

Individual Financial Statements

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

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SSIF BRK FINANCIAL GROUP SA
IFRS individual financial statements

**Individual statement of financial position as of
December 31, 2021**

RON		31.12.2021	31.12.2020
Assets	NOTE		
Intangible assets	8	304.263	600.354
Tangible fixed assets	9	9.062.918	8.019.937
Real estate investments	10	-	-
Financial assets measured at fair value through other comprehensive income	11	42.044.539	-
Financial assets measured at fair value through profit or loss	11	59.659.013	48.761.259
Financial assets at amortized cost	11	-	-
Loans and advances granted	12	8.588.612	7.772.861
Trade and other receivables	15	1.390.340	914.854
Other financial assets	15	63.751.161	72.450.030
Client bank accounts	17	63.316.765	51.746.125
Cash and cash equivalents	17	881.285	4.931.596
Assets classified as held for sale	14	-	-
Total assets		248.998.896	195.197.016
Liabilities			
Bond liabilities		24.303.570	-
Financial leasing liabilities	26	515.978	-
Provisions		-	-
Total non-current liabilities		24.819.548	-
Dobanzi Obligatiuni		221.666	-
Deferred income tax liabilities		978.691	-
Current income tax liabilities		558.690	-
Short-term bank debt	22	5.041.915	2.443.700
Current part of financial leasing liabilities	22	161.953	-
Amounts owed to customers	22	115.962.249	111.752.672
Trade and other payables	21	10.804.515	12.109.024
Provisions	23	319.068	246.033
Total current liabilities		134.048.748	126.551.429
Total liabilities		158.868.296	126.551.427
Equity			
Share capital	18	54.039.987	54.039.987
Share capital adjustments	18	4.071.591	4.071.591
Treasury shares	18	(24.047)	(24.047)
Share premiums	18	5.355	5.355
Reserves from the revaluation of financial assets valued at fair value through other elements of comprehensive income		(239.980)	-
Other reserves	19	13.608.320	13.715.384
Total reserves	19	13.368.340	13.715.384
Current result	20	22.000.682	1.879.074
Retained earnings	20	(4.034.307)	(5.041.754)
Total shareholders' equity		89.427.600	68.645.589
Total equity and liabilities		248.998.896	195.197.017

These financial statements were approved today, 23.03.2022.

President
Robert Danila

CEO
Monica Ivan

Economic Director
Sandu Pali

The accompanying notes are part of these financial statements

SSIF BRK FINANCIAL GROUP SA
IFRS individual financial statements

The individual statement of comprehensive income as of December 31, 2021	NOTE	31-Dec-21	31-Dec-20
Core activity			
Intermediation activity		<u>20.517.368</u>	<u>8.305.226</u>
Commission income from intermediation	1	10.778.426	6.399.427
Income from corporate services	2	8.424.707	1.041.523
Other intermediation income	3	1.314.236	864.276
Market making activity		<u>7.230.954</u>	<u>3.947.487</u>
Net gains from transactions with structured products	5	4.035.266	3.362.768
Revenues from market making services provided to issuers	6	3.195.688	584.720
		34.610	44.680
Other operating income	7	<u>7.230.954</u>	<u>3.947.487</u>
Total operating expenses		<u>(19.836.793)</u>	<u>(11.166.969)</u>
Salary expenses and employee benefits	8	(6.705.252)	(4.098.965)
Market commissions and intermediary expenses	9	(5.603.276)	(2.550.132)
Expenditures on external services	10	(3.296.815)	(2.236.385)
Expenses with collaborators	11	(585.097)	(526.979)
Other expenses	12	(2.505.950)	(837.194)
Depreciation and amortization	13	(1.140.403)	(917.313)
Profit / (loss) from core activities		<u>7.946.139</u>	<u>1.130.425</u>
Net gains / (losses) realized from financial instruments		<u>4.920.787</u>	<u>(2.618.570)</u>
Dividend income	16	863.006	2.249.099
Income from transactions with shares and bonds	17	7.435.192	4.285.779
Losses from transactions with shares and bonds	18	(3.377.411)	(9.153.448)
Net gains / (losses) from the measurement of financial assets measured at fair value through profit or loss		<u>11.418.981</u>	<u>(243.874)</u>
Income from the valuation of financial assets measured at fair value through profit or loss	20	21.279.497	13.441.681
Losses from the measurement of financial assets measured at fair value through profit or loss	21	(9.860.517)	(13.685.556)
Net income / (expenses) provisions for financial assets		<u>(800.000)</u>	<u>3.146.502</u>
Revenue cancellation of provisions for fixed financial assets	23	300.000	5.349.752
Provisions for fixed assets. financial assets	24	(1.100.000)	(2.203.250)
Other net income / (expenses) from interest and exchange rate differences		<u>686.527</u>	<u>383.077</u>
Interest income on loans and bonds	26	589.559	481.917
Interest income on margin loans	27	289.102	232.752
Other interest income	28	31.997	106.642
Interest expenses	29	(919.267)	(205.946)
(Expenses) / Income from exchange rate differences	30	695.136	(232.287)
Net income / (expenses) provisions for risks and expenses		<u>(762.368)</u>	<u>(161.433)</u>
Expenses with provisions for risks and expenses	32	-	(2.885.324)
Provisional cancellation income for risks and expenses	33	169,153	2,807,845
Other net provisions	34	(931,521)	(83,954)
Other net income / (expenses)		<u>73.737</u>	<u>242.911</u>
Net gains / (losses) from the sale of assets	36	169.405	190.009
Other operating expenses	37	(153.281)	(30.243)
Other operating income	38	57.613	83.145
Operating profit		<u>23.483.803</u>	<u>(2.614.590)</u>
Profit before tax		23.483.803	1.879.037
Income tax expense	39	(1.483.121)	1.879.037
Profit from continuing operations		22.000.682	1.879.037
Discontinued operations		-	-
Loss from discontinued operations (after tax)		-	-
Profit for the period		<u>22.000.682</u>	<u>1.879.037</u>

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Statement of comprehensive income (continued)	46	
Reported on 31.12.2021	47	
<i>In RON</i>		
Other elements of comprehensive income	-	-
Net change in the fair value of available-for-sale financial assets transferred to profit or loss	(239,980)	-
Positions that can be reclassified to profit and loss	-	-
Net change in fair value of financial assets measured at fair value through other comprehensive income (FVTOCI)	-	-
Received free shares classified as financial assets measured at fair value through other comprehensive income (FVTOCI)	-	-
Changes in the value of fixed assets available for sale	-	-
Positions that cannot be reclassified to profit and loss	-	-
Changes in the value of fixed assets used	-	2.353.092
Changes in the value of real estate investments	-	-
Establishment / cancellation of profit reserves for granting free shares to employees	-	-
The tax related to other elements of comprehensive income	-	-
Total other elements of comprehensive income for the period	(239.980)	2.353.092
Total profit and loss account and other elements of comprehensive income for the period	21.760.702	4.232.129
Profit attributable to:	22.000.682	1.879.037
Shareholders of the Company	22.000.682	1,879,037
Non-controlling interests		
Profit for the period	22.000.682	1,879,037
Total comprehensive income attributable to:		
Shareholders of the Company		
Non-controlling interests		
Total comprehensive income attributable to:	21.760.702	1,879,037
Earnings per share		
Basic earnings per share (RON)	0.0651	0.0056
Diluted earnings per share (RON)		
Continuing operations		
Basic earnings per share (RON)	0.0651	0.0056
Diluted earnings per share (RON)		
31.12.2021		
Weighted average number of shares in the balance:	337,749,919	337,749,919

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CEO
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Economic Director
Sandu Pali

SSIF BRK FINANCIAL GROUP SA
IFRS individual financial statements

The individual statement of changes in equity for 2020

RON	Capital social	Ajustari ale capitalu-lui	Actiuni proprii	Prime de capital	Diferente din reevaluare	Rezerve legale si statutare	Alte rezerve	Rezultatul reportat	Total capitaluri proprii
Balance Jan 1 2020	54.039.986	4.071.590	(24.048)	5.354	3.524.052	4.995.524	2.748.759	(4.173.240)	64.413.423
Profit for the period	-	-	-	-	-	-	-	1.879.074	1.879.074
Other elements of comprehensive income	-	-	-	-	-	-	-	-	-
Gains from profit and loss	-	-	-	-	-	93.954	-	(93.954)	-
Changes in the value of fixed assets available for sale	-	-	-	-	-	-	-	-	-
Changes in the value of fixed assets used	-	-	-	-	-	-	-	-	-
Changes in the value of real estate investments	-	-	-	-	2.353.092	-	-	-	-
Other capital changes	-	-	-	-	-	-	-	-	-
Deferred income tax related to fixed assets	-	-	-	-	-	-	-	-	-
Changes in the comprehensive profit and loss account	-	-	-	-	-	-	-	-	-
Decreases of share capital	-	-	-	-	-	-	-	-	-
Transfer of revaluation differences for assets sold at reserves	-	-	-	-	-	-	-	-	-
Transfers in the reported result	-	-	-	-	-	-	-	-	-
Total other elements of comprehensive income	-	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	2.353.092	93.954	-	1.785.120	-
Trading with own shares	-	-	-	-	-	-	-	-	-
Own share buybacks	-	-	-	-	-	-	-	-	-
Total trading with own shares	-	-	-	-	-	-	-	-	-
Balance Dec 31 2020	54.039.986	4.071.590	(24.048)	5.354	5.877.144	5.089.478	2.748.759	(3.162.740)	68.645.523

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SSIF BRK FINANCIAL GROUP SA
IFRS individual financial statements

The individual statement of changes in equity for 2021

<i>In lei</i>	Capital social	Ajustari ale capitalu-lui	Actiuni proprii	Prime de capital	Diferente din reevaluare	Rezerve legale si statutare	Alte rezerve	Rezultatul reportat	Total capitaluri proprii
Balance Jan 1 2021	54.039.986	4.071.590	(24.048)	5.354	5.877.144	4.995.526	2.748.759	(2.388.183)	68.645.589
Profit for the period	-	-	-	-	-	-	-	-	22.000.682
Other elements of comprehensive income	-	-	-	-	-	-	-	-	(239.980)
Gains from profit and loss	-	-	-	-	-	1.147.971	-	(1.147.971)	-
Changes in the value of fixed assets available for sale	-	-	-	-	-	-	-	-	-
Changes in the value of fixed assets used	-	-	-	-	-	-	-	-	-
Changes in the value of real estate investments	-	-	-	-	-	-	-	-	-
Other capital changes	-	-	-	-	-	-	-	-	-
Deferred income tax related to fixed assets	-	-	-	-	-	-	-	-	(978.690)
Changes in the comprehensive profit and loss account	-	-	-	-	-	-	-	-	-
Decreases of share capital	-	-	-	-	-	-	-	-	-
Transfer of revaluation differences for assets sold at reserves	-	-	-	-	-	-	-	-	-
Transfers in the reported result	-	-	-	-	-	-	-	-	-
Total other elements of comprehensive income	-	-	-	-	-	1.147.971	-	-	(1.218.671)
Total comprehensive income for the period	-	-	-	-	-	1.147.971	-	20.852.712	90.646.271
Trading with own shares	-	-	-	-	-	-	-	-	-
Own share buybacks	-	-	-	-	-	-	-	-	-
Total trading with own shares	-	-	-	-	-	-	-	-	-
Balance Dec 31 2021	54.039.986	4.071.590	(24.048)	5.354	5.877.144	6.143.496	2.748.759	16.915.403	89.427.600

