



Half-Year Report

of the Board of Directors on 30
June 2020

SSIF BRK FINANCIAL GROUP S.A. in accordance with International Financial Reporting Standards adopted by the European Union („IFRS”).

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Key indicators

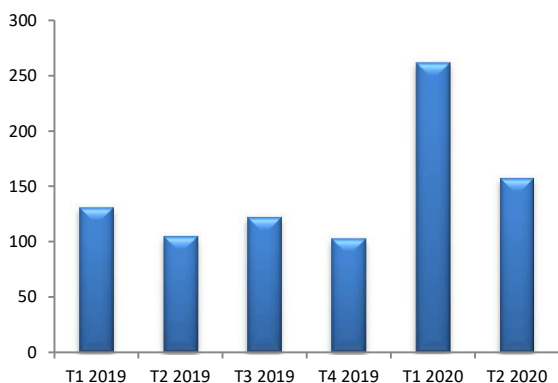
Indicators

			Evolution
Financial results (Ron)			
	30-Jun-20	30-Jun-19	%
Income from continuous activities	(528.152)	14.027.285	n/a
Result of operating activity	(6.424.942)	8.675.816	n/a
Result of the period	(6.424.942)	8.675.816	n/a
Total overall result for the period	(6.424.942)	8.675.816	n/a
Financial position (Ron)			
	30-Jun-20	31-Dec-19	%
Fixed assets	7.346.662	7.770.695	-5,46%
Current assets	173.021.822	136.903.856	26,38%
Total assets	180.368.484	144.674.551	24,67%
Equity	57.988.481	64.413.423	-9,97%
Long-term liabilities	-	37.176	n.a
Current liabilities	122.380.002	80.261.127	52,47%
Indicators per share			
	30-Jun-20	31-Dec-19	%
Net profit per share (Ron / share)	-0,0190	0,0304	N/A
Net accounting assets (RON / share)	0,1717	0,1970	-12,84%
Economic and financial indicators			
	30-Jun-20	31-Dec-19	%
Current liquidity	1,41	1,71	-17,54%
Leverage	2,11	1,25	68,80%
BRK share price (Ron / share)			
	30-Jun-20	31-Dec-19	%
Opening price (closing price last day of the previous quarter)	0,0700	0,0822	-14,84%
Maximum (intraday price)	0,0720	0,083	-13,25%
Minimum (intraday price)	0,0692	0,083	-16,63%
Closing price (closing price last day of the semester)	0,0720	0,0848	-15,09%

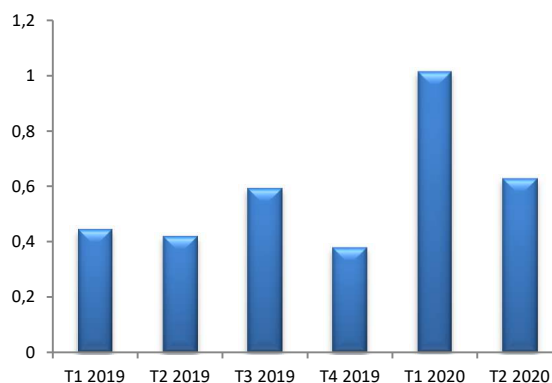
Identification Data

Data raportului	14 August 2020
Half-yearly report	According to ASF Regulation no. 5/2018
Legal name	SSIF BRK FINANCIAL GROUP S.A.
Field of activity	Security and commodity contracts brokerage
NACE Code	6612
Tax Identification Number	6738423
Reg. Under no.	J12/3038/1994
Address	Headquarters: Str. Motilor, nr. 119, Cluj-Napoca
Telephone/Fax	0364-401.709, 0364-401.710
Email	office@brk.ro
Webpage	www.brk.ro
Securities	337,749,919 securities with a nominal value of 0,16 RON/security
The regulated market	Bucharest Stock Exchange, Main Segment, Premium Category
BVB Symbol	BRK
ISIN	ROBRKOACNOR0
Audit	The underlying half-yearly financial statements as of June 30, 2020 of this report were not audited.

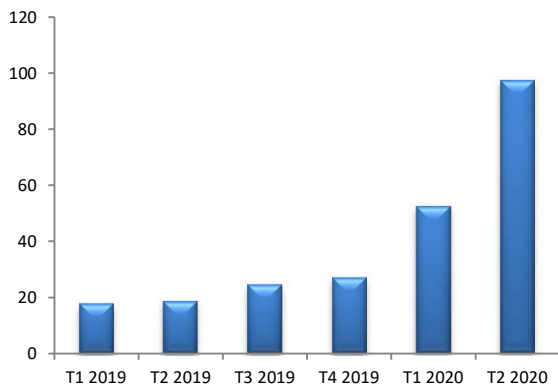
BVB Shares Transactions (mil.Ron)



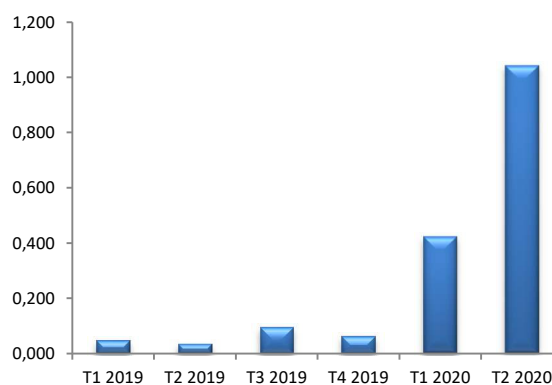
BVB Fees (mil.Ron)



Structured Products Transactions BVB (mil. Ron)



External Market Fees (mil. Ron)



Company information

SSIF BRK Financial Group S.A was established as a joint-stock company on the 26th October 1994 under the initial name of SIVM Broker SA, which later became SSIF Broker S.A., until the end of 2015. Following the expansion of the company's activity to other segments through strategic acquisitions, but also as a result of internal development, in 2015 the company decided to change its name from SSIF Broker SA into SSIF BRK Financial Group S.A. Thus, the name change operation was complete on 21.03.2016, after publication of the Resolution of the Shareholders' Extraordinary General Meeting of 16.12.2015 in the Official Monitor of Romania no. 226, Part IV, on 15.01.2016. The FSA authorization to change the name was received on 24.02.2016.

SSIF BRK Financial Group S.A. is a founding member of the Bucharest Stock Exchange, the Romanian Commodity Exchange, the Investor Compensation Fund and CCP.RO Bucharest SA (Central Counterpart).

The main activity of the company is the security and commodities contracts brokerage. The company offers a wide range of financial services for both retail and institutional customers. Transaction brokerage on the Bucharest Stock Exchange and those in other international markets is still one of the main sources of income for the company.

In recent years, the company has become a top player in the segment of structured products traded on the Bucharest Stock Exchange, where it has significantly contributed to the development of transactions with this type of financial instruments, both as an issuer and as a market maker. The experience gained here allowed us during 2020 to become liquidity providers for prestigious issuers on the local stock exchange, including Medlife and Teraplast, and the ambitions to expand the range of services for other issuers.

In addition to the services intended for our customers, the management of its own financial assets portfolio contributes to the results of SSIF BRK Financial Group S.A. The investment are made both in Romania and in international markets, both in premium companies listed on the regulated market and in private companies. Thus, SSIF BRK Financial Group S.A. has become a significant shareholder in several Romanian companies and is actively involved in their development.

In 2005, BRK Financial Group became the first and, to date, the only financial investment firm listed on Bucharest Stock Exchange, Premium tier. The shares of SSIF BRK Financial Group S.A. were admitted to trading on the main market operated by Bucharest Stock Exchange on February 5, 2005 under the symbol BRK. The Company's headquarters are in Cluj-Napoca, while its presence across Romania is ensured through its agencies in Bucharest, Timișoara, Iași and Suceava.

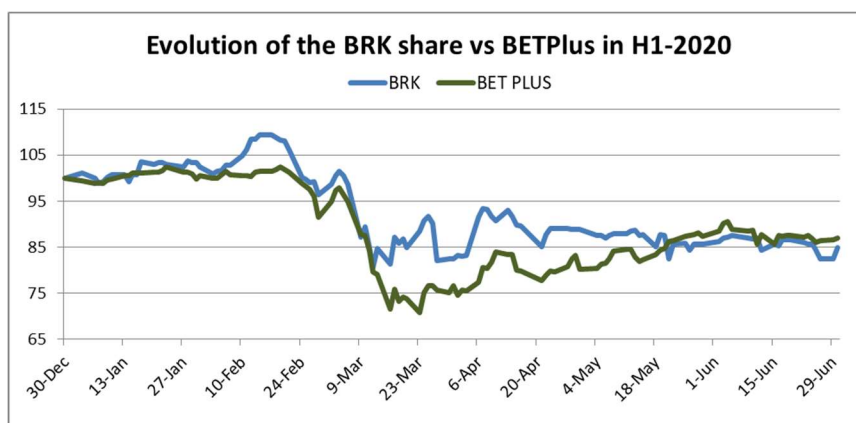
As of June 30, 2020, the total number of employees of the company was 30 employees, of which 15 people providing investment services and activities. Another 16 people were authorized as delegated agents in the name of BRK Financial Group.

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. 126/2018 on financial instrument markets, 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 BRK shares is 337,749,919, and the nominal value of one share is 0.16 Ron.



Sursa: Bloomberg

Company's activity

The core business of BRK Financial Group is structured into investment activities and services. Within the investment activities, the company operates the transactions in its own account, market-making operations and operations with structured products, and on the investment services segment, the company operates the clients' transactions, respectively the corporate operations.

1. Investment services segment

The 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 for investors:

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





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 – 4,91% of the annual value of total transactions per year. share segment.

In the first quarter of 2020, BRK Financial Group ranked 7th in the ranking of BVB intermediaries, the value of intermediated transactions on all segments / all instruments, the spot and futures market amounting to 327.7 million lei, it increase compared to the level of 155.65 million lei traded value in the first quarter of 2019. The market share reached at the end of the first quarter of 2020 to 4.44% after the total traded value (2.72% market share in first quarter of 2019).

At the end of the first half of 2020, BRK Financial Group ranked 6th in the ranking of BVB intermediaries, the value of intermediated transactions on all segments / all instruments, the spot market and futures amounting to over 610.86 million lei, it increased compared to the level of 284.54 million lei traded value in the first half of 2019. The market share reached at the end of the first half of 2020 to 4.91% after the total traded value (2.54% share of market in the first half of 2019).

Trading on international markets is one of the future directions of development of the company's activity, it aims to increase revenues in international markets, by increasing the number of active retail and institutional customers.

B. Specialized services for corporate clients:

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

In the first quarter of 2020, BRK Financial Group provided consulting services to:

- Golden Food Snacks SA (Elmas brand), following the successful brokerage and subsequent listing on the AeRO market managed by BVB of a corporate bond issue;

In the second quarter of 2020, BRK Financial Group mediated:






- successfully through private placement the third round of financing by increasing the share capital with cash contribution of Holde Agri Invest SA, a dynamic company in the agricultural field, which in the next period will be advised by BRK Financial Group in order to list BVB of its ordinary shares;
- successfully a restructuring of a corporate bond issue of Chronostyle International SA (Cellini brand), with a maturity of 5 years and a principal value of 6 million lei, to be listed on the AeRO market managed by BVB.

2. Investment activities segment

Along with the intermediation segment, the management of its own financial assets portfolio is another important branch of BRK Financial Group's activity, which contributes a significant proportion to the company's results.

On the other hand, this is also a major risk factor given that BRK Financial Group is required to revalue positions in its portfolio at the end of each reporting period, and the value adjustments of the securities affect the result for the year and can change the image of the company's financial performance. 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"

Market-making operations and liquidity supply

Starting with 2010, the company carries out market-maker activities (displaying and maintaining firm buy / sell quotes) for various financial instruments. The benefit of this type of transaction is the spread (difference) in purchase and sale quotes.

Market-making operations are of a continuous nature and are specific to foreign brokerage firms, so it is justified to consider that these operations belong to the operational chain of 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, market presence) compared to the classic market making activity. During the first half of 2020, BRK concluded 3 new such contracts with Teraplast, Medlife and Nuclearelectrica issuers, the partnership with AAGES dating from 2019.

During the award ceremony organized by the Bucharest Stock Exchange for the performances obtained in 2019 by the entities involved in the capital market, BRK was awarded at the category **"The most active intermediary for increasing liquidity in 2019"**.

BRK Financial Group is also a liquidity provider for all issued certificates.

Issuance of Structured products

Starting with May 2012, the first structured products were launched, in the form of Turbo certificates having as support asset the American Dow Jones Industrial Average index. Over time, BRK diversified its typology of issued structured products (issuing 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 the first half of 2020, BRK Financial Group registered a turnover of 149.5 million lei on the structured products segment, holding a market share of 19.83%. Comparatively, in the similar period of last year, the turnover was 36.24 million lei, the increase being over 4 times. The increase in market volatility in the context of the pandemic generated by the COVID-19 virus also contributed significantly to this growth, the investors' appetite for the certificates issued by BRK being correlated to a certain extent with the market volatility.

In the first half of 2020, BRK issued 22 Structured Products with Support Assets on The Dow Jones Industrial Average Index, and for the next period, BRK aims to expand the product range by issuing certificates with commodity support assets.

The stock market context

Retrospective of stock market developments globally

Most international stock indices registered negative developments in the first 6 months of the year due to the health crisis. The indices recorded the lowest level this year around March 23, and since then they have started to recover from losses. The Dow Jones Industrial Average of the US stock market recovered significantly in the second quarter of the year from the losses recorded in February and March, reaching a minus of 9.55% in 6 months of 2020. The S&P 500 index marked a decrease of 4.04% since the beginning of the year. The index of the German stock market, DAX-30 depreciated by 7.08%, that of the Paris Stock Exchange depreciated by 17.43%, and the index of the London Stock Exchange depreciated by 18.20% in the first six months of the year.

Index	Country	% 19/18	% Jun-20 / Dec-19
Dow Jones	SUA	22,34%	-9,55%
S&P 500	SUA	28,88%	-4,04%
DAX-30	Germany	25,12%	-7,08%
CAC-40	France	26,37%	-17,43%
FTSE-100	UK	12,10%	-18,20%
NIKKEI-225	Japan	18,20%	-5,78%
ATX	Austria	16,07%	-29,50%

Shanghai Composite	China	22,30%	-2,15%
WIG-20	Poland	-5,56%	-18,20%
PX	Czech Republic	13,08%	-17,71%
RTSI	Russia	44,92%	-21,71%
SOFIX	Bulgaria	-4,43%	-20,22%
BUX	Hungary	17,74%	-22,27%

Source: Bloomberg, investing.com, www.1stock1.com

The Federal Reserve (EDF) lowered the reference interest rate from 1.75% at the beginning of the year to the range of 0% - 0.25%. A first reduction was recorded on 3 March when the reference interest rate was reduced to 1.25%, and a second reduction was on 15 March when it reached 0.25%.

The European Central Bank (ECB) has kept the reference interest rate at 0%.

Retrospective of stock market developments locally

The Romanian capital market followed the international markets, registering substantial decreases in February and March of this year, recovering from losses in the second quarter. All the representative indices of the Bucharest Stock Exchange marked losses in the first six months of this year. Thus, the best performance in the first 6 months belongs to the ROTX index, which marked a minus of only 8.49% compared to the end of 2019. The worst performance belongs to the BET-XT index, which recorded a loss of 13, 73%. The official index of the Bucharest Stock Exchange - BET marked a loss of 13.21% in the first 6 months, reaching 8,659.55 points at the end of June 2020.

Index	'19/'18	% Jun-20 / Dec-19
BET	35,13%	-13,21%
BETPlus	34,26%	-12,98%
BET-FI	37,27%	-9,90%
BET-XT	34,45%	-13,73%
BET-NG	30,26%	-15,61%
BET-TR	46,90%	-10,06%
BET-XT-TR	45,57%	-10,76%
ROTX	36,08%	-8,49%

Source: Bloomberg, BVB


In the first quarter of the year, BVB indices decreased significantly. The main factor was the pandemic generated by the COVID-19 virus that led to the entry of Romania into a state of emergency together with most countries around the world. At the end of the first quarter of the year, the market capitalization of the main segment from BVB was 24.927 billion euros, down 34.4% compared to the end of 2019.



















In the second quarter of the year, the market began to recover from losses. The market capitalization of the main segment at BVB exceeded 28.574 billion euros (24.5% lower than at the end of the previous year). At the end of the second quarter, the BET index increased by 13.56% compared to the value of the index at the end of the first quarter.









The monetary policy interest rate charged by the National Bank of Romania stood at 1.5% after being reduced three times, once to 2.00% on March 23, the second time to 1.75% on June 2, and third time at 1.5% on August 6.

Activity in the first semester of 2020




Significant events during the reporting period

 January 14, 2020 - The company publishes the financial communication calendar for 2020.

