



Preliminary

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

At 31 december 2019

Report

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**Identification data**

Legal name  **SSIF BRK FINANCIAL GROUP S.A**.

Field of activity Security and commodity contracts brokerage

NACE Code 6612

Tax Identification Number 6738423

Registered in the Trade Reg under no. J12/3038/1994

Headquarters Address 119 Motilor Street, Cluj-Napoca

Telephone, Fax 0364-401709, 0364-401710

Email [office@brk.ro](mailto:office@brk.ro)

Webpage [www.brk.ro](http://www.brk.ro)

Securities 337.749.919

Regulated market Ordinary shares with a par value of 0.16 Ron/share

Bucharest Stock Exchange, Main Segment, Premium Tier BSE

Symbol BRK

ISIN ROBRKOACNOR0

Audit The interim financial statements on December 31, 2019 that are

basis of this report have not been audited.

**Share indicators**

**Key indicators**

|  |  |  |  |
| --- | --- | --- | --- |
| **Key indicators** |  |  | **Evolution** |
|  |  |  |  |
| **Financial result (Ron)** | **31-Dec-19** | **31-Dec-18** | **%** |
| Revenue from continuing activities | 21,416,528 | 7,757,230 | 176.08% |
| Gross operational profit/ loss | 8,168,646 | (2,804,699) | N/A |
| Gross profit / loss of the period | 8,168,646 | (2,804,699) | N/A |
| Total comprehensive income of the period | 8,168,646 | (2,804,699) | N/A |
|  |  |  |  |
| **Financial position (Ron)** | **31-Dec-19** | **31-Dec-18** | **%** |
| Tangible asset | 7,770,695 | 8,937,825 | -13.06% |
| Current asset | 136,918,741 | 97,611,874 | 42.43% |
| Equity | 144,689,436 | 106,549,699 | 35.80% |
| Non-current liabilities | 64,429,054 | 54,260,407 | 14.52% |
| Current liabilities | - | 37,176 | -100% |
| Tangible asset | 80,260,382 | 50,252,115 | 60.00% |
|  |  |  |  |
| **Share indicators** | **31-Dec-19** | **31-Dec-18** | **%** |
| Earnings per share- EPS (Ron/share) | 0.0242 | (0.0083) | N/A |
| Net asset value - NAV (Ron/Share) | 0.1908 | 0.1666 | 18.26% |
|  |  |  |  |
| **Economic and financial indicators** | **31-Dec-19** | **31-Dec-18** | **%** |
| Current ratio | 1.71 | 1.94 | -10.83% |
| Gearing ratio | 1.25 | 0.89 | 34.96% |
| Non-current assets turnover | 2.76 | 0.87 | 248.75% |

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**General information about company**

SSIF BRK Financial Group SA was established as a joint stock company on October 26, 1994 under the initial name of SIVM Broker SA, and subsequently SSIF Broker SA, until the end of 2015. Due to the expansion of the activity and other financial segments through some strategic acquisitions, but also as a result of internal development, in 2015 it was decided to change the name from SSIF Broker SA to SSIF BRK Financial Group SA Thus, on 21.03.2016, the operation of changing the name was finalized, after the publication of the EGMS decision of 16.12.2015 in the Official Gazette of Romania no. 226, Part IV, on 15.01.2016. The ASF authorization for the name change was received on 24.02.2016.

The head office of the company is located in Cluj-Napoca, while the presence at national level is ensured through the agencies in Bucharest, Timisoara, Iasi and Suceava.

SSIF BRK Financial Group S.A. is a founding member of the Bucharest Stock Exchange, the Romanian Commodity Exchange, and the Investor Compensation Fund

The main activity of the company is the intermediation of financial transactions, BRK being one of the largest brokerage companies in Romania. The company offers a wide range of financial services, intended for both retail and institutional customers. The intermediation of the transactions on the Bucharest Stock Exchange as well as those on other international markets is still one of the main sources of income for the company. Along with the services for the clients, the management of their own portfolio of financial assets contributes to the results of the SSIF BRK Financial Group S.A.

The investments are made both on the Romanian territory and on international markets, both in premium companies listed on regulated markets and in private companies. Thus, SSIF BRK Financial Group S.A. he became a significant shareholder in several Romanian companies, being actively involved in their development. In 2005, BRK Financial Group became the first and, to date, the only financial investment services company listed on the Bucharest Stock Exchange, in the Premium category.