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SSIF BRK FINANCIAL GROUP SA
IFRS individual financial statements
Statement of cash flows for 2021

	31.12.2021	31.12.2020
	RON	RON
Operating activities:		
Profit before tax	23.483.803	1.879.074
Adjustments to reconcile net income with net cash used in operating activities:		
Adjusting the value of tangible and intangible assets	1.140.403	911.309
Income from redemption own shares	-	-
Gains (-) / (+) unrealized losses from the valuation of financial assets	(11.718.981)	(5.240.501)
Adjusting the value of short-term investments	-	-
Tax	1.483.121	-
Provisions for current and fixed assets	(13.668)	(95.845)
Provisions for risks and expenses	-	(2.712.000)
Interest expenses	919.267	205.946
Interest income	(1.968.971)	(1.683.090)
Dividend income	(876.582)	(2.249.099)
Turbo and IG certified relative earnings	(4.156.899)	(3.362.768)
Gain / (loss) on the sale of property, plant and equipment	(169.405)	(190.009)
Exchange rate income. afferent IB. IG	64.575	-
Increase / (decrease) in operating cash before changes in working capital	8.889.665	(12.536.984)
Changes in working capital:		
(Increase) / Decrease in the balances of other receivables	(101.311)	252.168
Increase / (Decrease) in trade and other debt balances	(3.273.266)	(2.744.793)
Increase / (Decrease) in available-for-sale asset balances	-	-
Net cash flow generated by operating activities	4.812.087	(15.029.609)
Cash flows from operating activities:		
Paid income taxes	(1.483.121)	-
Interest receipts	288.343	963.849
Paid interest	(653.117)	(205.081)
Net cash flows generated by operating activities	4.549.144	(14.270.840)
Cash flows from investment activities:		
Payment in cash for the purchase of tangible and intangible assets and real estate investments	(1.294.209)	(70.350)
Payment in cash for the purchase of financial instruments	(31.632.421)	11.974.151
Cash receipts from the sale of land and buildings. Facilities and equipment. intangible assets and other long-term assets	182.892	1.163.357
Dividends received	876.582	2.249.099
(Imprumuturi acordate)/rambursate afiliati si marja clienti	(1.933.375)	(2.930.000)
Net position from sales of turbo certificate sales and IG payments	10.626.607	5.924.158
Interest receipts	1.130.946	124
	(64.575)	-
The effect of exchange rate fluctuations on loans and liabilities	-	-
Net cash flow from investment activities	(22.107.554)	18.310.539
Cash flows from financing activities:		
Payment for purchase through leasing	24.250.000	-
Receipts / payments for short-term bank loans	(184.525)	(26.413)
Net cash flow generated by financing activities	2.598.215	(1.743.969)
Cash flows from financing activities:	26.663.690	(1.770.382)
Cash flows - total	7.520.328	2.269.317
Changes in cash and cash equivalents		
Cash and cash equivalents at the beginning of the period	56.677.722	54.408.405
Increase / (decrease) in cash and cash equivalents	7.520.328	2.269.317
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	64.198.050	56.677.722
Of which :		
Cash held on behalf of clients	63.316.765	51.746.125
Cash held on behalf of the company	881.285	4.931.596

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SSIF BRK FINANCIAL GROUP SA
IFRS individual financial statements

1. REPORTING ENTITY

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

The shares of the Company are listed on the Bucharest Stock Exchange ("BVB"), category I (named, starting with January 2015, Premium category), with the BRK stock symbol, starting with FEBRUARY 05, 2005.

The record of shares and shareholders is maintained in accordance with the law by Depozitarul Central S.A. Bucharest.

The financial statements of SSIF BRK FINANCIAL GROUP SA represent the individual statements ("financial statements") of the company and have been prepared in accordance with Norm no. 39/2015 for the approval of the Accounting Regulations compliant with the International Financial Reporting Standards adopted by the European Union ("IFRS"), applied by the entities authorized, regulated and supervised by the Financial Supervisory Authority in the Financial Instruments and Investments Sector and are the responsibility of management Society.

The individual annual financial statements for the financial years 2021 and 2020 have been prepared in accordance with the regulations, standards and accounting policies included in these financial statements.

SSIF BRK FINANCIAL GROUP SA issues for the financial year ended 31.12.2021 also consolidated financial statements in accordance with the International Financial Reporting Standards adopted by the European Union ("IFRS"). The consolidated financial statements of SSIF BRK FINANCIAL GROUP SA Group on December 31, 2021 will be prepared, approved and made public at a date subsequent to the publication of these individual financial statements. and the observance of the legal provisions is the responsibility of the Company's management.

2. BASIS OF PREPARATION

a) Statement of compliance

The individual financial statements are prepared by the Company in accordance with the International Financial Reporting Standards adopted by the European Union ("IFRS"). The Company has prepared these half-yearly financial statements in accordance with IAS 34 Interim Financial Reporting, and with the requirements of Norm 39/2015, updated, for the approval of the Accounting Regulations compliant with International Financial Reporting Standards, applicable to entities authorized, regulated and supervised by the Financial Supervisory Authority. from the Financial Instruments and Investments Sector (FSA).

For the purposes of Norm 39/2015, the International Financial Reporting Standards, hereinafter referred to as IFRS, represent the standards adopted according to the procedure provided in Regulation (EC) no. 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of international accounting standards, as subsequently amended and supplemented.

b) Basis of evaluation

Situatiile financiare au fost intocmite pe baza costului istoric, cu exceptia urmatoarelor elemente semnificative din situatia pozitiei financiare:

- Financial assets held at fair value through profit or loss are measured at fair value;
- derivative financial instruments are measured at fair value;
- real estate investments are valued according to the model based on revaluation, in accordance with the provisions of IAS 40;
- fixed assets representing buildings and related land are valued at revalued value, in accordance with the provisions of IAS 16;
- fixed assets available for sale are measured at fair value, according to IFRS 5 regulations;
- In accordance with IAS 29, the financial statements of an entity whose functional currency is the currency of a hyperinflationary economy must be presented in the current unit of measurement 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)

According to IAS 29, an economy is considered to be hyperinflationary if, among other factors, the cumulative inflation rate over a three-year period exceeds 100%.

SSIF BRK FINANCIAL GROUP SA

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The continuous decrease of the inflation rate and other factors related to the characteristics of the Romanian economic environment indicate that the economy whose functional currency was adopted by the Company has ceased to be hyperinflationary, with effect on the financial periods starting with January 1, 2004. IAS 29 was adopted in the preparation of the individual financial statements as of December 31, 2003.

Thus, the values expressed in the current unit of measurement at December 31, 2003 are treated as the basis for the carrying amounts reported in the individual financial statements and do not represent measured values, replacement costs, or any other measurement of the current value of assets or prices. would take place at this time.

- For the purpose of preparing the individual financial statements, the Company adjusts the share capital to be expressed in the current unit of measurement on December 31, 2003.

Continuity of activity

Based on the management's own evaluations, the Company will continue to operate in the foreseeable future. The Company's management estimates the continuity of the activity for a period longer than 12 months from the date of preparation of the present financial statements.

Determining fair values

Certain accounting policies of the entity and disclosure requirements require the determination of fair value for both financial and non-financial assets and liabilities. Fair values were determined for the purpose of evaluating and / or presenting the information based on the methods described below. Where applicable, additional information is provided on the assumptions used in determining fair values in the specific notes of the respective asset or liability.

- i. Equity and bond investments

Other fair value forms that do not rely on the last trading price are as follows

1. Trading price: For investments quoted on the stock exchange, The Company looks for an active and liquid market, and uses the closing price of the last trading period at the end of the financial year as fair value.
2. Fair value determined through Dividend Discount Model (DDM): In case the company has a consistent history regarding the distribution of dividends, and the dividend policy is predictable, the valuation price is considered to be the intrinsic value resulting from the DDM model.
3. Fair value determined through Discounted Cash Flows (DCF): If the company does not distribute dividends and the valuation is made from the perspective of a significant shareholder, the price is considered to be the intrinsic value resulting from the DCF model.
4. Fair value determined by the asset 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 value.
5. Fair value determined through relative valuation: If 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 valuation price is considered to be the intrinsic value determined by applying the relative valuation (using the valuation 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 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. 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 is determined for disclosure purposes and 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 accordance to the criteria described in Note 3.

c) Used 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) Moneda straina

Operations denominated in foreign currencies are recorded in RON at the official exchange rate on the transaction date. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated into RON at the exchange rate of that date. Foreign exchange differences are recognized directly to other comprehensive income.

Exchange rates of major foreign currencies, published by the National Bank of Romania on December 31, 2021 are the following: 4,9481 Lei / EUR; 4,3707 Lei / USD and 5,8994 Lei / GBP (December 31, 2020: 4,89494 Lei / EUR; 3,9660 Lei / USD and 5,4201 Lei / GBP)

e) Use of estimates and professional judgement

The preparation of financial statements in accordance to 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 estimates and assumptions underlying them are reviewed periodically. Revisions to accounting estimates are recognized in the period in which the estimate has been revised and in future periods affected.

SSIF BRK FINANCIAL GROUP SA
IFRS individual financial statements

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 Note on Financial Instruments - classification of financial instruments;
- Note 26 on Financial income and expenses - losses from permanent depreciation of available-for-sale securities, which are reclassified from capital to financial expenses;
- Note 16 - Deferred tax assets and liabilities;
- Note 24 - Contingent liabilities and assets
- 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 been prepared in accordance to IFRS and the Company's accounting policies as presented 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 IFR9

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 de-recognition 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 an 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 maximizing the returns for shareholders and increasing the net asset value per share through investments made, mainly in Romanian shares and securities.

There were no changes in the carrying amount of financial assets and liabilities upon transition to IFRS9 as of January 1, 2018 compared to their previous amount under IAS39, except those presented below

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 at fair value through profit or loss*

Further to the adoption of IFRS 9, as of 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 and amortized cost*

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

In this sense, these instruments are classified in stage 1, stage 2 or stage 3 according to their absolute or relative credit quality in terms of initial payments. So:

Stage 1: includes (I) newly recognized exposures; (ii) exposures for which the credit risk has not been significantly impaired since initial recognition; (iii) low credit risk exposures (low 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.

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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

With regards to 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 receivables that meet one or both criteria:

- exposures for which the Company evaluates that it is unlikely that the debtor will pay its obligations in full, regardless of the value of the exposures and the number of days for which the exposure is overdue;
- Unpaid amounts.