-  January 21, 2020 - BRK Financial Group performs the conversion into shares of loans and interest calculated up to date granted to Romlogic Technology S.A., following which the company acquires a number of 540,953 shares issued by Romlogic Technology S.A., with a nominal value of 10 lei / share.
-  January 27, 2020 - The Board of Directors approves the basic annual prospectus in connection with the structured product issuance program.
-  January 31, 2020 - BRK Financial Group SA informs about the fact that the sentence expressed in file no. 1034/90/2014 / a13 was published on the court portal by the Pitești Court of Appeal.
-  January 31, 2020 - The company publishes the report prepared by the financial auditor JPA Audit & Consultanța SRL.
-  February 10, 2020 - BRK Financial Group SA concludes a contract for the supply of market making quotations for the shares of the issuer Medlife SA.
-  February 12, 2020 - BRK Financial Group SA concludes a contract for the supply of market making quotations for the shares of the issuer Teraplast SA.
-  February 27, 2020 - BRK Financial Group SA informs about the availability of the Preliminary Annual Report on December 31, 2019.
-  February 28, 2020 - The company publishes the preliminary financial results on December 31, 2019.
-  March 2, 2020 - BRK Financial Group concludes a loan agreement with S.C. Firebyte Games SA, in the amount of 500,000 lei with an interest rate of 9% / year, with a repayment deadline of November 30, 2020.
-  March 10, 2020 - BRK Financial Group SA concludes a contract for the supply of market making quotations for the shares of the issuer Nuclearelectrica SA.
-  March 13, 2020 - BRK Financial Group SA informs about the lifting of the insurance seizure instituted by the Public Ministry - the Prosecutor's Office attached to the High Court of Cassation and Justice - D.I.I.C.O.T. Central Structure in the investigation file with no. 394 / D / P / 2007 on 25.09.2015. On March 13, 2020, the company was informed about the lifting of the insurance seizure for the amount of 4,980,779.61 lei.
-  March 17, 2020 - The company informs about the measures to ensure business continuity in the context of COVID-19.
-  March 20, 2020 - The company suspends the provision of market maker quotations for the following financial instruments: AAGES (AAG), MedLife (M), TeraPlast (TRP) and Nuclearelectrica (SNN) until normalcy and lifting the state of emergency by the President of Romania on national territory.
-  March 25, 2020 - In the context of combating the COVID-19 epidemic, the administrators and executive management of SSIF BRK Financial Group SA agree to give up 12-25% of the allowances for a period of 3 months.
-  March 26, 2020 - The OGMS and EGMS were convened for April 27/28, 2020.
-  March 30, 2020 - The Company enters into a loan agreement with S.C. Romlogic Technology S.A., in the amount of 315,000 lei with an interest rate of 10% / year, with a restitution deadline of March 31, 2021.
-  April 13, 2020 - The Company informs about the completion of the convening of the Ordinary General Meeting of Shareholders for April 27/28, 2020.
-  April 13, 2020 - BRK Financial Group SA informs investors about taking several legal steps in order to reduce possible risks. On 10.04.2020, the Cluj Court ruled in the file no. 6249/211/2020 / A1 and ordered the temporary suspension of the execution, ordered in the file no. 1034-1090 / 2014 / A13.

-  April 14, 2020 - BRK Financial Group SA recommends to its shareholders to use remote electronic means, including voting by mail, regarding the Extraordinary General Meeting of Shareholders (EGMS) and, respectively, the Ordinary General Meeting of Shareholders (OGMS) convened for 27 / 28.04.2020.
-  April 27, 2020 - Conduct of OGMS and EGMS.
-  April 27, 2020 - Publication of the OGMS and EGMS decisions held on April 27, 2020.
-  April 27, 2020 - SSIF BRK Financial Group published the Annual Report for 2019.
-  April 29, 2020 - BRK Financial Group concludes an addendum to the credit agreement with Libra Internet Bank SA. Following the repayment of the amount of 2,914,445 lei, the value of the loan is 3,927,327 lei and the other elements of the credit agreement remain unchanged.
-  May 14, 2020 - The Company informs about the availability of the quarterly financial report as of March 31, 2020.
-  May 15, 2020 - BRK Financial Group SA publishes the quarterly financial report as of March 31, 2020.
-  May 21, 2020 - BRK Financial Group informs investors about the approval by the Financial Supervisory Authority, on May 20, 2020, of the Basic Prospectus in connection with the Structured Products Issue Program and the issuance of the Certificate attesting the approval of the Basic Prospectus in with a view to its notification to the competent authorities of Austria, Hungary and Poland.

Significant events occurred after the reporting period

-  July 28, 2020 - BRK Financial Group concludes a loan agreement with S.C. Firebyte Games SA, in the amount of 480,000 lei with an interest rate of 9% / year, with a repayment deadline of June 30, 2021.
-  July 31, 2020 - BRK Financial Group S.A. publishes the report prepared by the financial auditor JPA Audit & Consultanta SRL regarding the analysis of the reported transactions according to Art. 82 of Law no. 24/2017.
-  August 13, 2020 - The company informs about the availability of the half-yearly financial report as of June 30, 2020

In view of the developments of the COVID-19 pandemic and its effects on the capital markets and on the world and Romanian economy, we have discussed and took into consideration the potential effects on the activity of the company and on the budget for 2020.

We consider that these developments affect the company's activity in the foreseeable future and measures will be taken for this but will not affect the continuity of the activity.

Financial results

Operating income in the first half of the year increased by 186.50% compared to the same period of the year. While financial losses were recorded in the first half of the year of 4,479,979, the impact of the financial loss being significant on the company's revenues.

Revenue dynamics and structure (Ron)	30-Jun-20	30-Jun-19	%
TOTAL REVENUE	(528.152)	14.027.285	n.a
Commission income	3.642.609	1.271.107	186,57%
Commission income from domestic market	1.638.881	958.191	71,04%
Commission income from external market	1.463.575	268.643	444,80%
Income from related activities	540.153	44.274	1120,02%
Financial income	(4.479.979)	12.228.508	
Dividend income	1.808.844	888.556	103,57%
Interest income	988.514	1.012.266	-2,35%
Net income (other than dividends and interest)	(7.277.336)	10.327.685	n/a
Other income from continuous activities	309.219	527.670	
Rental income	31.440	5.681	453,45%
Other incomes	277.779	521.989	-46,78%

Expenditures related to staff and collaborators stood at 2.24 million lei, registering a decrease of 16.54% in the first half of 2020 compared to the same period in 2019.

Dynamics and structure of expenditure (Ron)	30-Jun-20	30-Jun-19	%
Expenses with staff and collaborators	(2,241,367)	(2,685,706)	-16.54%
Expenditures on raw materials, materials	(86,311)	(51,733)	66.84%
Energy and water expenses	(79,982)	(75,264)	6.27%
Expenses with taxes and fees	(94,152)	(76,836)	22.54%
Expenditures on external services	(2,738,321)	(1,821,023)	50.37%
Value adjustments of intangible and tangible assets	(456,056)	(479,586)	-4.91%
Expenses with provisions for risks and expenses	-	0	0.00%
Interest expenses	(171,509)	(151,135)	13.48%
Net financial losses	-	0	0.00%
Other expenses	(29,092)	(10,187)	185.58%
TOTAL	(5,896,790)	(5,351,469)	10.19%

The result of the exploitation activity is represented by a loss of 6,424,942 lei related to the first semester of this year.

Investment services activity

The intermediation activity involves trading on the Bucharest Stock Exchange and on the international markets, and the revenues are generated by the commissions charged by the company to the clients involved in transactions on these markets. At the company level, in the first half of the year total revenues were obtained from the intermediation activity in the amount of 4 million lei, while the expenses occasioned with this activity amounted to 1.82 million lei, thus resulting in a profit from the intermediation activity of 2.18 million lei.

Evolution of results from own portfolio management

The result of the administration of the own portfolio registered a loss of 4.47 million lei, this value incorporating the result of all investments in which the capital of BRK Financial Group was involved (investments in shares, bonds, fund units, participations in closed companies, operations market making related to the issued structured products, interest received and paid, dividends and coupons, interest related to the product trading in margin, exchange rate differences, etc.). The result also includes the effect of the marking on the market (respectively the revaluation of participations in the case of unlisted companies) of all the instruments held, as well as of the provisions (established or canceled).

Analysis of the structure of the financial assets portfolio

In accordance with the objectives mentioned in the investment strategy approved by the General Meeting of Shareholders, in 2019 the management's efforts were directed towards continuing the process of restructuring its own portfolio of financial assets aimed at: quantitative and qualitative adjustment of the portfolio and diversification of the portfolio by several classes of financial assets, the alienation of some participations, either due to the too small dimensions or due to the lack of growth prospects and the use of the amounts obtained for other investments with more attractive potential returns.

Evolution and structure of the portfolio of financial instruments in the internal market	Number of issuers		Market value	
	30-Jun-2020	30-Jun-2019	30-Jun-2020	30-Jun-2019
Listed companies	14	16	14,529,892	16,119,152
Unlisted companies	15	9	12,522,974	5,781,753
Participation titles in OCP / AOPC	7	6	8,538,266	7,183,474
Total portfolio	36	31	35,592,132	29,084,379

At 30 June 2020, BRK's portfolio of shares and equity was valued at approximately RON 35.6 million, up from the reference period of the previous reporting year. This evolution is explained by the fact that, during 2019 and the first half of 2020, after the liquidation of the participation in Facos SA, the amount resulting from the sale was also used for the purchase of shares in companies listed on BVB. We find a significant increase (from 5.78 to 12.52 million lei) in terms of investments in unlisted companies, BRK participating in the increase of the share capital of two of its subsidiaries (Romlogic Technology and Firebyte Games SA).

Regarding the company's fund unit portfolio, it booked an increase of 19%, both as a result of the appreciation of the fund units held and as a result of the acquisition of fund units.

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.

Thus, on 30.06.2020, the value of the total financial assets portfolio of BRK Financial Group amounts to RON 51.83 million, decreasing by 10.1% compared to the level in June 2019. The valuation of the equity portfolio was performed by marking at the market of all positions in the marketable equity portfolio, respectively at the fair value established according to international valuation standards for all holdings classified as long-term investments also called the non-marketable portfolio.

Evolution of the financial assets portfolio	Structure		Absolute values	
	30-Jun-2020	30-Jun-2019	30-Jun-2020	30-Jun-2019
Cash	15.8%	27,8%	8,175,674	16,016,301
Loans granted, of which:	13.2%	19,5%	6,856,499	11,256,438
<i>Customer lending - margin trading</i>	6.9%	7,1%	3,580,002	4,110,003
<i>Loans to other companies</i>	6.3%	12,4%	3,276,497	7,146,435
International market financial instruments	2.3%	2,3%	1,210,988	1,320,345
Internal market financial instruments	68.7%	50,4%	35,592,132	29,098,130
Total	100%	100%	51,835,293	57,691,214

Regarding the change in the structure of the portfolio, the share of the cash position decreased from 27.8% to 15.8%, while the share of the portfolio of financial instruments on the domestic market (which includes shares, fund units and participations in unlisted companies) increased from 50.4% to 68.7%. The other categories of assets (loans and financial instruments on international markets) remained relatively constant, both in absolute value and in terms of share in the total portfolio.

Financial position

The total assets of the company increased by 24.67% on June 30, 2020 compared to the end of the previous year, mainly due to the growth of other financial assets (+ 208.44% compared to December 31, 2019). The total debts of the company increased by 52.48%, reaching 122.38 million lei.

Individual statement of financial position as at 30 June 2020

(all amounts are expressed in RON, unless otherwise specified)

<i>In lei</i>	30.06.2020	31.12.2019
Assets		
Intangible assets	905.835	1.213.729
Tangible fixed assets	5.770.867	5.887.007
Real estate investments	669.959	669.959
Financial assets measured at fair value through profit or loss	37.501.473	44.644.883
Financial assets at amortized cost	-	-
Loans and advances granted	7.264.232	12.111.428
Trade receivables and other receivables	1.029.138	662.686
Other financial assets	76.411.817	24.773.064
Bank account for the customers	42.628.002	53.626.771
Cash and cash equivalents	8.187.162	781.635
Assets classified as held for sale	-	303.389
Total assets	180.368.484	144.674.551
Liabilities		
Financial leasing liabilities	-	-
Provisions	-	-
Total long-term debt	-	-
Short-term bank debts	1.414.413	4.187.543
Current portion of financial leasing liabilities	13.813	28.640
Amounts owed to customers (customer availability)	112.926.096	60.945.094
Trade and other payables	5.223.133	12.297.303
Provisions	2.802.547	2.802.547
Total current debts	122.380.002	80.261.127
Total debt	122.380.002	80.261.127
Equity		
Social capital	54.039.987	54.039.987
Share capital adjustment	4.071.591	4.071.591
Own shares	(24.047)	(24.047)
Capital premium	5.355	5.355
Reserves from the revaluation of available-for-sale financial assets	-	-
Other reserves	11.268.338	10.860.687
Total reserves	-	-
The current result	(6.424.942)	8.153.016
Reported result	(4.947.800)	(12.693.166)
Total equity attributable to the Company's shareholders	57.988.481	64.413.423
Total equity and debt	180.368.483	144.674.551

The individual situation of the overall result

The individual situation of the overall result

Reported at 30.06.2020

<i>In lei</i>	30.06.2020	30.06.2019
Continuous activities		
Income from commissions and related activities	3.642.609	1.271.107
Net financial gains other than dividends of which:	(7.277.336)	10.327.685
Net financial gains from transactions with shares and bonds made	(7.890.603)	7.655.007
Net financial gains from transactions with Turbo products	1.758.564	363.558
Net gains from the valuation of financial assets measured at fair value through profit or loss not realized	(1.145.298)	2.309.121
Financial income from dividends	1.808.844	888.556
Financial interest income	988.514	1.012.266
Rental income	31.440	5.681
Gains / (Losses) from the valuation / sale of real estate investments and assets available for sale	-	-
Gains / (Losses) from the valuation / sale of tangible assets	(88.389)	-
Other incomes	361.001	517.698
Revenue from the cancellation of provisions for risks and expenses	-	-
Income from adjustments for impairment of current assets	5.167	4.291
Total income from continuous activities	(528.152)	14.027.285
Expenses with staff and collaborators	(2.241.367)	(2.685.706)
Other operating expenses	(260.446)	(203.833)
Expenditures on raw materials, materials	(86.311)	(51.733)
Energy and water expenses	(79.982)	(75.264)
Expenses with taxes and fees	(94.152)	(76.836)
Expenditures on external services	(2.738.321)	(1.821.023)
Value adjustments of intangible and tangible assets	(456.056)	(479.586)
Expenses with provisions for risks and expenses	-	-
Interest expenses	(171.509)	(151.135)
Net financial losses	-	-
Impairment losses on investments	-	-
Net loss from disposal / disposal of fixed assets	-	-
Impairment losses	-	(3.399)
Other expenses	(29.092)	(6.789)
Total expenses	(5.896.790)	(5.351.469)
Expenses with provisions for risks and expenses	-	-
Result of operating activities	(6.424.942)	8.675.816
Loss before tax	(6.424.942)	8.675.816
Income tax expense	-	-
Loss of period	(6.424.942)	8.675.816

Reported at 30.06.2020*In lei*

	30.06.2020	30.06.2019
Other elements of the overall result		
Net change in the fair value of available-for-sale financial assets transferred to profit or loss	0	0
Positions that can be reclassified to profit and loss		
Net change in the fair value of available-for-sale financial assets	0	0
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		
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	0	0
Total profit and loss account and other elements of the overall result for the period	(6.424.942)	8.675.816
	2019	2019
Attributable loss:		
Shareholders of the Company	(6.424.942)	8.675.816
Uncontrolled interests	0	0
Loss of period	(6.424.942)	8.675.816
Total attributable overall result:		
Shareholders of the Company	(6.424.942)	8.675.816
Uncontrolled interests	0	0
Total overall result for the period	(6.424.942)	8.675.816
Earnings per share		
Basic earnings per share (lei)	(0,0190)	0,0257
Diluted earnings per share (lei)	(0,0190)	0,0257
Continuous activities		
Basic earnings per share (lei)	(0,0190)	0,0257
Diluted earnings per share (lei)	(0,0190)	0,0257

Individual statement of financial flows for 30 June 2020

	30.06.2020	30.06.2019
	RON	RON
Cash flows from financing activities:		
Payment for leasing	-	(13.664)
Receipts / payments for short-term bank loans	(2.773.130)	(1.666.158)
Net cash flow generated by financing activities	(2.773.130)	(1.679.822)
Cash flows - total	(3.592.542)	15.138.175
Changes in cash and cash equivalents		
Cash and cash equivalents at the beginning of the period	54.407.705	27.867.012
Increase / (decrease) in cash and cash equivalents	(3.592.542)	15.138.175
The effect of changes in the exchange rate on the opening balance of cash and cash equivalents		
Cash and cash equivalents at the end of the period	50.815.163	43.013.136
Of which unavailable (under seizure)	-	4.980.780
From which :		
Cash held on behalf of clients	42.628.002	41.119.860
Cash held on behalf of the company	8.187.162	1.893.276

CEO
Monica Ivan

CFO
Sandu Pali



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**BRK Financial Group
Calea Moșilor 119, Cluj-Napoca, Romania**



Financial Statement

individual
at 30 June 2020

Separated financial statements prepared in accordance with International Financial Reporting Standards adopted by the European Union ("IFRS") for the period ended June 30, 2020

www.brk.ro



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Dear shareholders,

We present the results registered by SSIF BRK Financial Group SA in the first semester of 2020 as well as the objectives of the next period, in accordance with the corporate and group strategy of BRK Financial Group SA approved in the General Meeting of Shareholders.

The half-yearly result also includes the effect of marking on the market the instruments held, as well as the provisions.

In the first half of 2020, BRK Financial Group recorded a loss of 6.42 million lei, this value being influenced by the result of the activity of managing its own portfolio from which there was a loss of 4.47 million lei, this value incorporating 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 structured products issued, interest received and paid, dividends and coupons, interest related to , exchange rate differences, etc.).

On the other hand, the intermediation segment had a positive dynamic: the increase of commission revenues up to the value of 3.64 million lei (compared to 1.27 million lei in the same period last year). From this perspective, BRK registered in the first 6 months of 2020 a turnover of 418 million lei (increasing by 77% compared to the first 6 months of last year), the increase being also felt in terms of market share on the main segment from BVB (3.74% in H1 / 2020 vs 2.22% in H1 / 2019) and a jump of a position in the top of intermediaries (from 9th to 8th place). We also find a positive evolution of the business in terms of the international market segment (increase in commission income from 268k lei to 1.46 million lei) amid the growth of the client portfolio correlated with the climate of volatility on the financial markets, on the background whose customers' appetite for transactions on international markets has visibly increased.

The segment of issuing structured products and market making also had a positive dynamic, BRK registering a turnover of 149.5 million lei four times higher than in the similar period of last year. In our experience, investors' interest in BRK's products is directly influenced by market volatility, so the current context has had a positive impact on the spray and results of this segment.

We also find an increase in revenues in the segment of services offered to issuers, revenues increasing from RON 44k (in H1 / 2019) to RON 540k (H2 / 2020), BRK intermediating a private bond placement, a restructuring of a bond issue corporate, several consulting contracts and the growth of the "Market Maker of the Issuer" business segment (launched in 2019) by significantly expanding the client portfolio.

