

# Individual Financial Statements Q3 - 2021



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## Message from the CEO



Dear Shareholders,

Today we announce the financial results for 30.09.2021 and we will keep the tradition of accompanying these results with our explanations and

comments, in a language as accessible as possible. We also invite you to take part in the teleconference on 15.11.2021, during which we will present these results and answer your questions.

We report a net profit of **RON19.36M**, of which approximately **RON4.5M** is the result of the third quarter of the year. Practically, through the result registered in this quarter, we fit in the spirit of the bold budget projection proposed and validated by the shareholders, respectively RON16M annual profit. The result of core operations (**+RON6.8M**) contributed to this result, to which is added to the **RON13.5M**, the result of the own account administration activity.

To these are added **RON18.5M**, which represents the change in the fair value of financial assets valued at fair value through other elements of comprehensive income (FVTOCI), with the mention that this position influences only the value of equity, not net profit. To be more explicit with the value of this position, the result of the revaluation of stakes in the companies where BRK holds a controlling position (> 50%) does not directly impact the profit and loss account but the account of other elements of comprehensive income. In the third quarter, the account of other elements of the comprehensive income was impacted by the revaluation of the participation held by BRK in GoCab Software, by using the reference price of RON0.43 per share. As such, by summing the result from the profit and loss account (RON19.3M) with other elements of comprehensive income (RON18.5M), it results an increase of equity of **RON37.9M** compared to the beginning of the year, in the conditions when previous reports (30.06.2021), the increase of equity compared to the beginning of the year was RON26.7M.

In the following we review the evolution of the 4 sub-segments of our core operations: the revenues from the commissions obtained from the **activity of**

**intermediation of transactions** are of RON7.43M, increasing by 56% compared to the same period last year. The revenues from **corporate services** are of RON7.27M, compared to RON 400k on 30.09.2020, amid the numerical and value increase of the intermediated operations. Aggregating the 2 segments of the intermediation segment, it results in total intermediation revenues of RON15.4M compared to RON5.8M at the end of the third quarter of the previous year.

Regarding the market making segment, both its sub-segments had a positive trend, both compared to the reference period of last year and compared to previous quarters. Thus, the sub-segment of issuing structured products and providing liquidity generated an income of **RON3.6M** in Q3 2021 (increasing by 57% vs. Q3 2020), while revenues from market making services provided to issuers listed on BVB, within the Issuer's Market Maker program were of **RON1.7M**, compared to revenues of 297k RON in the similar period of the previous year. Compared to this last sub-segment, it is necessary to specify that this accelerated growth was supported by expanding the customer base. Currently, BRK has 12 customers for which it provides this service (compared to 4 on 30.09.2020).

The increase of revenues can be attributed to the increase of turnovers, of the number of clients and of the intermediated operations in a higher rhythm than the overall market, fact demonstrated by the **exponential increase of the market share in case of three of the 4 subsegments**. Thus, regarding the volume of intermediated transactions at BVB, we report a threefold increase of the intermediate volumes (from RON898M to RON2.69 billion), given that market turnovers remained relatively constant, so that BRK's market share increased **from 3.54% in Q3 2020 to 9.59% in Q3 2021**, which led to a jump of a position in the top of brokers that broker transactions on BVB (from 7 to 6) if we refer to all segments. If we look at the top of the shares and fund units' segment, BRK ranks 4th in the annual top with a jump of 3 positions compared to 30.09.2020 (7th place).

Regarding the structured products segment, at the end of September 2021, BRK reports transactions worth RON470M (compared to RON228M on

30.09.2020), so a doubling of turnovers, in the context in which the turnovers of the structured products segment from BVB recorded an increase of 4.30%. In this context, BRK's market share doubled, **increasing from 19.30% (Q3 2020) to 38.10% at the end of the third quarter of 2021**, emphasizing that BRK Financial Group was market leader every month in the first 9 months of 2021, in the context in which BRK traditionally occupies the 2nd or 3rd places in the top of intermediaries in the segment of structured products / turbo certificates.

Regarding the services addressed to issuers, BRK Financial Group actively participated in both public offers of shares carried out on the main market. It was the intermediary of the IPO carried out by One United Properties and a member of the distribution group of the offer carried out by Transport Trade Services. BRK also brokered 7 private placements (3 shares and 4 bonds), as well as 5 listings on the Multilateral Trading Segment (AeRo) of the Stock Exchange. Among the achievements we bring into discussion the successful conclusion of the private placement of shares of DN Agrar, which, **through its value (RON24.6M)** set a new record in the field of private placements.

