



Consolidated Financial Statements



31.12.2022

in accordance with the International Financial Reporting Standards (IFRS) adopted by the European Union ("IFRS")

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Consolidated statement of financial position as at 31.12.2022

<i>In lei</i>			31.12.2022	31.12.2021
Assets	NOTE			
Intangible assets	4		9.593.319	9.294.515
Tangible fixed assets	5		9.265.243	9.767.438
Investment property	6		-	-
Financial assets at fair value through other comprehensive income	7		52.781.155	65.716.284
Financial assets at fair value through profit or loss	7		17.470.539	9.536.911
Financial assets at amortised cost	7		7.907.347	11.928.432
Loans and advances granted	8		1.787.182	7.917.268
Trade and other receivables	12		14.356.070	10.003.138
Other financial assets	12		58.483.263	59.137.366
Customer accounts with banks	14		50.505.061	43.999.952
Cash and cash equivalents	14		2.750.760	27.327.713
Bond premiums	14		245.154	-
Stocks	13		8.794.331	5.016.065
Total assets			233.939.424	259.645.082
Liabilities				
Borrowing from Bonds			28.000.000	28.000.000
Finance lease liabilities	26		84.843	648.179
Provisions			-	-
Total long-term debt			28.084.843	28.648.179
Deferred income tax liabilities				
Current income tax liabilities			917.638	6.728
Deferred income			-	558.690
Short-term bank debt			50.313	-
Current portion of finance lease liabilities	22		20.329.411	5.041.915
Amounts owed to customers (customer cash)	22		746.742	184.103
Trade and other payables	22		104.894.047	116.083.554
Provisions	21		16.349.110	13.183.940
Total current liabilities	23		827.930	822.755
Total liabilities			144.115.191	134.848.231
Total long-term debt			172.200.034	163.496.410
Equity capital				
Share capital	18		50.614.493	54.039.987
Share capital adjustment	18		4.769.353	4.071.591
Treasury shares	18		(1.391.444)	(130.414)
Capital premiums	18		13.682.722	13.682.722
Reserves from revaluation of financial assets at fair value through other comprehensive income			5.459.473	(2.514.578)
Other reserves	19		19.197.552	17.643.276
Current result	20		(23.295.659)	15.911.956
Retained earnings	20		(12.747.417)	(11.237.397)
Total equity attributable to equity holders of the Company			56.289.073	91.467.143
Non-controlling interests			5.450.316	4.681.529
Total equity and liabilities			233.939.424	259.645.082

Consolidated global statement of comprehensive income at 31.12.2022

	Note	31.12.2022	31.12.2021
Income basic activity		<u>30.798.236</u>	<u>28.621.310</u>
Income from intermediation activity		<u>11.766.515</u>	<u>19.198.490</u>
Intermediation commission income	25	7.227.128	10.064.629
Fund management income	25	2.925.545	3.138.034
Corporate income	25	475.849	8.424.707
Other core business income	25	3.306.174	1.348.846
Intermediary commission expenses	25	(2.168.419)	(3.777.726)
Net commission income		11.766.515	19.198.490
Income from market making activity		<u>8.174.733</u>	<u>6.971.312</u>
Net trading income	26	3.373.723	4.035.266
Income from market making services provided to issuers	26	4.801.010	3.195.688
Expenses with licenses and issuance of structured products		(483.478)	(259.642)
Net income from market making activity		7.691.255	6.971.312
Other income basic activity		<u>10.856.988</u>	<u>2.191.866</u>
Income from services rendered		7.372.853	884.459
Income from the sale of finished products and goods		36.078	1.930.662
Income from changes in stocks		(693.029)	(643.857)
Other income from basic activity		4.141.086	20.602
Total Expenditure core activity of which:		<u>(31.044.095)</u>	<u>(13.467.975)</u>
Salaries and employee benefits expenses	27	(12.885.747)	(5.151.435)
Expenses market commissions and intermediaries	28	(1.175.414)	(1.542.075)
Expenditure on external services	29	(8.323.255)	(1.842.703)
Expenses with collaborators	30	(418.064)	(425.689)
Other basic activity expenses	30	-	(607.764)
Value adjustments of intangible and tangible assets	30	(5.895.311)	(2.980.144)
Profit/(loss) from basic activity		<u>(729.338)</u>	<u>14.893.693</u>
Net realised gains/(losses) on financial instruments		<u>(628.156)</u>	<u>2.654.797</u>
Dividend income	31	1.732.562	392.400
Realised income from equity and bond transactions	31	3.477.661	3.190.535
Realised losses on transactions in shares and bonds	31	(5.838.379)	(928.138)
Net gains/(losses) on valuation of financial assets measured at fair value through profit and loss		<u>(10.632.729)</u>	<u>6.982.270</u>
Income from valuation of financial assets measured at fair value through profit and loss	31	8.687.676	11.357.597
Losses on valuation of financial assets measured at fair value through profit and loss	31	(19.320.405)	(4.375.327)
Net income/(expense) on provisions for non-current financial assets		<u>(1.233.375)</u>	<u>(573.353)</u>
Income from cancellation of provisions for non-current financial assets	31	-	300.000
Expenses on provisions for non-current financial assets	31	(1.233.375)	(873.353)
Other net interest and exchange rate income/(expenses)		<u>(3.715.025)</u>	<u>426.968</u>
Interest income on loans and bonds	31	381.309	51.547
Interest income on margin loans	31	241.238	99.914
Interest income other	31	(114.021)	13.659
Interest expense	31	(3.919.888)	(204.203)
(Expenses)/Exchange differences income house	31	(913.501)	
Net income/(expenses) provisions for risks and charges		<u>598.696</u>	<u>30.514</u>
Expenditure on provisions for risks and charges	31	(551.937)	-
Income reversal of provisions for risks and charges	31	1.682.888	7.608
Other net provisions	31	(532.255)	22.906
Other income/(expenses), net		<u>(1.100.149)</u>	<u>(101.099)</u>
Net gains/(losses) on sale of assets	31	23.500	(64.725)
Other operating expenses	31	(1.649.183)	(72.115)
Other operating income	31	525.534	35.741
Result of investment activities		<u>(16.710.738)</u>	<u>9.420.097</u>

Result from operating activities	(17.440.076)	17.272.070
Expenditure on other long-term employee benefits	(1.595.131)	-
Impairment charges on Goodwill	(4.021.085)	-
Profit before tax	(23.056.292)	24.313.790
Income tax expense	(239.367)	(277.128)
Profit from continuing operations	(23.295.659)	24.036.662
Discontinued operations	-	-
Loss from discontinued operations (after tax)	-	-
Profit for the period	(23.295.659)	24.036.662
Other comprehensive income	-	(239.980)
Net change in fair value of financial assets measured at fair value through other comprehensive income (FVTOCI) not transferred to profit or loss	-	(239.980)
Items available for reclassification to profit or loss	-	-
Net change in fair value of available-for-sale financial assets	-	-
Bonus shares received classified as available for sale	-	-
Changes in value of available-for-sale fixed assets	-	-
Positions that cannot be reclassified to profit and loss	-	-
Changes in value of fixed assets in use	-	-
Changes in value of investment property	-	-
Creation/withdrawal of reserves from profit for granting free shares to employees	-	-
Tax relating to other items of comprehensive income	-	-
Total other comprehensive income for the period	-	-
Total profit and loss account and other comprehensive income for the period	-	-
Attributable profit:	(23.295.659)	16.277.265
Shareholders of the Company	(20.888.004)	18.799.838
Non-controlling interests	(2.407.656)	5.236.824
Profit for the period	(23.295.660)	24.036.662
Total attributable comprehensive income:		
Shareholders of the Company		-
Non-controlling interests		-
Total comprehensive income for the period	-	-
Earnings per share		
Basic earnings per share (lei)	(0.0690)	0.04819
Diluted earnings per share (lei)	(0.0690)	0.04819
Continuing operations		
Basic earnings per share (lei)	(0.0690)	0.04819
Diluted earnings per share (lei)	(0.0690)	0.04819
31.12.2022		
Weighted average number of shares outstanding:	337.429.952	337.749.919

These financial statements were approved today, 24.03.2023.

Chairman of the Board
Robert Danila

CEO
Monica Ivan

CFO
Sandu Mircea Pali

Consolidated statement of changes in equity for 31.12.2022

<i>In lei</i>	Share capital	Capital adjustments	Capital premiums	Revaluation differences	Legal and statutory reserves	Other reserves	Reported result	Total equity
Balance on 1 January 2022	54.039.986	4.071.590	13.682.722	(2.514.578)	6.095.560	17.643.276	4.674.559	91.467.143
Profit for the period	-	-	-	-	-	-	(19.274.574)	(23.295.659)
Other comprehensive income	-	-	-	-	-	-	-	697.762
Gain transferred to income statement	-	-	-	7.800.616	-	-	-	7.800.616
Changes in value of fixed assets available for sale	-	-	-	-	-	-	-	-
Changes in value of fixed assets in use	-	-	-	-	-	-	-	-
Changes in value of investment property	-	-	-	38.981	-	(7.286)	7.286	38.981
Other changes in equity	-	-	-	-	-	1.668.869	(17.429.262)	(15.760.393)
Deferred income tax on fixed assets	-	-	-	-	-	-	-	-
Reserves from revaluation of financial assets at fair value through other comprehensive income	-	-	-	-	-	-	-	-
Decreases in share capital	(3.425.493)	-	-	-	-	-	-	-
Transfer of revaluation differences on assets sold to reserves	-	-	-	134.454	-	(134.454)	-	-
Transfer to retained earnings	-	-	-	-	-	-	(17.421.976)	(11.346.291)
Total other comprehensive income	(3.425.493)	-	-	7.974.051	-	1.527.129	(40.717.635)	(34.641.950)
Transactions with shareholders recognised in equity	-	-	-	-	-	1.527.129	-	-
Cancellation of own shares	-	(1.285.077)	-	-	-	27.147	-	1.527.129
Repurchase of own shares	-	-	-	-	-	-	-	(1.257.930)
Dividends payable for 2021	-	-	-	-	-	-	-	-
Total transactions with shareholders recognised in equity	-	-	-	-	-	-	-	536.121
Balance on 30 Decembrie 2022	50.614.493	4.769.353	13.682.722	5.608.236	6.095.560	2.775.907	(32.021.991)	56.289.073

Consolidated statement of changes in equity for 2021

<i>In lei</i>	Share capital	Capital adjustments	Own shares	Capital premiums	Revaluation differences	Legal and statutory reserves	Other reserves	Reported result	Total equity
Balance on 1 January 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
	-	-	-	-	-	-	-	-	22.000.682
Profit for the period	-	-	-	-	-	-	-	-	(239.980)
Other comprehensive income	-	-	-	-	-	1.100.034	-	(1.100.034)	-
Gain transferred to income statement	-	-	-	-	-	-	-	-	-
Changes in value of fixed assets available for sale	-	-	-	-	-	-	-	-	-
Changes in value of fixed assets in use	-	-	-	-	-	-	-	-	-
Changes in value of investment property	-	-	-	-	-	-	-	-	-
Other changes in equity	-	-	-	-	-	-	-	-	(978.690)
Deferred income tax on fixed assets	-	-	-	-	-	-	-	-	-
Movements in the comprehensive income account	-	-	-	-	-	-	-	-	-
Decreases in share capital	-	-	-	-	-	-	-	-	-
Transfer of revaluation differences on assets sold to reserves	-	-	-	-	-	-	-	-	-
Transfer to retained earnings	-	-	-	-	-	1.100.034	-	-	(1.218.671)
Total other comprehensive income	-	-	-	-	-	1.100.034	20.852.712	-	90.646.271
Total comprehensive income for the period	-	-	-	-	-	-	-	-	-
Transactions with own shares	-	-	-	-	-	-	-	-	-
Repurchase of own shares	-	-	-	-	-	-	-	-	-
Total transactions with own shares	-	-	-	-	-	-	-	-	-
Balance at 31 December 2021	54.039.986	4.071.590	(24.048)	13.682.722	(2.514.578)	6.095.560	17.643.276	4.674.559	91.467.143