Regarding the future prospects, we estimate in the second half of 2020 the completion of the project on obtaining membership in stock exchanges in the region and the development of operations for issuing structured products and market making on the targeted stock exchanges. At the same time, in the segment of services offered to customers, we aim to maintain the pace of development and growth, the progress of 2020 being the result of operational redefinition of BRK in recent years, in terms of increasing digitization and flexibility and focus on issuers and potential issuers to use capital market as financing alternatives.

Cluj-Napoca
14/08/2020

Monica Ivan,
General Manager

Razvan Rat,
Deputy General Manager

Individual statement of financial position as at 30 June 2020

In RON

		30.06.2020	31.12.2019
Assets			
Intangible assets	8	905.835	1.213.729
Tangible assets	9	5.770.867	5.887.007
Property investment	10	669.959	669.959
Financial assets at fair value through other comprehensive income	11	37.501.473	44.644.883
Financial assets at amortised cost	11	-	-
Loans and advances granted	15	7.264.232	12.111.428
Trade and other receivables	15	1.029.138	662.686
Other financial assets		76.411.817	24.773.064
Bank account for clients	17	42.628.002	53.626.771
Cash and cash equivalents	17	8.187.162	781.635
Assets classified as held for sale	14	-	303.389
Total assets		180.368.484	144.674.551
Equity			
Share capital	18	54.039.987	54.039.987
Adjustment of share capital	18	4.071.591	4.071.591
Own shares	18	(24.047)	(24.047)
Share premiums	18	5.355	5.355
Reserves from the revaluation of available-for-sale financial assets		0	0
Other reserves	19	11.268.338	10.860.687
Total reserves	19	0	0
Current result	20	(6.424.942)	8.153.016
Retained earnings	20	(4.947.800)	(12.693.166)
		-	-
Total equity attributable to Company's shareholders		57.988.481	64.413.423
Liabilities			
Financial lease liabilities	26	-	-
Provisions		-	-
Total non-current liabilities		-	-
Short-term bank liabilities	22	1.414.413	4.187.543
Current portion of finance lease liabilities	22	13.813	28.640
Amounts payable to clients (clients' available funds)	22	112.926.096	60.945.094
Trade and other payables	21	5.223.133	12.297.303
Provisions	23	2.802.547	2.802.547
Total current liabilities		122.380.002	80.261.127
Total liabilities		122.380.002	80.261.127
Total liabilities and equity		180.368.483	144.674.551

These financial statements were approved today, August 14, 2020.

General Manager
Monica Ivan

Economic Director
Sandu Pali

Separate statement of comprehensive income

Reporting as at June 30, 2020

In RON

		30.06.2020	30.06.2019
Activitati continue			
Revenues from commissions and related activities	25	3.642.609	1.271.107
Net finance gains other than dividends	22	(7.277.336)	10.327.685
Net finance losses on transactions with shares and bonds	29	(7.890.603)	7.655.007
Net finance gains on transactions with Turbo products	29	1.758.564	363.558
Net gains on financial assets measured at fair value through profit or loss, unrealised	29	(1.145.298)	2.309.121
Financial revenues from dividends	29	1.808.844	888.556
Financial interest revenues	29	988.514	1.012.266
Income from rentals	25	31.440	5.681
Gains / (Losses) from the evaluation / sale of real estate investments and available assets for sale		-	-
Gains / (Losses) from the assessment / sale of tangible assets		(88.389)	-
Other revenues	26	361.001	517.698
Revenues from write-off of provisions for risks and charges		-	-
Income from impairments of current assets		5.167	4.291
Total revenues from continued operations		(528.152)	14.027.285
Expenses with employees and collaborators	27	(2.241.367)	(2.685.706)
Other operating expenses	28	(260.446)	(203.833)
Expenses with raw materials and consumables		(86.311)	(51.733)
Expenses with power and water		(79.982)	(75.264)
Expenses with taxes and levies		(94.152)	(76.836)
Expenses with suppliers' services	29	(2.738.321)	(1.821.023)
Value adjustments of intangible and tangible assets		(456.056)	(479.586)
Expenses with allowances for risks and charges		-	-
Expenses with interest		(171.509)	(151.135)
Net finance losses	30	-	-
Impairment of investments		-	-
Net loss on the disposal/decommissioning of non-current assets		-	-
Impairment of receivables		-	(3.399)
Other expenses	30	(29.092)	(6.789)
Total expenses		(5.896.790)	(5.351.469)
Expenses with provisions for risks and charges		-	-
Result of operating activities		(6.424.942)	8.675.816
Profit before tax		(6.424.942)	8.675.816
Expenses with income tax	31	-	-
Profit for the period		(6.424.942)	8.675.816

These financial statements were approved today, August 14, 2020.

General Manager
Monica Ivan

Economic Director
Sandu Pali

Separate statement of comprehensive income

Reporting as at June 30, 2020

In RON

	30.06.2020	30.06.2019
Other comprehensive income		
Net changes in the fair value of available-for-sale financial assets transferred to profit or loss	0	0
Lines that may be restated to profit or loss		
Net changes in the fair value of available-for-sale financial assets	0	0
Free shares collected, classified as available-for-sale	-	-
Changes in the value of available-for-sale assets	-	-
Items that cannot be restated to profit or loss		
Changes in the value of used non-current assets		
Changes in the value of investment property	-	-
Set-up/write-off of profit for the allocation of free shares to employees	-	-
Tax on other comprehensive income		
Total other comprehensive income for the period	0	0
Total profit or loss and other comprehensive income for the period	(6.424.942)	8.675.816
	30.06.2020	30.06.2019
Loss attributable to:		
Company's owners	(6.424.942)	8.675.816
Non-controlling interests	-	-
Profit for the period	(6.424.942)	8.675.816
Total comprehensive income attributable to:		
Company's owners	(6.424.942)	8.675.816
Non-controlling interests	-	-
Total comprehensive income for the period	(6.424.942)	8.675.816
Earnings per share		
Basic earnings per share (lei)	24 (0,0190)	0,0257
Diluted earnings per share (lei)	24 (0,0190)	0,0257
Continued operations		
Basic earnings per share (lei)	24 (0,0190)	0,0257
Diluted earnings per share (lei)	24 (0,0190)	0,0257
30.06.2020		
Weighted average number of outstanding shares	337.749.919	337.749.919

These financial statements were approved today, August 14, 2020.

General Manager
Monica Ivan

Economic Director
Sandu Pali

Separate statement of changes in shareholders' equity as at June 30, 2020

<i>In RON</i>	Share capital	Own shares	Revaluation differences	Legal and statutory reserves	Other reserves	Losses on own shares	Retained earnings from adoption of IFRS	Retained earnings	Total equity
Balance as at January 1, 2020	54.039.986	(24.048)	3.524.052	4.587.874	2.748.759	4.071.591	(4.166.869)	(3.765.590)	64.413.423
Profit for the period	-	-	-	-	-	-	-	(6.424.942)	(6.424.942)
Other comprehensive income	-	-	-	-	-	-	0	-	-
Gains transferred to profit or loss	-	-	-	-	-	-	-	-	-
Changes in the value of available-for-sale non-current assets	-	-	-	-	-	-	-	-	-
Changes in the value of used non-current assets	-	-	-	-	-	-	-	-	-
Changes in the value of investment property	-	-	-	-	-	-	-	-	-
Other changes in equity	-	-	-	-	-	-	-	-	-
Deferred income tax on non-current assets	-	-	-	-	-	-	-	-	-
Changes in profit or loss	-	-	-	-	-	-	-	-	-
Decrease of share capital	-	-	-	-	-	-	-	-	-
Transfer of revaluation differences for assets sold to reserves	-	-	-	-	-	-	-	-	-
Transfer to retained earnings	-	-	-	-	-	-	-	(6.424.942)	(6.424.942)
Total other comprehensive income	-	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	-	-	-	-	-
Operations with own shares	-	-	-	-	-	-	-	-	-
Own shares redeemed	-	-	-	-	-	-	-	-	-
Total operations with own shares	-	-	-	-	-	-	-	-	-
Balance as at June 30, 2020	54.039.986	(24.048)	3.524.052	4.587.874	2.748.759	4.071.591	(4.166.869)	(2.801.208)	57.988.480

These financial statements were approved today, August 14, 2020.

General Manager
Monica Ivan

Economic Director
Sandu Pali

The attached notes are an integral part of these financial statements.

Situatia individuala a modificarii capitalurilor proprii pentru anul 2019

<i>In RON</i>	Share capital	Own shares	Revaluation differences	Legal and statutory reserves	Other reserves	Losses on own shares	Retained earnings from adoption of IFRS	Retained earnings	Total equity
Balance as at January 1, 2019	54.039.986	(24.048)	3.524.052	4.587.874	2.748.759	4.071.591	(4.166.869)	(11.918.606)	56.260.406
Profit for the period	-	-	-	-	-	-	-	8.153.016	8.153.016
Other comprehensive income	-	-	-	-	-	-	0	-	-
Gains transferred to profit or loss	-	-	-	-	-	-	-	-	-
Changes in the value of available-for-sale non-current assets	-	-	-	-	-	-	-	-	-
Changes in the value of used non-current assets	-	-	-	-	-	-	-	-	-
Changes in the value of investment property	-	-	-	-	-	-	-	-	-
Other changes in equity	-	-	-	-	-	-	-	-	-
Deferred income tax on non-current assets	-	-	-	-	-	-	-	-	-
Changes in profit or loss	-	-	-	-	-	-	-	-	-
Decrease of share capital	-	-	-	-	-	-	-	-	-
Transfer of revaluation differences for assets sold to reserves	-	-	-	-	-	-	-	-	-
Transfer to retained earnings	-	-	-	-	-	-	-	8.153.016	8.153.016
Total other comprehensive income	-	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	-	-	-	-	-
Operations with own shares									
Own shares redeemed		-							-
Total operations with own shares		-							-
Balance as at December 31, 2019	54.039.986	(24.048)	3.524.052	4.587.874	2.748.759	4.071.591	(4.166.869)	(3.765.590)	64.413.423

These financial statements were approved today, August 14, 2020.

General Manager
Monica Ivan

Economic Director
Sandu Pali

The attached notes are an integral part of these financial statements.

SSIF BRK FINANCIAL GROUP SA
Notes to the individual IFRS financial statements

Separate statement of cash flows as at June 30, 2020

	30.06.2020	30.06.2019
	RON	
Operating activities		
Gross profit	(6,424,942)	8,153,016
Adjustments for reconciliation of net result against net cash used in operating activities		
Value adjustments of tangible and intangible assets	456.056	479.586
Income from own shares redeemed	-	-
Impairment of available-for-sale financial assets	-	-
Unrealised gains (-)/(+)losses of the measurement of financial assets	-	-
Value adjustments of short-term investments	2.577.312	(2.309.121)
Income tax	-	-
Provisions for current and non-current assets	-	(892)
Provisions for risks and charges	-	-
Expenses with interest	-	151.135
Interest income	171.509	(1.012.266)
Dividend income	(988.514)	(888.556)
Relative gains from Turbo certificate	(1.808.844)	(363.558)
Gain/(loss) on sale of tangible assets	(1.758.564)	-
Income from foreign exchange differences	88.389	(206)
Increase/(Decrease) of operating cash before changes to working capital	(7.687.598)	4.731.557
Changes in working capital:		
(Increase)/Decrease in balances of other receivables	366.451	2.752.413
Increase/(Decrease) in balances of trade and other payables	(6.197.866)	(1.035.725)
Increase/(Decrease) in balances of available-for-sale assets	-	-
Cash flows generated by operating activities	(13.519.012)	6.448.245
Cash flows from operating activities		
Income tax paid	-	-
Proceeds from interest	575.128	97.545
Interest paid	(170.828)	(149.551)
Net cash flows generated by operating activities	(13.114.712)	6.396.239
Cash flows from investing activities:		
Cash payment for purchase of tangible and intangible assets and investment property	(36.718)	(9.520)
Cash payment for purchase of financial instruments	8.465.545	10.895.030
Cash received from sale of buildings, plant and equipment, intangible assets and other non-current assets	215.000	-
Dividends received	308.844	888.556
(Loans granted)/reimbursed to related parties and client margin	(1.200.000)	5.945.160
	-	-
Net position on collections from sale of turbo certificates and payments	4.401.487	2.196.550
Interest received on subscribed bonds	329.970	329.970
Effect of changes in exchange rate on loans and liabilities	-	0
Net cash flows generated by investing activities	12.295.300	20.308.671

The attached notes are an integral part of these financial statements.

SSIF BRK FINANCIAL GROUP SA
Notes to the individual IFRS financial statements

	30.06.2020	30.06.2019
	RON	
Cash flows from financing activities:		
Lease payments	-	(13.664)
Collections/payments of short-term bank loans	(2.773.130)	(1.666.158)
Net cash flows generated by financing activities	(2.773.130)	(1.679.822)
Total cash flows	(3.592.542)	15.138.175
Changes in cash and cash equivalents		
Cash and cash equivalents at the beginning of the period	54.407.705	27.867.012
Increase/(Decrease) in cash and cash equivalents	(3.592.542)	15.138.175
Effect of changes in exchange rate on the opening balance of cash and cash equivalents		
Cash and cash equivalents at the end of the period	50.815.163	43.013.136
of which blocked (attachment)	24	-
Of which:		4.980.780
Cash on behalf of clients	50.815.163	41.119.860
Cash on behalf of the company	8.187.162	1.893.276

These financial statements were approved today, August 14, 2020.

General Manager
Monica Ivan

Economic Director
Sandu Pali

The attached notes are an integral part of these financial statements.

SSIF BRK FINANCIAL GROUP SA

Notes to the individual IFRS financial statements

1. REPORTING ENTITY

SSIF BRK FINANCIAL GROUP SA („the Company”) is a financial investment company headquartered in Romania. The address of the registered office is in Cluj-Napoca, str Motilor nr 119. The main activity of SSIF BRK FINANCIAL GROUP SA is intermediation of financial investment services.

The financial statements of SSIF BRK FINANCIAL GROUP SA are separate financial statements (“the financial statements”) of the company and have been prepared according to Rule no. 39/2015 approving the accounting regulations compliant with the International Financial Reporting Standards as adopted by the European Union (“IFRS”), applied by entities authorized, regulated and supervised by the Financial Supervisory Authority – Financial Instruments and Investments and are the Company’s responsibility.

The annual separate financial statements for 2020 and 2019 have been prepared based on the accounting regulations, standards and policies included in these financial statements.

SSIF BRK FINANCIAL GROUP SA issues financial statements for the financial period ended June 30, 2020 and consolidated financial statements in accordance with IFRS. The consolidated financial statements of SSIF BRK FINANCIAL GROUP SA as at June 30, 2020 will be prepared, approved and made public at a later date following the publication of these separate financial statements, and compliance with the legal provisions is the responsibility of the Company’s management.

2. BASIS OF PREPARATION

a) Statement of compliance

The separate financial statements are prepared by the Company in accordance with IFRS. The Company has prepared these separate financial statements in order to comply with the requirements of Rule 39/2015, revised, approving the Accounting Regulations compliant with International Financial Reporting Standards, applicable to entities authorized, regulated and supervised by the Financial Supervisory Authority in the Financial Instruments and Investments Sector (FSA).

Within the meaning of Rule 39/2015, International Financial Reporting Standards herein after referred to as IFRS, shall mean the standards adopted according to the procedure provided by (EC) Regulation no. 1606/2002 of the European Parliament and the Council of 19 July 2002 on the application of international accounting standards, as revised.

b) Basis of measurement

The financial statements were prepared at historical cost, except for the following significant items in the statement of financial position:

- financial assets held at fair value through profit or loss are stated at fair value;
- derivatives are stated at fair value;
- investment property is stated using the revaluation model in accordance with IAS 40;
- non-current assets representing buildings and related land are stated at revalued amount, in accordance with IAS 16;
- available-for-sale non-current assets are stated at fair value in accordance with IFRS 5;
- In accordance with IAS 29, the financial statements of an entity whose functional currency is the currency of a hyperinflationary economy shall be presented in the current measurement unit at the balance sheet date (non-monetary items are restated using a general price index from the date of acquisition or contribution).

2. BASIS OF PREPARATION (continued)

Under IAS 29, an economy is deemed hyperinflationary is, apart from other factors, the accumulated inflation rate for a period of three years exceeds 100%.

The continued fall in inflation rate and other factors related to the economic environment in Romania indicate that the economy whose functional currency was adopted by the Company ceased to be hyperinflationary with effect on the financial periods as of January 1, 2004. Therefore, IAS 29 was adopted in the preparation of the separate financial statements as at December 31, 2003.

Thus, the amounts expressed in the current measurement unit as at December 31, 2003 are treated as a basis for the carrying amounts reported in the separate financial statements and are not valued amounts, replacement cost, or any other measurement of the current value of the assets or prices at which the transactions would currently take place.

For the purpose of preparation of the separate financial statements, the Company adjusts the share capital so as to express the financial statements in the current measurement unit as at December 31, 2003.

Going concern

According to the management's assessments, the Company will continue to operate on a going concern basis in the foreseeable future. The Company's management estimates that the Company will continue to operate on a going concern for a period longer than 12 months as of the preparation of these financial statements.

Fair value

Certain accounting policies of the entity and disclosure requirements involve the determination of fair value both for financial assets and non-financial assets. Fair values have been determined for the purpose of evaluating and / or presenting information based on the methods described below. Where appropriate, additional information is provided on the assumptions used to determine fair values in the notes dedicated to such asset or liability.

i. Equity investments

Alte forme ale valorii juste care nu se bazeaza pe ultimul pret de tranzactionare sunt urmatoarele:

1. The trading price: For investments quoted on the stock exchange, the Company looks for an active and liquid market, and uses as fair value the closing price in the last trading period at the end of the financial year.

2. Fair value determined by applying the Discounted Dividend Model (DDM): In case the company has a consistent history regarding the distribution of dividends, and the dividend policy is a predictable one, the valuation price is considered to be the intrinsic value resulting from the DDM model.

3. Fair value determined by applying the Discounted Cash Flow (DCF) method: If the company does not distribute dividends and the evaluation is made from the perspective of a significant shareholder, the evaluation price is considered to be the intrinsic value resulting from the DCF model.