The number of clients who accessed the market making service of the issuer increased compared to

the previous report (30/06/2021) from 9 to 12 by including the ONE, TTS and BVB issuers in the client portfolio, or if we refer to the previous year, growth was from 4 to 12, but market share was diluted by competition. Thus, if on 30.09.2020, only BRK provides this service (100% market share), on 30.09.2021, the market share is only 70%, **BRK acting as a market maker 12 of the 17** symbols that benefit from services of market making within the market maker program of the issuer.

In addition to the financial results, we point to the achievement of the following non-financial objectives during this quarter: (i) the materialization of efforts to improve investor communication, so that BRK obtained a score of 10 out of **10 on the Vektor index** calculated and published by ARIR (ii) signing a market making contract with Wood & Company Financial Services, an approach that we hope will contribute to **increasing liquidity and reducing the volatility of BRK shares**.

We thank you for your trust!

**Monica Ivan**

**CEO**

## The individual statement of financial position as of September 30, 2021

-RON-	30.09.2021	31.12.2020
<b>Assets</b>		
Intangible assets	324.953	600.354
Tangible fixed assets	8.918.473	8.019.937
Real estate investments	-	-
Financial assets measured at fair value through other comprehensive income	59.525.913	-
Financial assets measured at fair value through profit or loss	58.772.245	48.761.259
Financial assets at amortized cost	-	-
Loans and advances granted	6.241.517	7.772.861
Trade and other receivables	1.228.655	914.854
Other financial assets	33.933.502	72.450.030
Client bank accounts	95.812.853	51.746.125
Cash and cash equivalents	10.759.261	4.931.596
<b>Total assets</b>	<b>275.517.372</b>	<b>195.197.017</b>
<b>Equity</b>		
Share capital	54.039.987	54.039.987
Share capital adjustments	4.071.591	4.071.591
Treasury shares	(24.047)	(24.047)
Share premiums	5.355	5.355
Reserves from the revaluation of financial assets valued at fair value through other elements of comprehensive income	18.529.992	-
Other reserves	13.520.590	13.715.384
Total reserves	32.050.581	13.715.384
Current result	19.363.571	1.879.074
Retained earnings	(2.967.886)	(5.041.754)
<b>Total shareholders' equity</b>	<b>106.539.152</b>	<b>68.645.589</b>
<b>Liabilities</b>		
Bond liabilities	24.271.428	-
Financial leasing liabilities	389.763	-
Provisions	-	-
<b>Total non-current liabilities</b>	<b>24.661.191</b>	<b>-</b>
Interest on bonds	253.333	-
Current bank liabilities	4.236.308	2.443.700
Current portion of financial leasing liabilities	95.962	-
Amounts due to customers	117.227.690	111.752.672
Trade and other payables	22.322.755	12.109.024
Provisions	180.982	246.033
<b>Total current liabilities</b>	<b>144.317.030</b>	<b>126.551.429</b>
<b>Total liabilities</b>	<b>168.978.221</b>	<b>126.551.427</b>
<b>Total equity and liabilities</b>	<b>275.517.372</b>	<b>195.197.017</b>

These financial statements were approved on 11.11.2021.

These financial statements have not been audited.