Consolidated cash flow statement for the year 2022

	31.12.2022	31.12.2021
Cash flows from operating activities:		
Gross profit	(23.056.293)	15.413.628
Adjustments for:	-	-
Depreciation, amortization and impairment adjustments on property, plant and equipment and intangible assets	2.919.293	2.228.954
Impairment adjustments on current assets - net	1.069.229	1.403.990
Adjustments on provisions for risks and charges - net	-	-
Interest income	(3.547.459)	(900.994)
Interest expense	3.500.741	1.241.576
Loss/(gain) on sale or disposal of tangible and intangible assets	-	(313.197)
Operating profit before changes in working capital	(19.114.489)	19.073.957
Decrease / (Increase) in trade and other receivables	1.116.874	2.605.112
(Increase) / Decrease in inventories	(3.778.266)	(4.643.975)
(Decrease) / Increase in trade and other payables	(9.093.789)	9.571.951
Net cash flow from operating activities	(26.848.586)	26.607.045
Interest paid	(3.500.741)	(1.241.576)
Income tax paid	(1.150.277)	(981.802)
Cash flows from operating activities	(35.520.688)	24.383.667
Cash flows from investing activities:		
Payments for the acquisition of property, plant and equipment	(6.861.680)	(13.126.169)
Proceeds from sale of tangible and intangible fixed assets	-	182.892
Cash payments for the purchase of participating interests, investments in financial fixed assets or investment securities	12.935.129	(20.192.040)
Interest received	3.547.459	900.994
Loans granted or received, including loans granted to related parties	-	-
Increase in share capital	-	-
Financial assets at fair value through other comprehensive income	(7.933.628)	(8.690.279)
Cash flows from investing activities	(1.687.280)	(40.924.602)
Cash flows from financing activities:		
Net change in borrowings	15.761.563	3.652.163
Loans granted to affiliated entities	-	-
Borrowings for bond issue	-	27.303.570
Dividends paid	-	-
Payment of finance lease liabilities	-	(184.103)
Cash flow used in financing activities	15.761.563	30.771.630
Net decrease/increase in cash and cash equivalents	(18.071.845)	14.230.695
Effect of exchange rate changes on cash and cash equivalents held or due in foreign currency	-	-
Cash and cash equivalents at beginning of financial year	71.327.665	57.096.969
Cash and cash equivalents at end of financial year	53.255.821	71.327.664

1. THE REPORTING ENTITY

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

The Company's shares are listed on the Bucharest Stock Exchange ("BSE"), Premium category, with the stock symbol BRK, since 05 FEBRUARY 2005.

The records of shares and shareholders are kept by the Central Depository S.A., Bucharest, under the terms of the law.

The financial statements of SSIF BRK FINANCIAL GROUP SA represent consolidated statements ("financial statements") of the Company and have been prepared in accordance with Standard No. 39/2015 for the approval of Accounting Regulations in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS"), applied by entities authorised, regulated and supervised by the Financial Supervisory Authority in the Financial Instruments and Investments Sector and are the responsibility of the Company's management.

The consolidated annual financial statements for the financial year 2022 and 2021 have been prepared on the basis of the accounting regulations, standards and policies included in these financial statements.

2. GROUP ENTITIES

BRK Financial Group's direct shareholdings in the Group's subsidiaries refer to the shareholdings in the companies shown in the table below.

Group company	Main field of activity	Number of shares held	Nominal value of the share	Shareholding 31.12.2022 (%)
SAI BROKER SA	Fund management activities	220.581	10	99,98%
Firebyte Games SA	Custom software development activities	16.650.000	0,1	48,93%
Gocab Software SA	Custom software development activities	42.250.000	0,1	49,12%
Romlogic Technology SA	Manufacture of computers and peripheral equipment	1.061.484	10	90,74%
BRK POWER ENERGY	Electricity production	2.500.000	0,1	50,00%

Legal requirements require reporting entities to consolidate their financial statements with those of the entities in which they have invested and which they control.

General information - SAI Broker

SAI Broker SA was established in the second half of 2012 and aims to offer investors viable investment alternatives through the products it intends to launch, so that through proper management of the portfolio of financial assets it aims to optimize the ratio between potential return and investment risk assumed. The company has the dynamism and tenacity required for such a challenge, as well as the experience accumulated over the years, which together constitute the prerequisites for the success of a policy focused on the client's needs.

The company's main field of activity is: 663 - 'Fund management activities'. The company's main object of activity classified according to the Classification of Activities in the National Economy (C.A.E.N.) is: 6630 "Fund management activities": (1) management of undertakings for collective investment in transferable securities (UCITS) established in Romania or in another EU Member State; (2) in addition to the management of UCITS, the company may manage alternative investment funds (AIF).

SAI Broker S.A. manages 9 investment funds (as of 31 December 2022), as follows:

- open-ended funds (FIX INVEST Open-ended Investment Fund, Prosper Invest Open-ended Investment Fund, Fortuna Classic Open-ended Investment Fund, Fortuna Gold Fund).
- closed funds, aimed at retail investors (FIAIR BET-FI Index Invest) or at professional investors (FIAIP SMART Money, FIAIP Optim Invest, FIAIP H.Y.B. Invest and FIAIP Alpha Invest).

General information - Firebyte Games SA

Firebyte Games S.A., was founded in December 2017, specializing in mobile game development. The company operates in a very dynamic and competitive environment given that access to the global market is quite easy. The Firebyte Games project was defined and initiated by Mr. Ovidiu Stegaru, who has served as CEO since its inception until today. The financial backing of the company was provided by BRK Financial Group and Mr. Andrici Adrian. The expertise of Mr. Ovidiu Stegaru and his experience and that of the team he proposed for the launch and development of the Firebyte project, together with the very good dynamics of the global gaming industry, were the main investment catalysts.

The first project conceived, planned, organized and developed by the company was the strategy game Castle Siege: War of Legends, the development of which spanned throughout 2018 and the first part of 2019. Since 2019, the company has perfected partnerships with globally renowned publishers. This strategic option was adopted mainly due to the fact that the marketing budget for launching a game on the global market is significant and the success of a game depends largely on the marketing budget used in the publishing campaign. In its first 3 years of operation the company developed 45 games or game prototypes for mobile devices, most of which were Hypercasual games in revenueshare partnerships. The company listed on the BVB, AeRo segment starting April 6, 2021.

Since its inception, the company has set a bold medium and long-term goal to become a major globally recognized game studio in both the development and publishing of mobile games. In its three years of operation, the company has invested significantly in staff development, data management and collection, as well as improving executive management's monitoring and project management processes.

The main factors behind the success of a company in the mobile games industry are:

- Setting up and managing development teams;
- Management of specifications and key product elements;
- Game architecture;
- Game marketing.

The company's business model is focused on two directions:

- Game development in collaboration with external partners through revenue-share agreements.
- Development and publishing of casual games on its own

In April 2022, the company's Board of Directors approved its participation through its Turkish subsidiary in the development of a GameFi metaverse called Age of Battles in the blockchain technology sphere.

On June 28, 2022, the Company convened the General Meeting of Shareholders, requesting approval of the Company's participation by offering product development services in a project in the sphere of blockchain technology and the empowerment of the Board of Directors to represent the Company.

In October 2022, the company announced the conclusion of a significant contract with the French company Voodoo SAS, which is one of the leading publishers of mobile games globally.

General information - Gocab Software SA

GoCab Software is a company that has developed and operates an app dedicated exclusively to taxi drivers, which numbers over 5.000 taxi driver partners throughout the country, and is already available in 19 cities (Bucharest, Cluj-Napoca, Brasov, Oradea, Baia Mare, Craiova, Tulcea, Buzău, Iași, Sibiu, Arad, Timișoara, Deva, Reșița, Galați, Brăila, Alexandria, Giurgiu, Constanța) Through the GoCab app, passengers can order a taxi online, simply and quickly from any city in the country, and the process is intuitive. The app offers a pleasant user experience, with transparency in terms of the price of the journey and full flexibility in terms of payment methods: by card directly in the app, by physical card, cash or through vouchers offered free of charge by the app developers. In addition, all drivers are verified and journeys are geo-tagged for added safety.

The modules developed and integrated into the GoCab application are aimed at:

- Commands,
- Dispatchers / Carriers,
- Corporate,
- Fleet,
- Collections and Payments,
- Bonus,
- Partners,
- Notifications,
- Users.

The company aims to:

- To develop the most appreciated and used app in Romania among taxi drivers,
- To increase the quality of the urban taxi service,
- To increase revenue or benefits for taxi drivers through partnerships and additional services.
- The company's two main investment directions are:

- The development of the application suite, by implementing modules to facilitate and/or automate the processes used in the taxi business,
- Marketing campaigns aimed at customers and drivers using the GoCab application.

Monetization model adopted/adopted:

- GoCab Pro service whereby customers will receive a guarantee that their order will be honoured and taxi drivers will be guaranteed a minimum number of orders for a predefined period,
- Related services, through partnerships, developed by the company for the benefit of GoCab affiliates, which will generate a significant component of operational revenue,
- Monetisation of orders submitted as part of the standard service will be an alternative source of operational revenue.

General information - Romlogic Technology SA

The company started its work with a technical blog to support several projects. One of them involved a long-term collaboration with a taxi dispatcher in Bucharest. Growing very quickly and reaching a high level, it turned into a complete and efficient transport service solution.

The company provides software support for various projects, hardware maintenance and IT infrastructure implementation. Innovation is a key element of the company's business. It is constantly concerned with discovering new developments in the market and implementing them in the services it offers, in order to become more efficient and to expand its knowledge area. A very good example of innovation is the Equinox device, which incorporates a radio transceiver, GPS, dedicated ordering software and, of course, the classic taxi.

General information - BRK Power Energy SA

BRK Power Energy proposes to build and commission a gas-fired power plant consisting of 4 engines each with an electrical capacity of 3.36 MWh (total 13.44 MWh). The power plant will supply electricity mainly to the system services market (balancing market - tertiary system). At the same time the power plant will also produce heat energy that can be delivered to third parties established in the vicinity of the plant.

The total value of the investment amounts to approx. 8.5-9 million (depending on location), of which 4.75 million will be a supplier credit from the electric motor manufacturer. The company intends to acquire the land necessary for the investment and is in the process of due diligence for a possible location. Following the acquisition of the land, the company will start the process of obtaining the necessary approvals and authorisations for the investment, and will also initiate a private placement fundraising.

3. BASIS OF THE DRAFTING

a) Declaration of compliance

The consolidated financial statements are prepared by the Company in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS"), the Company has prepared these consolidated financial statements in order to comply with the requirements of the updated Rule 39/2015 for the approval of Accounting Regulations in accordance with International Financial Reporting Standards applicable to entities authorised, regulated and supervised by the Financial Supervisory Authority in the Financial Instruments and Investments Sector (FSA).