4. The fair value determined by the asset-based method: If the company has valuable redundant assets and the operating activity is small, the evaluation price is considered to be the intrinsic value resulting from the application of the adjusted net asset method.

5. Fair value resulting from the application of the comparative method – similar transactions: If in the last year on the local stock market there were significant transactions (>10% of the capital) involving the shares of companies operating in the same field of activity as the company under scrutiny, the evaluation price is considered to be the intrinsic value determined by applying the comparative method (using the evaluation multiples such as: P / E, P / B, P / S as reference at which the respective transactions were made compared to the results published by the companies in the previous financial year).

2. BASIS OF PREPARATION (continued)

ii. Trade and other receivables

The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the effective interest rate. This fair value is determined for disclosure purposes.

iii. Derivatives

The fair value of derivative products closed at the end of the period is calculated as the minimum of the number of short and long positions multiplied by the difference between the average sale price and the purchase price and further multiplied by the number of contracts of the package. The resulting value affects the results account.

The fair value of derivative products open at the end of the period is calculated if, at the end of the period, there are more sale contracts than purchase contracts as follows: the number of open positions calculated as number of short positions less long positions, multiplied by the difference of the average sale price and the quotation price at the end of the period. The calculation is the same when there are more purchase contracts than sale contracts at the end of the period. The resulting value adjusts the initial value of the security generated by the set margin.

iv. Financial liabilities

Fair value, determined for disclosure purposes, is calculated based on the present value of future cash flows representing principal and interest, discounted using the market interest rate at the reporting date.

v. Loans granted

Loans granted to related parties are registered at fair value. Loan impairments are calculated according to the stage they are classified in according to the criteria described in Note 3 to these financial statements.

c) Functional and presentation currency

These financial statements are presented in lei (RON), which is also the functional currency of the Company. All financial information is presented in lei (RON), rounded to the nearest unit, unless otherwise specified.

d) Foreign currency

Foreign currency transactions are converted into the entity's functional currency at the exchange rate at the date of the transaction. Monetary assets and liabilities, which at the reporting date are expressed in foreign currency, are converted into the functional currency at the exchange rate at the reporting date. Foreign exchange differences are recognized directly in other comprehensive income.

The exchange rates of the main foreign currencies, published by the National Bank of Romania on June 30, 2020 are the following: 4.8423 EUR / RON; 4.3233 USD / RON and 5.3020GBP / RON (June 30, 2019: 4.7351 EUR / RON; 4.1587 USD / RON and 5.2735 GBP / RON).

e) Use of estimates and professional judgments

The preparation of the financial statements in accordance with IFRS requires the management to make estimates and assumptions that affect the application of accounting policies and the reported values of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The judgments and assumptions underlying the financial statements are revised periodically by the Company. The revisions of accounting estimates are recognized when the estimate is revised and in the future affected periods.

2. BASIS OF PREPARATION (continued)

Information on critical professional judgments of accounting policies that materially affect the amounts recognized in the financial statements is included in the following notes:

- Note 11 *Financial instruments* – classification of financial instruments
- Note 26 *Financial income and expenses* – losses on impairment of available-for-sale securities, which are reclassified from equity to financial expenses
- Note 16 – Deferred tax assets and liabilities
- Note 24 – Contingent assets and liabilities
- Note 33 – Fair value hierarchy

3. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied by the Company will be presented below. These separate financial statements have prepared in accordance with IFRS and the Company's accounting policies as presented herein below. The responsibility for these financial statements lies with the management of BRK Financial Group SA.

The accounting policies presented below have been consistently applied for all the periods presented in these financial statements.

a) Adoption of IFRS 9

The adoption of IFRS 9 "Financial Instruments" replaces the existing provisions of IAS 39 "Financial Instruments: Recognition and measurement" and includes new principles as regards the classifications and measurement of financial instruments, a new model of credit risk to calculate the impairment of financial assets and new general requirements on hedge accounting. Also, it keeps similar principles to IAS 39 on the recognition and derecognition of financial instruments.

SSIF BRK FINANCIAL GROUP SA adopted IFRS 9 as of its initial application, i.e., January 1, 2018. The Company holds the following types of financial instruments: investments, bonds, cash and current accounts, fund units in closed funds, financial derivatives, other financial assets and liabilities. Further to the analysis made, as of the initial application of IFRS 9, BRK decided to state all investments at fair value through profit or loss (implicit option as per IFRS 9). Such approach is in line with the business model of the Company of managing the performance of its portfolio at fair value, with the intended purpose of maximising the returns for shareholders and increasing the net asset value per share through investments made, mainly in Romanian shares and securities.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Financial instruments

i. Financial instruments

The company initially recognizes the loans, receivables and deposits at the date they were initiated. All other financial assets (including assets designated at fair value through profit or loss) are initially recognized at the date when the entity becomes part of the contractual terms of the instrument.

The entity derecognizes a financial asset when the contractual rights on the cash flows generated by the asset expire.

The entity has the following significant non-derivatives: financial assets at fair value through profit or loss, loans and receivables.

- *Financial assets or financial liabilities at fair value through profit or loss*

Further to the adoption of IFRS 9, as at January 1, 2018 the Company classified all of the investments at fair value through profit or loss (implicit option under IFRS 9). A financial asset is classified at fair value through profit or loss if it is classified as held for trading or if it is designated as such on initial recognition. Financial assets are designated at fair value through profit or loss if the entity manages those investments and makes purchase or sale decisions based on fair value in accordance with the investment and risk management strategy. Upon initial recognition, attributable trading costs are recognized in profit or loss when incurred. Financial instruments at fair value through profit or loss are measured at fair value and subsequent changes are stated to profit or loss. Financial assets at fair value through profit or loss are not subject to impairment testing. Loans to affiliates are tested for impairment depending on the fulfillment of the established scenarios that take into account probabilities of repaying such loans on term.

- *Loans and receivables*

Loans and receivables are financial assets with fixed or determinable payments that are not quoted on an active market. Such assets are initially recognized at fair value plus any directly attributable trading costs. Subsequent to initial recognition, loans and receivables are measured at fair value, loans granted to affiliates and customers, and other receivables at amortized cost.

Cash and cash equivalents comprise cash balances and sight deposits with original maturities of up to three months.

- *Financial assets and liabilities at amortised cost*

Financial assets at amortized cost are tested for impairment in accordance with IFRS 9.

For this purpose, these instruments are classified in Stage 1, Stage 2 or Stage 3, depending on their absolute or relative credit quality in terms of initial payments. Thus:

Stage 1: includes (i) newly recognized exposures; (ii) exposures for which credit risk has not materially deteriorated since initial recognition; (iii) low credit risk exposures (reduced credit risk exemption).

Stage 2: includes exposures that, although performing, have experienced a significant deterioration in credit risk since initial recognition.

Stage 3: includes impaired credit exposures.

For Stage 1 exposures, impairment is equal to the expected loss calculated over a time horizon of up to one year. For Stage 2 or 3 exposures, impairment is equal to the expected loss calculated over a time horizon corresponding to the full duration of the exposure.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

As regards bank deposits and amortized cost bonds, the Company has opted to apply the low credit risk exemption in full compliance with IFRS 9.

Adjustments for impairment of receivables are based on the present value of the expected cash flows of the principal. To determine the present value of future cash flows, the basic requirement is to identify estimated collections, the payment schedule and the discount rate used.

The Company defined as "non-performing" exposures the receivables that meet one or both of the criteria:

exposures for which the Company estimates that it is unlikely that the debtor will fully pay its obligations regardless of the exposure value and the number of days for which the exposure is delayed; unpaid amounts.

ii. Derivatives

Derivatives are initially recognized at fair value; attributable trading costs are recognized in profit or loss when incurred. Subsequent to initial recognition, derivatives are measured at fair value and subsequent changes are recognized immediately to profit or loss.

i. Financial assets (including receivables)

A financial asset that is not carried at fair value through profit or loss is tested at each reporting date to determine whether there is objective evidence of impairment. A financial asset is considered impaired if there is objective evidence to suggest that after the initial recognition there was an event that caused a loss, and this event had an adverse impact on the expected future cash flows of the asset and the loss can be reliably estimated.

The objective evidence that the financial assets (including equity instruments) are impaired may include a debtor's failure to meet the payment obligations, the restructuring of an amount owed to the entity under terms that the entity would otherwise not accept, indication that a borrower or an issuer will go bankrupt, the disappearance of an active market for an instrument.

In addition, for a capital investment, a significant and long-term decline in fair value is objective evidence of impairment under IAS 39 for available-for-sale financial assets, a criterion that no longer applies after the transition to IFRS 9 because the Company has opted to measure equity and debt instruments at fair value through profit or loss.

ii. Non-financial assets

The carrying amounts of the entity's non-financial assets, other than investment property, inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any evidence of impairment. If such evidence exists, the recoverable amount of the asset is estimated. For goodwill and intangible assets with indefinite useful lives or are not yet available for use, the recoverable amount is estimated each year.

The recoverable amount of an asset or a cash-generating unit is the maximum of the value in use and fair value less costs to sell. In determining the value in use, expected future cash flows are updated to determine the present value, by using a pre-tax discount rate that reflects current market assessments of the time value of money and the asset specific risks.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Property, plant and equipment

i. Recognition and measurement

Items included in property, plant and equipment are measured at the cost date and subsequently at revalued amount less accumulated depreciation and accumulated impairment losses.

Gains or losses on the disposal of a tangible asset are determined by comparing the proceeds from disposal of the asset with the carrying amount of the tangible asset and are recognized at net value under other revenues in profit or loss. When revalued assets are sold, the amounts included in the revaluation reserve are transferred to retained earnings. The revaluation reserve is reduced in each financial year by the amount corresponding to the amortization and transferred to retained earnings.

ii. Reclassification as investment property

Investment property is defined below in *Investment property (letter e)* section.

When the use of a property changes from real estate used by the owner to investment property, the property is revalued at fair value and reclassified as investment property.

iii. Subsequent costs

The cost of replacing a tangible asset component is recognized in the carrying amount of the asset if it is probable that the future economic benefits embedded in that component will flow to the entity and its cost can be measured reliably. The accounting value of the replaced component is derecognized. Expenses with the current maintenance of the tangible asset are recognized in profit or loss as they are incurred.

iv. Depreciation of property, plant and equipment

Depreciation is calculated for the depreciable amount, which is the cost of the asset, or another value that substitutes cost, less the residual value.

Depreciation is recognized in profit or loss on the straight-line basis for the useful life estimated for each component of a tangible asset. Leased assets are depreciated over the shortest of the lease term and the useful life, unless it is reasonably certain that the entity will acquire the ownership right at the end of the lease. Land is not depreciated.

The useful lives for the current period and comparative periods are as follows:

- buildings - 40 years
- plant and equipment - 2-10 years; 5 years total average value
- vehicles - 5 years
- other plant, fixture and furniture - 3-10 years; 5 years total average value

Depreciation methods, useful lives and residual values are reviewed at the end of each financial year and adjusted accordingly.

d) Intangible assets

i. Goodwill

Goodwill arising from the acquisition of subsidiaries is included in intangible assets. It is measured at cost less accumulated impairment losses.

ii. Subsequent expenses

Subsequent expenses are capitalized only when they increase the amount of future economic benefits embedded in the asset for which they are intended. All other expenses, including goodwill, are recognized in profit or loss when incurred.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

iii. Amortization of intangible assets

Amortization is calculated for the cost of the asset or another value that replaces cost, less the residual value.

Amortization is recognized in profit or loss on a straight-line basis for the useful life estimated for intangible assets other than goodwill from the date they are available for use, this way reflecting the most accurately the expected pattern of consumption of the economic benefits embedded by the asset.

Estimated useful lives for the current and comparative periods are as follows: 3 years for all intangible assets, except goodwill.

Amortization methods, useful lives and residual values are reviewed at the end of each financial year and adjusted, if appropriate.

e) Investment property

Investment property means property owned either to be leased or to increase the value of the capital or both, but not for sale in the ordinary course of business, use in production, supply of goods or services, or for administrative purposes. Investment property is valued as assets used, at fair value. Any appreciation or depreciation in their value is recognized in profit or loss.

f) Leased assets

Leases by which the entity substantially assumes the risks and rewards of ownership are classified as finance leases. At the time of initial recognition, the asset subject to the lease is measured at the minimum of the fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to the asset.

Other lease contracts are classified as operating leases.

g) Lease payments

Lease payments under an operating lease are recognized as an expense in profit or loss on a straight-line basis over the lease term. The operating lease facilities received are recognized as an integral part of the total lease expense, over the lease term.

The minimum lease payments under finance leases are divided on a pro rata basis between lease interest expenses and reduction of lease debt. The lease interest expense is allocated to each lease term so as to generate a constant interest rate for the remaining lease debt.

Determining the extent to which an arrangement contains a lease: When initiating an arrangement, the entity determines whether the arrangement is or contains a lease operation.

h) Property, plant and equipment held for sale

Tangible assets or disposal groups containing assets or liabilities whose carrying amount is expected to be recovered principally through a sale operation and not through continuing use are classified as held for sale.

Prior to reclassification to tangible assets held for sale, the assets or components of a disposal group are revalued in accordance with the entity's accounting policies. Generally, assets or components of disposal groups are subsequently valued at the minimum of the carrying amount and the fair value less costs to sell.

Impairment losses related to a sales group are first allocated to goodwill and then pro rata to the remaining amount of assets and liabilities, except that no impairment will be allocated to inventories, financial assets, deferred tax assets, employee benefits and investment property, which continue to be valued in accordance with the entity's accounting policies. Impairment losses arising on initial classification as held for sale and subsequent gains or losses as a result of revaluation are recognized to profit or loss. Gains that exceed accumulated impairment losses are not recognized.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Non-derivative financial liabilities

Liabilities are recognized on the date when the entity becomes part of the instrument's contractual terms.

The entity derecognizes a financial liability when the contractual obligations are paid, cancelled or expire.

The entity has the following non-derivative financial liabilities: trade payables, debts to customers on their deposits and other liabilities.

These financial liabilities are initially recognized at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method.

j) Share capital

Ordinary shares

Ordinary shares are classified as part of equity. Additional direct costs attributable to the issue of ordinary shares are recognized as a reduction in equity at net book value.

Buy-back of shares (treasury shares)

When the share capital recognized as part of equity is bought back, the amount of the consideration paid, which includes other directly attributable costs, net of tax effects, is recognized as a decrease in equity. Redeemed shares are classified as treasury shares and presented as a reduction in equity. When treasury shares are subsequently sold or re-issued, the amount received is recognized as an increase in equity and the surplus or deficit arising from the transaction is transferred to or from the retained earnings.

k) Employee benefits

i. Short-term benefits

Employees' short-term benefits are assessed without being updated, and the expense is recognized as the related services are rendered.

A liability is recognized at the amount that is expected to be paid under short-term cash-premium or profit-sharing plans if the entity has a legal or constructive obligation to pay that amount for services previously provided by employees, and the obligation can be estimated reliably.

ii. Share-based transactions

The fair value of the share-based payment allowance granted to employees is recognized as a payroll expense, together with an increase in equity, during the time when employees become unconditionally entitled to these premiums.

l) Provisions

A provision is recognized if, as a result of a prior event, the entity has a present legal or constructive obligation that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting expected future cash flows using a pre-tax rate that reflects current market assessments of the time value of money and debt-specific risks. The amortized discount is recognized as financial expense.

m) Sale of goods and provision of services

Income from sales during the current period is measured at the fair value of the consideration received or receivable. Income is recognized when the risks and rewards resulting from ownership of the goods are transferred significantly and the amount of income can be measured reliably. The moment when the transfer of risks and rewards varies depending on the individual terms in the sales contracts.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

In the case of intermediation activity, commission income is recognized on the transaction date. Dividend income is recognized when the right to receive them arises.

n) Rental income

Rental income from investment property is recognized in the income statement on a straight-line basis over the lease.

o) Financial revenues and expenses

Financial revenues include:

- revenues from interest on bank deposits,
- dividend revenues,
- gains on sales of:
 - o assets at fair value through profit or loss,
- changes in the fair value of assets at fair value through profit or loss.

Interest income is recognized in profit or loss on accrual basis using the effective interest method.

Dividend income is recognized in profit or loss at the date when the entity is entitled to receive the dividends, which in the case of the quoted instruments is the ex-dividend date.

Financial expenses comprise impairment losses on financial assets at fair value through profit or loss.

Gains and losses from foreign exchanges are reported on net basis.

p) Income tax

Expenses with income tax include current tax and deferred tax. Current and deferred tax is recognized in profit or loss, unless they are attributable to business combinations or items recognized directly in equity or other comprehensive income.

Current tax is the tax that is expected to be paid or received for the taxable income or deductible loss incurred in the current year using tax rates adopted or substantially adopted at the reporting date and any adjustment to tax liability on profits for previous years.

Deferred tax is recognized for the temporary differences that arise between the carrying amount of assets and liabilities used for the purpose of financial reporting and the tax base used for the tax calculation.

Deferred tax is not recognized for the temporary differences arising on the initial recognition of goodwill.

Deferred tax assets and liabilities are offset only if there is a legal right to offset current tax liabilities and receivables and are related to taxes levied by the same tax authority for the same taxable entity or for different tax entities, but which intends to settle receivables and debts with current tax on a net basis, or whose tax assets and liabilities will be simultaneously incurred.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences only to the extent that it is probable that future profits may be used to cover the tax loss. Deferred tax assets are reviewed at each reporting date and are diminished to the extent that the related tax benefit is no longer probable. The Note on *deferred tax assets and liabilities* includes cases where deferred tax assets have not been recognized as assets.

q) Earnings per share

The entity discloses basic and diluted earnings per share for its ordinary shares. The basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company to the weighted average of ordinary shares outstanding during the period, adjusted by the amount of own shares held.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

q) Earnings per share (continued)

The diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of shares outstanding, adjusted by the amount of own shares held, with the dilutive effects of all ordinary potential shares that comprise share options granted to employees.

r) Segment reporting

An operating segment is a component of the entity that engages in activities that can generate revenues and expenses, including revenues and expenses related to transactions with any of the entity's other components.

Operating results of an operating segment are reviewed periodically by the Company's management to make decisions about the resources to be assigned to the segment and to analyse its performance and for which distinct financial information is available.