SSIF BRK Financial Group S.A. shares 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 composition of the BET Plus index.

**President of the Board’s message**

Dear shareholders,

BRK Financial Group SA ended a productive year from the perspective of repositioning the company for the future and outlining a unique identity in the Romanian financial market.

The strategy of the company adopted by the General Shareholders Meeting in April 2019 stated that our main orientation is that of an investment company concerned with a high level of performance of its equity, in three strategic directions: investments in innovative technology and IT, the issuance of structured products on the capital markets of Eastern Europe, as well as own investments on regulated markets.

On a secondary level, BRK is obliged to its clients and shareholders to consolidate its position as a top broker in the retail segment, continuing the strategy to become a complete financial 'hypermarket', with brokerage services, portfolio management, corporate finance consultancy and any other investment services created to meet the market needs.

2019 brought the redefinition of the organizational structure in relation to the strategy adopted, by configuring two distinct productive departments, each having experienced management but also the benefits of young and ambitious staff, as well as by reconfiguring the company's IT strategy, oriented towards stable and reliable IT systems.

The result of the ended financial year gives us the confidence that the new positioning of the company was beneficial and on time.

We expect that during 2020 we will complete the restructuring and reconfiguration process, which has as a secondary purpose the reduction and control of fixed operating costs and to realize a significant diversification of the sources of income, so that BRK Financial Group will be a company prepared at any time to face major external risks and, especially, to obtain maximum benefits from future opportunities.

Nicolae Gherguş

Chairman of the Board

|  |  |  |
| --- | --- | --- |
| **Separate statement of financial position as at December31, 2019** |  |  |
| *In LEI* | **31.12.2019** | **31.12.2018** |
|  |  |  |
| **Assets** |  |  |
| Intangible assets | 1,213,729 | 1,858,723 |
| Tangible assets | 5,887,007 | 6,160,916 |
| Investment property | 669,959 | 918,186 |
| Financial assets at fair value through other comprehensive income | 44,662,512 | 44,718,868 |
| Loans and advances granted | - | 5,416,511 |
| Trade and other receivables | 14,752,733 | 722,343 |
| Other financial assets | 1,159,937 | 12,267,062 |
| Bank account for clients | 24,773,064 | 31,750,494 |
| Cash and cash equivalents | 53,627,208 | 2,191,875 |
| Assets classified as held for sale | 781,146 | 544,721 |
| **Total assets** | **144,689,436** | **106,549,699** |
|  |  |  |
| **Liabilities** |  |  |
| Financial lease liabilities | - | 37,176 |
| Provisions | - | - |
| **Total non-current liabilities** | **-** | **37,176** |
| Short-term bank liabilities | 4,187,543 | 4,991,870 |
| Current portion of finance lease liabilities | 28,640 | 37,125 |
| Amounts payable to clients (clients’ available funds) | 60,945,094 | 35,942,908 |
| Trade and other payables | 12,296,557 | 9,130,964 |
| Provisions | 2,802,547 | 149,249 |
| **Total current liabilities** | **80,260,382** | **50,252,115** |
| **Total liabilities** | **80,260,382** | **50,289,292** |
|  |  |  |
| **Equity** |  |  |
| Share capital | 54,039,987 | 54,039,987 |
| Adjustment of share capital | 4,071,591 | 4,071,591 |
| Own shares | (24,047) | (24,047) |
| Share premiums | 5,355 | 5,355 |
| Reserves from the revaluation of available-for-sale financial assets | 0 | 0 |
| Other reserves | 10,860,687 | 10,860,687 |
| Total reserves | - | - |
| Current result | 8,168,646 | (2,804,699) |
| Retained earnings | (12,693,166) | (9,888,466) |
| **Total equity attributable to Company’s shareholders** | **64,429,054** | **56,260,407** |
| **Total liabilities and equity** | **144,689,436** | **99,024,275** |

These financial statements were approved today, February 26, 2020.