For the purposes of Rule 39/2015, International Financial Reporting Standards, hereinafter referred to as IFRS, are standards adopted in accordance with the procedure laid down 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 amended and supplemented.

b) Basis of evaluation

The financial statements have been prepared on the historical cost basis except for the following significant items in the statement of financial position:

- financial assets held at fair value through profit or loss are measured at fair value;
- derivative financial instruments are measured at fair value;
- investment property is valued according to the revaluation model in accordance with the provisions of IAS 40;
- non-current assets representing buildings and related land are measured at revalued amount in accordance with the provisions of IAS 16;
- non-current assets available for sale are measured at fair value in accordance with IFRS 5;

In accordance with IAS 29, the financial statements of an entity whose functional currency is the currency of a hyperinflationary economy must be presented in the measuring unit current at the balance sheet date (non-monetary items are restated using a

general price index at the date of acquisition or contribution).

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

The continued decline in the inflation rate and other factors related to the characteristics of the economic environment in Romania indicate that the economy whose functional currency has been adopted by the Society has ceased to be hyperinflationary, with an effect on the financial periods since 1 January 2004. Therefore, the provisions of IAS 29 have been adopted in the preparation of the separate financial statements up to 31 December 2003.

Thus, amounts expressed in the current unit of measure at December 31, 2003 are treated as the basis for the carrying amounts reported in the individual financial statements and do not represent appraised values, replacement cost, or any other measure of the current value of assets or the prices at which transactions would occur at that time.

For the purpose of preparing the consolidated financial statements, the Company adjusts the share capital to be expressed in the unit of measure current at 31 December 2003.

Continuity of activity

Based on management's own assessment that the Company will continue to operate for the foreseeable future, the Company's management estimates that the Company will continue to operate for more than 12 months from the date of these financial statements.

Determination of fair values

Certain of the entity's accounting policies and disclosure requirements require the determination of fair value for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the methods described below. Where appropriate, additional information on the assumptions used in determining fair values is disclosed in the notes specific to the asset or liability concerned.

i. Investments in equity securities

Other forms of fair value that are not based on the last trading price are the following:

1. Trading price: for listed equity holdings, the Company considers the market to be active and liquid and uses as fair value the closing price of the last trading period at the end of the financial year.
2. Fair value determined by applying the DDM (Discounted Dividend Model): if the company has a consistent history of dividend distributions 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 by applying the DCF (Discounted Cash Flow) method: if the company does not distribute dividends and the valuation is made from the perspective of a significant shareholder, the valuation price is considered to be the intrinsic value resulting from the DCF model.
4. Fair value determined by the asset-based method: if the company has valuable redundant assets and the operational activity is small, the valuation price is considered to be the intrinsic value resulting from the application of the adjusted net asset method.
5. Fair value resulting from the application of the comparable-trade method: if in the last year on the local stock market there have been significant transactions (>10% of the capital) with the shares of companies operating in the same field of activity as the analysed company, the valuation price is considered to be the intrinsic value determined by applying the comparative method (using as reference valuation multiples such as: P/E, P/B, P/S, etc. at which the respective transactions took place in relation to the results published by the companies in the previous financial year).

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 market interest rate at the reporting date. This fair value is determined for the purpose of presenting.

iii. Derivative financial instruments

The fair value of closed derivatives at the end of the period is calculated as the minimum of the number of put and call positions multiplied by the difference between the average put and call prices and further multiplied by the number of contracts in the package. The resulting value affects the income statement.

The fair value of open derivatives at the end of the period is calculated, if at the end of the period there are more put contracts than call contracts, as follows: the number of open positions calculated as the number of put positions minus the number of call positions, multiplied by the difference between the average sale price and the quotation price at the end of the period. Symmetrically, if there are more buy contracts than sell contracts at the end of the period, the resulting value corrects for the initial value of the security given the margin built up.

iv. Financial debts

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

v. Loans granted

Loans to related parties are recorded at fair value. Adjustments for loans are calculated based on the stage at which it is classified according to the criteria described in Note 3 of these financial statements.

c) Functional and presentation currency

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

d) Foreign currency

Foreign currency transactions are converted into the entity's functional currency at the exchange rate on the transaction date. Monetary assets and liabilities, which at the reporting date are denominated in foreign currencies, are translated into the functional currency at the exchange rate on the reporting date. Exchange differences are recognised directly in other comprehensive income. The exchange rates of the main foreign currencies published by the National Bank of Romania as at 31 December 2022 are as follows: 4.9474 Lei/EUR; 4.6346 Lei/USD and 5.5878Lei/GBP (31 December 2021: 4.9481 Lei/EUR; 4.3707 Lei/USD and 5.8994 Lei/GBP).

e) Use of professional estimates and rationales

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses; actual results could differ from estimated amounts.

Estimates and underlying assumptions are reviewed periodically, revisions to accounting estimates are recognized in the period in which the estimate was revised and in future periods affected.

Information about critical professional judgements in applying accounting policies that significantly affect the amounts recognized in the consolidated 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 - impairment losses on available-for-sale securities, which are reclassified from equity to financial expenses;
- Note 16 - Deferred tax assets and liabilities;
- Note 24 - Liabilities and contingent assets;
- Note 33 - Fair value hierarchy.

3. SIGNIFICANT ACCOUNTING POLICIES

The following will outline the significant policies applied by the Company. These consolidated financial statements (financial statements) have been prepared in accordance with IFRS and the accounting policies of the Company as set out below, these financial statements are the responsibility of the management of BRK Financial Group SA. The accounting policies set out below have been applied consistently for all periods presented in these financial statements.

a) Implementation of IFRS 9

IFRS 9 replaces the existing provisions in IAS 39 'Financial Instruments: Recognition and Measurement' and includes new principles for the classification and measurement of financial instruments, a new credit risk model for the calculation of impairment of financial assets and new general hedge accounting requirements. It also retains similar principles to IAS 39 on the recognition and derecognition of financial instruments..

SSIF BRK FINANCIAL GROUP SA has adopted IFRS 9 with the date of initial application on 1 January 2018, the Company holds the following financial instruments: equity investments, bonds, cash and current accounts, units in closed-end funds, derivative financial instruments, other financial assets and liabilities. Following the analysis performed, from the date of initial application of IFRS 9, BRK has decided to classify all investments at fair value through profit and loss (default option provided by IFRS 9). This approach is in line with the company's business model of managing the performance of its portfolio on a fair value basis with the aim of maximising returns to shareholders and increasing net assets per share by investing mainly in Romanian shares and securities. There were no changes in the carrying amount of financial assets and liabilities on transition to IFRS 9 on 1 January 2018 compared to their previous value determined in accordance with IAS 39, except as shown in the table below.

b) Financial instruments

i. Financial instruments

The Company initially recognises loans, receivables and deposits at the date on which they were initiated. All other financial assets (including assets designated at fair value through profit or loss) are initially recognised at the date the entity becomes party to the contractual terms of the instrument.

The entity derecognises a financial asset when the contractual rights to the cash flows generated by the asset expire.

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

• *Financial assets at fair value through profit or loss*

Following the adoption of IFRS 9, on 1 January 2018 the company classified all portfolio investments at fair value through profit or loss (implicit option provided by 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 so designated on initial recognition. Financial assets are designated as at fair value through profit or loss if the entity manages these investments and makes decisions to buy or sell them at fair value in accordance with its investment and risk management strategy. On initial recognition, attributable transaction costs are recognised in the income statement when incurred. Financial instruments at fair value through profit or loss are measured at fair value and subsequent changes are recognised in the income statement. Financial assets at fair value through profit or loss are not subject to impairment testing. Loans granted to affiliated companies are tested for impairment based on the fulfilment of established scenarios that take into account the probability of repayment of the respective loans in due time.

• *Loans and receivables*

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market, such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortised cost using the effective interest method less impairment losses.

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

• *Financial assets and financial liabilities at amortised cost*

Financial assets at amortised cost are tested for impairment in accordance with the requirements of IFRS 9.

In this sense, these instruments are classified into Stage 1, Stage 2 or Stage 3 depending on their absolute or relative credit quality in terms of initial payments, as follows:

Stage 1: includes (i) newly recognised exposures; (ii) exposures for which the credit risk has not significantly deteriorated since initial recognition; (iii) exposures with low credit risk (low credit risk relief).

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

Step 3: includes impaired credit exposures.

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

In terms of bank deposits and bonds at amortised cost, the Company has chosen to apply the low credit risk exemption in full compliance with IFRS 9. Impairment adjustments for receivables are based on the present value of expected principal cash flows, for determining the present value of future cash flows, the basic requirement is the identification of expected collections, the timing of payments and the discount rate used.

The company has defined "non-performing" exposures as those claims that meet one or both of the following criteria:

- exposures for which the Company assesses that the debtor is unlikely to pay its obligations in full, regardless of the amount of the exposure and the number of days for which the exposure is past due;
- unpaid amounts.

The Company has applied the Amendments to IFRS 10, IFRS 12 and IAS 27 from 1 January 2015, on which date, after reviewing

the criteria set out in the Amendments, the Company's management concluded that the Company meets the conditions for classification as an investment entity.

The Company reviewed during 2021 the criteria for classification as an investment entity and concluded that it does not meet them, which is why it has elected to measure its holdings in subsidiaries at fair value through other comprehensive income.

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

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

- the asset is held within a business model whose objective is to hold the financial assets both to collect contractual cash flows and to sell them;
- the contractual terms of the financial asset give rise, at specified dates, to cash flows representing solely payments of principal and interest.

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

The Company has 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 gains from their sale, not for trading.

A gain or loss on an equity instrument measured at fair value through other comprehensive income shall be recognised in other comprehensive income, except for dividend income.

ii. Derivative financial instruments

Derivative financial instruments are initially recognised at fair value, attributable transaction costs are recognised in the income statement when realised, subsequent to initial recognition derivative financial instruments are measured at fair value and subsequent changes are recognised immediately in the income statement.

i. Financial assets (including receivables)

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

Objective evidence indicating that financial assets (including equity instruments) are impaired may include the failure of a debtor to meet payment obligations, the restructuring of an amount owed to the entity on terms that the entity would not otherwise accept, indications that a debtor or issuer will go bankrupt, the disappearance of an active market for an instrument, in addition, for an investment in equity instruments, a significant and prolonged decline below cost in its 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 as the Company has opted for fair value measurement through profit or loss of both equity and debt instruments.

ii. Non-financial assets

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

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

c) Tangible assets

i. Recognition and evaluation

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

Gains or losses on disposal of property, plant and equipment are determined by comparing the proceeds from the disposal of the asset with the carrying amount of the property, plant and equipment and are recognised on a net basis within other income in the income statement. When revalued assets are sold, the amounts included in the revaluation reserve are transferred to retained earnings. The revaluation reserve is reduced each financial year by the corresponding amount of depreciation and transferred to retained earnings.

ii. Reclassification as investment real estate

Real estate investments are defined below under *Real estate investments (point e)*.

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

iii. Subsequent costs

The cost of replacing a component of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied in that component will flow to the entity and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. Expenditure on ongoing maintenance of property, plant and equipment is recognised in the income statement as it is incurred.

iv. Depreciation of tangible fixed assets

Depreciation is calculated on the depreciable value, which is the cost of the asset, or another value that replaces cost, less the residual value.

Depreciation is recognised in the income statement using the straight-line method over the estimated useful life of each component of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and the useful life, unless it is known with reasonable certainty that the entity will obtain ownership at the end of the lease term. Land is not depreciated.