Standards and interpretations in force in the current year

The following new standards, amendments to the existing standards and interpretation issued by the International Accounting Standards Board (IASB) and adopted by the European Union ("EU") effective for the current reporting period, are applicable to the Company:

- **IFRS 9 "Financial Instruments"** – adopted by the EU on 22 November 2016 (effective for annual periods beginning on or after 1 January 2018),
- **Amendments to IFRS 1 and IAS 28 due to "Improvements to IFRSs (cycle 2014-2016)"** resulting from the annual improvement project of IFRS (IFRS 1, IFRS 12 and IAS 28) primarily with a view to removing inconsistencies and clarifying wording - adopted by the EU on 7 February 2018 (amendments to IFRS 1 and IAS 28 are to be applied for annual periods beginning on or after 1 January 2018),
- **IFRIC 22 "Foreign Currency Transactions and Advance Consideration"** - adopted by the EU on 28 March 2018 (effective for annual periods beginning on or after 1 January 2018).

Except for IFRS 9, the Company considers that the adoption of these new standards, amendments and interpretation has not led to any material changes in its annual financial statements.

The Company adopted IFRS 9 as of its initial application as of 1 January 2018. There were no changes in the book value of financial assets further to the transition to IFRS 9 (see note 3 for further details).

Standards and interpretations issued by IASB and adopted by the EU, but not yet effective

At the reporting date of these financial statements, the following standards, amendments to existing standards and new interpretations also applicable to the Company were in issue by IASB, but not yet effective:

- **IFRS 16 "Leases"** – adopted by the EU on 31 October 2017 (effective for annual periods beginning on or after 1 January 2019),
- **Amendments to IFRS 9 "Financial Instruments"** - Prepayment Features with Negative Compensation - adopted by the EU on 22 March 2018 (effective for annual periods beginning on or after 1 January 2019),
- **IFRIC 23 "Uncertainty over Income Tax Treatments"** - adopted by the EU on 23 October 2018 (effective for annual periods beginning on or after 1 January 2019).

The Company has analysed the impact of adoption of IFRS 16 and the other standards mentioned above and anticipates that they will not have any significant impact on the annual financial statements if applied for the first time. The Company will apply such standards as of their effectiveness.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Standards and interpretations issued by IASB, but not yet adopted by the EU

As at the reporting date of such financial statements, IFRS as adopted by the EU do not significantly differ from regulations adopted by the IASB except for the following new standards, amendments and interpretations, which are also applicable to the Company and which were not endorsed for use in EU as at the date of authorisation of these financial statements:

- Amendments to IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures" - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture and further amendments (effective date deferred indefinitely until the research project on the equity method has been concluded),
- Amendments to IAS 1 "Presentation of Financial Statements" and IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" - Definition of Material (effective for annual periods beginning on or after 1 January 2020),
- Amendments to IAS 28 "Investments in Associates and Joint Ventures" - Long-term Interests in Associates and Joint Ventures (effective for annual periods beginning on or after 1 January 2019),
- Amendments to various standards due to "Improvements to IFRSs (cycle 2015 -2017)" resulting from the annual improvement project of IFRS (IFRS 3, IFRS 11, IAS 12 and IAS 23) primarily with a view to removing inconsistencies and clarifying wording (effective for annual periods beginning on or after 1 January 2019),
- Amendments to References to the Conceptual Framework in IFRS Standards (effective for annual periods beginning on or after 1 January 2020).

The Company anticipates that the adoption of these new standards and amendments to the existing standards will have no material impact on the Company's annual financial statements in the year of initial application.

SSIF BRK FINANCIAL GROUP SA anticipates that the adoption of these standards and amendments to the existing standards will not have a significant impact on the financial statements of the company During the initial application period.

4. FINANCIAL RISK MANAGEMENT

Due to the complex activity it carries out and the use of financial instruments, BRK Financial Group is exposed to risks from the following categories:

- credit risk
- liquidity risk
- market risk
- operational risk
- exchange rate risk
- currency risk

The explanations provide information on the exposure of the company to each risk category, the objectives, policies, processes and procedures used for risk and capital assessment and management.

General risk management setting

The Board of Administration of BRK Financial Group is responsible for establishing, monitoring and supervising the risk management setting at company level.

The Company's complex activity requires active risk management and, in order to ensure such management, the company has established a risk management system by developing internal risk management policies and procedures, in line with current regulations and legislation.

SSIF BRK FINANCIAL GROUP SA
Notes to the individual IFRS financial statements

4. FINANCIAL RISK MANAGEMENT (continued)

General risk management setting (continued)

Risk management principles include risk identification and awareness, assumption, management and monitoring of risk, prudential requirements for risk management, periodic review of risk policies and internal procedures, risk control and management.

At the same time, the Company's internal procedures define risk management policies, set appropriate limits and controls, ways to monitor risks and meet established limits.

Regularly, verification and follow-up missions are carried out to observe the provisions of the internal procedures and regulations in force and reports are drafted to the executive management of the Company and to the Board of Administration.

In this way an orderly and constructive control environment is developed so that, through the proactive activity of risk management (basic activity within the company), all the risks faced by BRK Financial Group may be measured.

The Company's Risk Profile, which takes into account all the risks to which it is exposed depending on the risk appetite assumed by the management structure in the decision-making process and the business strategy, as well as the classification of the exposures that the company assumes within the limits set by it, we make the following clarifications:

- setting the maximum levels of risk that the company is willing to assume for each risk category (risk appetite) is a result of the current portfolio structure, investment policy and business strategy agreed at BRK FINANCIAL level GROUP SA;

- during the meeting of the Board of Directors dated 23.01.2020 it was decided to modify the Risk Profile of the company regarding the classification of the Risk of concentration by sector from Medium to Very High, and by entity from Low to High, in order to more faithfully reflect the reality risks assumed by the company, information made public to investors through the company's website. As such, the Risk Profile in force, with the specific levels of risk appetite, is illustrated in the attached table.

Tolerance limits/ Risk categories		Very low	Low	Medium	High	Very high
Color for the proposed maximum level						
		(0 - 5%)	(5% - 10%)	(10% - 25%)	(25% - 40%)	> 40% din fp ¹
Market risk	Equity securities					Very high
	Debt securities		Low			
	OPCVM			Medium		
Currency risk		Very low (0 - 5%)	Low (5% - 10%)	Medium (10% - 12%)	High (12% - 15%)	Very high > 15% of fp
Credit risk		Very low (0 - 40%)	Low (40% - 80%)	Medium (80% - 120%)	High (120% - 140%)	Very high > 140% of fp
Counterparty risk		Very low (0 - 4%)	Low (4% - 8%)	Medium (8% - 12%)	High (12% - 15%)	Very high >15%
Risc of concentration		Very low	Low	Medium	High	Very high
	Sector	< 5%	(5% - 10%)	(10% - 15%)	(15% - 20%)	>20%
	Entity	< 5%	(5% - 15%)	(15% - 20%)	(20% - 25%)	>25%
Operational risk		Very low (0 - 15%)	Low (15% - 30%)	Medium (30% - 40%)	High (40% - 50%)	Very high > 50% of fp
CRL (liquidity indicator)		Very low > 5	Low (3.5 - 5)	Medium (2 - 3.5)	High (1 - 2)	Very high < 1
Portfolio liquidity		Very low	Low	Medium	High	Very high

¹ fp- The company's own funds since the last quarterly reporting to ASF

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	> 50%	(40% - 50%)	(30% - 40%)	(20% - 30%)	< 20% of portfolio
Lever	Very low	Low	Medium	High	Very high
	> 50%	(40% - 50%)	(30% - 40%)	(20% - 30%)	< 20%
CAR (capital adequacy rate)	Very low	Low	Medium	High	Very high
	> 50%	(35% - 50%)	(25% - 35%)	(18% - 25%)	< 18%

On 30.06.2020, BRK FINANCIAL GROUP SA certifies that it falls within the Risk Profile in force, each of the values set for the risk appetite being at acceptable values or values lower than them.

Categories of risk

Credit risk

Credit risk is the risk of financial loss or unrealized profit for the Company if a customer or counterparty of a financial instrument fails to meet its contractual obligations, and this risk arises mainly from customers' incapacity to meet their payment obligations regarding risk assets, either from balance sheet or off-balance sheet.

For securities intermediation activity, at the balance sheet date there is no credit risk because, according to the internal procedures approved by the Board of Administration, clients can record debts to BRK Financial Group only on the basis of analyses and approvals and only on the short term.

Exposure to credit risk

Assets exposed to credit risk are the following categories of holdings: positions on financial instruments that do not belong to the tradable portfolio, exposures from commissions, interest, dividends, margins for futures, options, warrants, receivables on financial and non-financial entities, off-balance sheet items related to other assets than those included in the tradable portfolio, tangible assets, cash, sight and term deposits, loans granted to affiliated entities, any assets not deducted from the eligible capital of BRK Financial Group.

The risk of incurring losses due to default by the debtor may have two causes:

- a) bankruptcy of the debtor / issuer - also called bankruptcy risk of the debtor (long-term credit risk). This risk concerns the long-term financial assets, which are implicitly affected by the solvency dynamics of the issuer of those securities.
- b) the bad faith of the debtor (the counterparty with which the company carries out certain types of financial transactions) also called counterparty credit risk (short-term credit risk).

The financial operations to which this type of risk relates are the following:

1. derivatives traded on OTC and credit derivatives;
2. repurchase agreements, reverse repurchase agreements, securities/commodities lending or borrowing based on securities or commodities included in the trading portfolio;
3. margin lending transactions in relation to securities or commodities; and
4. long-term settlement transactions.

4. FINANCIAL RISK MANAGEMENT (continued)

The types of exposures are as follows:

Exposures in current accounts and bank deposits

<i>In RON</i>	June-20	December-19
Total current accounts and bank deposits	50.814.995	54.424.947

Exposures from fair value bonds

<i>In RON</i>	June-20	December-19
Total corporate bonds	6.138	55.391

Exposures from loans granted to affiliates at fair value

<i>In RON</i>	June-20	December-19
Romlogic Technology SA	4.810.000	9.315.550
Firebyte Games SA	820.885	320.885
Gocab Software	950.000	950.000
Total loans granted	6.580.885	10.586.435

4. FINANCIAL RISK MANAGEMENT (continued)

Liquidity risk

Liquidity risk is the risk that the entity has difficulty in meeting the obligations associated with financial liabilities that are settled in cash or by transferring another financial asset. At the date of this report, BRK Financial Group has outstanding loans.

In terms of brokerage activity, liquidity in customer relationships is ensured by the fact that investment firms have the obligation to keep their clients' deposits in separate accounts without using them in any way.

Regarding the overall liquidity, the current sources of availability are represented by the results of the investment activity, commissions received from clients, and as extraordinary sources the capital increases.

The risk of liquidity takes two forms:

Liquidity risk of the portfolio of financial instruments - losses that can be recorded by BRK Financial Group due to the impossibility of finding a counterparty in financial transactions, thus making it difficult to close the positions on the financial instruments that record unfavorable price variations.

Risk of liquidity coverage - losses that can be recorded by BRK Financial Group due to the impossibility to finance net outflows (current liabilities) recorded over a 30-day horizon.

Determination:

Liquidity risk of the portfolio of financial instruments - The rate of high liquidity assets in the total portfolio - is calculated as the ratio between the value of high liquidity assets and the value of the total asset.

Liquidity coverage ratio (LCR) - is calculated as a ratio between the value of high liquidity assets (liquidity reserves) and the value of current liabilities (maturity band of up to 30 days)

The risk of long-term assets financing from non-permanent resources - is calculated as a ratio between the value of temporary resources (e.g. dividends not received, loans, issued bonds, etc.) and the value of the total asset.

The following holdings were classified as high liquidity:

- bank accounts (cash and deposits);
- shares' adjusted value;
- OPC adjusted value.

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4. FINANCIAL RISK MANAGEMENT (continued)

The values factored in in the calculation of the liquidity risk of SSIF BRK Financial Group as at June 30, 2020 were as follows:

In RON		Carrying amount			
		Within 3 months	3 – 12 months	More than 1 year	No pre-set maturity
June 30, 2020					
Financial assets					
Cash and cash equivalents	50.815.163	50.815.163	-	-	-
Bank deposits	-	-	-	-	-
Financial assets at fair value through profit or loss	37.495.335	-	-	-	37.495.335
Loans and advances granted	7.264.232	1.712.981	2.666.858	2.884.393	-
Bonds at fair value	6.138	-	-	6.138	-
Other financial assets	76.411.817	-	-	-	76.411.817
Total financial assets	171.992.684	52.528.144	2.666.858	2.890.531	113.907.152
Financial liabilities	1.414.413	-	-	-	-
Dividends payable	-	-	-	-	-
Financial liabilities at amortised cost	-	-	-	-	-
Total financial liabilities	1.414.413	-	-	-	-
In RON		Carrying amount			
		Within 3 months	3 – 12 months	More than 1 year	No pre-set maturity
December 31, 2019					
Financial assets					
Cash and cash equivalents	54.408.406	54.408.406	-	-	-
Bank deposits	-	-	-	-	-
Financial assets at fair value through profit or loss	44.589.492	-	-	-	44.589.492
Loans and advances granted	12.111.428	1.224.550	5.869.048	5.017.830	-
Bonds at fair value	55.391	-	-	55.391	-
Other financial assets at fair value	24.773.064	-	-	-	24.773.064
Total financial assets	135.937.781	55.632.956	5.869.048	5.073.221	69.362.556
Financial liabilities	4.187.543	-	-	-	-
Dividends payable	-	-	-	-	-
Financial liabilities at amortised cost	-	-	-	-	-
Total financial liabilities	4.187.543	-	-	-	-

4. FINANCIAL RISK MANAGEMENT (continued)

Market risk

Market risk is the risk that the variation in market prices, such as the price of equity instruments, the exchange rate and the interest rate, will affect the company's income or the value of the financial instruments held. The objective of market risk management is to monitor and control market risk exposures within acceptable parameters and, at the same time, to optimize return on investments.

Investment opportunities are selected through:

- technical analysis;
- basic analyses – determining the issuer's capacity to generate profit;
- comparison – determining the relative value of an issuer compared to the market or other similar companies;
- statistics – determining trends and correlations using the pricing and trading volume history.

The Company is exposed to the following categories of market risk:

i) Price risk

Exposure to price risk is the possibility that the value of financial instruments fluctuates as a result of changes in market prices.

The Company is exposed to the risk associated with the change in the price of financial assets at fair value through profit or loss and financial assets measured at fair value through other comprehensive income. 31% of the total shares traded on an active market held by the Company as at June 30, 2020 (December 31, 2019: 70%) represented investments in companies included in the BET index of the Bucharest Stock Exchange, a weighted index with stock capitalization created to reflect the overall trend of the ten most liquid shares traded on the Bucharest Stock Exchange.

A positive 10% change in the price of financial assets at fair value through profit or loss would result in a profit increase of RON 3,750,149 (December 31, 2019: RON 4,289,070), a negative change of 10% having an equal and opposite net impact.

The Company holds shares in companies operating in different sectors of activity as follows:

Sector of activity	Iunie-2020	%	Dec-2019	%
Commerce	1.497.186,80	3,99%	1.923.955,00	4,49%
Constructions	281.165,05	0,75%	324.773,25	0,76%
Finance-banking	16.904.460,17	45,08%	19.126.928,88	44,59%
Consumer goods	213.358,55	0,57%	262.611,35	0,61%
Industry	2.567.528,48	6,85%	3.282.500,00	7,65%
Other	16.037.794,50	42,77%	17.969.939,55	41,90%
Total	37.501.493,55		42.890.708,03	

As shown in the table above, at June 30, 2020 the Company holds shares mainly in finance-banking and insurance companies, accounting for 45.08% of its total portfolio, more than the 44.59% registered as at December 31, 2019.

4. FINANCIAL RISK MANAGEMENT (continued)

Operational risk

The objective of the Company is to identify, measure, monitor, manage and mitigate operational risk so as to strike a balance between avoiding direct or indirect financial losses that may occur as a result of procedural, human or systemic errors, or due to external events, which may jeopardize the reputation of the entity. At the same time, the operational risk at the company level is very low also due to the requirements imposed by the Financial Supervisory Authority (FSA) regarding the organization, the required reports and the internal control carried out.

The main responsibility for the development and implementation of operational risk controls lies with the management of each organizational unit. This responsibility is supported by the development of general corporate standards for operational risk management in the following areas:

- requirements for appropriate segregation of tasks and responsibilities
- requirements for reconciliation, monitoring and authorization of transactions;
- compliance with regulations and legislation;
- documentation of controls and procedures;
- requirements for the periodic assessment of operational risks and the adequacy of controls and procedures for identified risks;
- training and professional development;
- ethical and business standards;
- risk mitigation.

Compliance with company standards is ensured through a program of periodic reviews of internal procedures. The results of these reviews are discussed with management.

Interest rate risk

As at June 30, 2020, SSIF BRK FINANCIAL GROUP SA contracted a credit line granted for a period of 1 year to support the company's current activity. The interest on the credit line consists of ROBOR 3M plus fixed margin.

Interest rates used to determine fair value

For the determination of fair value or for impairment testing of financial instruments, no interest rates were used to discount cash flows as it was not the case for trade receivables or other financial instruments whose collection is significantly delayed over time.

For doubtful receivables (receivables whose recovery is uncertain), at the end of the reporting period, the Company registered impairments for the entire amount.

The company faces interest rate risk due to exposure to unfavorable fluctuations in interest rate. The change in market interest rate directly influences the income and expense of floating-rate financial assets and liabilities as well as the market value of fixed-rate assets and liabilities.

SSIF BRK FINANCIAL GROUP SA
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4. FINANCIAL RISK MANAGEMENT (continued)

The following tables present the Company's exposure to interest rate risk.