The Company has applied the Amendments to IFRS 10, IFRS 12 and IAS 27 as of January 1, 2019, at which time, after reviewing the criteria set forth in the Amendments, the Company's management concluded that the Company meets the conditions for classification as an investment entity.

During 2021, the Company reconsidered the classification criteria as an investment entity and concluded that it does not meet them, so the Company chose to evaluate the subsidiary holdings at fair value through other elements of the overall result.

- *Financial assets designated at fair value through other comprehensive income ("FVTOCI")*

After initial recognition, a financial asset (debt instrument) is classified as measured at fair value through other comprehensive income only if two conditions are met simultaneously:

- the asset is held in a business model whose purpose is to keep financial assets both for the collection of contractual cash flows and for their sale;
- the contractual terms of the financial asset give rise, at specified dates, to cash flows representing exclusively principal and interest payments.

In addition, upon initial recognition of an investment in equity instruments that is not held for trading, the Company may irrevocably choose to make subsequent changes in fair value in other comprehensive income.

The Company used the irrevocable option to designate these equity instruments at fair value through other comprehensive income as these financial assets are held both for the collection of dividends and for the proceeds of their sale, not for trading.

A gain or loss on an equity instrument measured at fair value through other comprehensive income must be recognized in other comprehensive income other than dividend income.

ii. Derivatives

Instrumentele financiare derivate sunt recunoscute initial la valoarea justa; costurile de tranzactionare atribuibile sunt recunoscute in contul de profit sau pierdere atunci cand sunt realizate. Ulterior recunoasterii initiale, instrumentele financiare derivate sunt evaluate la valoarea justa iar modificarile ulterioare sunt recunoscute imediat in contul de profit sau pierdere.

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, and 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.

i. Non-financial assets

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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) Tangible assets

i. Recognition and evaluation

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 upon 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 re-evaluation reserves are transferred to retained earnings. The re-evaluation reserves are reduced in each financial year by the amount corresponding to the amortization and then, transferred to retained earnings.

ii. Reclassification as investment property

Investment property is defined below, under 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 re-evaluated 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 and amortization 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 a 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.

Lifespans of assets for the current and comparative periods are as follows:

- Buildings - 40 years
- Plant and equipment - 2-10 years; with a 5 year average value
- Vehicles - 5 years
- Other assets - 3-10 years; with a 5 year average value

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

d) Intangible assets

i. Goodwill

Goodwill resulting 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.

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 lifespan 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) Leasing 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 leasing contracts are classified as operating leases.

g) Leasing 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 rate 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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

h) Tangible assets 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 rate 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.

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.

Sharebuybacks

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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

k) Employee benefits

- i. Beneficii pe termen scurt

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 premiums 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.

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 provisions 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 transfers of risks and rewards varies depending on the individual terms in the sales contracts.

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) Income from rentals

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

o) Financial income 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 the income statement based on accrual accounting, using the effective interest method.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

p) Financial income and expenses (continued)

Dividend income is recognized in the income statement on the date on which the entity's right to collect dividends is established, which in the case of quoted instruments is given ex-dividend.

Financial expenses include:

- impairment losses recognized in financial assets recorded at fair value through profit or loss;
- Foreign exchange gains and losses are reported on a net basis.

q) 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.

r) Earnings per share

The Group presents information on basic and diluted earnings per share for its ordinary shares. The result per basic share is calculated by dividing the profit or loss attributable to the holders of ordinary shares of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted by the value of own shares held. Diluted earnings per share are determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of outstanding shares, adjusted by the value of treasury shares held, with the dilution effects of all potential ordinary shares, including share options granted to employees.

s) 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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

v) Segment reporting (continued)

The operating results of an operating segment are periodically reviewed by the Company's management in order to make decisions regarding the resources to be allocated to the segment and to analyze its performance, and for which separate financial information is available.

a) New standards, amendments and interpretations with application after January 1, 2021

There are new standards, amendments and interpretations that apply for annual periods beginning after January 1, 2021 and that have not been applied to the preparation of these financial statements.

Below are the standards / interpretations that have been issued and are applicable starting with or after the period January 1, 2021.

• Rent reductions due to COVID-19 - Amendments to IFRS 16

Following COVID-19, many rent reductions have been granted to tenants. These discounts can take many forms, including deferred payment. In May 2020, the IASB issued an amendment to IFRS 16 that allows tenants to treat rent benefits as an amendment to the lease. Entities applying this amendment must disclose this in their financial statements. This amendment has been extended until June 30, 2022.

• Reference interest rate reform - amendments to IFRS 7, IFRS 9 and IAS 39 (January 1, 2020)

The amendments modify certain requirements of hedge accounting to provide some exemptions regarding the reference interest rate reform.

b) As of September 31, 2021, the following standards and interpretations have been issued, but were not mandatory for the annual reporting periods ended as of December 31, 2021.

- **IFRS 17 Insurance Contracts** (January 1, 2021, likely to be extended until January 1, 2022). IFRS 4 will soon be replaced by a new standard on insurance contracts. Consequently, the temporary exemptions and / or the general approach of IFRS 9 for insurance companies will no longer apply when the new standard is issued.

IFRS 17 was issued in May 2017 as a replacement for IFRS 4. It assumes a valuation model in which estimates are revalued each year. Contracts are evaluated taking into account the following elements:

- Cash flows discounted and weighted according to the probability of realization
- An explicit risk adjustment as well
- A contractual service margin that represents the profit from the contract recognized as income for the period covered.

• Classification of current and long-term debt - Amendments to IAS 1

The amendment to IAS 1 states that liabilities must be presented on the basis of eligibility, depending on the rights that exist at the balance sheet date. The classification is not affected by the expectations of the entity or the events after the reporting date. The amendment also clarifies what is meant by "settling" a debt.

• Amendments to IAS 16 - Property, Plant and Equipment

The amendment prohibits the Group from deducting from the cost of a tangible asset income generated as a result of using the asset for the period in which the asset is being brought to the level necessary for operation.

c) Definition of a business - Amendments to IFRS 3

The modified definition of a business requires that an acquisition include input data and a background process that, together, contributes significantly to the company's ability to create results. The definition of "results" is modified to focus on goods and services delivered to customers, which generate investment and other income and exclude returns in the form of reduced costs or other economic benefits.

These changes may lead to an increase in acquisitions that are considered asset acquisitions.

d) Onerous contracts - Cost of fulfilling a contract - Amendments to IAS 37

The amendments to IAS 37 clarify direct costs related to the performance of a contract and the allocation of other costs directly to the performance of that contract. Prior to the recognition of a provision for performance of the contract, the entity shall record any impairment of assets that occurred in performance of the contract.

• Annual improvements for the 2018 - 2020 cycle (effective from January 1, 2022)

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- IFRS 9 - Financial Instruments - clarifies what fees should be included in the 10% test when recognizing financial liabilities.
- IFRS 16 - Rents - amendment of Example 13, which removes the illustration of payments from the lessor regarding modernizations, in order to remove confusion regarding the treatment of rent advantages.
- IFRS 1 - First-time Adoption of IFRS - Allows entities to measure their assets and liabilities at book values recorded in the parent company's financial statements, together with any related exchange rate differences.

IAS 41 - Agriculture - the removal of the requirement for entities to exclude cash flows for taxes determined by fair value measurement in accordance with IAS 41.

- e) **Definition of accounting estimates - amendment to IAS 8 (effective January 1, 2023).** The IASB has issued an Amendment to IAS 8 "Accounting Policies" which clarifies how entities should distinguish between changes in accounting estimates and changes in accounting policies. The distinction is important because the changes in accounting estimates are applied prospectively, but the changes in accounting policies are generally applied retrospectively and for the current period.
- f) *a) As of September 31, 2020, the following standards and interpretations have been issued. but were not mandatory for the annual reporting periods ended December 31, 2020.*

IFRS 17 Insurance Contracts (January 1, 2021. likely to be extended until January 1, 2022). IFRS 4 will soon be replaced by a new standard on insurance contracts. Consequently, temporary exemptions and / or the general approach of IFRS 9 for insurance companies, will no longer apply when the new standard is issued.

IFRS 17 was issued in May 2017 as a replacement for IFRS 4. It assumes a valuation model in which estimates are revalued each year. Contracts are evaluated taking into account the following elements:

- Cash flows discounted and weighted according to the probability of realization
- An explicit risk adjustment as well
- A contractual service margin that represents the profit from the contract recognized as income for the period covered.

g) Reductions due to COVID-19 - Amendments to IFRS 16

Following COVID-19, many rent reductions have been granted to tenants. These discounts can take various forms, including deferral of payment. In May 2020, the IASB issued an amendment to IFRS 16 that allows the tenant to treat rent benefits as a change in the lease. Entities applying this amendment must disclose this in their financial statements.

h) Current and long-term debt classification - Amendments to IAS 1

The amendment to IAS 1 states that debt must be presented on the basis of eligibility, depending on the rights that exist at the balance sheet date. The classification is not affected by the expectations of the entity or the events after the reporting date. The amendment also clarifies what is meant by "settling" a debt.

i) Amendments to IAS 16 - Property, Plant and Equipment

The amendment prohibits the entity from deducting from the cost of an item of property, plant and equipment revenues realized as a result of using the asset during the period in which the asset is being brought to the level required for operation.

j) Annual improvements for the 2018 - 2020 cycle (in force starting with January 1, 2019)

- IFRS 9 - Financial Instruments - clarifies what kind of fees should be included in the 10% test when recognizing financial liabilities.
- IFRS 16 - Rents - amendment of Example 13, which removes the illustration of landlord payments regarding modernizations, to remove confusion regarding the treatment of rent advantages.
- IFRS 1 - Adoption for the first time of IFRS - allows entities to measure assets and liabilities at book values recorded in the financial statements of the parent company, together with any related exchange rate differences.
- IAS 41 - Agriculture - remove the requirement for entities to exclude cash flows for taxes determined by measurement at fair value in accordance with IAS 41.

The Company has reviewed the impact of adopting IFRS 16 and the other standards mentioned above and anticipate that they will not have any significant impact on its annual financial statements in the year in which they are first applied. The company will apply these standards from the effective date of their application.

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

As of the reporting date of these 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 of the date of authorization 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 January 1st 2019),
- 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 January 1st 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 January 1st 2019),
- Amendments to References to the Conceptual Framework in IFRS Standards (effective for annual periods beginning on or after January 1st 2020).

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.

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4. FINANCIAL RISK MANAGEMENT (continued)

General risk management framework

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

The complex activity of the company involves an active management of risks, and to ensure their management, the company has established a risk management system by developing risk management policies and internal procedures, in accordance with regulations and legislation in force. The principles of risk management include the identification and awareness of risks, their assumption, management and monitoring, the fulfillment of prudential requirements regarding risk management, the periodic review of risk policies and internal procedures, the control and management of risks.

At the same time, the company's internal procedures define the risk management policies; establish the appropriate limits and controls, the ways of monitoring the risks and the observance of the established limits.

Regularly, missions are performed to verify and monitor compliance with the provisions of internal procedures and regulations in force and reports are prepared to the Executive Management of the company and to the Board of Directors.