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

- construction - 40 years
- technical installations and machinery - 2-10 years, with 5 years average total value
- means of transport - 5 years
- other plant, machinery and furniture - 3-10 years, with 5 years average total value

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

d) Intangible fixed assets

a. Commercial fund

Commercial fund resulting from the acquisition of subsidiaries is included in intangible assets. It is valued at cost less accumulated impairment losses.

b. Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the value of the future economic benefits embodied in the asset to which it is attributed. All other expenses, including goodwill expenses, are recognised in the income statement when incurred.

c. Amortisation of intangible assets

Depreciation is calculated on the cost of the asset or another value that replaces the cost, less the residual value.

Depreciation is recognised in the income statement using the straight-line method over the estimated useful lives of intangible assets, other than goodwill, from the date they are available for use, which most closely reflects the expected pattern of consumption of the economic benefits embodied in the assets.

The estimated useful lives for the current and comparative periods are as follows: 3 years for all intangible assets except commercial fund.

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

e) Real estate investments

Investment property is property held either for rental or for capital appreciation 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 in the same way as used assets, at fair value, any appreciation or depreciation in value being recognised in the income statement.

f) Assets acquired under leasing contracts

Leases under which the entity substantially assumes the risks and rewards of ownership are classified as finance leases. On initial recognition, the leased asset is measured at the lower of 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 leases are categorised as operating leases.

Celelalte contracte de leasing sunt clasificate ca leasing operational.

g) Leasing payments

Payments made under operating leases are recognised in the income statement on a straight-line basis over the lease term. Incentives received in respect of operating leases are recognised as an integral part of the total lease expense over the lease term. Minimum lease payments made under a finance lease are allocated between the finance charge and the reduction of the outstanding debt. The finance charge is allocated to each period over the lease term so as to produce a constant periodic rate of interest on the outstanding balance of the debt.

Determining the extent to which an arrangement contains a lease: at the inception of an arrangement, the entity determines whether the arrangement is or contains a lease transaction.

h) Tangible fixed assets held for sale

Property, plant and equipment or disposal groups containing assets or liabilities whose carrying amount is expected to be recovered principally through sale, rather than through continuing use, are classified as assets held for sale.

Prior to reclassification to property, plant and equipment held for sale, assets or components of a disposal group are revalued in accordance with the entity's accounting policies; in general, assets or disposal groups are subsequently measured at the lower of carrying amount and fair value less costs to sell.

Impairment losses relating to a disposal group are allocated initially to goodwill and then pro rata to the remaining value of assets and liabilities, except that no impairment will be allocated to inventories, financial assets, deferred tax assets, employee benefit assets and investment property, which continue to be measured 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 recognised in the income statement. Gains in excess of cumulative impairment losses are not recognised.

i) Non-deducted financial liabilities

Liabilities are recognised at the date the entity becomes a party to the contractual terms of the instrument.

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

The entity has the following non-derivative financial liabilities: trade payables, payables to customers for cash deposited by them and other payables.

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

j) Share capital

Ordinary shares

Ordinary shares are classified as part of equity. Additional costs directly attributable to the issue of ordinary shares are recognised as a reduction of equity net of tax effects.

Buyback of share capital (treasury shares)

When share capital recognised as part of equity is repurchased, the amount of the consideration paid, which includes other directly attributable costs, net of tax effects, is recognised as a reduction of equity. The repurchased shares are classified as treasury shares and are presented as a reduction of equity, when the treasury shares are subsequently sold or reissued, the amount received is recognised as an increase in equity and the surplus or deficit on the transaction is transferred to/reported in retained earnings.

k) Employee benefits

Short-term benefits

Short-term employee benefits are measured on an undiscounted basis and the expense is recognized as the related services are rendered.

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

l) Provisions

A provision is recognised if, as a result of a past event, the entity has a present legal or constructive obligation that can be measured 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 risks specific to the debt. Amortisation of discounting is recognised as a financial expense.

m) Selling goods and providing services

Revenue from sales during the current period is measured at the fair value of the consideration received or receivable. Revenue is recognised when the risks and rewards of ownership of the goods are transferred significantly and the amount of revenue can be measured reliably. The timing of the transfer of risks and rewards varies according to the individual terms of the sales contracts.

In the case of intermediation, commission income is recognised on the date of the transaction. In the case of dividend income, it is recognised when the right to receive it arises.

n) Rental income

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

o) Financial income and expenses

Financial income includes:

- interest income on bank deposits,
- dividend income,
- gains on sale: assets recorded at fair value through profit or loss,
- gains on the revaluation of shares held in own portfolio.

Dividend income is recognised in the income statement on the date on which the entity's right to receive dividends is established, which in the case of listed instruments is the ex-dividend date.

Financial expenditure includes:

- impairment losses recognised on financial assets carried at fair value through profit or loss;
- foreign exchange gains and losses are reported on a net basis.
- Bank interest expenses;
- Interest expenses on bonds.

p) Profit tax

Income tax expense includes current tax and deferred tax. Current tax and deferred tax are recognised in the income statement unless they relate to business combinations or items recognised directly in equity or other comprehensive income.

Current tax is the tax expected to be paid or received on taxable income or deductible loss realized in the current year, using tax rates enacted or substantially enacted at the reporting date, as well as any adjustments to prior years' income tax liability.

Deferred tax is recognised for temporary differences arising between the carrying amount of assets and liabilities used for financial reporting purposes and the tax base used for the calculation of tax.

Deferred tax is not recognised on temporary differences arising on initial recognition of goodwill.

Deferred tax assets and liabilities are set off only if there is a legal right to set off current tax assets and liabilities and if they relate to taxes levied by the same tax authority for the same taxable entity or for different taxable entities, but which intend to settle current tax assets and liabilities on a net basis or whose tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences only to the extent that it is probable that future profits will be available against which the tax loss can be utilised. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised. Note 16 on deferred tax assets and liabilities mentions cases where deferred tax assets have not been recognised as assets.

q) Earning per share

The entity presents information on basic and diluted earnings per share for its common shares. Basic earnings per share is calculated by dividing profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted by the value of treasury shares held. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of shares outstanding, adjusted by the value of treasury shares held, by the dilutive effects of all potential ordinary shares, which include share options granted to employees.

r) Reporting by segments

An operating segment is a component of the entity that engages in activities from which it could earn revenues and incur expenses, including revenues and expenses related to transactions with any of the other components of the entity.

The operating results of an operating segment are reviewed periodically by the Company's management to make decisions on 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 applicable after 1 January 2021***

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

Below are the standards/interpretations that have been issued and are applicable from or after 1 January 2021.

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

The amendments modify certain hedge accounting requirements to provide some exemptions from benchmark interest rate reform.

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

- **IFRS 17 Insurance Contracts (1 January 2021, probable extension to 1 January 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 reassessed each year. Contracts are measured taking into account the following elements:

- Discounted cash flows weighted by probability of realisation
- An explicit risk adjustment
- A contractual service margin representing the contract profit recognized as revenue for the period covered.

- **Classification of current and non-current liabilities - Amendments to IAS 1**

The amendment to IAS 1 states that liabilities should be presented on a payables basis, based on the rights that exist at the balance sheet date. The classification is not affected by expectations of the entity or events after the reporting date. The amendment also clarifies what is meant by the 'extinguishment' of a liability.

- **Amendments to IAS 16 - Property, Plant and Equipment**

The amendment prohibits an entity from deducting from the cost of an item of property, plant and equipment income realised as a result of the use of the item of property, plant and equipment during the period that the item of property, plant and equipment is being brought up to the level necessary for its operation.

- **Definition of a business - Amendments to IFRS 3**

The modified definition of a business requires an acquisition to include input data and a substantive process that together contribute significantly to the company's ability to create results. The definition of "results" is modified to focus on goods and services delivered to customers that generate investment and other income and excludes returns in the form of cost savings or other economic benefits. These changes may lead to a proliferation of acquisitions that are considered asset acquisitions.

- **Onerous contracts - Cost of performance of a contract - Amendments to IAS 37**

The amendments to IAS 37 clarify the direct costs of fulfilling a contract and the allocation of other costs directly to the fulfilment of that contract. Before recognising a provision for contract performance, the entity shall recognise any impairment of assets that arose in the performance of the contract.

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

- IFRS 9 – Financial Instruments - clarifies what kind of fees should be included in the 10% test on derecognition of financial liabilities.
- IFRS 16 – Rents - amendment to example 13 removing the illustration of payments from the landlord in respect of upgrades, to remove confusion about the treatment of advances in respect of rents.
- IFRS 1 – First-time adoption of IFRS - allows entities to measure assets and liabilities at carrying amounts recorded in the parent company's financial statements, together with any related exchange differences.

IAS 41 - Agriculture - removal of the requirement for entities to exclude cash flows for fees determined by fair value measurement under IAS 41.

- **Definition of accounting estimates - amendment to IAS 8 (effective from 1 January 2023)**

The IASB has issued an Amendment to IAS 8 "Accounting Policies" that clarifies how entities should distinguish between changes in accounting estimates and changes in accounting policies. The distinction is important because changes in accounting estimates are applied prospectively, but changes in accounting policies are generally applied retrospectively and for the current period.

s) **Standards and interpretations issued by the IASB but not yet adopted by the EU**

At the reporting date of these financial statements, IFRS as adopted by the EU do not differ significantly from the regulations adopted by the IASB, except for the following standards, amendments and interpretations, which are applicable to the Company and whose application has not yet been endorsed by the EU by the date of authorisation of these financial statements:

- Amendments to IFRS 10 'Consolidated Financial Statements' and IAS 28 'Investments in Associates and Joint Ventures' - Sale or contribution of assets between an investor and its associate or joint venture, and other amendments (the effective date of application has been deferred indefinitely pending completion of the equity method research project).
- Amendments to IAS 1 'Presentation of Financial Statements' and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Error Corrections' - definition of materiality (applicable for annual periods beginning on or after 1 January 2020).
- Amendments to IAS 28 Investments in Associates and Joint Ventures - Long-term Interests in Associates and Joint Ventures (effective for annual periods beginning on or after 1 January 2019).
- Amendments to various standards as a result of the "Improvements to IFRSs (2015-2017 cycle)" resulting from the annual IFRS improvement project (IFRS 3, IFRS 11, IAS 12 and IAS 23) with the main purpose of removing inconsistencies and clarifying certain wording (applicable for annual periods beginning on or after 1 January 2019).
- Amendments to the IFRS Conceptual Framework References (applicable for annual periods beginning on or after 1 January 2020).

The Group expects that the adoption of these standards and amendments to existing standards will not have a material impact on its annual financial statements in the year in which they are first applied.

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

4. OPERATIONG SEGMENTS

The intermediary segment

The financial intermediation activity refers to all the transaction intermediation services offered to individual investors and companies, as well as to the specialized services offered to institutional clients. Intermediation services include the following:

(A) Transaction brokerage services for investors:

- Intermediation of sales and purchase transactions of securities traded on the Bucharest Stock Exchange (BSE). For this type of service, customers can choose to be assisted by a broker in carrying out transactions, respectively they can choose the option of online trading on their own account. Within this segment, BRK also offers clients the opportunity to trade on margin (on the basis of a credit line granted by the company to the client), liquid shares listed on the Bucharest Stock Exchange.
- Intermediary transactions in international markets, with the company's clients having access to more than 100 foreign markets in Europe, North America and Asia. The range of financial instruments is very varied (shares, 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 BSE 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 of companies and investment funds on the capital market through initial public offerings or based on prospectuses for admission to trading.
- Consultancy for financing through share and bond issues or promotion on the capital market.

Own portfolio management segment

Along with the brokerage segment, **the management of the own portfolio of financial assets** is another important branch of BRK Financial Group's activity that contributes significantly to the company's results. On the other hand, this is also a risk factor taking into account the fact that BRK Financial Group is obliged to reassess at the end of each year all its positions within its own portfolio, and the value adjustments of securities affect the result of the exercise and can change the picture 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 to market.