**President of the Board**  
**Robert Danila**

**Economic Director**  
**Sandu Pali**

**CEO**  
**Monica Ivan**

## The individual statement of comprehensive income as of September 30, 2021

-RON-	<b>30.09.2021</b>	<b>30.09.2020</b>
<b>Intermediation activity</b>	<b><u>15.437.048</u></b>	<b><u>5.832.106</u></b>
Commission income from intermediation	7.437.020	4.774.112
Income from corporate services	7.272.162	399.375
Other intermediation income	727.865	658.620
<b>Market making activity</b>	<b><u>5.339.616</u></b>	<b><u>2.339.388</u></b>
Net gains from transactions with structured products	3.634.344	2.041.836
Revenues from market making services provided to issuers	1.705.271	297.552
Other operating income	27.962	40.963
<b>Total core expenses</b>	<b><u>(14.012.584)</u></b>	<b><u>(8.130.373)</u></b>
Salary expenses and employee benefits	(4.765.167)	(2.868.457)
Market commissions and intermediary expenses	(4.434.202)	(1.805.793)
Expenditures on external services	(2.470.809)	(1.760.199)
Expenses with collaborators	(509.069)	(388.311)
Other expenses	(1.000.243)	(626.129)
Depreciation and amortization	(833.095)	(681.484)
<b>Profit / (loss) from core operations</b>	<b><u>6.792.042</u></b>	<b><u>82.083</u></b>
<b>Net gains / (losses) realized from financial instruments</b>	<b><u>4.433.170</u></b>	<b><u>(3.335.057)</u></b>
Dividend income	859.514	1.813.382
Income from transactions with shares and bonds	5.640.602	3.050.379
Losses from transactions with shares and bonds	(2.066.945)	(8.198.819)
<b>Net gains / (losses) from the measurement of financial assets measured at fair value through profit or loss</b>	<b><u>8.259.816</u></b>	<b><u>(2.996.385)</u></b>
Income from the valuation of financial assets measured at fair value through profit or loss	15.322.537	8.504.904
Losses from the measurement of financial assets measured at fair value through profit or loss	(7.062.722)	(11.501.289)
<b>Net income / (expenses) provisions for financial assets</b>	<b><u>(200.000)</u></b>	<b><u>3.446.502</u></b>
Revenue cancellation of provisions for fixed financial assets	300.000	5.349.752
Provisions for fixed assets, financial assets	(500.000)	(1.903.250)
<b>Other net income / (expenses) from interest and exchange rate differences</b>	<b><u>821.886</u></b>	<b><u>252.417</u></b>
Interest income on loans and bonds	468.676	394.679
Interest income on margin loans	161.621	172.997
Other interest income	13.076	74.434
Interest expenses	(330.443)	(181.634)
(Expenses) / Income from exchange rate differences	508.956	(208.059)

**Individual statement of comprehensive income (continued)**

<b>Net income / (expenses) provisions for risks and expenses</b>	<b>76.918</b>	<b>54.349</b>
Expenses with provisions for risks and expenses	-	(84.466)
Provisional cancellation income for risks and expenses	76.918	91.578
Other net provisions	-	47.238
<b>Other net income / (expenses)</b>	<b>104.170</b>	<b>265.667</b>
Net gains / (losses) from the sale of assets	156.405	230.677
Other operating expenses	(96.995)	(29.996)
Other operating income	44.759	64.985
<b>Operating profit</b>	<b>20.288.002</b>	<b>(2.230.424)</b>
Profit before tax	20.288.002	(2.230.424)
Income tax expense	(924.431)	-
Profit from continuing operations	19.363.571	(2.230.424)
Discontinued operations	-	-
Loss from discontinued operations (after tax)	-	-
<b>Profit of the period</b>	<b>19.363.571</b>	<b>(2.230.424)</b>
<b>Other elements of comprehensive income</b>	<b>-</b>	<b>-</b>
Net change in the fair value of available-for-sale financial assets transferred to profit or loss	-	-
<b>Positions that can be reclassified to profit and loss</b>	<b>-</b>	<b>-</b>
Net change in the fair value of available-for-sale financial assets	-	-
Free shares received classified as available for sale	-	-
Changes in the value of fixed assets available for sale	-	-
<b>Positions that cannot be reclassified to profit and loss</b>	<b>-</b>	<b>-</b>
Net change in fair value of financial assets measured at fair value through other comprehensive income (FVTOCI) not transferred to profit or loss	18.529.992	-
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 comprehensive income	-	-
<b>Total other elements of comprehensive income for the period</b>	<b>18.529.992</b>	<b>-</b>
<b>Total profit and loss account and other elements of comprehensive income for the period</b>	<b>37.893.563</b>	<b>(2.230.424)</b>
<b>Profit attributable to:</b>	<b>19.363.571</b>	<b>(2.230.424)</b>
Shareholders of the Company	19.363.571	(2.230.424)
Non-controlling interests	-	-
<b>Profit for the period</b>	<b>19.363.571</b>	<b>(2.230.424)</b>

**Individual statement of comprehensive income (continued)**

<b>Total comprehensive income attributable to:</b>		
Shareholders of the Company	-	-
Non-controlling interests	-	-
<b>Total comprehensive income attributable to:</b>		
<b>Earnings per share</b>		
Basic earnings per share (RON)	0,0573	(0,0066)
Diluted earnings per share (RON)	-	-
<b>Continuing operations</b>		
Basic earnings per share (RON)	0,0573	(0,0066)
Diluted earnings per share (RON)	-	-
<b>30.09.2021</b>		
Weighted average number of shares in the balance:	337.749.919	337.749.919

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These financial statements have not been audited.

**President of the Board**  
**Robert Danila**

**Economic Director**  
**Sandu Pali**

**CEO**  
**Monica Ivan**



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