In this way, an orderly and constructive control environment is developed, so that, through the pro-active risks management activity (fundamental activity within the company); all the risks faced by BRK Financial Group are quantified.

The company's risk profile 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. In terms of risk appetite, it represents the level of risk expressed for each risk category, up to which the company is willing to take risks or accept them, in accordance with the established risk strategy and policies, but with the control of the risks within the risk profile assumed for each significant risk category.

The risk profile, respectively the risk appetite of the company is established by the Executive Management of the company and the Board of Directors, taking into account the business profile of BRK Financial Group SA, the current portfolio structure, investment policy, and business strategy agreed at the level of society.

The Board of Directors of BRK Financial Group approved, at the beginning of 2022, the modification of the Company's Risk Profile, compliance with the levels thus assumed being monitored throughout the year by the specialized Department. At the time of preparing the financial statements, the Risk Profile is summarized in the table below; any adjustments to it will be made in the first part of 2022 and made public to interested parties on the company's website.

Limite de toleranță/ Categoriile de riscuri		F scăzut	Scăzut	Mediu	Ridicat	F ridicat
Culoare aferenta nivelului maxim propus						
		(0 - 5%)	(5% - 10%)	(10% - 25%)	(25% - 40%)	> 40% din fp
Riscul de piață	Titluri de capital					Foarte ridicat
	Titluri de creanta		Scăzut			
	OPCVM			Mediu		
Risc valutar		F scăzut (0 - 5%)	Scăzut (5% - 10%)	Mediu (10% - 12%)	Ridicat (12% - 15%)	F ridicat > 15% din fp
Riscul de credit		F scăzut (0 - 50%)	Scăzut (50% - 100%)	Mediu (100% - 150%)	Ridicat (150% - 200%)	F ridicat > 200% din fp
Riscul de contrapartidă		F scăzut (0 - 4%)	Scăzut (4% - 8%)	Mediu (8% - 12%)	Ridicat (12% - 15%)	F ridicat >15%
Riscul de concentrare		F scăzut	Scăzut	Mediu	Ridicat	F ridicat
	Sector	< 5%	(5% - 10%)	(10% - 15%)	(15% - 20%)	>20%
	Entitate	< 5%	(5% - 15%)	(15% - 20%)	(20% - 25%)	>25%
Riscul operațional		F scăzut (0 - 15%)	Scăzut (15% - 30%)	Mediu (30% - 40%)	Ridicat (40% - 50%)	F ridicat > 50% din fp
LCR (indicator de lichiditate)		F scăzut > 5	Scăzut (3.5 - 5)	Mediu (2 - 3.5)	Ridicat (1 - 2)	F ridicat < 1
Lichiditate portofoliu		F scăzut > 50%	Scăzut (40% - 50%)	Mediu (30% - 40%)	Ridicat (20% - 30%)	F ridicat < 20% din total portofoliu
Levier		F scăzut > 50%	Scăzut (40% - 50%)	Mediu (30% - 40%)	Ridicat (20% - 30%)	F ridicat < 20%
RAC (rata de acoperire a capitalului)		F scăzut > 50%	Scăzut (35% - 50%)	Mediu (25% - 35%)	Ridicat (18% - 25%)	F ridicat < 18%

Market risk refers to the risk that the company will incur losses due to fluctuations in market prices (equity securities, debt securities, UCITS, etc.).

Currency risk is given by the probability that the company will record losses from international trade contracts or other economic relationships, as a result of the change in the exchange rate in the period between the conclusion of a contract and its maturity.

Credit risk generally represents that risk of financial loss caused by the counterparty's total or partial non-fulfillment of its obligations. Credit risk starts from the concept of a credit event, which describes any sudden and negatively impacting change in the credit quality of a debtor that calls into question its ability to pay the debt.

Counterparty risk is the risk that a counterparty in a transaction will breach its contractual obligations before the final settlement of the cash flows related to the transaction.

Concentration risk is the risk arising from exposure to counterparties, groups of related counterparties or counterparties in the same economic sector, geographical region, activity or application of credit risk mitigation techniques and includes in particular the associated risks with large indirect exposures to credit risk.

Operational risk can be defined as the risk of loss caused either by the use of inadequate or inadequate processes, systems and human resources, or by external events and actions.

Liquidity risk is the current or future risk that may adversely affect profit and capital, which is determined by the company's inability to meet its obligations at maturity.

Leverage is the relative size of an institution's assets, off-balance sheet liabilities and contingent liabilities to pay, provide a benefit or provide collateral, including obligations arising from financing received, commitments entered into, derivative financial instruments or repurchase agreements. , except for obligations that can be performed only during the liquidation of an institution, in relation to the company's own funds.

The capital adequacy ratio is the ratio between the company's own funds and its own capital requirements.

Risk categories

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.

Credit risk exposure

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, term deposits, loans granted to affiliated entities, and 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).

4. FINANCIAL RISK MANAGEMENT (continued)

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

1. Derivatives traded on OTC and credit derivatives;

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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.

The types of exposures are as follows:

Exposures to current accounts and bank deposits

<i>RON</i>	December-21	December-20
Total current accounts and bank deposits	64.198.050	56.726.434

Fair value bond exposures

<i>RON</i>	December-21	December-20
Total bonds	192.202	933.356

Fair value exposure to loans granted

<i>RON</i>	December-21	December-20
Romlogic Technology SA	1.771.345	1.136.592
Firebyte Games SA	-	818.017
Gocab Software	-	2.113.519
Total loans granted	1.771.345	4.068.128

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 31.12.2020 were the following:

RON	Book value	Below 3 months	3 to 12 months	More than 1 year	No maturity
31 December 2021					
Financial assets					
Cash and equivalents	61.645.641	-	-	-	61.645.641
Deposits	-	-	-	-	-
Fair value assets through profit or loss	39.190.412				
Fair value financial assets through other comprehensive income	42.044.539	-	-	-	47.814.957
Bonds at fair value through profit or loss	8.588.612	315.000	8.073.612	200.000	-
Loans granted	192.202	-	-	946.302	-
Other financial assets	64.327.957	-	-	-	72.450.030
Total financial assets	215.989.364	315.000	8.073.612	1.146.302	181.910.628
Financial liabilities	5.041.915	-	-	-	5.041.915
Dividends payable	-	-	-	-	-
Liabilities at amortized cost	25.000.000	-	-	25.000.000	-
Total financial liabilities	30.041.915	-	-	25.000.000	5.041.915
		Below 3 months	3 to 12 months	More than 1 year	No maturity
31 December 2020					
Financial assets					
Cash and equivalents	120.913.859	56.726.033	-	-	-
Deposits	-	-	-	-	-
Fair value assets through profit or loss	89.463.180	-	-	-	47.814.957
Loans granted	16.361.473	315.000	15.846.473	200.000	-
Bonds at fair value	946.302	-	-	946.302	-
Other financial assets	72.450.030	-	-	-	72.450.030
Total financial assets	300.134.843	57.041.033	15.846.473	1.146.302	120.264.987
Financial liabilities	2.443.700	-	2.443.700	-	-
Dividends payable	-	-	-	-	-
Liabilities at amortized cost	-	-	-	-	-
Total financial liabilities	2.443.700	-	2.443.700	-	-

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;
- Fundamental analysis – the capacity of the issuer to generate profit;
- Relative valuation – determining the relative values of an issuer in relation to the market or other similar companies;
- Statistical analysis – determining trends and correlations using the history of prices and volumes traded.

The Company is exposed to the following market risk categories:

i) Price risk

The Company owns shares in companies that operate in the following industries:

Sector	Dec-21 Value (RON)	%	Dec-20 Value (RON)	%
Agriculture forestry and fishing	424.893	0.42%	251.447	0.52%
Wholesale and retail trade	5.317.322	5.23%	3.284.822	6.74%
Construction	-	0.00%	575.216	1.18%
Extractive industry	-	0.00%	1.852.629	3.80%
Health	7.983	0.01%	-	0.00%
Manufacturing	8.872.518	8.73%	5.237.438	10.74%
Information and communication	40.872.264	40.20%	16.339.381	33.51%
Financial intermediation and insurance	23.358.761	22.97%	18.507.558	37.96%
Real estate transactions	21.549.409	21.19%	2.705.550	5.55%
Transport and storage	1.277.315	1.26%	-	0.00%
Total	101.680.465		48.754.041	

As can be seen from the table above. as of December 30, 2021, the Company mainly held shares in companies operating in the field of Information and Telecommunications. with a share of 40.20% of the total portfolio. As of December 31, 2020, the main share of its own portfolio was allocated to companies operating in the financial and insurance field.

4. FINANCIAL RISK MANAGEMENT (continued)

Riscul operational

Operational risk is the risk of direct or indirect losses resulting from a wide range of factors associated with the company's processes, personnel, technology and infrastructure, as well as external factors other than credit, market and liquidity risk, such as coming from legal, regulatory and generally accepted standards of organizational behavior.

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

SSIF BRK FINANCIAL GROUP SA has a credit line contracted on December 31, 2021. granted for a period of 1 year. in order to support the current activity of the company. The interest related to the credit line is composed of the 3-month ROBOR reference index and a fixed margin.

Interest rates at 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.

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4. FINANCIAL RISK MANAGEMENT (continued)

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

RON	Book value	Below 3 months	3 to 12 months	More than 1 year	No maturity
31 December 2021					
Financial assets					
Cash and equivalents	61.645.641	-	-	-	61.645.641
Deposits	-	-	-	-	-
Fair value assets through profit or loss	39.190.412				
Fair value financial assets through other comprehensive income	42.044.539	-	-	-	47.814.957
Bonds at fair value through profit or loss	8.588.612	315.000	8.073.612	200.000	-
Loans granted	192.202	-	-	946.302	-
Other financial assets	64.327.957				72.450.030
Total financial assets	215.989.364	315.000	8.073.612	1.146.302	181.910.628
Financial liabilities	5.041.915	-	-	-	5.041.915
Dividends payable	-	-	-	-	-
Liabilities at amortized cost	25.000.000	-	-	25.000.000	-
Total financial liabilities	30.041.915	-	-	25.000.000	5.041.915
		Below 3 months	3 to 12 months	More than 1 year	No maturity
31 December 2020					
Financial assets					
Cash and equivalents	120.913.859	56.726.033	-	-	-
Deposits	-	-	-	-	-
Fair value assets through profit or loss	89.463.180	-	-	-	47.814.957
Loans granted	16.361.473	315.000	15.846.473	200.000	-
Bonds at fair value	946.302	-	-	946.302	-
Other financial assets	72.450.030				72.450.030
Total financial assets	300.134.843	57.041.033	15.846.473	1.146.302	120.264.987
Financial liabilities	2.443.700	-	2.443.700	-	-
Dividends payable	-	-	-	-	-
Liabilities at amortized cost	-	-	-	-	-
Total financial liabilities	2.443.700	-	2.443.700	-	-

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 with respect to the currency risk is determined in compliance to EU regulation no. 575/2013 with respect to capital adequacy.