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

- The tradable portfolio (shares and bonds listed on the BSE - usually short or medium-term investments, portfolio of financial instruments listed on international markets - usually speculative investments);
- Fund units;
- Participations in closed companies and loans granted to subsidiaries;
- Capital allocated to the business segment - "Margin loans";
- Capital allocated to the business segment "Structured product issuance and market making operations";

We mention that the operations of issuing structured products as well as the provision of liquidity on our own structured products is carried out under conditions of full coverage through hedging operations on the market of the underlying asset and as such we consider it to be of the nature of the basic activity. We do not include the other operations carried out on our own account (including market making operations on domestic shares where there are no risk hedging instruments) in what we call the "core activity", as they are exposed and correlated to market risk, being included in the activity operating and presented as a separate segment.

The information regarding the reportable segments is presented as follows:

Information on reportable segment

	December- 2022				December - 2021				2022	2021
	Total, from which:	Brokerage	Trading	Unallocated	Total, from which:	Brokerage	Trading	Unallocated	Total segmente raportabile	Total segmente raportabile
Intermediation activity	7.702.977	7.702.977	-	-	20.517.368	20.517.368	-	-	7.702.977	20.517.368
Income from admin funds	2.925.545	2.925.545	-	-	3.138.034	3.138.034	-	-	2.925.545	3.138.034
Market making activity	8.174.733	-	8.174.733	-	7.230.954	-	7.230.954	-	8.174.733	7.230.954
Other income the basic activity	3.306.174	3.306.174	-	-	34.610	-	-	34.610	3.306.174	34.610
Net gains/(losses) realized from financial instruments	(628.156)	-	(628.156)	-	2.654.797	-	2.654.797	-	(628.156)	2.654.797
Net gains/(losses) from the valuation of financial assets measured at fair value through profit and loss	(10.632.729)	-	(10.632.729)	-	6.982.270	-	6.982.270	-	(10.632.729)	6.982.270
Other income Subsidiary core business	10.856.988	-	-	10.856.988	2.191.866	-	-	2.191.866	10.856.988	2.191.866
Net income/(expenses) provisions fixed financial assets	(1.733.375)	-	(1.733.375)	-	(800.000)	-	(800.000)	-	(1.733.375)	(800.000)
Other net income/(expenses) from interest and exchange rate differences	(3.715.025)	-	(3.715.025)	-	456.968	-	456.968	-	(3.715.025)	456.968
Net income/(expenses) provisions for risks and expenses	598.696	-	-	598.696	30.514	-	-	30.514	598.696	30.514
Other net income/(expenses).	(1.239.137)	-	-	(1.239.137)	73.737	-	-	73.737	(1.239.137)	73.737
Salary expenses and employee benefits	(12.885.747)	(2.658.067)	(1.021.280)	(6.705.252)	(6.705.252)	(2.359.869)	(1.857.235)	(2.488.148)	(7.100.102)	(6.705.252)
Expenses, market commissions and intermediaries	(1.157.887)	-	(1.023.857)	(134.029)	(1.825.550)	(299.302)	(933.012)	(593.235)	(1.157.887)	(1.825.550)
Expenses commissions Intermediation	(2.168.419)	(2.168.419)	-	-	(3.777.726)	(3.777.726)	-	-	(2.168.419)	(3.777.726)
Expenses with licenses and issuance of structured products	(483.478)	-	(483.478)	-	(259.642)	-	(259.642)	-	(483.478)	(259.642)
Expenditure on external services	(8.233.255)	(311.158)	(233.751)	(3.037.173)	(3.037.173)	(1.129.256)	(69.224)	(1.838.693)	(2.581.734)	(3.037.173)
Expenses with collaborators	(418.064)	(215.802)	-	(202.262)	(585.097)	(585.097)	-	-	(215.802)	(585.097)
Other expenses the basic activity	(1.974.300)	(790.111)	(297.975)	(886.216)	(2.505.950)	(983.006)	(409.345)	(1.113.599)	(1.974.300)	(2.505.950)
Intangible and tangible asset value adjustments	(2.346.304)	-	-	(2.346.304)	(1.140.403)	-	-	(1.140.403)	(2.346.304)	(1.140.403)
Totally explained:	(19.035.207)	4.865.595	(11.330.811)	(8.695.857)	23.690.012	11.383.112	19.928.790	(7.125.099)	(19.035.207)	23.690.012
Reportable segment profit before tax	(19.035.207)	4.865.595	(11.330.811)	(8.695.857)	23.690.012	11.383.112	19.928.790	(7.125.099)	(19.035.207)	23.690.012
Profit Tax	(239.367)	-	-	(239.367)	(1.483.121)	-	-	-	-	-
The assets of the reportable segment, of which:	168,610,554	61,252,502	98,348,914	-	248.887.979	123.322.508	116.309.207	-	248.887.979	186.576.726
- Intangible assets	351.065	-	-	351.065	193.346	-	-	193.346	351.065	193.346
- Tangible assets	8.658.073	-	-	8.658.073	9.062.918	-	-	9.062.918	8.658.073	9.062.918
- Real estate investments	-	-	-	-	-	-	-	-	-	-
- Financial investments	91.868.122	-	91.868.122	-	101.703.552	-	101.703.552	-	91.868.122	101.703.552
- Loans and advances granted	4.143.848	-	4.143.848	-	8.588.612	-	8.588.612	-	4.143.848	8.588.612
- Trade receivables and other receivables	11.660.382	10.747.441	912.941	-	65.141.500	60.005.743	5.135.757	-	11.660.382	65.141.500
- Availability	51.929.064	50.505.061	1.424.003	-	64.198.050	63.316.765	881.285	-	51.929.064	64.198.050
Debts of the reportable segment, of which:	151.401.489	104.770.215	46.631.274	-	146.526.399	115.962.249	30.564.150	-	151.401.489	146.526.399
- customer amounts	104.770.215	104.770.215	-	-	115.962.249	115.962.249	-	-	104.770.215	115.962.249

5. INTANGIBLE ASSETS

Cost	Formation expenses	Development expenditure	Concessions, patents, licences, trademarks, rights and similar assets	Other intangible assets	Advances granted for intangible assets	TOTAL
Cost 01.01.2022	2.150	3.458.495	1.051.808	12.766.180	27.820	17.306.453
Procurement		1.296.860	8.634	2.236.133	24.455	3.566.081
- of which, by transfer		1.296.860				1.296.860
Outflows		1.962.678				1.962.678
- of which, by transfer		1.962.678				1.962.678
Balance at 31.12.2022	2.150	2.792.677	1.060.442	15.002.313	52.275	18.909.856
Depreciation and impairment losses						
Balance at 01.01.2022	2.150	620.920	691.262	6.697.606	-	8.011.938
Depreciation during the year		80.097	89.366	1.198.346		1.367.809
Impairment losses recognised						-
Depreciation on disposals			63.210			63.210
Balance at 31.12.2022	2.150	701.017	717.418	7.895.952	-	9.316.537
Balance 01.01.2022	-	2.837.575	360.546	6.068.574	27.820	9.294.515
Balance 31.12.2022	-	2.091.660	343.024	7.106.361	52.275	9.593.319

The component of the balance of intangible assets is made up of computer programs and software licenses. The lifetimes used in the calculation of intangible assets are on average 3 years. The depreciation method used is the linear one. The expenses regarding the year's amortization of intangible assets are included in the statement of the global result at the position *Value adjustments of tangible and intangible assets*.

6. CORPORATE FIXED ASSETS

In lei

Cost 01.01.2022	Land and buildings	Technical installations and means of transport	Furniture, office equipment	Assets under construction	Assets IFRS 16	TOTAL
Cost 01.01.2022	7.951.863	3.252.563	809.573	22.343	220.930	12.257.272
Procurement	7.736	554.221	79.132	-	-	641.089
- of which, by transfer						-
Outflows	-	45.970				45.970
- of which, by transfer						-
Balance at 30.06.2022	7.959.599	3.760.814	888.705	22.343	220.930	12.852.390
Depreciation and impairment losses						
Balance at 01.01.2022	351.354	1.423.039	604.496		110.945	2.489.834
Depreciation during the year	329.146	604.527	258.970		109.985	1.302.628
Impairment losses recognised						-
Depreciation on disposals		45.970	159.345			205.315
Balance at 30.06.2022	680.500	1.981.596	704.121	-	220.930	3.587.147
NBV 01.01.2022	7.600.509	1.829.524	205.077	22.343	109.985	9.767.438
NBV 31.12.2022	7.279.098	1.779.218	184.583	22.343	(0)	9.265.243

As of 31.12.2022, the company has in operation the head office in Cluj Napoca, Motilor str. 119, as well as the properties owned in Bucharest, Suceava, Iasi where the agencies for the intermediation activity operate for the development of the activity.

As of 31.12.2022, the company does not own land for the exploitation activity, and those related to the buildings in operation are included in the value of the building.

The amortization expenses for the year are included in the global income statement at the position *Value adjustments of tangible and intangible assets*.

For the other fixed assets of the company, the linear depreciation method was used, in this case the fiscal depreciation does not differ from the accounting depreciation. The amortization period chosen can be found in the Fixed Assets Register, annex to Note 1.

Pledged or mortgaged tangible assets

Also, on 18.04.2022, a credit agreement was signed with CEC Bank for obtaining a credit line in the amount of 22,000,000 lei, for a period of 12 months from the date of signing the financing agreement, with the possibility of its extension. The loan is guaranteed with a real estate and movable mortgage. The credit facility obtained will be used by the company to refinance the credit line held by the company at Libra Bank in the amount of 723,000, refinancing the credit line held by the company at TECHVENTURES BANK in the amount of 4,500,000, financing the current activity in the amount of 16,777,000 lei.

Presentations on reassessment

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

7. REAL ESTATE INVESTMENTS

As of 31.12.2022, the company does not hold assets as real estate investments.

8. FINANCIAL INVESTMENTS

In lei

Financial assets valued at fair value through other elements of the overall result

Financial assets valued at fair value through other elements of the overall result

shares

Total financial assets designated at fair value through other elements of the global result

Financial assets designated at fair value through the profit or loss account

listed shares
Listed fund units
Unlisted fund units
Listed bonds
Unlisted bonds
Unlisted shares

Other financial instruments

Total financial assets designated at fair value through the profit or loss account

Total financial investments

	December-22	December-21
Financial assets valued at fair value through other elements of the overall result	17.470.539	9.536.911
Total financial assets designated at fair value through other elements of the global result	17.470.539	9.536.911
Financial assets designated at fair value through the profit or loss account		
listed shares	38.633.478	40.329.607
Listed fund units	-	-
Unlisted fund units	8.825.638	9.085.967
Listed bonds	1.277.851	738.050
Unlisted bonds	816.216	167.400
Unlisted shares	3.227.972	15.372.172
Other financial instruments	-	23.088
Total financial assets designated at fair value through the profit or loss account	52.781.155	65.716.284
Total financial investments	70.521.694	75.253.195

Listed securities: shares, bonds and fund units are valued at the rate on 31.12.2022 published by the Bucharest Stock Exchange. The unlisted fund units held are valued at the unit net asset value, and the unlisted bonds at amortized cost. The structured products held are valued at the quotation from 12.31.2022.

The financial instruments traded on the international markets are of the type of futures contracts, options and contracts for difference (CFDs) and are used for speculative and hedging purposes for market maker operations. They are evaluated at the quotation on 31.12.2022.