In RON	Carrying amount	Within 3 months	3 – 12 months	More than 1 year	No pre-set maturity
June 30, 2020					
Financial assets					
Cash and cash equivalents	50.815.163	50.815.163	-	-	-
Bank deposits	-	-	-	-	-
Financial assets at fair value through profit or loss	37.495.335	-	-	-	37.495.335
Loans and advances granted	7.264.232	1.712.981	2.666.858	2.884.393	-
Bonds at fair value	6.138	-	-	6.138	-
Other financial assets	76.411.817	-	-	-	76.411.817
Total financial assets	171.992.684	52.528.144	2.666.858	2.890.531	113.907.152
Financial liabilities	1.414.413	-	-	-	-
Dividends payable	-	-	-	-	-
Financial liabilities at amortised cost	-	-	-	-	-
Total financial liabilities	1.414.413	-	-	-	-

In RON	Carrying amount	Within 3 months	3 – 12 months	More than 1 year	No pre-set maturity
December 31, 2019					
Financial assets					
Cash and cash equivalents	54.408.406	54.408.406	-	-	-
Bank deposits	-	-	-	-	-
Financial assets at fair value through profit or loss	44.589.492	-	-	-	44.589.492
Loans and advances granted	12.111.428	1.224.550	5.869.048	5.017.830	-
Bonds at fair value	55.391	-	-	55.391	-
Other financial assets at fair value	24.773.064	-	-	-	24.773.064
Total financial assets	135.937.781	55.632.956	5.869.048	5.073.221	69.362.556
Financial liabilities	4.187.543	-	-	-	-
Dividends payable	-	-	-	-	-
Financial liabilities at amortised cost	-	-	-	-	-
Total financial liabilities	4.187.543	-	-	-	-

Currency risk

BRK Financial Group is a financial institution regulated and authorized by the Financial Supervisory Authority and is subject to the European regulations and the CRD - CRR legislative package to the relevant Technical Standards.

The capital requirement related to the foreign exchange risk is determined according to the provisions of EU Regulation no. 575/2013 on capital adequacy for the standardized approach for that financial risk.

The limits on exposure to this risk are calculated as the ratio between the exposure value of the assets exposed to the foreign currency risk and the value of the BRK Financial Group's own funds.

SSIF BRK FINANCIAL GROUP SA
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4. FINANCIAL RISK MANAGEMENT (continued)

BRK Financial Group calculates the capital requirement for foreign exchange risk if exposures to this risk exceed 2% of total own funds.

Exposures to foreign exchange risk comprise the following elements:

- derivatives (CFD, futures, options, warrants);
- cash in accounts with external intermediaries;
- bank deposits in foreign currency;
- leases;
- guarantees at market institutions;
- bonds in foreign currency.

The methodology to determine capital exposure and requirement is as follows:

In RON

June 30, 2020

Financial assets	RON	EUR	USD	Other
Cash and cash equivalents	46.824.826	547.476	3.415.730	27.132
Bank deposits				
Financial assets at fair value through profit or loss	37.495.335	-	-	-
Financial assets at fair value through other comprehensive income	-	-	-	-
Bonds at fair value through profit or loss	6.138	-	-	-
Loans and advances granted	7.264.232	-	-	-
Other financial assets	5.089.117	59.277.702	12.044.998	-
Total financial assets	96.679.648	59.825.178	15.460.727	27.132
Financial liabilities	1.414.413	-	-	-
Dividends payable	-	-	-	-
Financial liabilities at amortised cost	-	-	-	-
Total financial liabilities	1.414.413	-	-	-

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4. FINANCIAL RISK MANAGEMENT (continued)

In RON

December 31, 2019

Financial assets	RON	EUR	USD	Alte valute
Cash and cash equivalents	53.967.805	360.101	52.274	28.226
Bank deposits	-	-	-	-
Financial assets at fair value through profit or loss	41.449.020	-	-	3.140.472
Financial assets at fair value through other comprehensive income	-	-	-	-
Bonds at fair value through profit or loss	55.391	-	-	-
Loans and advances granted	12.111.428	-	-	-
Other financial assets	10.669.381	7.953.764	6.149.920	-
Total financial assets	118.253.025	8.313.865	6.202.193	3.168.698
Financial liabilities	4.187.543			
Dividends payable	-	-	-	-
Financial liabilities at amortised cost	-	-	-	-
Total financial liabilities	4.187.543	-	-	-

5. CAPITAL MANAGEMENT

The Policy of the Board of Administration of BRK FINANCIAL GROUP SA is to maintain a sound capital base to maintain investor, creditor and market confidence and sustain the future development of the company. The Board of Administration monitors the profitability of all agencies in which trading is conducted on a monthly basis and the results of the analysis are discussed during the monthly meetings of the Board of Administration.

Also, during the monthly meetings of the Board of Administration, the report on the investment activity drawn up by the analysis department is discussed. Global results are thus monitored to maintain a high return on capital.

BRK FINANCIAL GROUP SA is subject to prudential regulations regarding minimum capital requirements and minimum own funds so as to hedge risks:

- risk-weighted exposures by class of exposures to which they are part are considered to hedge credit risk and the risk of receivables' value reduction;
- to hedge position risk and settlement / delivery risk, capital is required at the level of 16% of the exposure level;
- to hedge operational risk capital is required at the level of 15% of the average of the last three years of the operating result.

Indicator	June 30, 2020	December 31, 2019
Total own funds	47.575.907,99	47.480.914,59
Total capital requirements	16.214.165,69	11.943.398,75
Risk exposures	182.282.854,87	118.609.679,29

5. CAPITAL MANAGEMENT (continued)

The capital adequacy requirements do not imply own funds for liquidity risk.

Under the regulations in force, large exposures, which are defined as those gross exposures exceeding 10% of the eligible capital (own funds), are reported to the Financial Supervisory Authority (FSA). For institutions, large exposures cannot exceed the maximum of 25% of the eligible capital (own funds).

Also, qualifying holdings, representing the direct or indirect participation of at least 10% of the voting rights or of the capital of an entity, in a percentage higher than 15% of the company's own funds.

6. OPERATING SEGMENTS

The Company has two main segments that have different characteristics, and implicitly require separate disclosure: intermediation and trading. Strategic business units offer different services and products, being managed separately because they involve different know-how and marketing strategies. The Executive Director of the entity reviews at least monthly the activities related to the main segments. The two segments also have common expenses that cannot be separated without a very high degree of subjectivism.

- a) The intermediation activity comprises intermediation transactions for spot clients.

The significant lines in the financial statements that are influenced by such operations are:

- revenues from commissions received from customers, expenses with commissions paid to market institutions;
- net receivables on the amounts receivable from the stock exchange for customers as a result of customer transactions;
- debt to customers representing clients' available funds for trading purposes.

- b) The trading activity includes the operations of buying and selling of securities and derivatives. The significant positions in the financial statements that are affected by these operations are:

- investments made, which may include securities available for sale, financial instruments at fair value through profit or loss, market value of derivatives;
- expenses and revenues from trading;
- adjustment of the value of investments, recognized either in the income statement, in the case of financial instruments at fair value through profit or loss and derivative products, or in the comprehensive income in case of available-for-sale securities.

The information related to reportable segments is as follows:

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6. OPERATING SEGMENTS (continued)

Information on reportable segments

	June - 2020				June - 2019			
	Total, of which:	Intermediation	Trading	Not allocated	Total, of which:	Intermediation	Trading	Not allocated
Revenues from commissions and related activities	3.641.644	3.641.644	-	-	1.269.891	1.269.891	-	-
Rental income	31.440	-	31.440	-	5.681	-	-	5.681
Net finance gains on transactions	(7.277.336)	-	(7.277.336)	-	11.042.936	-	11.042.936	-
Finance dividend revenues	1.808.844	-	1.808.844	-	888.556	-	888.556	-
Interest income	988.514	-	988.514	-	-	-	-	-
Revenues from allocation of unit funds	964	964	-	-	1.216	-	-	1.216
Other income	576.001	576.001	-	-	667.987	-	667.987	-
Net finance losses	-	-	-	-	-	-	-	-
Employees and collaborators expenses	(2.241.367)	(660.078)	(1.581.288)	-	(2.689.104)	(246.094)	(2.441.673)	(1.337)
Impairment of intangible and tangible assets, excluding goodwill	(450.889)	(132.786)	(318.103)	-	(479.700)	-	(325.199)	(154.501)
Net expenses with provisions for risks and charges	-	-	-	-	-	-	-	-
Third party supplies, taxes and levies	(2.998.801)	(883.141)	(2.115.660)	-	(2.024.856)	(185.305)	(1.838.544)	(1.006)
Other expenses	(503.956)	(148.414)	(355.542)	-	(7.434)	-	-	(7.434)
Total:	(6.424.942)	2.394.190	(8.819.132)	-	8.675.173	838.492	7.994.062	(157.380)
Profit of reported segment before tax	(6.424.942)	2.394.190	(8.819.132)	-	8.488.358	836.304	7.812.220	(160.166)
Assets of reported segment, of which:	180.368.485	116.935.457	55.241.958	844.407	105.391.656	56.258.428	55.373.825	9.336.634
- Intangible assets	905.835	-	-	905.835	1.858.723	-	-	1.858.723
- Property, plant and equipment	5.770.867	-	-	5.770.867	6.705.637	-	-	6.705.637
- Real estate investments	669.959	-	669.959	-	918.186	-	-	918.186
- financial investments	37.501.473	-	37.501.473	-	29.141.637	-	44.718.868	-
- trade and other receivables	84.702.427	74.304.510	9.553.510	844.407	20.587.989	11.637.005	8.465.285	485.699
- available amounts	50.817.922	42.630.947	8.186.975	0	55.662.030	44.621.423	2.189.672	8.850.935
Liabilities of reported segment, of which:	122.380.003	114.137.942	4.254.815	3.987.247	49.468.293	47.320.065	913.720	1.234.508
- client's amounts	112.926.096	112.926.096	-	-	46.652.465	46.652.465	-	-

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7 . RECONCILIATION OF REVENUES, PROFIT OR LOSS, ASSETS AND LIABILITIES OF REPORTED SEGMENTS

<i>In RON</i>	June-2020	June-2019
Revenues		
Total revenues from reported segments	3.641.644	1.269.891
Revenues not allocated to segments	-	6.897
Write-off of discontinued operations	-	-
Consolidated revenues	3.641.644	1.276.788
Profit or loss		
Total profit on reported segments	(6.424.942)	8.675.173
Write-off of discontinued operations	-	-
Amounts not allocated	-	-
Consolidated loss before tax	(6.424.942)	8.675.173
Assets		
Total assets from reported segments	180.368.485	105.391.656
Assets from non-reported segments	-	9.012.480
Consolidation goodwill		
Total assets	180.368.484	114.404.136
Liabilities		
Total liabilities from reported segments	115.590.209	48.084.536
Provisions for risks and charges	2.802.547	149.249
Deferred tax liabilities	-	-
Liabilities from reported segments	3.987.247	1.234.508
Total consolidated liabilities	122.380.003	49.468.293

The intermediation segment registers revenues from commissions charged from the following products:

Revenues from intermediation segment	June- 2020	June- 2019
Revenue from commissions on the spot market	1.644.677	964.014
Revenue from commissions on the foreign market	1.771.468	268.643
Revenue from commissions on derivative products	-	-
Revenue from related activities	681.555	37.234
Revenue from commissions on the spot market	1.644.677	964.014
Revenue from commissions and related activities	4.097.700	1.269.891
Revenue from distribution UF	964	1.216
Total venituri	4.098.664	1.271.107

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8. INTANGIBLE ASSETS

<i>In RON</i>	Licenses and software	Payments in advance	Total
Cost			
Balance as at January 1, 2019	4.860.236	27.820	4.888.055
Acquisitions	1.895	-	1.895
of which, by transfer	-	-	-
Outflows	-	-	-
Balance as at December 31, 2019	4.860.235	27.819	4.888.055
Balance as at January 1, 2020	4.862.130	27.820	4.889.950
Acquisitions	-	-	-
of which, by transfer	-	-	-
Outflows	-	-	-
of which, by transfer	-	-	-
Balance as at June 30, 2020	4.862.130	27.820	4.889.950

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8. INTANGIBLE ASSETS (continued)

Amortization and impairment	Licenses and software	Payments in advance	Total
Balance as at January 1, 2019	3.029.332	-	3.029.332
Amortization during the year	646.889	-	646.889
Amortization for disposals	-	-	-
Balance as at December 31, 2019	3.676.221	-	3.676.221
Balance as at January 1, 2020	3.676.221	-	3.676.221
Amortization during the year	307.893	-	307.893
Amortization for disposals	-	-	-
Balance as at June 30, 2020	3.984.114	-	3.984.114
Book values			
Balance as at January 1, 2019	1.830.904	27.820	1.858.723
Balance as at December 31, 2019	1.185.909	27.820	1.213.729
Balance as at January 1, 2020	1.185.909	27.820	1.213.729
Balance as at June 30, 2020	878.016	27.820	905.835

The component of the balance of intangible assets is made up of software and software licenses.

The significant value in the total of the intangible assets is represented by the Tradis back office system.

The useful lives used for the calculation of intangible assets are on average 3 years, amortized on a straight-line basis.

Expenses with the amortization of intangible assets during the year are included in the statement of comprehensive income in the *Impairment of tangible and intangible assets* line.

SSIF BRK FINANCIAL GROUP SA
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9. PROPERTY, PLANT AND EQUIPMENT

<i>In RON</i>	Land and buildings	Equipment and vehicles	Furniture, office equipment and other	Non-current assets in progress	Total
Balance as at January 1, 2019	6.036.262	1.577.517	305.467	12.823	7.932.069
Purchases and upgrading	-	6.076	-	9.520	15.596
Advances for property, plant and equipment	-	-	-	-	-
Transfers to/from non-current assets in progress	-	-	-	-	-
Inflow from the enforcement of guarantees received	-	-	-	-	-
Revaluation of non-current assets:	-	-	-	-	-
compensation of depreciation against revaluation of assets	-	-	-	-	-
value increase registered	-	-	-	-	-
Transfers to assets held for sale	-	-	-	-	-
Transfers from investment property	-	-	-	-	-
Outflows of property, plant and equipment:	-	-	-	-	-
- sale	-	-	-	-	-
- disposal	-	-	-	-	-
Balance as at December 31, 2019	6.036.262	1.577.518	305.467	12.823	7.932.070
Balance as at January 1, 2020	6.036.262	1.583.595	305.467	22.343	7.947.665
Purchases and upgrading	0	0	32.023	0	32.023
Transfers to/from non-current assets in progress	-	-	-	-	0
Inflow from the enforcement of guarantees received	-	-	-	-	0
Revaluation of non-current assets:	-	-	-	-	0
compensation of depreciation against revaluation of assets	-	-	-	-	0
value increase registered	-	-	-	-	0
Transfers to assets held for sale	-	-	-	-	0
Transfers from investment property	-	-	-	-	0
Outflows of property, plant and equipment:	-	-	-	-	0
- sale	-	-	-	-	0
- disposal	-	-	0	0	0
Balance as at June 30, 2020	6.036.262	1.583.595	337.489	22.343	7.979.688

SSIF BRK FINANCIAL GROUP SA
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9. PROPERTY, PLANT AND EQUIPMENT (continued)

	Land and buildings	Equipment and vehicles	Furniture, office equipment and other	Non-current assets in progress	Total
In RON					
Depreciation and impairment					
Balance as at January 1, 2019	196.817	1.325.622	248.714	-	1.771.153
Depreciation during the year	199.937	66.628	22.940	-	289.505
Impairment losses, of which:	-	-	-	-	-
- expensed	-	-	-	-	-
- deducted from other comprehensive income	-	-	-	-	-
Depreciation related to disposal of fixed assets	-	-	-	-	-
Depreciation related to scrapping of fixed assets	-	-	-	-	-
Compensation of depreciation against revaluation of assets	-	-	-	-	-
Balance as at December 31, 2019	396.754	1.392.250	271.654	-	2.060.658
Balance as at January 1, 2020	196.817	1.325.621	248.716	-	1.771.154
Depreciation during the year	99.968	33.314	11.139	-	144.422
Impairment losses, of which:	-	-	-	-	-
- expensed	-	-	-	-	-
- deducted from other comprehensive income	-	-	-	-	-
Depreciation related to disposal of fixed assets	-	-	-	-	-
Depreciation related to scrapping of fixed assets	-	-	-	-	-
Compensation of depreciation against revaluation of assets	-	-	-	-	-
Balance as at June 30, 2020	296.785	1.358.935	259.856	-	1.915.576
Book values					
Balance as at January 1, 2019	5.839.444	251.896	56.752	12.823	6.148.092
Balance as at December 31, 2019	5.639.508	191.344	33.813	22.343	5.887.008
Balance as at January 1, 2020	5.639.508	191.344	33.813	22.343	5.864.665
Balance as at June 30, 2020	5.539.539	158.030	50.956	22.343	5.770.868

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9. PROPERTY, PLANT AND EQUIPMENT (continued)

On June 30, 2020, the company uses its registered office in Cluj-Napoca, Str. Motilor nr. 119, as well as the real estate owned in Bucharest, Suceava and Iasi, where the brokerage agencies operate.

As at June 30, 2020, the Company does not own land, and the ones related to the buildings used are included in the value of the building.

Expenses with depreciation for the year are included in comprehensive income under the *Impairment of tangible and intangible assets* line.

Pledged or mortgaged property, plant and equipment

In December 2017, the company contracted a credit line in the amount of 5,340,000 lei, and secured the loan with the operating properties of the company. Details regarding these guarantees can be found in note 22. The credit line was extended during 2019 for another 12 months until 30.12.2020.

10. INVESTMENT PROPERTY

<i>In RON</i>	June-2020	June-2019
Balance as at January 1, 2020	669.959	918.186
Transfers to property, plant and equipment during the year	-	-
Inflow from enforcement of guarantees received	-	-
Purchases during the year (asset exchange)	-	-
Investment property in progress - inflows	-	-
Investment property in progress - outflows	-	-
Advances for investment property	-	-
Disposals of investment property (asset exchange)	-	-
Plus revaluation amount	-	(248.227)
Less revaluation amount	-	-
Balance as at June 30, 2020	669.959	669.959

Investment property includes the following categories of assets: Cluj-Napoca (Einstein) building and related land.

10. INVESTMENT PROPERTY (continued)

Revaluation

Investment property representing buildings and land were revalued as at December 31, 2017. The valuation was carried out by a valuation expert, Darian DRS SA, in accordance with the International Valuation Standards and Work Methodology recommended by ANEVAR.