4. FINANCIAL RISK MANAGEMENT (continued)

The limits within which exposures to this risk must be located are calculated as the ratio between the value of the exposure of the assets exposed to foreign exchange risk and the value of BRK Financial Group's own funds.

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

Expunerile la riscul valutar sunt compuse din urmatoarele elemente :

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

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- bonds in foreign currency.

The methodology for determining the capital risk exposure is as follows:

RON

31 December 2021 Financial assets	RON	EUR	USD	Other currency
Cash and equivalents	61.645.641	2.489.954	50.199	2.032
Deposits	-	-	-	-
Fair value assets through profit or loss	39.190.412	-	2.457.811	-
Financial assets at fair value through other comprehensive income	42.044.539	-	-	-
Fair value bonds through profit or loss	167.400	24.802	-	-
Loans and advances granted	8.588.612	-	-	-
Other financial assets	4.247.888	47.719.128	12.360.942	-
Total financial assets	155.884.492	50.233.884	14.868.951	2.032
Financial liabilities	5.041.915	-	-	-
Debt loan bonds	25.000.000	-	-	-
Dividend payments	-	-	-	-
Financial debts at amortized cost	-	-	-	-
Total financial debt	30.041.915	-	-	-

5. CAPITAL MANAGEMENT

The policy of the Board of Directors of BRK FINANCIAL GROUP SA is to maintain a solid capital base necessary to maintain investor confidence. creditors and the market and supporting the future development of society. The Board of Directors monitors the profitability of all agencies. in which trading activity is carried out on a monthly basis. and the results of the analysis are discussed during the monthly meetings of the Board of Directors.

Also during the monthly meetings of the Board of Directors, the report on the investment activity prepared by the analysis department is discussed. This monitors global results. to maintain the highest possible return on capital.

BRK FINANCIAL GROUP SA is subject to the prudential regulations regarding the minimum capital requirements and the minimum level of own funds. so as to ensure the coverage of risks:

- in order to cover the credit risk and the risk of diminishing the value of receivables, the risk-weighted exposures are considered depending on the class of exposures of which they are part;
- in order to cover the position risk and the settlement / delivery risk, capitals are required at the level of 16% of the exposure level;
- in order to cover the operational risk, capitals are required at the level of 15% of the average of the last three years of the operational result.

Indicator	December-21	December-20
Own funds	49.735.431	50.310.624
Total capital requirements	28.888.058	13.060.765

5. CAPITAL MANAGEMENT (continued)

It should be noted that the capital adequacy requirements do not require own funds for liquidity risk.

According to the regulations in force, large exposures are reported to the Financial Supervision Authority (FSA), which are defined as those gross exposures that exceed 10% of the eligible capital (equity). In the case of institutions, large exposures may not exceed a maximum of 25% of the eligible capital (own funds).

Also, qualified participations are pursued, 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. OPERATIONAL SEGMENTS

Intermediation

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

(B) Specialized services for issuers and potential issuers:

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

Trading segment

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

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

- Trading portfolio (shares and bonds listed on BVB - usually short or medium term investments, portfolio of financial instruments listed on international markets - usually speculative investments)
- Fund units
- Investments in private companies and loans to subsidiaries
- Capital allocated to the business segment - "Margin loans"
- Capital alocat segmentul de business "Emitere de produse Structurate și operațiuni de market making"

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

Informatiile referitoare la segmentele raportabile se prezinta astfel:

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6. OPERATIONAL SEGMENTS (continued)

Information regarding the reporting segments

	December- 2021				December - 2020				2021	2020
	Total of which:	Intermediation	Trading	Unallocated	Total of which:	Intermediation	Trading	Unallocated	All reporting segments	
Intermediation activity	20,517,368	20,517,368	-	-	8,305,226	8,305,226	-	-	20,517,368	8,305,226
Market Making activity	7,230,954	-	7,230,954	-	3,947,487	-	3,947,487	-	7,230,954	3,947,487
Other income from continuing operations	34,610	-	-	34,610	44,680	-	-	44,680	34,610	44,680
Net Income / (Losses) realized from financial instruments	4,920,787	-	4,920,787	-	(2,618,570)	-	(2,618,570)	-	4,920,787	(2,618,570)
Net Income / (losses) from the measurement of financial assets measured at fair value through profit or loss	11,418,981	-	11,418,981	-	(243,874)	-	(243,874)	-	11,418,981	(243,874)
Net income / (expenses) provisions for fixed financial assets	(800,000)	-	-	-	3,146,502	-	-	-	(800,000)	3,146,502
Other net income / (expenses) from interest and exchange rate differences	686,527	-	686,527	-	383,077	-	383,077	-	686,527	383,077
Net income / (expenses) provisions for risks and expenses	(762,368)	-	-	(762,368)	(161,433)	-	-	(161,433)	(762,368)	(161,433)
Other net income / (expenses)	73,737	-	-	73,737	242,911	-	-	242,911	73,737	242,911
Salary expenses and employee benefits	(6,705,252)	(2,359,869)	(1,857,235)	(2,488,148)	(4,098,965)	(1,117,701)	(945,036)	(805,720)	(6,705,252)	(4,098,965)
Market commission and intermediary expenses	(5,603,276)	(4,077,028)	(933,012)	(593,235)	(2,550,132)	(20)	(7,500)	(3,250)	(5,603,276)	(2,550,132)
Expenditures on external services	(3,296,815)	(1,129,256)	(328,866)	(1,838,693)	(2,236,385)	(306,863)	(561,438)	(745,155)	(3,296,815)	(2,236,385)
Expenses with collaborators	(585,097)	(585,097)	-	-	(526,979)	(388,311)	-	-	(585,097)	(526,979)
Other expenses	(2,505,950)	(983,006)	(409,345)	(1,113,599)	(837,194)	(145,113)	(221,604)	(259,412)	(2,505,950)	(837,194)
Adjustments of value tangible and intangible assets	(1,140,403)	-	-	(1,140,403)	(917,313)	-	-	(681,484)	(1,140,403)	(917,313)
Total:	23,483,803	11,383,112	19,928,790	(7,828,099)	1,879,037	6,347,219	2,879,045	(2,368,863)	23,483,803	1,879,037
Profit of the segment before taxes	23,483,803	11,383,112	19,928,790	(7,828,099)	1,879,037	6,347,219	2,879,045	(2,368,863)	23,483,803	1,879,037
Profit tax	(1,483,121)	-	-	-	-	76%	62%	-	-	-
	248,998,896	123,322,508	116,309,207	-	186,576,726	121,732,099	59,704,716	5,139,911	248,998,896	186,576,726
Reportable segment assets, of which:										
- Intangible assets	304,263	-	-	304,263	600,354	-	-	600,354	304,263	600,354
- Tangible assets	9,062,918	-	-	9,062,918	8,019,937	-	-	8,019,937	9,062,918	8,019,937
- Real estate investments	-	-	-	-	-	-	-	-	-	-
- Financial investments	101,703,552	-	101,703,552	-	48,761,259	-	48,761,259	-	101,703,552	48,761,259
- Loans and advances granted	8,588,612	-	8,588,612	-	7,772,861	-	7,772,861	-	8,588,612	7,772,861
- Receivables	65,141,500	60,005,743	5,135,757	-	73,364,611	69,985,974	3,170,597	208,041	65,141,500	73,364,611
- Available amounts	64,198,050	63,316,765	881,285	-	56,677,996	51,746,125	-	4,931,870	64,198,050	56,677,996
Liabilities, of which:	147,229,399	115,962,249	31,267,150	-	126,551,496	111,752,672	-	14,798,824	147,229,399	126,551,496
- client amounts	115,962,249	115,962,249	-	-	111,752,672	111,752,672	-	-	115,962,249	111,752,672

8. INTANGIBLE ASSETS

<i>RON</i>	Licenses and software	Prepayments	Total
Cost			
Balance January 1 st 2020	4.862.130	27.820	4.889.950
Purchases	1.151	-	1.151
By transfers	-	-	-
Outflows	(22.523)	-	(22.523)
By transfers	-	-	-
Balance December 31st 2020	4.840.759	27.820	4.868.578
Balance on January 1, 2021	4.840.759	27.820	4.868.578
Additions	281.892	-	281.892
Transfers	-	-	-
Outflows	-	-	-
Of which by transfer	-	-	-
Balance as of December 31, 2021	5.122.651	27.820	5.150.470
Depreciation and impairment losses			
	Licenses and software	Prepayments	Total
Balance on January 1, 2020	3.676.221	-	3.676.221
Depreciation during the year	614.526	-	614.526
Impairment losses recognized on expenses	-	-	-
Depreciation of outflows	(22.523)	-	(22.523)
Balance as of December 31, 2020	4.268.224	-	4.268.224
Balance on January 1, 2021	4.268.224	-	4.268.224
Depreciation during the year	577.983	-	577.983
Impairment losses recognized on expenses	-	-	-
Depreciation of outflows	-	-	-
Balance as of December 31, 2021	4.846.207	-	4.846.207
Book values			
	Licenses and software	Prepayments	Total
Balance on January 1, 2020	1.185.909	27.820	1.213.729
Balance as of December 31, 2020	572.535	27.820	600.354
Balance on January 1, 2021	572.535	27.820	600.354

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Balance as of December 31, 2021	276.444	27.820	304.263
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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.

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9. TANGIBLE ASSETS

<i>RON</i>	Land and buildings	Plant and equipment	Office equipment	Non-current assets in usage	Total
Balance 01.01.2020	6.036.262	1.583.595	305.467	22.343	7.947.665
Purchases and upgrades	-	66.675	15.950	-	82.625
Ongoing transfers	-	-	-	-	-
Inflows as a result of guarantees	-	-	-	-	-
Re-evaluation:	-	-	-	-	-
Compensation for depreciation	(665.966)	-	-	-	(665.966)
Value increases	2.416.363	-	-	-	2.416.363
Transfers to assets held for sale	-	-	-	-	-
Transfers from real estate investments	-	-	-	-	-
Outflows of tangible assets:	-	-	-	-	-
- Through sale	-	-	-	-	-
- Through scrap	-	(51.963)	-	-	(51.963)
Balance 31.12.2020	7.786.659	1.598.307	321.416	22.343	9.728.724
Balance 01.01.2021	7.786.659	1.598.307	321.416	22.343	9.728.724
Purchases and upgrades	-	1.555.247	71.014	-	1.626.262
Ongoing transfers	-	-	-	-	-
Inflows as a result of guarantees	-	-	-	-	-
Re-evaluation:	-	-	-	-	-
Compensation for depreciation	-	-	-	-	-
Value increases	-	-	-	-	-
Transfers to assets held for sale	-	-	-	-	-
Transfers from real estate investments	-	-	-	-	-
Outflows of tangible assets:	-	-	-	-	-
- Through sale	-	(452.882)	-	-	(452.882)
- Through scrap	-	-	(19.237)	-	(19.237)
Balance 31.12.2021	7.786.659	2.700.671	373.194	22.343	10.882.866

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9. TANGIBLE ASSETS (continued)