9. LOANS AND ADVANCES GRANTED

<i>In lei</i>	December-22	December-21
Margin loans - gross value	1.622.192	6.639.626
Loans granted to related parties	-	-
Interest related to the loans granted	164.990	44.267
Other loans granted	1.233.375	1.233.375
Impairment	(1.233.375)	-
Loans and advances granted - net value	1.787.182	7.917.268

During the year 2022, Brk Financial Group SA granted loans to affiliated companies as follows: to Romlogic Technology SA - 1,000,000 lei, to Gocab Software SA - 1,000,000 lei. To determine the fair value, the management of the company took into account the future net cash flows related to these loans. These loans having a maturity of more than 1 year on December 31, 2022. For each loan, 3 scenarios were defined regarding the recoverability of the amounts granted in the time interval until the maturity of the loan contract.

Loans granted to affiliated companies are included in stage 2 according to the policy described in Note 3 of these financial statements. The loans granted to the company's clients in the form of margin loans are classified at stage 1 according to the policy described in Note 3.

For the loans granted to Romlogic Technology SA, the management of BRK Financial Group, based on the accounting policy described in the present financial statements in Note 3, considers that these loans are in stage 2 of default, so a 100% impairment was taken into account from the total value of the loan in the absolute amount of 1,600,000 lei to determine the fair value.

The mother company BRK Financial Group, maintained the service offered to clients to carry out margin transactions. The balance of margin loans granted to clients on 31.12.2022 was 1,622,192 lei.

For loans in the margin, the securities purchased with these loans constitute as guarantees. Therefore, there are no indications of impairment. and this represents the fair value on December 31, 2022.

10. INVESTMENTS IN ASSOCIATED ENTITIES

Affiliated companies as well as associated companies (where significant influence is held) are mentioned below. In those where the ownership share is below 20%, the significant influence is due to the presence in the board of directors of the respective company.

The ownership percentage and the value of the participation in lei in the associated entities are as follows:

Company	Holding percentage in December 2022	December 2022 participation value	Holding percentage in December 2021	December 2021 participation value
Sai Broker	99.98%	10.054.082	99.98%	9.340.502
Romlogic Technology	90.75%	2.717.399	90.75%	6.283.985
Firebyte SA	48.93%	6.376.950	37.94%	7.831.978
POWER ENERGY SA	50%	250.000	-	-
Reit Capital SA	-	-	77.14%	427.765
GOCAB SOFTWARE SA	49.12%	1.622.400	32.53%	5.733.663
Total		21.020.831		29.617.894

During the year 2022, dividends were recorded to be collected from associated companies in the amount of 499,900 lei.

During the year 2022, transactions with related parties are presented as follows:

Name	Nature of Affiliation	The nature of the activity	Volume and weight of the respective activity
SAI Broker	Ownership percentage 99.98%	Investment management	- income from intermediary commissions 1.778 Lei - revenues from distribution and brokerage commissions in the amount of 1.979 lei - rental income in the amount of 31.227 lei
Romlogic Technology SA	Ownership percentage 90.75%	Manufacturing of computers and peripheral equipment	- income from interest related to loans granted in the amount of 176.637 lei - loan granting 1.000.000 lei
Gocab Software	Ownership percentage 49.12%	Custom software creation activities (customer-oriented software)	- granting three loans in the amount of 1.000.000 lei - income from interest related to the loans granted 6.069 lei - revenues from intermediary commissions 14.400 Lei
Firebyte Games SA	Ownership percentage 48.93%	Development of games for mobile devices	- income from intermediary commissions 3.029 lei - rental income 14.575 lei
BRK POWER ENERGY SA	Ownership percentage 50 %	Electricity production	- rental income: 7.254 lei
Reit Capital SA	Ownership percentage 0 %	Consulting activities for business and management	- rental income 5.200 lei

Transactions with related parties were carried out at market value.

On 31.12.2022 and 31.12.2021, the balances of the company's claims from relations with related parties were as follows:

<i>In lei</i>	December-22	December -21
SAI Broker	53	1.510
REIT CAPITAL SA	-	-
Firebyte Games SA	3.975	-
Gocab Software	14.400	-
Romlogic Technology SA	2.947.982	1.771.345
BRK POWER ENERGY SA	1.116	-
Total	2.967.526	1.772.855

11. FIXED ASSETS HELD FOR SALE

<i>In lei</i>	December -22	December -21
Balance on January 1st 2021	-	-
Transfers to tangible assets during the year	-	-
Entry following the execution of some guarantees received	-	-
Inflows during the year (exchange of assets)	-	-
Disposals	-	-
Plus value with revaluation occasions	-	-
Minus value on the occasion of the revaluation	-	-
Balance as of December 31, 2021	-	-

12. COMMERCIAL AND SIMILAR RECEIVABLES

<i>In lei</i>	December-22	December-21
Commercial creditor	2.357.507	2.448.200
Amounts related to affiliated entities	516.581	409.925
Claims against the state budget	375.220	492.604
Expenditure recorded in advance	414.134	176.675
Various debtors	12.128.053	7.700.362
Non-current receivables	438.872	430.005
Other claims	79.158	158.491
Adjustments for impairment of receivables	(1.953.455)	(1.813.124)
Total trade and other receivables	14.356.070	10.003.138

The debtors from the trading of the company's financial instruments come from transactions concluded in December 2022, which have as settlement date the first two days of January 2023.

Similarly, the debtors from financial instruments settled by customers come from transactions concluded in December 2022, which have as the settlement date the first two days of January 2023.

<i>In lei</i>	December-22	December -21
Debtors from the trading of the Company's financial instruments	6.821.348	6.012.981
Debtors from financial instruments traded by clients	61.398.768	57.738.180
Total Debtors from financial instruments trading	68.220.116	63.751.161

The entity's exposure to credit risk and currency risk, as well as impairment losses related to trade receivables, are presented in note number 4.

The gross balances and depreciation of debtors are as follows:

<i>In lei</i>	December -22	December -21
Debtors former employees and third parties, Stage 3	1.809.521	1.934.938
Depreciation of debtors, former employees and third parties	(1.773.455)	(1.773.455)
Debtors former employees and third parties - net value	36.066	161.483

The movement of value adjustments for impairment of receivables from debtors (debtor employees and third party debtors) during the year was as follows:

<i>In lei</i>	December -22	December -21
Balance on January 1st	1.773.455	1.783.747
Additional provisions	-	-
Cancellation of provisions	-	-
Balance as of December 31	1.773.455	1.773.455

13. STOCKS

<i>In lei</i>	31/12/2022	31/12/2021
Raw materials	3.398.082	4.146
Spare parts	783.854	522.090
Materials in the nature of inventory items	10.717	10.751
Finished products	2.832.687	3.884.968
Goods	2.220.578	1.109.573
Suppliers - debtors for purchases of goods in the nature of inventories	3.565	-
Adjustments for depreciation of materials	(405.152)	(365.463)
Adjustments for depreciation of finished goods	(50.000)	(150.000)
TOTAL	8.794.331	5.16.65

14. CASH AND CASH EQUIVALENTS

<i>In lei</i>	December-22	December -21
Cash account related to customers	50.505.061	63.316.765
Cash and cash equivalents	2.750.760	8.010.900
Balance as of December 31	53.255.821	71.327.665

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

Customer balances in bank accounts are highlighted and managed separately from those of the company and can be used based on transaction orders given by customers.

The company performed an analysis regarding the calculation of depreciation of cash and cash equivalents according to IFRS 9 and considers that the resulting impact is insignificant at the level of the financial statements as a whole.

The entity's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities are presented in note number 4.

15. CAPITAL AND RESERVES

The share capital and the number of issued shares are presented as follows:

<i>In lei</i>	Share capital value	Number of ordinary shares	Nominal value/share
On January 1, 2021	54.039.987	337.749.919	0.16
On December 31, 2021	54.039.987	337.749.919	0.16
On January 1, 2022	54.039.987	337.749.919	0.16
On December 31, 2022	50.614.493	337.429.952	0,15

In the first semester of 2022, there was a decrease in the share capital and the number of issued shares.

The share capital was reduced by the amount of 3,425,494.24 lei by canceling a number of 319,967 own shares at the nominal value of 0.16 lei/share and covering some reported losses in the amount of 3,374,299.52 lei.

Own shares held by the mother company SSIF BRK Financial Group on December 31, 2022 amount to 6,000,000 shares.

<i>In lei</i>	December-22	December-21
The share capital	50.614.492,80	54.039.987
Share capital adjustment	4.769.353	4.071.591
Own shares	(1.391.444)	(130.414)
Bonuses	13.682.722	13.682.722
Total	67.675.124	71.663.886

16. RESERVES AND REVALUATION DIFFERENCES

<i>In lei</i>	December-22	December-21
Differences from the revaluation of tangible assets	5.608.237	5.742.690
Deferred tax related to the differences from the revaluation of tangible assets	-	(978.690)
Legal and statutory reserves	6.095.560	6.095.560
Reserves from the revaluation of financial assets valued at fair value through other elements of the global result	5.459.473	(2.514.578)
Other reserves	6.795.993	67.83.716
Reserves related to own shares	697.762	-
Total reserves and revaluation differences	24.657.025	15.128.698

Differences from revaluation

The differences from the revaluation did not change during 2022.

Legal reserves

The legal reserves represent the amounts constituted annually from the gross profit in the rate of 5%, until reaching the level of 20% of the social capital and are recognized as a deduction when calculating the profit tax.

Fair value reserve

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

As a result of the transition to IFRS 9, the fair value reserve was transferred to retained earnings.

Other reserves

"Other reserves" include adjustments to the historical cost of share capital in accordance with IAS 29 "Financial reporting in hyperinflationary economies".

Dividends and other distributions to shareholders

In 2022, dividends were granted to shareholders in the amount of 6,642,694 lei according to the AGEA decision of 04/27/2022.

17. REPORTED RESULT

<i>In lei</i>	December-22	December -21
Profit reported from the transition to IFRS	1.938.806	4.560.962
Reported result from the application of IFRS 9	3.392.306	3.392.306
Reported result IAS 29	(6.880.234)	(6.880.234)
Reported result	(12.747.417)	(11.237.397)
Current result	(23.295.659)	15.911.956
Distribution of profit	-	(1.100.034)
Total Reported result	(36.043.076)	4.647.559

Result reported through the transition to IFRS

Reported result regarding the transition to IFRS comes from 2008.

Reported result from the application of IFRS9 comes from 2018.

Result reported IAS 29

The financial statements and the corresponding amounts of the previous periods have been restated to reflect the change in the general purchasing power of the functional currency and, consequently, are expressed in relation to the unit of measure existing at the end of the reporting period. This capital position includes the influence of the restatement of the social capital to inflation for the period 1994 – 2002`.

The applied inflation index registered the following values in the updated period:

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

Following the application of these updates, the following values were recorded:

Account	Debit	Credit
Adjustments of the share capital	-	4.071.591
Differences from revaluation *	-	59.884
Other reserves **	-	2.748.760
Reported result from the adoption for the first time of IAS 29	6.880.234	-
Total	6.880.234	6.880.234

* Incorporation of revaluation reserves in 2011.