There were no significant increases in the value of real estate investments for the exploitation activity in the first semester of 2020.

11. FINANCIAL INVESTMENTS

In RON

		June-20	December-19
Financial assets at fair value through profit or loss			
	quoted shares	14.091.718	24.436.675
	quoted fund units	431.300	566.500
	unquoted fund units	8.542.136	8.811.471
	quoted bonds	-	49.253
	unquoted bonds	6.138	6.138
	unquoted shares structured products	14.430.201	9.020.671
Other financial instruments		-	1.754.174
Total financial assets at fair value through profit or loss		37.501.494	44.644.883
Total financial investments		37.501.494	44.644.883

SSIF BRK FINANCIAL GROUP SA
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11. FINANCIAL INVESTMENTS (continued)

Quoted securities: shares, bonds and fund units are evaluated at the exchange rate of June 30, 2020 published by the Bucharest Stock Exchange.

The listed units of held funds are valued at the value of the net unitary asset, and the unlisted bonds at amortized cost.

For the unit funds held with SmartMoney, impairment allowances were registered in amount of RON 1.070.697 relying on the valuation report prepared by an ANEVAR authorised valuer for the company's ownership in Romlogic Technology SA.

Financial instruments traded on international markets are futures, options and contracts for difference (CFDs) and are used for speculative and hedging purposes for market maker operations. They are evaluated at the exchange rate of June 30, 2020.

12. LOANS AND ADVANCES GRANTED

<i>In RON</i>	June-20	December-19
Margin loans – gross value	2.884.393	4.067.830
Loans to affiliated parties	6.580.885	10.586.435
Interest on loans granted	282.456	403.722
Receivables increase share capital affiliated parties under registration	500.000	500.000
impairment of loans to affiliates	(2.983.503)	(3.446.502)
Loans and advances granted – net value	7.264.232	12.111.485

In the first semester of 2020, the company granted loans to affiliated companies as follows: to Romlogic SA - 500,000 lei and to FireByte the amount of 500,000 lei.

In order to determine the fair value, the Company's management considered the future net cash flows related to these Loans, these loans having a maturity of less than 1 year. For each loan, 3 scenarios were defined regarding the recoverability of the amounts granted in the interval. from time to the maturity of the loan agreement.

The loans granted to the affiliated companies are classified in stage 2 according to the policy described in Note 3 of these financial statements.

The loans granted to the company's clients in the form of margin loans are classified at stage 1 according to the policy described in Note 3.

In February, loans and interest calculated up to the respective date for the loans granted in 2019 in the amount of 5,055,550 lei were converted into share capital.

For the loans granted to Romlogic Technology SA that were not converted into share capital in the amount of 4,310,000 lei, the management of BRK Financial Group based on the accounting policy described in these financial statements in Note 3 considers that these loans are in stage 2 by default, so that a depreciation of the loan in the absolute amount of 2,903,250 lei was taken into account to determine the fair value.

SSIF BRK FINANCIAL GROUP SA
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12. LOANS AND ADVANCES GRANTED (continued)

For the loan granted to FireByte SA, the management of BRk Financial Group based on the accounting policy described in these financial statements in Note 3 considers that this loan is in default stage 2, so a depreciation of 25% of the total value of the loan in the absolute amount of 80,252 lei to determine the fair value.

The company maintained the service offered to customers to perform margin transactions. The credit balance in the margin granted to the clients on 30.06.2020 was of 2,884,393 lei. For the margin loans, the clients bring as guarantees the securities purchased with these loans, therefore there are no indications of depreciation and this represents the fair value on June 30, 2020.

13. INVESTMENTS IN ASSOCIATES

The affiliates and associates (where there is significant influence) are mentioned below. For those with a holding of less than 20%, the significant influence is due to the presence of the respective company on the board of administration.

The percentage of ownership and the amount of the RON holding in the associates are as follows:

Company	Holding at June 2020	Value of holding at December 2019	Holding in 2019	Value of holding in 2019
Sai Broker	99,98%	6.070.389	99,98%	6.070.389
Romlogic Technology	84,00%	7.549.009	37,52%	2.139.479
Firebyte	30,00%	50.233	30,00%	50.233
Total		13.669.631	-	8.260.101

SSIF BRK FINANCIAL GROUP SA has control over SAI Broker SA (99.98%), and has a significant influence in Firebyte (30%) and Romlogic Technology in 84%.

In the first half of 2020, dividends were registered from the associated companies in the amount of 1,500,000 lei.

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13. INVESTMENTS IN ASSOCIATES (continued)

In the first half of 2020, the transactions with the affiliated parties are presented as follows:

Name	The nature of affiliation	The nature of the activity	Volume and weight of the respective activity
SAI Broker	Holding percentage 99.98%	Investment management	- income from intermediary commissions 835 - income from distribution and intermediation commissions in the amount of 964 lei - rental income in the amount of 17,100 lei - income from related dividends related to the participation in the amount of 1,500,000 lei
Romlogic Technology SA	Holding percentage 84%		- interest income related to loans granted in the amount of 236,440 lei -conversion of loans in share capital in the amount of 5,005,550 lei
			-Lending 500,000 lei
Firebyte Games SA	30% holding percentage	Development of games for mobile devices	-Giving a loan in the amount of 500,000 lei -interest income 14,340 lei -rental income 14,918 lei

The transactions with the related parties were made at market value.

SSIF BRK FINANCIAL GROUP SA
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13. INVESTMENTS IN ASSOCIATES (continued)

At 30.06.2020 and 30.06.2019 the balances of the company's receivables from the relations with the affiliated parties were the following:

<i>In RON</i>	June-20	June-19
SAI Broker	2.850	52.834
Facos SA Suceava	-	863.427
Firebyte Games SA	1.340.519	336.568
Gocab Software	950.000	-
Romlogic Technology SA	2.038.254	5.531.357
Total	4.331.623	6.784.186

14. NON-CURRENT ASSETS HELD FOR SALE

<i>In RON</i>	June-20	Dec-2019
Balance as at 1 January	303.389	544.721
Transfers to property, plant and equipment during the year	-	-
Inflow following the enforcement of guarantees received	-	-
Inflows during the year (exchange of assets)	-	-
Disposals	(303.389)	(241.332)
Excess further to revaluation	-	-
Deficit further to revaluation	-	-
Balance as at June 30, 2020	0	303.389

The fixed assets held for sale on balance as of 31.12.2019 were sold in the first half of 2020, marking a loss of 88,389 lei. The building sold represents the space owned in Alba Iulia.

The credit line contracted by SSIF BRK Financial Group in December was diminished with the value of the guarantee representing the value of the alienated apartment.

15. TRADE AND OTHER RECEIVABLES

<i>In RON</i>	June-20	Dec-19
Trade receivables	139.652	57.839
Amounts receivable from the State budget	-	-
Net receivables from debtors	294.357	49.302
	28.698	26.847
	265.659	22.456
Other debtors	595.128	552.796
Total trade and other receivables	1.029.138	659.937

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15. TRADE AND OTHER RECEIVABLES (continued)

Borrowers from the trading of the financial instruments of the company come from transactions concluded in June 2020 that have the first two days of July 2020 as settlement date.

Similarly, *Borrowers in financial instruments settled by clients* come from transactions concluded in June 2020 that have the first two days of July 2020 as settlement date.

In RON

	June-20	December-19
Borrowers from the trading of the financial instruments	4.889.578	2.088.901
Borrowers in financial instruments settled by clients	71.522.239	22.684.163
Other financial assets	76.411.817	24.773.064

The exposure of the entity to credit risk and foreign exchange risk, as well as impairment losses related to trade receivables, are disclosed in note 4.

Debtors' gross balances and impairments are as follows:

In RON

	June-20	December-19
Former employee and third party debtors – Stage 3	1.937.891	1.902.048
Impairment of former employee and third party debtors' liabilities	(1.874.425)	(1.879.592)
Former employee and third party debtors – net value	63.466	22.456

Changes in the impairment of receivables against debtors (employees and third parties) during the year were as follows:

In RON

	June-20	December-19
Balance as at 1 January	1.879.592	1.888.714
Additional provisions	-	-
Write-off of provisions	(5.167)	(9.122)
Balance as at 31 December	1.874.425	1.879.592

In the first half of 2020, income adjustments related to debt recoveries amounting to 5,167 lei were resumed.

16. DEFERRED INCOME TAX ASSETS AND LIABILITIES

Deferred income tax assets not recognized

The deferred tax assets were not recognized for the following:

<i>In RON</i>	Iunie-20	Iunie-19
Loss for the period	(6.424.942)	8.675.436
Total income tax expense	-	-
Profit before tax (including on discontinued operations)	(6.424.942)	8.675.436
Tax rate	16%	16%

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16. DEFERRED INCOME TAX ASSETS AND LIABILITIES (continued)

There are still deferred tax assets not recognized in relation to financial instruments for which the impairment was not deductible in 2010.

Deferred income tax liabilities not recognized

	June-20	December-19
Differences from revaluation of fixed assets	3.524.052	3.524.052
	3.524.052	3.524.052
Tax rate	16%	16%
Deferred tax liabilities not recognized	563.848	563.848

Deferred income tax assets and liabilities recognized

The company has to recover a cumulative tax loss of RON 28,007 thousand. Tax losses can be recovered in a period of 7 years. As a result, no deferred tax assets and liabilities were recognized. As the Company registered losses, future profits are uncertain.

17. CASH AND CASH EQUIVALENTS

<i>In RON</i>	June-20	December-19
Account for clients	42.628.002	53.626.771
Cash and cash equivalents	8.187.162	781.635
Balance as at 31 December	50.815.163	54.408.405

The cash and cash equivalents position also includes short-term deposits.

Client balances in bank accounts are highlighted and managed separately from those of the company and can be used on the basis of clients' trading orders.

The Company performed an analysis of the impairment of cash and cash equivalents as per IFRS 9 and considers that the resulting impact is immaterial for the financial statements considered overall. This impact was not reflected in these financial statements.

The exposure of the entity to interest rate risk and a sensitivity analysis of financial assets and liabilities are disclosed in Note 4.

18. CAPITAL AND RESERVES

The share capital and shares issued are as follows:

<i>In RON</i>	Value of share capital	No. of ordinary shares	Nominal value/share
January 1, 2019	54.039.987	337.749.919	0,16
December 31, 2019	54.039.987	337.749.919	0,16
January 1, 2020	54.039.987	337.749.919	0,16
June 30, 2020	54.039.987	337.749.919	0,16

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18. CAPITAL AND RESERVES (continued)

In the first semester of 2020 there were no changes in the share capital or the number of shares issued.

As at June 30, 2020 the Company owns 319,967 shares.

<i>In RON</i>	June-20	December-19
Share capital	54.039.987	54.039.987
Adjustment of share capital	4.071.591	4.071.591
Own shares	(24.047)	(24.047)
Premiums	5.355	5.355
Total	58.092.886	58.092.886

19. RESERVES AND REVALUATION DIFFERENCES

<i>In lei</i>	June-20	December-19
Differences from the revaluation of property, plant and equipment	3.524.052	3.524.052
Legal and statutory reserves	4.995.526	4.995.526
Fair value reserves	-	3.623.734
Other reserves	2.748.760	2.748.760
-of which from the application of IAS 29 (inflation adjustment)	2.748.760	2.748.760
Legal reserves related to own shares	-	-
Total reserves and revaluation differences	11.268.338	11.268.338

Revaluation differences

The revaluation differences did not change during the first half of 2020.

Legal reserves

Legal reserves represent the amounts created annually from the gross profit at a share of 5%, up to 20% of the share capital, recognized as a deduction in the profit tax calculation. This is a fiscal facility. The company has reached the 20% level required by law.

Fair value reserve

The fair value reserve includes the cumulative change in the fair value of available-for-sale financial assets until the investments are derecognized or impaired.

Further to the transition to IFRS 9, the fair value reserve was transferred to retained earnings.

Other reserves

Other reserves include adjustments to the historical cost of share capital in accordance with IAS 29 "Financial Reporting in Hyperinflationary Economies".

Dividends and other distributions to shareholders

No dividends were granted to shareholders during the first half of 2020.

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20. RETAINED EARNINGS

<i>In RON</i>	June-20	December-19
Profit carried forward from transition to IFRS	2.713.367	2.713.367
Retained earnings from application of IFRS 9	3.392.306	-
Retained earnings IAS 29	(6.880.234)	(6.880.234)
Retained earnings from recycling the current results of prior periods	(4.173.239)	(11.918.587)
Current result	(6.424.942)	7.745.366
Total retained earnings	(11.372.742)	(4.947.786)

Retained earnings by transition to IFRS

The retained earnings from the transition to IFRS dates back to 2008.
The retained earnings from the application of IFRS 9 dates back to 2018.

Retained earnings IAS 29

The financial statements and corresponding amounts of prior periods have been restated to reflect the change in the overall purchasing power of the functional currency and are therefore expressed in relation to the measuring unit existing at the end of the reporting period. This position of capital includes the influence of the share capital restatement on inflation for the period 1994 - 2002.

The applied inflation index recorded the following values during the updated period:

Year	2003	2002	2001	2000	1999	1998	1997	1996	1995
Capital discount index	1.00	1.15	1.41	1.90	2.77	4.04	6.42	16.36	22.71

Further to the application of such discounts, the Company registered the following values:

Account	Debit	Credit
Share capital adjustments	-	4.071.591
Revaluation differences*	-	59.884
Other reserves**	-	2.748.760
Retained earnings from the first-time adoption of IAS 29	6.880.234	-
Total	6.880.234	6.880.234

* Inclusion of revaluation reserves from 2011.

**Inclusion of revaluation reserves from 2007 upon merger with Investco.

21. TRADE AND OTHER PAYABLES

<i>In RON</i>	June-20	December-19
Trade payables	608.118	441.942
Debts to employees	191.351	184.224
State budget debts	171.354	126.638
Sundry creditors from house transactions	1.457.645	872.784
Sundry creditors from clients' transactions	1.211.846	10.237.065
Sundry creditors from structured products	1.582.819	434.650
Total trade and other payables	5.223.133	12.297.303

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21. TRADE AND OTHER PAYABLES (continued)

The entity's exposure to foreign currency risk and liquidity risk related to trade and other payables is presented in note 4.

Sundry creditors represent settlements with the Bucharest Stock Exchange, which are in progress, performed from the time of the transactions carried out on behalf of the entity and / or the clients. Also, sundry creditors include sundry creditors from trading and refer to the debt for products with protected capital and Turbo certificates issued by the Company and listed on the Bucharest Stock Exchange.

Starting with 2016, for customers who have opened accounts with external intermediaries, only their funds held by the intermediary mentioned above are reflected in the bookkeeping. The accounts held by these clients are Margin type, and RegTMargin type, meaning that they can use the margin call, case in which the external intermediary offers clients the possibility to contract margin loans. Clients also bring as collateral financial instruments from their own trading portfolio.

22. BORROWINGS

The loans contracted by the Company are as follows:

In RON

	June-20	December-19
Long-term liabilities	-	-
Finance lease liabilities	-	-
	-	-
Short-term liabilities	June-20	December-19
Secured credit lines	1.414.413	4.187.543
Current portion of finance lease liabilities	13.813	28.639
Total short-term liabilities	1.428.226	4.216.182

During the first semester of 2020, no new leasing contracts were contracted, and the credit line contracted in 2017 was extended for 12 months. The credit line was guaranteed with the following patrimonial buildings:

No	Pledged property	Category	Value in EUR	Value in RON
1	Apartment în Suceava	fixed assets in operation	38.400	176.517
2	Property in Bucharest Bocsa	fixed assets in operation	157.000	721.698
3	Property in Cluj- Motilor	fixed assets in operation	1.032.700	4.747.115
4	Apartment in Iasi	fixed assets in operation	41.000	188.469
5	Apartment in Cluj - Eistein	Investment property	170.100	781.916
	Total		1.439.200	6.615.715

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22. BORROWINGS (continued)

The amounts owed to clients are in fact amounts paid in advance by them in the bank accounts on the domestic market or in the accounts held with external brokers, which are available either for trading, or for withdrawal, depending on client's future options. They originate in:

<i>In RON</i>	June-20	December-19
Amounts payable to clients		
Creditor clients from transactions on the domestic market	42.952.019	50.328.348
Creditor clients from transactions on the foreign markets	69.821.568	10.616.746
Creditor clients from corporate services	152.508	-
	112.926.096	60.945.094

23. PROVISIONS FOR RISKS AND CHARGES

<i>In RON</i>	June-20	December-19
Provisions		
Balance as at 1 January	149.249	450.182
Cancelled during the year	-	300.933
Established during the year	-	-
Balance as at 31 December	149.249	149.249

In the first half of 2020, no provision for litigation was resumed.

24. CONTINGENT ASSETS AND LIABILITIES

The note on Provisions described the circumstances that led to the establishment of litigation provisions for events in previous years. There are legal disputes in which the probability of cash outflows is low or the amount of the debt cannot be approximated and for which no provision has been made.

In addition to the disputes mentioned in the note on Provisions and in the previous paragraph, there are ongoing criminal lawsuits filed by SSIF BRK FINANCIAL GROUP SA against former employees, as well as lawsuits filed by SSIF BRK FINANCIAL GROUP SA for monetary claims. Not in all cases the amounts claimed can be determined with accuracy. There are lawsuits filed by SSIF BRK FINANCIAL GROUP SA, which were won, but where the chances to recover the amounts are low.

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25. OPERATING REVENUES

<i>In RON</i>	Continued operations June- 20	Continued operations June-19	Discontinued operations		Total	
			June-20	June-19	June-20	June-19
Revenue from commissions on the spot market	1.644.677	964.014	-	-	1.644.677	964.014
Revenue from commissions on the foreign market	1.463.575	268.643	-	-	1.463.575	268.643
Revenue from commissions on derivatives	-	-	-	-	-	-
Revenue from related activities	533.393	37.234	-	-	533.393	37.234
Revenue from insurance intermediation	-	-	-	-	-	-
Revenue from allocation of unit funds	964	1.216	-	-	964	1.216
Subtotal of revenues from commissions and related activities	3.642.609	1.271.107	-	-	1.271.760	4.566.717
Income from rental of non-current assets	31.440	5.681	-	-	31.440	5.681
Other operating income	272.612	517.698	-	-	272.612	517.698
Total revenues	3.946.660	1.794.486	-	-	3.946.660	1.794.486

The Company's revenue recognition policy is to reflect such revenues at gross value. Gross revenues include market costs, commissions charged by the Stock Exchange, and ASF respectively.