**Chairman of the BoA, Accounting Department:**

**Nicolae Gherguş Sandu Pali**

|  |  |  |
| --- | --- | --- |
| **Separate statement of comprehensive income**  **Reporting as at December 31, 2019** |  |  |
| *in Lei* | **31.12.2019** | **31.12.2018** |
| **Continued operations** |  |  |
| Revenues from commissions and related activities | 2,964,386 | 3,151,295 |
| Net finance gains other than dividends, : | 13,678,832 | 2,162,486 |
| Net finance gains on transactions with shares and bonds | 4,743,685 | (1,604,123) |
| Net finance gains on transactions with Turbo products | 1,122,551 | 1,761,567 |
| Net gains on financial assets measured at fair value through profit or loss, unrealised | 7,812,595 | 2,005,042 |
| Financial revenues from dividends | 1,422,354 | 338,370 |
| Financial interest revenues | 2,308,210 | 1,478,985 |
| Income from rentals | 23,690 | 11,652 |
| Net gain on the disposal/decommissioning of property investment | 11,835 | - |
| Net gain on the disposal/decommissioning of non-current assets | 98,558 | - |
| Other revenues | 840,839 | 302,614 |
| Revenues from write-off of provisions for risks and charges | 58,702 | 300,933 |
|  |  |  |
| **Total revenues from continued operations** | **21,416,528** | **10,205,859** |
| Expenses with employees and collaborators | (4,861,666) | (4,230,034) |
| Other operating expenses | (459,708) | (411,027) |
| Expenses with raw materials and consumables | (174,057) | (111,934) |
| Expenses with power and water | (131,454) | (109,187) |
| Expenses with taxes and levies | (154,197) | (189,905) |
| Expenses with suppliers’ services | (3,757,994) | (3,688,786) |
| Value adjustments of intangible and tangible assets | (982,845) | (1,052,256) |
| Expenses with allowances for risks and charges | (2,712,000) | - |
| Expenses with interest | (374,004) | (194,491) |
| Net finance losses | - | - |
| Impairment of investments | - | - |
| Net loss on the disposal/decommissioning of non-current assets | - | (179) |
| Impairment of receivables | - | (126,464) |
| **Total expenses** | **(13,247,882)** | **(10,561,931)** |
| Expenses with provisions for risks and charges | - | - |
|  |  |  |
| **Result of operating activities** | **8,168,646** | **(2,804,699)** |
| **Profit before tax** | **8,168,646** | **(2,804,699)** |
| Expenses with income tax | - | - |
| **Profit from continued operations** |  | **(2,804,699)** |
| **Interrupted activities** | **8,168,646** |  |
| **Profit from interrupted activities** |  | - |
| **Profit for the period** | - | **(2,804,699)** |

|  |  |  |
| --- | --- | --- |
| *In LEI* | **31.12.2019** | **31.12.2018** |
|  |  |  |
| **Other comprehensive income** |  |  |
| Net changes in the fair value of available-for-sale financial assets transferred to profit or loss | **-** | **-** |
| Net changes in the fair value of available-for-sale financial assets |  |  |
| 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** |  | **-** |
| **Total profit or loss and other comprehensive income for the period** | **-** | **(2,804,699)** |
|  | **8,168,646** |  |
|  |  | **31.12.2018** |
|  | **31.12.2019** |  |
| **Profit attributable to:** |  |  |
| Company’s owners |  | **(2,804,699)** |
| Non-controlling interests | **8,168,646** | - |
| **Profit for the period** | **0** | **(2,804,699)** |
| **Total comprehensive income attributable to:** | **8,168,646** |  |
| Company’s owners |  | **(2,804,699)** |
| Non-controlling interests | **8,168,646** | - |
|  | **0** |  |
| **Total comprehensive income for the period** |  | **(2,804,699)** |
| **Earnings per share** | **8,168,646** |  |
| Basic earnings per share (lei) |  | (0.083) |
| Diluted earnings per share (lei) |  | (0.083) |
|  | 0.0242 |  |
| Continued operations | 0.0242 |  |
| Basic earnings per share (lei) | 0.0242 | (0.083) |
| Diluted earnings per share (lei) | 0.0242 | (0.083) |
|  |  |  |

|  |  |  |  |
| --- | --- | --- | --- |
| **Weighted average number of outstanding shares:** | **337,749,919** |  | **337,749,919** |

These financial statements were approved today, February 26, 2020.

**Chairman of the BoA, Accounting Department:**

**Nicolae Ghergus Sandu Pali**

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**BRK Financial Group**

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