** Incorporation of reserves from 2007 on the occasion of the absorption of SC Investco.

18. COMMERCIAL DEBTS AND OTHER DEBTS

<i>In lei</i>	December-22	December-21
Trade debts	1.553.005	1.779.881
Suppliers of fixed assets	326.716	365.837
Personal debts	449.149	447.846
Debts to the state budget	726.717	1.013.299
Dividends payable	365.271	-
Sundry creditors resulting from house transactions	1.177.200	2.548.603
Sundry creditors arising from customer transactions	6.860.703	4.924.163
Sundry creditors arising from structured products	4.890.349	2.104.311
Total trade debts and other debts	16.349.110	13.183.940

The entity's exposure to currency risk and liquidity risk related to commercial debts and other debts is presented in note number 4. The various creditors represent settlements with the Bucharest Stock Exchange in the course of settlement, in the time interval from the completion of the transactions on behalf of the entity and/or the clients. Likewise, miscellaneous creditors include miscellaneous 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 clients who have opened accounts with external intermediaries, only their funds held at the intermediary mentioned above are reflected in the accounting. The accounts held by these clients are of Margin and RegTMargin type, meaning that they can call on the margin, and in this case the external intermediary offers the possibility for clients to call on margin loans. Customers constituting as collateral the financial instruments from their own trading portfolio.

19. LOANS

The situation of the loans contracted by the company is presented as follows:

<i>In lei</i>	December-22	December-21
Long-term debt		
Financial leasing liabilities	84.843	648.179
	84.843	648.179

Short term debts	December -22	December -21
Guaranteed lines of credit	20.329.411	5.041.915
The current part of the financial leasing debt	-	-
Total short-term liabilities	20.329.411	5.041.915

In the first semester of 2022, a credit facility was contracted to finance the current activity - credit line - with a maximum ceiling of 22,000,000 lei. The credit facility will be used to refinance the existing facilities (Techventures Bank and Libra Bank, approx. 5.2M RON) and increase the working capital (16.8M RON).

Real estate guarantees (headquarters and agency offices), mortgage on some share packages owned in own account, assignment of income from market making contracts. The credit line was guaranteed with the following properties from the portfolio:

Current number.	Mortgaged real estate	Categories	Value euro	Value lei
1	Apartment Suceava	fixed assets in operation	38.400	176.517
2	Immobile Bucuresti Bocsa	fixed assets in operation	157.000	721.698
3	Immobile 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

The sums owed to the clients, in fact, represent the sums advanced by them in the bank accounts on the domestic market or in the accounts held with external brokers which are available either for carrying out transactions or for withdrawals depending on the future options of the clients. Their origin is the following:

<i>In lei</i>	December-22	December-21
Amounts owed to customers		
Creditor customers from transactions on the internal market	56.931.120	64.332.187
Creditor customers from transactions on the external market	47.962.927	51.751.367
Creditor clients from corporate services	-	-
	104.894.047	116.083.554

The shareholders of mother company BRK Financial Group approved, through the Decision of the Extraordinary General Meeting of Shareholders of 26.04.2021, the issue of corporate bonds with a maturity of 5 years and empowered the BoD to issue any decision and fulfill all the necessary, useful legal acts and facts and/or timely for the implementation of the decisions to be adopted by the company's AGEA in relation to the issue of non-convertible bonds by the company, the management of the BRK Financial Group company decided, by the Decision of the Board of Directors no. 1/23.07.2021, to carry out during the period 02.08.2021 - 13.08.2021 the Private Placement regarding the issue of bonds for a number of **250,000** bonds, in the amount of **25,000,000** lei.

By the same decision, the management of the BRK Financial Group company was appointed to carry out the steps necessary for the Private Placement and the admission to trading of the Bonds issued on the regulated market of BSE.

In the period 02.08.2021 - 05.08.2021 the Private Placement actually took place through which subscriptions were collected from a number of 59 persons, it closing early by the Issuer's decision, according to the decisions of the Board of Directors dated 23.07.2021 regarding oversubscription, registering a degree of oversubscription of 106,283%. The selling price of the bonds was 100% of the principal, and for the subscriptions carried out 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 making at a price of 97% of the principal.

On 05.08.2021, the private placement of BRK Financial Group SA bonds was concluded, the value of the bond issue being **25,000,000** RON.

The transaction date related to the issued bonds was 08/06/2021, and the Settlement Date through the Central Depository was 08/10/2021.

In the placement, orders were collected that reflected a subscription of 106.283%, the allocation rate will be 94.08%. The purpose of the obtained funds is to provide working capital for expanding the market-making activity and diversifying the portfolio of structured products, other investment activities.

Characteristics of bonds subject to admission to trading:

- **Type of bonds:** corporate, unsecured, non-convertible
- **The currency in which the bonds are issued:** lei
- **The value of the bond issue:** 25.000.000 lei
- **Number of bonds issued:** max 250.000
- **The nominal value of a bond:** 100 lei
- **Date of Issue:** 10.08.2021
- **Maturity:** 5 years
- **Coupon:** 7.6% per year
- **Payment of coupon:** quarterly
- **Payment of principal:** on maturity
- **Destination of obtained funds:** ensuring the working capital for expanding the market-making activity and diversifying the portfolio of structured products, other investment activities.
- **Cod ISIN:** ROSYZVBBKKI6
- **CFI:** DBFUFR
- **FISN:** BRK FG/7.6 BD 20260813 UNSEC

20. PROVISIONS FOR RISKS AND EXPENSES

<i>In lei</i>	December-22	December-21
Provisions		
Balance on January 1st	822.755	246.033
Canceled during the period	(931.521)	(155.486)
Constituted during the period	936.696	732.208
Balance as of December 31	827.930	822.755

In the course of 2022, 931,521 lei were added to income from provisions and provisions were constituted in the absolute value of 431,335 lei.

21. ASSETS AND CONTINGENT LIABILITIES

There are ongoing criminal litigations filed by BRK GROUP against some former employees, as well as litigations in which BRK GROUP SA is an active party to the proceedings regarding amounts that it claims. Not in all cases the amounts claimed can be precisely determined. There are some lawsuits, in which BRK GROUP SA was an active party to the proceedings, which were won but in which the possibilities of effective recovery are reduced.

22. INCOME FROM INTERMEDIATION ACTIVITY

<i>In lei</i>	Continuo us activities 2022	Continuo us activities 2021	Interrupted activities 2022	Interrupted activities 2021	2022	Total 2021
Income from commissions on the domestic market	5.471.767	7.451.599	-	-	5.471.767	7.451.599
Income from commissions on the foreign market	955.393	2.610.778	-	-	955.393	2.610.778
Income from related activities	799.968	716.048	-	-	799.968	716.048
Subtotal revenues from intermediary commissions and related activities	7.227.128	10.778.426	-	-	7.227.128	10.778.426
Fund management income	2.925.545	3.138.034			2.925.545	3.138.034
Income from corporate operations	475.849	1.041.523	-	-	475.849	1.041.523
Other intermediate income	3.306.174	864.276		-	3.306.174	864.276
Total venituri	13.934.696	23.655.402	-	-	13.934.696	23.655.402

The company's revenue recognition policy is to reflect these revenues at gross values. Gross revenues also include market costs, commissions charged by the Stock Exchange, respectively by the FSA.

In order to diversify the income from the commissions, the widening of the range of products and the markets on which the transactions are carried out was constantly pursued. The level of commissions collected for the operations carried out by the company also included commissions related to operations on foreign markets, as presented above.

Clients are, in general, assigned to one broker, with the possibility of performing operations both traditionally and online.

Commission revenues also include transactions carried out for other non-bank financial institutions, called contracts with custodians, for which BRK GROUP SA collects the commissions related to the transactions, but the funds related to sales and purchases do not transit the company's accounts, but are settled through the custodian's accounts.

23. INCOME FROM MARKET MAKING ACTIVITY

<i>In lei</i>	December-22	December -21
Net gains/losses domestic market	15.103.685	(6.673.216)
Net foreign market gains/losses	(11.729.962)	10.708.482
Revenues from market making services provided to issuers	4.801.010	3.195.688
Result Market Making	8.174.733	7.230.954

24. STAFF COSTS

<i>In lei</i>	December -22	December -21
Expenses with staff and collaborators	(11.925.317)	(5.151.435)
Expenses with contributions and mandatory social insurance	(535.330)	(2.516.390)
Staff profit sharing	(1.441.892)	-
Expenses with allowances of BoD members	(425.100)	(233.369)
BoD members' profit participation	(153.239)	-
Total expenses with salaries in the global result account	(14.480.878)	(7.901.194)

The average number of Group employees for the period ended 31 December 2022 was 68 (31 December 2021: 67).

25. COMMISSION AND INTERMEDIARY EXPENSES

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

<i>In lei</i>	December-22	December -21
Fees and commissions Internal Market	(2.756.122)	(4.791.526)
Foreign Market commission expenses	(570.184)	(811.749)
Total	(3.326.306)	(5.603.276)

26. EXPENSES WITH THE PROVISION OF SERVICES

<i>In lei</i>	December -22	December -21
Expenses regarding audit fees, lawyers	(377.735)	(459.704)
Expenses with IT services and software maintenance	(1.342.397)	(957.756)
Expenses with consulting and training services	(133.758)	(33.892)
Other expenses with services performed by third parties	(5.741.521)	(391.351)
Total	(8.323.255)	(1.842.703)

27. OTHER EXPENSES OF THE BASIC ACTIVITY

Expenses with collaborators refer to expenses with delegate agencies in the amount of 215,802 lei (2021: 585,097 lei). External services expenses are mainly represented by the cost of insurance services, asset evaluation services, IT support services.

Other expenses with the basic activity refer mainly to:

<i>In lei</i>	December-22	December -21
Material expenses	(225.336)	(257.593)
Expenses with other taxes and fees	(54.636)	(75.705)
Utility expenses	(216.316)	(125.982)
Expenses with banking services	(131.367)	(264.379)
Advertising and advertising expenses	(4.479.094)	(2.471.274)
Telecommunications expenses	(74.475)	(68.313)
Insurance expenses	(120.004)	(92.573)
Maintenance and repair expenses	(56.366)	(44.412)
Transport costs	(135.361)	(126.028)
Rent expenses	(123.654)	(61.416)
Other expenses	(278.702)	(232)
Total	(5.895.311)	(3.587.908)

Value adjustments of intangible and tangible assets include depreciation expenses in the amount of RON 2,346,304 (2021: RON 918,165).

28. GAIN/(LOSS) OF TRADING ACTIVITY

In lei	December-22	December -21
Net gains/(losses) realized from financial instruments	(628.156)	2.654.797
Dividend income	1.732.562	392.400
Income from transactions with shares and bonds	3.477.661	3.190.535
Losses from transactions with shares and bonds realized	(5.838.379)	(928.138)
Reclassification of gains/(losses) recognized in the global income statement to the income statement, related to financial assets available for sale transferred	-	-
Net gains/(losses) from the valuation of financial assets measured at fair value through profit and loss	(10.632.729)	6.982.270
Income from the valuation of financial assets measured at fair value through profit and loss	8.687.676	11.357.597
Losses from the valuation of financial assets measured at fair value through profit and loss	(19.320.405)	(4.375.327)
Net income/(expenses) provisions fixed financial assets	(1.233.375)	(573.353)
Revenues cancellation provisions fixed financial assets	-	300.000
Expenses provisions fixed financial assets	(1.233.375)	(873.353)
Other net income/(expenses) from interest and exchange rate differences	(3.715.025)	426.968
Interest income, loans and bonds	381.309	51.547
Income, interest, credits, margin	241.238	99.914
Other interest income	(114.021)	13.659
Interest expenses	(3.919.888)	(204.203)
(Expenses)/Revenues differences house exchange rate	(913.501)	466.051
Net income/(expenses) provisions for risks and expenses	598.696	30.514
Expenses with provisions for risks and expenses	(551.937)	-
Revenue cancellation provisions for risks and expenses	1.682.888	7.608
Other net provisions	(532.255)	22.906
Other net income/(expenses).	(1.100.149)	(101.099)
Net gains/(losses) from the sale of assets	23.500	(64.725)
Other operational expenses	(1.649.183)	(72.115)
Other operating income	525.534	35.741
Net financial result recognized in the profit or loss account	(16.710.738)	9.420.097
Recognized in other elements of the overall result	Dec-22	Dec-21
In lei		
Detailed on the next page		
Recognized in other elements of the overall result		
In lei		
The net change in the fair value of financial assets available for sale transferred to the profit or loss account	-	-

The net change in the fair value of financial assets available for sale:

related to the securities sold during the period

relating to the titles in the balance at the end of the period	-	-
Free shares related to financial assets available for sale		
Profit tax related to income and financial expenses recognized directly in other elements of the overall result		
Financial income recognized in other elements of the overall result, after taxation	-	-

The unrealized net gains/(Losses) from the valuation of participations at fair value through the profit or loss account for the financial year ended on December 31, 2022 were mainly generated by the net change in the fair value of the financial instruments that are part of the trading portfolio for which the company analyzed sales opportunities.