In order to diversify revenues from commissions, the Company sought to permanently extend the product range and the markets where the transactions are carried out. The level of commissions earned for the operations carried out by the Company also comprised commissions related to operations on foreign markets, as presented above.

Customers are generally allocated to a broker, with the possibility to perform operations both traditionally, and on online.

Revenues from commissions also include transactions for other non-banking financial institutions, called contracts with custodians, for which SSIF BRK FINANCIAL GROUP SA collects transaction fees, but the funds related to sales and purchases do not pass through the accounts of the company, but are settled through the custodian's accounts.

SSIF BRK FINANCIAL GROUP SA
Notes to the individual IFRS financial statements

26. OTHER REVENUES

As of July 2018, the Company chose to charge an additional commission to clients that did not register turnover in the last 3 months. Such amounts are registered as *Other operating income* in the table above.

27. EMPLOYEE-RELATED EXPENSES

<i>In RON</i>	June-20	June-19
Employees and contractors	(1.394.065)	(1.716.722)
Mandatory social contributions and insurance	(708.572)	(935.064)
Employee's profit sharing	-	-
Remunerations for BoA members	(138.730)	(33.920)
BoA members profit sharing	-	-
Total employee expenses in comprehensive income	(2.241.367)	(2.685.706)

The remuneration of the general managers is established by the Decision of the Board of Directors of the Company.

During the first semester of 2020, the management of the company was ensured by the general manager in the person of Monica Ivan and by the deputy general manager in the person of Razvan Rat.

28. OTHER OPERATING EXPENSES

Other operating expenses include raw materials and consumables, water and energy and taxes and levies:

<i>In RON</i>	June-20	June-19
Expenses with raw materials and consumables	(85.893)	(51.733)
Expenses with energy and water	(79.982)	(75.264)
Expenses with taxes and levies	(94.152)	(76.836)
Total	(260.028)	(203.833)

29. OTHER EXPENSES

<i>In RON</i>	June-20	June-19
Expenses with compensations, fines and penalties	(5.382)	(1.673)
Expenses with donations granted	-	-
Net expenses with tangible and intangible assets disposed	(88.389)	-
Other operating expenses	(23.711)	(5.116)
Total	(117.481)	(6.789)

Within the Expenses with compensations and fines during the year 2020, an insignificant amount was registered in the amount of 5,382 lei.

SSIF BRK FINANCIAL GROUP SA
Notes to the individual IFRS financial statements

30. FINANCIAL REVENUES AND EXPENSES

in RON	June-20	June-19
Net gains on transactions with financial assets at fair value through profit or loss	(7.890.603)	7.655.007
Net gains on the valuation of financial assets at fair value through profit or loss	(1.145.298)	2.309.121
Net gains on transactions with derivatives - Futures	-	-
Net gains on transactions with derivatives – international markets	-	-
Net gains on transactions with Turbo products	1.758.564	363.558
Dividend revenues:	1.808.844	888.556
Related to available-for-sale financial assets	-	-
Related to financial assets at fair value through profit or loss	1.808.844	888.556
Total trading revenues	(5.468.492)	11.216.241
Total net changes in the fair value of financial assets at fair value through profit or loss, of which:	-	-
Revenues from interest on deposits	565.250	316.841
Revenues from interest on margin contracts and loan contracts	423.140	362.490
Net gains on interest/coupons related to bonds	124	332.935
Net gains on foreign exchange differences	-	-
Other net financial revenues	-	-
Total financial revenues	(4.479.979)	12.228.508
Losses on transactions with derivatives – international markets	-	-
Total trading expenses	-	-
Expenses with definitive impairment of available-for-sale securities	-	-
Expenses with interest on financial liabilities carried at amortized cost	(171.509)	(151.135)
Total financial expenses	(171.509)	(151.135)
Net financial result carried to profit or loss	(4.651.487)	12.077.373
Recognized to other comprehensive income		
<i>In RON</i>		
Detailed on the following page	-	-
Recognized to other comprehensive income		
in RON		
Net changes in the fair value of available-for-sale financial assets transferred to profit or loss	-	-
related to outstanding securities at the end of the period	-	-
Financial revenues recognized in other comprehensive income, after tax	-	-

30. FINANCIAL REVENUES AND EXPENSES (continued)

Following the adoption of IFRS 9 as of January 1, 2018, BRK Financial Group changed its accounting policy, classifying all investments in the portfolio at fair value through profit or loss, as a result, in 2018, all changes in fair value were recorded in the income statement. profit or loss. Prior to January 1, 2018, only financial instruments held for trading, as well as investments in subsidiaries and associates, were classified and measured as fair value financial assets through profit or loss, the remaining investments were classified as available-for-sale financial assets and measured at fair value through other equity items. Unrealized net gains / (losses) from the measurement of investments at fair value through profit or loss for the financial year ended June 30, 2019 were mainly generated by the net change in the fair value of financial instruments that are part of the trading portfolio for which The company analyzed the sales opportunities.

Gains/(Losses) on *trading in financial assets at fair value through profit or loss* means revenues from the disposal of securities less cost of those securities for transactions for which the difference is positive.

Dividend income is registered to profit or loss at net value.

<i>In RON</i>	June-20	June-19
TOTAL	1.808.844	888.556

31. INCOME TAX EXPENSES
Reconciliation of effective tax rate
In RON

	June-20	June-19
Profit for the period	(6.424.942)	8.153.016
Total income tax expenses	0	0
Profit before tax (including from discontinued operations)	(6.424.942)	8.153.016
Tax rate	16%	16%
Income tax calculated by applying the tax rate to book profit	(1.027.991)	1.304.483
Impact of non-deductible expenses	313.880	543.255
Impact of non-taxable revenues	(678.924)	(260.493)
Impact of expenses from IFRS restatement not accounted in the calculation of income tax	-	-
Accumulated tax loss	8.706.464	18.892.944
Impact of tax losses from previous years	(1.393.034)	(3.022.871)
Total income tax expenses calculated as per the tax rate	5.920.395	17.457.318
Income tax expenses not registered for negative amounts	(5.920.395)	(17.457.318)
Final income tax expenses	-	-
Final tax rate	-	-

32. EARNINGS PER SHARE
Basic earnings per share

The calculation of earnings per share as at June 30, 2020 is based on the profit attributable to shareholders (all ordinary shareholders) and the average number of outstanding ordinary shares of 337,749,919. As at June 30, 2020, the average number of outstanding ordinary shares was the same 337,749,919.

Profit attributable to ordinary shareholders

	June-20	June-19
Profit attributable to:		
Company's owners	(6.424.942)	8.675.816
Non-controlling interests	0	0
Profit for the period	(6.424.942)	8.675.816
Total comprehensive income attributable to:		
Company's owners	(6.424.942)	8.675.816
Non-controlling interests	0	0
Total comprehensive income for the period	(6.424.942)	8.675.816
Earnings per share		
Basic earnings per share (lei)	24	(0,0190)
		0,0257
Continuous activities		
Basic earnings per share (lei)		(0,0190)
Diluted earnings per share (lei)		(0,0190)
		0,0257

32. EARNINGS PER SHARE (continued)

The result presented follows the calculation of income tax.

	June- 2020	June- 2019
Profit attributable to:		
Company's owners	(6.424.942)	8.675.816
Non-controlling interests	-	-
Profit for the period	(6.424.942)	8.675.816
Total comprehensive income attributable to:		
Company's owners	(6.424.942)	8.675.816
Non-controlling interests	-	-
Total comprehensive income for the period	(6.424.942)	8.675.816
Earnings per share		
Basic earnings per share (lei)	(0,0190)	0,0257
Diluted earnings per share (lei)	(0,0190)	0,0257
Continued operations		
Basic earnings per share (lei)	(0,0190)	0,0257
Diluted earnings per share (lei)	(0,0190)	0,0257

Weighted average number of ordinary shares

In 2015, the Company annulled 931,948 shares at a nominal value of RON 0.25 and no changes in the number of shares occurred since.

Year	2020	2019	2018	2017	2016
Number of shares	337.749.919	337.749.919	337.749.919	337.749.919	337.749.919

33. FAIR VALUE HIERARCHY

The table below analyzes the financial instruments carried at fair value depending on the measurement method. The fair value levels have been defined as follows:

- **Level 1:** quoted prices (not adjusted) on active markets. For securities at fair value through profit or loss, the price is the one at the end of the period, on the last trading day
- **Level 2:** inputs other than the quoted prices included in Level 1. This includes quoted securities for which valuation methods have been applied that contain observable values for assets or liabilities. If the asset or liability has a specific contractual term, the inputs related to Level 2 must have observable values for the entire asset or liability period. Examples: quoted prices for similar assets or liabilities on active markets, quoted prices for identical or similar products on markets that are not active, observable prices other than quoted prices such as interest rates, volatility, other corroborated input data on the market.
- **Level 3:** inputs other than the quoted prices included in Level 1 and Level 2. This includes unquoted securities for which valuation methods have been applied that contain observable values for assets or liabilities, either directly (e.g., prices) or indirectly (e.g., derived from prices). The fair value of these securities was determined either by applying the Discounted Dividend Model (DDM), by applying the Discounted Cash Flow (DCF) method or the asset-based method as presented in the Company's accounting policies.

33. FAIR VALUE HIERARCHY (continued)

<i>In RON</i> 30 June 2020	Level 1 A Level 1 B	Level 2 A Level 2	Level 3 A Level 3	Total
Available-for-sale financial assets, of which:	10.594.296	9.869.048	24.302.547	44.765.891
quoted shares	8.794.329	5.297.389	-	14.091.718
quoted fund units	431.300	-	-	431.300
unquoted fund units	1.368.500	4.571.659	2.601.976	8.542.135
quoted bonds	-	-	-	-
unquoted bonds	-	-	6.138	6.138
unquoted shares	-	-	14.430.201	14.430.201
structured products	-	-	-	-
loans and advances granted	167	-	7.264.232	7.264.398
derivative financial instruments, such as financial assets	3.392	-	-	3.392
other financial instruments	29.397	-	-	29.397
TOTAL	10.627.085	9.869.048	24.302.547	44.798.680
<i>In RON</i> 31 December 2019	Level 1 A Level 1 B	Level 2 A Level 2	Level 3 A Level 3	Total
Financial assets at fair value through profit or loss, of which	20.278.444	10.869.391	23.854.358	55.002.193
quoted shares	18.316.139	6.120.536	-	24.436.675
quoted fund units	566.500	-	-	566.500
unquoted fund units	1.346.552	4.748.855	2.716.064	8.811.471
quoted bonds	49.253	-	-	49.253
unquoted bonds	-	-	6.138	6.138
unquoted shares	-	-	9.020.671	9.020.671
structured products	-	-	-	-
loans and advances granted	-	-	12.111.485	12.111.485
derivative financial instruments, such as financial assets	0	-	-	0
other financial instruments	1.754.174	-	-	1.754.174
TOTAL	22.032.618	10.869.391	23.854.358	56.756.367

33. FAIR VALUE HIERARCHY (continued)

The table below presents changes in the book value of investments classified to Level 3 of the fair value hierarchy in June 2020 and 2019:

Changes in Level 3 fair value
in RON

	June-20	December-19
As at January 1	23.834.175	16.479.090
Total gain/loss carried to profit or loss	468.372	3.205.416
Total gain/loss carried to other comprehensive income	-	-
Acquisitions during the period(*)	-	30.000
Sales during the period(**)	-	(2.984.054)
Transfers to Level 3 in the fair value hierarchy(***)		7.103.723
As at December 31	24.302.547	23.834.175

(*) Represents the acquisition of shares in Firebyte SA.

(***) In the level 3 of the fair value hierarchy were assigned the Credits granted to the affiliated parties and to the clients who have loans in the margin, their value at 30.06.2020 was RON 7,264,232.

33. FAIR VALUE HIERARCHY (continued)

The valuation methods for Level 3 financial assets are presented below:

No.	Financial assets	Fair value as at June 30, 2020	Valuation technique	Unobservable inputs range	Relationship of unobservable inputs to fair value
1	Unquoted majority interests	6.105.300	Income approach - discounted cash flow method	Weighted average cost of capital: 11,39 % Long-term income growth rate: 2,6%	The lower the weighted average cost of capital, the higher the fair value The higher the long-term income growth rate, the higher the fair value
2	Unquoted majority interests	-	Income approach - discounted cash flow method	Weighted average cost of capital: 12,75% Discount for lack of liquidity: 15,60% Long-term income growth rate: 1,30%	The lower the weighted average cost of capital, the higher the fair value The lower the discount for the lack of liquidity, the higher the fair value The higher the long-term income growth rate, the higher the fair value
3	Unquoted minority interests	539.393	Cost method -adjusted net asset method	Market value of equity by reference to their book value: Weighted average cost of capital: 10,50%	In the balance sheet, the book value is identified by equity. The lower the resulting price/accounting value, the lower the fair value The lower the weighted average cost of capital, the higher the fair value
4	Unquoted minority interests	7.785.508	Income approach - discounted cash flow method	Discount for lack of control: 10% Long-term income growth rate: 2% Annual cash flow discount rate (IRR): 8,23%	The lower the discount for the lack of control, the higher the fair value The higher the long-term income growth rate, the higher the fair value The lower the cash flow discount rate, the higher the fair value
5	Unquoted bonds	6.138	Amortised cost – fair value estimates		
6	Loans and advances granted	7.264.232	Income approach - discounted cash flow method		
7	Unquoted fund units - Smart Money	2.601.976	Cost approach - adjusted net asset method		
	Total	24.302.547			

33. FAIR VALUE HIERARCHY (continued)

No.	Financial assets	Fair value as at December 31, 2019	Valuation technique	Unobservable inputs range	Relationship of unobservable inputs to fair value
1	Unquoted majority interests	6.105.300	Income approach - discounted cash flow method	Weighted average cost of capital: 11,39 % Long-term income growth rate: 2,6%	The lower the weighted average cost of capital, the higher the fair value The higher the long-term income growth rate, the higher the fair value
2	Unquoted majority interests	-	Income approach - discounted cash flow method	Weighted average cost of capital:: 12,75% Discount for lack of liquidity: 15,60% Long-term income growth rate: 1,3%	The lower the weighted average cost of capital, the higher the fair value The lower the discount for the lack of liquidity, the higher the fair value The higher the long-term income growth rate, the higher the fair value
3	Unquoted minority interests	539.393	Cost method -adjusted net asset method	Market value of equity by reference to their book value:	In the balance sheet, the book value is identified by equity. The lower the resulting price/accounting value, the lower the fair value.
4	Unquoted minority interests	2.375.978	Income approach - discounted cash flow method	Weighted average cost of capital: 10,50% Discount for lack of control: 10% Long-term income growth rate: 2%	The lower the weighted average cost of capital, the higher the fair value The lower the discount for the lack of control, the higher the fair value The higher the long-term income growth rate, the higher the fair value
5	Unquoted bonds	6.138	Amortised cost – fair value estimates	Annual cash flow discount rate (IRR): 8,23%	The lower the cash flow discount rate, the higher the fair value
6	Loans and advances granted	12.111.428	Income approach - discounted cash flow method		
7	Unquoted fund units - Smart Money	2.716.064	Cost approach - adjusted net asset method		
	Total	23.854.302			

33. FAIR VALUE HIERARCHY (continued)

Price / Book value multiple: often expressed simply as "price-to-book", this multiple measures a company's market price based on its book value (net assets). It reflects how many times the book value per share investors are ready to pay for a share. The Price / Book value ratio multiple varies significantly based on the industry.

A company that requires more assets (e.g. a manufacturing company with factory space and machinery) will generally post a significantly lower price-to-book than a company whose earnings result from rendering services (e.g. a consulting firm).

Weighted average cost of capital: represents the calculation of a company's cost of capital in nominal terms (including inflation), based on the "Capital Asset Pricing Model". All capital sources – shares, bonds and any other long-term debts - are included in the weighted average cost of capital calculation.

Discount for lack of control: represents the discount applied to reflect the absence of the power of control and it is used within the discounted cash flow method, in order to determine the value of a minority interest in the equity of the revalued company.

Discount for lack of liquidity: represents the discount applied to the comparable market multiples, in order to reflect the liquidity differences between the revalued company from the portfolio and its comparable peer group. Valuers estimate the discount for lack of marketability based on their professional judgement after considering market liquidity conditions and company-specific factors.

To assess the unquoted majority equity instruments held in Facos SA in amount of RON 4,785. Evaluate si a metodologiei de lucru recomandate de catre ANEVAR. The valuation report for Facos was prepared by Darian DRS, and the one for Minesa by Mr. Marius Sufana.

34. AFFILIATES

Benefits of key management personnel

Transactions with affiliated parties, in the form of key management personnel, refer to the benefits granted to members of the Board of Administration and members of the executive management, which were presented in the *Employee-related Expenses* note.

Investments in associates

Note 18 *Investments in Associates* in these financial statements presents all associates and transactions that have taken place within the period.

These financial statements were approved today, August 14, 2020.

General Manager
Monica Ivan

Economic Director
Sandu Pali



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BRK Financial Group

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STATEMENT OF RESPONSIBILITY

The Underwriters,
Monica Ivan, General Manager
Razvan Legian Rat, Deputy General Manager
Sandu Mircea Pali, CFO

We declare on our own responsibility that, to our knowledge, the individual financial statements as of 30.06.2020, prepared in accordance with international financial reporting standards, provide a correct image and in accordance with the reality of assets, liabilities, financial position, profit and loss account of SSIF BRK FINANCIAL GROUP SA and the report of the Board of Directors, prepared in accordance with the provisions of the FSA, includes a correct analysis of the development and performance of the Company as well as a description of the main risks and uncertainties specific to the activity.

General Manager
Monica Ivan

Deputy General Manager
Razvan Legian Rat

CFO
Sandu Mircea Pali

14.08.2020