<i>RON</i>	Land and buildings	Plant and equipment	Office equipment	Non-current assets in usage	Total
Balance 01.01.2020	396.754	1.392.250	271.654	-	2.060.658
Amortization during the year	199.937	71.789	25.058	-	296.783
Losses from depreciation, of which:	-	-	-	-	-
- Expensed	-	-	-	-	-
- Deducted from the comprehensive income	-	-	-	-	-
Depreciation related to fixed assets outflows	-	(51.963)	-	-	(51.963)
Amortization of disposed non-current assets	-	-	-	-	-
Compensation of depreciation against re-evaluation	(596.690)	-	-	-	(596.690)
Balance 31.12.2020	0	1.412.076	296.712	-	1.708.788
Balance 01.01.2021	0	1.412.076	296.712	-	1.708.788
Amortization during the year	289.923	168.921	103.576	-	562.420
Losses from depreciation, of which:	-	-	-	-	-
- Expense	-	-	-	-	-
- Deducted from the comprehensive income	-	-	-	-	-
Non-current assets outflows	-	(432.022)	(19.237)	-	(451.259)
Amortization of disposed non-current assets	-	-	-	-	-
Compensation of depreciation against re-evaluation	-	-	-	-	-
Balance 31.12.2021	289.923	1.148.975	381.050	-	1.819.948
Valori contabile:					
Balance on January 1, 2020	5.639.508	191.344	33.813	22.343	5.887.007
Balance as of December 31, 2020	7.786.659	186.231	24.705	22.343	8.019.937
Balance on January 1, 2021	7.786.659	186.231	24.705	22.343	8.019.937
Balance as of December 31, 2021	7.496.736	1.551.696	(7.856)	22.343	9.062.918

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9. TANGIBLE ASSETS (continued)

On December 31st 2021 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.

On December 31st 2021, 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.

Mortgaged or pledged property, plant and equipment

The company repaid in advance part of the loan granted through the credit agreement with Libra Internet Bank, so that the credit line was reduced from 3,498,894 lei to 723,080 lei. As a result of the early repayment of the amount of 2,774,814 lei, the pledge applied to the building from Moșilor Street no. 119, Cluj-Napoca. Also, on 08.04.2021, a credit agreement was signed with TechVentures Bank for granting a credit line in the amount of 4,500,000 lei, the credit guarantee being made with a real estate and movable mortgage.

Re-evaluation presentations

Fixed assets representing buildings were revalued on 31.12.2020. The evaluation was performed by an expert evaluator, the company Neoconsult Valuation SRL In accordance with the International Evaluation Standards and the working methodology recommended by ANEVAR.

10. REAL ESTATE INVESTMENTS

RON

	December-21	December-20
Balance January 1st 2021	-	669.959
Fixed asset transfers during the year	-	-
Inflows from received guarantees	-	-
Purchases during the year (exchanges of assets)	-	-
Inflows of investment property in progress	-	-
Outflows of investment property in progress	-	-
Investments property advances	-	-
Disposals of investment property (exchanges of assets)	-	(669.959)
Plus re-evaluation	-	-
Less re-evaluation	-	-
Balance as of December 31, 2021	-	-

As of 31.12.2021, the company does not hold assets as real estate investments.

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11. FINANCIAL INVESTMENTS

RON

		December-21	December-20
Financial assets at fair value through profit or loss			
Financial assets measured at fair value through other comprehensive income	Shares	42.044.539	
Total financial assets designated at fair value through other comprehensive income		42.044.539	-
Financial assets designated at fair value through profit or loss			
	listed shares	39.190.412	14.524.751
	listed fund units	-	-
	unlisted fund units	8.473.394	7.001.270
	listed bonds	24.802	2.337.000
	unlisted bonds	167.400	946.302
	unlisted shares	11.779.917	23.944.718
Other financial instruments		23.088	7.218
Total financial assets designated at fair value through profit or loss		59.659.013	48.761.259
Total financial investments		59.659.013	48.761.259

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11. FINANCIAL INVESTMENTS (continued)

Listed securities: shares, bonds and fund units are valued at the exchange rate on 31.12.2021 published by the Bucharest Stock Exchange.

The unlisted fund units held are valued at the value of the net unit assets, and unlisted bonds at amortized cost.

The structured products held are valued at the quotation from 31.12.2021.

Financial instruments traded on international markets are of the futures type, of options and difference contracts (CFDs) and are used for speculative and hedging purposes for market maker operations. These are valued at the quotation on 31.12.2021.

12. LOANS AND ADVANCES GRANTED

<i>RON</i>	December-21	December-20
Gross margin loans	6.639.626	4.004.733
Loans to affiliated parties	1.600.000	3.880.000
Interest on loans granted	215.612	188.128
Receivables increases in share capital of affiliated parties	1.233.375	-
	(1.100.000)	(300.000)
Net value of loans and advances granted	8.588.612	7.772.861

During 2021, the company granted loans to affiliates as follows: Romlogic SA - 500,000 lei, GoCab Software 200,000 lei. In order to determine the fair value, the Company's management took into account the future net cash flows related to these Loans, these loans having a maturity of less than 1 year on December 31, 2021. For each loan, 3 scenarios were defined regarding the recoverability of the amounts granted in the time interval until the maturity of the loan agreement.

The loans granted to the affiliates are included in stage 2 according to the policy described in Note 3 to these financial statements.

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

For the loan granted to Romlogic SA, BRK Financial Group's management based on the accounting policy described in these financial statements in Note 3 considers that these loans are in default stage 2, so that a depreciation of 100% of the total value of the loan in the absolute amount of 1,100,000 lei was taken into account to determine the fair value.

The company maintained the service offered to the clients to carry out margin transactions. The credit balance in the margin used by the clients on 31.12.2021 was of 6,639,626 lei.

For the loans in the margin, the clients bring as guarantees the securities purchased with these loans, therefore there are no indications of depreciation and this represents the fair value as of December 31, 2021.

13. INVESTMENTS IN ASSOCIATES

Affiliates as well as associates (where significant influence is held) are listed below. For those whose holding rate is below 20%, the significant influence is due to the presence in the board of directors of the respective company.

The holding percentage and the value of the participation in lei in the associated entities are the following:

Company	Stake Dec 2021	Value of stake 2021	Stake Dec 2020	Value of stake 2020
Sai Broker	99.98%	9.340.502	99.98%	7.186.529
Romlogic Technology	90.75%	6.283.985	90.75%	13.905.440
Firebyte	37.94%	7.831.978	63.84%	2.746.733
Reit Capital SA	77.14%	427.765	99.5%	89.550
GOCAB SOFTWARE SA	32.53%	5.733.663	0.33%	3.000
Total		29.617.894		23.931.253

SSIF BRK FINANCIAL GROUP SA holds a significant stake in SAI Broker SA (99.98%), and has a significant influence in the company Romlogic Technology SA (90.75%).

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During 2021, dividends were recorded to be collected from the associated companies in the amount of 499,748 lei.

In the first semester of 2021. the transactions with the affiliated parties are presented as follows:

Company	The nature of affiliation	The nature of activity	Volume and weight of the activity
SAI Broker	Ownership 99.98%	Asset management	- income from commissions 6.506 Lei - revenues from distribution and intermediation commissions amounting to 2.279 lei - rental income in the amount of 34.200 lei
Romlogic Technology SA	Ownership 90.75%	Manufacture of computers and peripheral equipment	- interest income on loans granted in the amount of 64.614 lei
Gocab Software	Ownership 32,53%	Custom software development activities (customer oriented software)	- Lending 200.000 lei - Conversion Loans granted in share capital in the amount of 2.200.000 lei - Interest income on loans 74.991 lei - income from commissions 222.889 Lei
Firebyte Games SA	Ownership 37,94%	Development of games for mobile devices	- income from commissions 154.911 lei - rental income 18.000 lei - conversion of loans into share capital in the amount of 780.000 lei
Reit Capital SA	Ownership 77,14%	Business and management consultancy activities	- rental income in the amount of 800 lei

Transactions with related parties were carried out at market value.

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13. INVESTMENT IN ASSOCIATES (continued)

On 31.12.2021 and 31.12.2020 the balances of the company's receivables from the relations with the affiliated parties were the following:

<i>RON</i>	December-21	December-20
SAI Broker	1.510	2.850
REIT CAPITAL SA	-	-
Firebyte Games SA	-	818.017
Gocab Software	-	1.813.519
Romlogic Technology SA	1.771.345	
Total	1.772.855	3.770.978

14. NON-CURRENT ASSETS HELD FOR SALE

<i>RON</i>	December-21	December-20
Balance January 1st	-	303.389
Transfers of property during the year	-	-
Inflows of guarantees	-	-
Inflows during the year (exchanges of assets)	-	-
Disposals	-	(303.389)
Plus re-evaluation	-	-
Minus re-evaluation	-	-
Balance 31 December 2021	-	-

15. TRADE RECEIVABLES

<i>RON</i>	December-21	December-20
Receivables	725.655	27.140
Receivables (state budget)	-	-
Net debtor receivables	79.997	267.871
Employees engaged in payables	28.698	33.733
Debtors (previous employees)	51.298	234.138
Others	584.688	619.843
Total receivables	1.390.340	914.854

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15. TRADE RECEIVABLES (continued)

The debtors from the trading of the company's financial instruments come from transactions concluded in December 2021, which have as settlement date the first two days of January 2022.

Similar, debtors from financial instruments settled by clients come from transactions concluded in December 2021 which have as settlement date the first two days of January 2022.

RON

	December-21	December-20
Debtors from the trading of the Company's financial instruments	6.012.981	4.255.134
Debtors from financial instruments traded by clients	57.738.180	68.194.896
Total Debtors from trading financial instruments	63.751.161	72.450.030

Exposure of the entity to credit risk and currency risk, as well as the impairment losses related to trade receivables are presented in note number 4.

Debtors' gross balances and impairments are as follows:

RON

	December-21	December-20
Borrowers (ex-employees) – Stage 3	1.934.938	1.809.845
Depreciation	(1.773.455)	(1.783.747)
Net value – borrowers (ex-employees)	161.483	26.098

Changes in the fair values for receivable depreciation against borrowers was the following:

RON

	December-21	December-20
Balance January 1st	1.783.747	1.879.592
Additional provisions	-	-
Cancelling of provisions	(10.292)	(95.845)
Balance 31 December	1.773.455	1.783.747

In 2021, adjustments to receivables amounting to 10,292 lei were resumed in revenue.

16. DEFERRED TAXES

Deferred income tax not recognized

Deferred tax receivables were not recognized in respect of the following:

Deferred income tax not recognized

RON

	December-21	December-20
Differences from revaluation of fixed assets	3.488.688	3.488.688
Differences in revaluation of financial assets measured by other comprehensive income	2.628.133	
	6.116.816	3.488.688
Tax rate	16%	16%
Unrecognized deferred tax receivables	978.690	558.189

17. CASH AND EQUIVALENTS

<i>RON</i>	December-21	December-20
Client accounts	63.316.765	51.746.125
Cash and equivalents	881.285	4.931.597
Balance 31 December	64.198.050	56.677.722

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. EQUITY AND RESERVES

The share capital and reserves are as follows:

<i>RON</i>	Share capital value	Number of ordinary shares	Nominal value/share
On January 1, 2020	54.039.987	54.039.987	0.16
On December 31, 2020	54.039.987	54.039.987	0.16
On January 1, 2021	54.039.987	54.039.987	0.16
On December 31, 2021	54.039.987	54.039.987	0.16

18. EQUITY AND RESERVES (continued)

In 2021 there were no changes in the share capital or the number of shares issued.

The own shares held by the company on June 30, 2021 are in number of 319,967 shares

<i>RON</i>	December-21	December-20
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 RE-EVALUATION DIFFERENCES

<i>RON</i>	December-21	December-20
Differences from revaluation of property, plant and equipment	5.742.690	5.877.144
Deferred tax related to differences in revaluation of property, plant and equipment	(978.690)	-
Legal and statutory reservations	6.095.560	5.089.414
Reserves from revaluation of financial assets measured at fair value through other comprehensive income	(239.980)	-
Other reserves	2.748.760	2.748.760
- of which from the application of IAS 29 (inflation adjustment)	2.748.760	2.748.760
Reserves related to own shares	-	-
Total reserves and revaluation differences	13.368.340	13.715.318

Re-evaluation differences

The revaluation differences did not change during 2021.

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. The legal reserve established in 2021 was 1,100,034 lei.

Fair value reserves

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

No dividends were granted during 2021.

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20. RETAINED EARNINGS

<i>RON</i>	December-21	December-20
Profit carried forward as a result of IFRS transition	2.713.367	2,713,367
Retained earnings as a result of IFRS9 application	3.392.306	3,392,306
IAS 29 reported result	(6.880.234)	(6,880,234)
Reported result	(2.159.712)	(4,173,173)
The current result	22.703.682	1,879,074
Distribution of profit	(1.100.034)	(93,954)
Total retained earnings	17.966.375	(3,162,614)

Retained earnings by transitioning to IFRS

The reported result from the transition to IFRS dates back to 2008.

The reported result from the application of IFRS 9 dates back to 2018.

Rezultat reportat 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

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

Following the application of this discount index, the company registered as follows:

Account	Debit	Credit
Share capital adjustments	-	4.071.591
Re-evaluation differences*	-	59.884
Other reserves**	-	2.748.760
Reported result from first adopting IAS 29	6.880.234	-
Total	6.880.234	6.880.234

* Incorporated re-evaluation reserves from 2011.

**Incorporated in 2007 upon merger with Investco.

21. TRADE AND OTHER PAYABLES

<i>RON</i>	December-21	December-20
Payables	748.371	524.684
Debts to employees	147.912	158.873
Debts with the state budget	331.156	217.093
Various creditors result from house transactions	2.548.603	1.462.483
Various creditors result from customer transactions	4.924.163	7.728.308
Various creditors result from structured products	2.104.311	2.017.584
Total trade and other payables	10.804.516	12.109.024

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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:

<i>RON</i>	December-21	December-20
Long-term debt		
Financial leasing	515.978	-
	515.978	-
 <i>RON</i>		
Short-term debt	December-21	December-20
Guaranteed credit lines	5.041.915	2.443.700
Current part of financial leasing liabilities	161.953	-
Current liabilities	5.203.868	2.443.700

During 2021, new leasing contracts were contracted. The credit line was guaranteed with the following patrimonial buildings:

No	Pledged real estate	Category	Value EUR	Value RON
1	Apartment Suceava	fixed assets in operation	38.400	176.517
2	Imobil Bucuresti Bocsa	fixed assets in operation	157.000	721.698
3	Imobil Cluj- Motilor	fixed assets in operation	1.032.700	4.747.115
4	Apartment Iasi	fixed assets in operation	41.000	188.469
	Total		1.269.100	5.833.799

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>RON</i>	December-21	December-20
Payable to clients		
Creditors (domestic market)	64.210.882	46.807.871
Creditors (international markets)	51.751.367	64.944.867
Corporate creditors	-	-
	115.962.249	111.752.738

The shareholders of BRK Financial Group approved by the Decision of the Extraordinary General Meeting of Shareholders of 26.04.2021, the realization of a corporate bond issue with a maturity of 5 years and empowered the Board to issue any decision and fulfill all necessary and useful legal acts and / or appropriate for the fulfillment of the decisions to be adopted by the Company's EGMS in connection with the issuance of non-convertible bonds by the Company. The management of BRK Financial Group decided, by the Decision of the Board of Directors no. 1 / 23.07.2021, to be carried out between 02.08.2021 - 13.08.2021 Private placement regarding the issuance of bonds for a number of 250,000 bonds, amounting to 25,000,000 lei.

By the same decision, the management of BRK Financial Group was appointed to carry out the necessary steps to carry out the Private Placement and to admit to trading the Bonds issued on the regulated market of BVB. Between 02.08.2021 - 05.08.2021, the Private Placement was effectively carried out, through which subscriptions were collected from a number of 59 individuals and legal entities, which was closed in advance by the Issuer's decision, according to the decisions of the Board of Directors dated 23.07.2021 regarding the over-subscription, registering an over-subscription degree of 106.283%. The sale price of the Bonds was 100% of the principal, and for the subscriptions made between 02.08.2021 - 06.08.2021, 97% of the principal, according to the decisions of the Board of Directors dated 23.07.2021, therefore the settlement of all transactions at a price of 97% of the principal. In data de 05.08.2021 s-a incheiat plasamentul privat de obligatiuni BRK Financial Group SA, valoarea emisiunii de obligatiuni fiind in suma de **25.000.000** RON.

The date of the transaction related to the Bonds issued was 06.08.2021, and the Settlement Date through the Central Depository was 10.08.2021.

Orders were collected during the placement that reflected a subscription of 106.283%, the allocation rate will be 94.08%. The destination of the obtained funds consists in ensuring the working capital for the extension of the market-making activity and the diversification of the structured products portfolio, other investment activities.

Characteristics of bonds subject to admission to trading:

- Type of bonds: corporate, unsecured, non-convertible
- Currency in which the bonds are issued: RON
- The value of the bond issue: RON 25,000,000
- Number of bonds issued: max 250,000
- The nominal value of a bond: 100 RON
- Date of Issue: 10.08.2021
- Maturity: 5 years
- Coupon: 7.6% per year
- Payment of the coupon: quarterly
- Payment of the principal: at maturity
- The destination of the obtained funds: ensuring the working capital for the extension of the market-making activity and the diversification of the structured product portfolio, other investment activities.
- ISIN code: ROSYZVBBKKI6
- CFI: DBFUFR
- FISN: BRK FG / 7.6 BD 20260813 UNSEC

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23. PROVISIONS

<i>RON</i>	December-21	December-20
Provisions		
Balance January 1st	246,033	2,802,547
Cancelled during the period	(155,486)	(2,712,000)
Established during the period	931,521	155,486
Balance on December 31st	1,022,068	246,033

During 2021, 155,486 lei were resumed at income from provisions and provisions in absolute value of 931,521 lei were established.

24. ACTIVE SI DATORII CONTINGENTE

In parallel with the disputes mentioned in the Note on Provisions and in the previous paragraph. there are ongoing litigation filed by SSIF BRK FINANCIAL GROUP SA against former employees. as well as litigations in which SSIF BRK FINANCIAL GROUP SA is an active party to the amounts it claims. Not in all cases the claimed amounts can be determined accurately. There are some processes. in which SSIF BRK FINANCIAL GROUP SA had the quality of active procedural part. which have been won but at which the chances of effective recovery are reduced.

25. INTERMEDIATION INCOME

<i>RON</i>	Ongoing activities		Halted actives		Total	
	2021	2020	2021	2020	2021	2020
Revenues from commissions on the domestic market and administration Investment funds	7.451.599	3.064.557	-	-	7.451.599	3.064.557
Revenues from commissions on the foreign market	2.610.778	2.639.233	-	-	2.610.778	2.639.233
Income from related activities	716.048	695.637	-	-	716.048	695.637
Subtotal income from intermediation commissions and related activities	10.778.426	6.399.427	-	-	10.778.426	6.399.427
Income from corporate operations	8.424.707	1.041.523	-	-	8.424.707	1.041.523
Other intermediate income	1.314.236	864.276	-	-	1.314.236	864.276
Total income	20.517.368	8.305.226	-	-	20.517.368	8.305.226

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

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26. INCOME FROM MARKET MAKING

<i>RON</i>	December-21	December-20
Net profit / loss internal market	(6.673.216)	4.589.533
Net foreign market earnings	10.708.482	(1.226.765)
Revenues from market making services provided to issuers	3.195.688	584.720
Market Making Result	7.230.954	3.947.487

27. PERSONNEL EXPENSES

<i>RON</i>	December-21	December-20
Staff	(3.955.493)	(2.497.499)
Social contributions	(2.516.390)	(1.422.522)
Employee profit sharing	-	-
BoA remunerations	(233.369)	(178.944)
BoA profit sharing	-	-
Total personnel expenses through comprehensive income	(6.705.252)	(4.098.965)

The remuneration of the general managers is established by the Decision of the Board of Directors of the Company. and other benefits granted are in accordance with the collective labor agreement at unit level.

During 2021, the management of the company was ensured by the General Manager Monica-Adriana Ivan and by the Deputy General Manager Razvan Rat.

The Financial Supervisory Authority also authorized as members of the Board of Directors

during 2020. The allowances granted to the members of the Board of Directors amounted to 233,369 lei.

The average number of employees for the period ended December 31, 2021 was 39 (December 31, 2020: 38).

28. COMMISSION AND INTERMEDIATION EXPENSES

Expenses with commissions and fees mainly include the commission due to ASF, commissions for securities transactions on the regulated market, commissions for registry services due to the Central Depository:

<i>RON</i>	December-21	December-20
Internal Market commission expenses	(4.791.526)	(1.736.534)
External market commission expenses	(811.749)	(813.598)
Total	(5.603.276)	(2.550.132)

29. EXPENDITURE ON SERVICES

<i>RON</i>	December-21	December-20
Expenses regarding audit fees, lawyers	(1.186.760)	(313.825)
Expenses with computer maintenance software services	(957.756)	(933.880)
Expenses with consulting and training services	(33.892)	(23.299)
Other expenses	(1.118.407)	(965.380)
Total	(3.296.815)	(2.236.385)

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30. OTHER OPERATING EXPENSES

The expenses with the collaborators refer to the expenses with the delegating agencies in the amount of 585,097 lei (2020: 526,979 lei).

Expenditure on external services is mainly represented by the cost of insurance services, active evaluation services, IT assistance services.

Other expenses with the main activity refer mainly to:
RON

	December-21	December-20
Raw materials expenses	(257.593)	(151.698)
Expenses with other taxes and fees	(75.705)	(146.746)
Expenses with utilities	(125.982)	(129.428)
Expenses with financial services	(264.379)	(101.853)
Expenses with publicity	(1.389.120)	(74.931)
Telecommunication expenses	(68.313)	(67.482)
Insurance expenses	(92.573)	(46.469)
Maintenance and repair expenses	(44.412)	(39.017)
Transport expenses	(126.028)	(38.161)
Rent expenses	(61.416)	(19.702)
Other expenses	(232)	(21.707)
Total	(2.505.754)	(837.194)

The value adjustments of the intangible and tangible assets include depreciation expenses in the amount of 1,140,403 lei (2020: 917,313 lei).

31. TRADING ACTIVITY INCOME/(LOSSES)

	December-21	December-20
RON		
Net Gains/(Losses) from financial instruments, of which:	4.920.787	(2.618.570)
Dividend income	863.006	2.249.099
Income from transactions with shares and bonds performed	7.435.192	4.285.779
Losses from transactions with shares and bonds performed	(3.377.411)	(9.153.448)
Net gains / (Losses) realized from the Market making activity	7.230.954	3.947.488
Net earnings from transactions	4.035.266	3.362.768
Revenues from market making services provided to issuers	3.195.688	584.720
Reclassification of gains / (losses) recognized in the comprehensive income statement to the income statement. related to available-for-sale financial assets sold	-	-
Net gains / (losses) from the measurement of financial assets measured at fair value through profit or loss	11.418.981	(243.874)
Revenue from the measurement of financial assets measured at fair value through profit or loss	21.279.497	13.441.681
Losses from the measurement of financial assets measured at fair value through profit or loss	(9.860.517)	(13.685.556)
Net income / (expenses) net provisions for fixed financial assets	(800.000)	3.146.502
Revenue from the provision of fixed assets and financial assets	300.000	5.349.752
Provisions for fixed assets and financial assets	(1.100.000)	(2.203.250)
Other net income / (expenses) from interest and exchange rate differences	686.527	383.077
Interest income on loans and bonds	589.559	481.917
Interest income margin loans	289.102	232.752
Other interest income	31.997	106.642
Interest expenses	(919.267)	(205.946)
(Expenses) / House income exchange rate different income	695.136	(232.287)
Net financial result recognized in profit or loss	23.457.249	4.614.623
Recognized to other comprehensive income global	Dec-21	Dec-20
<i>In RON</i>		
Detailed on the following page		
Recognized to other comprehensive income		
in lei		
Modificarea neta in valoarea justa a activelor financiare disponibile pentru vanzare transferata in contul de profit sau pierdere	-	-

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Net change in fair value of available-for-sale financial assets:

related to securities sold during the period	-	-
related to outstanding balances at the end of the period		
Free shares of available-for-sale financial assets		
Income tax related to financial income and expenses recognized directly in other comprehensive income	-	-

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31. TRADING ACTIVITY INCOME/(LOSSES) (continued)

Unrealized net gains / (losses) from the measurement of investments at fair value through profit or loss for during 2021 were mainly generated by the net change in the fair value of financial instruments that are part of the trading book 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.

31. Dividend income

are recorded in the net profit or loss account. The tax rates for dividends for the period ended December 31, 2021 were 5% and (2020: 5%)

RON

	December-21	December-20
TOTAL	876.582	2.249.099

32. INCOME TAX EXPENSES

Reconciliation of the effective tax rate

<i>RON</i>	December-21	December-20
Profit of the period	22,000,682	1,879,074
Total income tax expense	(1,483,121)	0
Profit before tax (including discontinued operations)	22,000,682	1,879,074
Income tax rate	16%	16%
Profit tax calculated by applying the tax rate to the accounting profit	3,632,589	300,652
The influence of non-deductible expenses	409,992	397,027
The influence of non-taxable income	(784,056)	(1,231,151)
The influence of expenses resulting from the restatement on IFRS not taken into account when calculating the profit tax	0	0
Cumulative tax losses	9,495,339	22,728,789
The influence of the fiscal losses of the previous periods	(1,519,254)	(3,636,606)
Bonus Conf OUG 153	(256,149)	
Total income tax expense calculated according to the tax rate	1,370,641	18,558,710
Unrecorded income tax expense for negative amounts	(1,370,641)	(18,558,710)
Final income tax expense	1,483,121	-
Final profit tax rate	16%	-

33. EARNINGS PER SHARE

Basic earnings per share

The calculation of the result per basic share as of December 31, 2021 is based on the profit attributable to the shareholders (totally ordinary shareholders) and the average number of ordinary shares outstanding of 337,749,919 shares. As of December 31, 2020, the average number of ordinary shares outstanding was the same. of 337,749,919 shares.

33. EARNINGS PER SHARE (continued)

The result presented follows the calculation of income tax.

	December- 21	December- 20
Profit attributable to:	22,000,682	1,879,037
Shareholders	22,000,682	1,879,037
Non-controlling interests		
Profit for the period	22,000,682	1,879,037
Total comprehensive income for the period to:		
Shareholders		
Non-controlling interests		
Total comprehensive income for the period	22,000,682	1,879,037
Earnings per share		
Basic earnings per share (lei)	0.0651	0.0056
Diluted earnings per share (lei)		
Continuing activities		
Basic earnings per share (lei)	0.0651	0.0056

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	2018	2017	2016	2015	2014
Number of shares	337.749.919	337.749.919	337.749.919	337.749.919	338.681.867

34. FAIR VALUE HIERARCHY

The table below presents 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, and 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 Dividend Discount Model (DDM), by applying the Discounted Cash Flow (DCF) method or the asset-based method as presented in the Company's accounting.

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34. FAIR VALUE HIERARCHY (continued)

31 December 2021

Fair value assets through profit or loss of which:

	Level 1	Level 2	Level 3	Total
Fair value assets through profit or loss of which:	37.903.202	18.495.095	11.849.329	68.247.626
Quoted shares	37.855.312	1.335.100	-	39.190.412
Quoted fund units	-	-	-	0
Unquoted fund units	-	8.473.394	-	8.473.394
Quoted bonds	24.802	-	-	24.802
Unquoted bonds	-	167.400	-	167.400
Unlisted shares	-	8.519.201	3.260.716	11.779.917
Loans and advances granted	-	-	8.588.612	8.588.612
Other financial instruments	23.088	-	-	23.088
Financial assets designated at fair value through other comprehensive income out of which:	13.565.641	-	28.478.898	42.044.539
Unlisted shares	13.565.641	-	28.478.898	42.044.539
Total	51.468.843	18.495.095	40.328.227	110.292.165

In lei

31 December 2020

Fair value assets through profit or loss of which:

	Level 1	Level 2	Level 3	Total
Fair value assets through profit or loss of which:	11.174.083	12.696.156	32.663.881	56.534.119
Quoted shares	8.829.865	5.694.886	-	14.524.751
Quoted fund units	-	-	-	-
Unquoted fund units	-	7.001.270	-	7.001.270
Quoted bonds	2.337.000	-	-	2.337.000
Unquoted bonds	-	-	946.302	946.302
Unquoted shares	-	-	23.944.718	23.944.718
Loans granted	-	-	7.772.861	7.772.861
Other financial instruments	7.218	-	-	7.218
TOTAL	11.174.083	12.696.156	32.663.881	56.534.119

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34. FAIR VALUE HIERARCHY (continued)

The table below shows the change in the carrying amount of investments classified in Level 3 of the fair value hierarchy in 2021 and 2020:

Changes in fair value of stage 3

in lei

	December-21	December-20
As of January 1 st	32.663.881	23.854.358
Total gain / (loss) through profit or loss	-	3.090.857
Total unrecognized gains / (losses) through comprehensive income	(7.632.004)	-
Acquisitions	17.226.291	10.057.290
Sales	-	(4.338.624)
Stage 3 fair value transfers	(1.929.941)	-
As of December 31st	40.328.227	32.663.881

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34. FAIR VALUE HIERARCHY (continued)

No	Financial assets	Fair value as of June 30, 2021 in RON	Valuation method	Unobservable input ranges	Relationship between fair value and unobservable inputs
1	Unquoted majority interests	9.768.191	Discounted cash flows	Weighted average cost of capital: 11.39% Long-term revenue 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	-	Discounted cash flows	Weighted average cost of capital: 12.75% Liquidity discount: 15.60% Long-term revenue 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	5.489.786	Net asset value	Market value of equity in relation to their carrying amount:	The book value is identified by equity. The lower the resulting price/accounting value, the lower the fair value.
4	Unquoted minority interests	16.481.638	Discounted cash flows	Weighted average cost of capital: 10.50% Lack of control: 10% Long-term revenue 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	-	Net asset value at amortized cost	Annual cash flow discount rate (IRR): 8.23%	The lower the cash flow discount rate, the higher the fair value
6	Loans granted	8.588.612	Discounted cash flows		
Total		40.328.227			

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34. FAIR VALUE HIERARCHY (continued)

No	Financial assets	Fair value as of 31 December 2020 in lei	Valuation method	Unobservable input ranges	Relationship between fair value and unobservable inputs
1	Unquoted majority interests	9.206.020	Discounted cash flows	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	-	Discounted cash flows	Weighted average cost of capital: 12,75% Lack of liquidity discount: 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	606.759	Net asset value	Net asset value of the reporting entity	The book value is identified by equity. The lower the resulting price/accounting value, the lower the fair value.
4	Unquoted minority interests	14.131.939	Discounted cash flows	Weighted average cost of capital: 10,50% Lack of control discount: 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	946.302	Net asset value at amortized cost	Return rate of (IRR): 8,23%	The lower the cash flow discount rate, the higher the fair value
6	Loans granted	7.772.861	Discounted cash flows	Cash flow discount rate – 5.5%	The lower the cash flow discount rate, the higher the fair value
	Total	32.663.881			

33. FAIR VALUE HIERARCHY (continued)

Price / Book value: 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.

Lack of control discount: 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.

Lack of liquidity discount: 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.

35. AFFILIATED PARTIES

Benefits of key management staff

Transactions with related parties, in the form of key management personnel, are limited to the benefits granted to the members of the Board of Directors and the members of the executive management, which were presented in the note Expenses with staff.

Investment in associates.

Note 13 Investments in Associates in these financial statements presents all associates and transactions that have taken place within the period.

36. EVENTS AFTER THE REPORTING PERIOD

The events subsequent to the reporting period date were taken into account when evaluating the conditions that existed on 31.12.2021 regarding the receivables positions and the significant estimates that were made, including those relating to the establishment of provisions for litigation.

- ✓ The Board of Directors approved, in the meeting of 25.01.2022, the redemption by the Company of a package of maximum 1% of the share capital of BRK Financial Group, in accordance with the law and within the limits established in the EGMS Decision no. 6 of 26.04.2021 (published in the Official Gazette of Romania no. 2108 of 26.05.2021). The redemption action started on 26.01.2022 and will run for a maximum period of 18 months from the date of publication of the EGMS Decision in the Official Gazette, following that the own shares redeemed by the Company will be offered to employees, members of management and administrators of the company, free of charge, within a stock option plan.

These financial statements were approved today, 23.03.2022.

President
Robert Danila

CEO
Monica Ivan

Economic Director
Sandu Pali