The net gains/(losses) *from the trading of financial assets recorded at fair value through the profit or loss account* represent the income from the sale of securities reduced by the value of the costs for those securities, for transactions for which this difference is positive.

Dividend income it is recorded in the profit or loss account at net value. The dividend tax rates for the period ended on December 31, 2022 were 5% and (2021: 5%)

<i>In lei</i>	December-22	December -21
AAGES	673	559
ANTIBIOTICE IASI	778	1.973
BUCHAREST STOCK EXCHANGE	21.229	-
AQUILA	152.974	
The Romanian Commodity Exchange	-	1.840
COMPA SA	-	62.700
ELECTROPRECIZIA SA Sacele	-	2.660
LIFE IS HARD	5.600	-
MACOFIL SA TG,JIU	-	5.072
NEW BUSINESS DIMENSION	869.961	-
ONE UNITED PROPERTIES	35.521	17.068
PETAL SA HUSI	-	1.319
PURCARI WINERIES PUBLIC COMPANY LIMITED	9.545	6.980
Star Residence Invest	-	11.736
ROMCARBON SA	58.241	9.491
SAI BROKER SA	499.900	499.916
Sphera Franchise Group	9.325	18.181
OMV PETROM S.A	-	14.725
SIF TRANSILVANIA	-	-
TERAPLAST SA	21.048	145.946
UNIVERS SA Rm,Valcea	-	76.417
TTS	36.207	-
SIPEX SA	11.439	
TOTAL	1.732.563	876.582

29. PROFIT TAX EXPENDITURE

Reconciliation of the effective tax rate

In lei

Profit for the period

The total expense with the profit tax

Profit before taxation (including related to discontinued activities)

Profit tax rate

The profit tax calculated by applying the tax rate to the accounting profit

The influence of non-deductible expenses

The influence of non-taxable income

The influence of the expenses resulting from the restatement on IFRS not considered when calculating the profit tax

Cumulative tax losses

The influence of fiscal losses of previous periods

The total expense with the profit tax calculated according to the tax rate

Unregistered income tax expense for negative amounts

The final expense with the profit tax

The final profit tax rate

December-22	December -21
(23.056.292)	24.313.790
(239.367)	(277.128)
(23.295.660)	24.036.662
16%	16%
3.632.589	3.632.589
409.992	409.992
(784.056)	(784.056)
-	-
9.495.339	9.495.339
(1.519.254)	(1.519.254)
-	1.483.121
-	-
-	1.483.121
16%	16%

30. THE RESULT PER SHARE

The result per basic share

The calculation of the basic result per share on December 31, 2022 is based on the profit attributable to shareholders (totally ordinary shareholders) and the average number of ordinary shares in circulation of 337,429,952 shares. On December 31, 2021, the average number of ordinary shares in circulation was 337,749,919 shares.

The presented result is after calculating the profit tax.

	December-22	December-21
Attributable profit:	(23.295.659)	24.036.662
Company shareholders	(20.888.004)	18.799.838
Interests without control	(2.407.656)	5.236.824
Profit for the period	(23.295.660)	24.036.662
Total attributable global result:		
Company shareholders	(20.888.004)	18.799.838
Interests without control	(2.407.656)	5.236.824
Total overall result for the period	(23.295.660)	24.036.662
The result per share		
Basic earnings per share (lei)		
Earnings per share to be diluted (lei)	(0.0690)	0.04819
	(0.0690)	0.04819
Continuous activities		
Basic earnings per share (lei)	(0.0690)	0.04819
Earnings per share to be diluted (lei)	(0.0690)	0.04819

Weighted average number of ordinary shares

During the year 2022, 319,967 shares with a nominal value of 0.16 lei were canceled and since then there have been no changes

in the number of shares issued.

Year	2022	2021	2020	2019	2018
Number of shares	337.429.952	337.749.919	337.749.919	337.749.919	337.749.919

31. THE HIERARCHY OF FAIR VALUES

The table below analyzes the financial instruments recorded at fair value according to the valuation method. The different levels were defined as follows:

32. **Level 1:** Quoted (unadjusted) prices on active markets. For securities at fair value through the income statement, the price is the one at the end of the period, on the last trading day.
33. **Level 2 :** Input data, other than the quoted prices included in Level 1, Here are the 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 input data related to Level 2 must contain observable values over the entire period of the asset or liability, examples: quoted prices for similar assets or liabilities on active markets, quoted prices for identical or similar products from markets that are not active, observable values other than quoted prices such as: interest rates, volatilities, other corroborated market inputs.
34. **Level 3:** Input data, other than 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 (ex: prices) or indirectly (eg: derived from prices). The fair value for these titles was determined either by applying the DDM (Discounted Dividend Model), by applying the DCF (Discounted Cash Flow) method, or by the asset-based method, as presented in the company's accounting policies.

December 31, 2022	Level1	Level 2	Level 3	Total
Financial assets at fair value through the profit or loss account from which:	37.903.202	18.495.095	11.849.329	68.247.626
Quoted shares	31.956.191	1.368.603	-	33.324.793
Quoted fund units	-	-	-	0
Unquoted fund units	-	10.999.775	-	10.999.775
Quoted bonds	24.802	-	-	24.802
Unquoted bonds	-	135.933	-	135.933
Unquoted shares	-	2.163.587	226.499	2.390.086
Loans and advances granted	-	-	4.143.848	4.143.848
Other financial instruments	-	-	-	-
Financial assets designated at fair value through other elements of the global result from which:	13.730.434	-	31.039.676	44.770.110
Unlisted shares	13.730.434	-	31.039.676	44.770.110
Total	45.934.049	14.667.898	35.410.023	96.011.970

In lei

December 31, 2022	Level1	Level 2	Level 3	Total
Financial assets at fair value through the profit or loss account from 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
Unquoted 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 elements of the global result from 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

The table below shows the change in the book value of participations classified within level 3 of the fair value hierarchy in 2022 and 2021:

Level 3 fair value change

In lei

	December-22	December-21
On January 1	40.328.227	32.663.881
Total gain/loss recognized in the profit and loss account	-	-
Total gain/loss recognized in other elements of the overall result	8.021.540	(7.632.004)
Purchases during the period	8.063.881	17.226.291
Sales during the period	(14.677.457)	-
Transfers in level 3 of the fair value hierarchy (***)	(6.326.168)	(1.929.941)
On December 31	35.410.022	40.328.227

31. THE HIERARCHY OF FAIR VALUES (continued)

Current number	Financial assets	Fair value on December 31, 2022 in lei	Evaluation technique	Unobservable input data, ranges of values	Relationship between unobservable inputs and fair value
1	Unlisted majority shares	10.054.082	Income approach - discounted cash flow method	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 revenue growth rate, the higher the fair value
2	Unlisted majority shares	-	Income approach - discounted cash flow method	Weighted average cost of capital: 12.75% Discount for lack of liquidity: 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 illiquidity discount, the higher the fair value The higher the long-term revenue growth rate, the higher the fair value
3	Unlisted minority shares	4.563.127	The cost approach - the adjusted net asset method	The market value of equity relative to their book value: Weighted average cost of capital: 10.50%	In the balance sheet, the accounting value is identified by equity, the lower the resulting Price/Accounting Value, the lower the fair value The lower the weighted average cost of capital, the higher the fair value
4	Unlisted minority shares	16.648.966	Income approach - discounted cash flow method	Discount for lack of control: 10% Long-term revenue growth rate: 2%	The lower the discount for lack of control, the higher the fair value The higher the long-term revenue growth rate, the higher the fair value
5	Unlisted bonds	-	Amortized cost approach - fair value estimates,	Discount rate (IRR) of annual cash-flows: 8.23%	The lower the discount rate of the cash flows, the higher the fair value
6	Loans and advances granted	8.588.612	Income approach - discounted cash flow method		
Total		35.410.022			

31. THE HIERARCHY OF FAIR VALUES (continued)

Current number	Financial assets	Fair value on December 31, 2022 in lei	Evaluation technique	Unobservable input data, ranges of values	Relationship between unobservable inputs and fair value
1	Unlisted majority shares	9.768.191	Income approach - discounted cash flow method	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 revenue growth rate, the higher the fair value
2	Unlisted majority shares	-	Income approach - discounted cash flow method	Weighted average cost of capital: 12.75% Discount for lack of liquidity: 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 illiquidity discount, the higher the fair value The higher the long-term revenue growth rate, the higher the fair value
3	Unlisted minority shares	5.489.786	The cost approach - the adjusted net asset method	The market value of equity relative to their book value: Weighted average cost of capital: 10.50%	In the balance sheet, the accounting value is identified by equity, the lower the resulting Price/Accounting Value, the lower the fair value. The lower the weighted average cost of capital, the higher the fair value
4	Unlisted minority shares	16.481.638	Income approach - discounted cash flow method	Discount for lack of control: 10%	The lower the discount for lack of control, the higher the fair value
5	Unlisted bonds	-	Income approach - discounted cash flow method,	Long-term revenue growth rate: 2% Discount rate (IRR) of annual cash-flows: 8.23%	The higher the long-term revenue growth rate, the higher the fair value The lower the discount rate of the cash flows, the higher the fair value
6	Loans and advances granted	8.588.612	Income approach - discounted cash flow method	Discount rate of cash flows – 5.5%, adjusted with the probability of their non-collection.	The lower the discount rate of the cash flows, the higher the fair value
	Total	40.328.227			

31. THE HIERARCHY OF FAIR VALUES (continued)

Price/Book value: the indicator evaluates the market price of a company relative to its own capital (net assets). This indicator reflects the ratio that investors are willing to pay for the net asset value per share. The P/BV indicator varies significantly depending on the activity sector.

A company that requires more assets (for example, a production company with manufacturing space and machinery) will generally have a Price/Booking Value of Equity indicator, significantly lower than a company whose income comes from the activity of providing services (e.g. a consulting company).

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

The discount for lack of control represents the discount applied to reflect the absence of control and is used within the discounted cash flow method to determine the value of the minority stake in the capital of the evaluated company.

The discount for lack of liquidity: represents the discount applied to comparable market multiples, to reflect the liquidity differences between the portfolio company subject to evaluation and the comparable companies considered. Appraisers estimate the illiquidity discount based on professional judgment, taking into account market conditions regarding liquidity and factors specific to the appraised company.

32. AFFILIATED PARTIES

Key Management Personnel Benefits

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

Investments in associated entities In note 18 Investments in associated entities from these financial statements, all associated entities are presented, as well as the transactions that took place with them during the period.

33. EVENTS AFTER THE BALANCE SHEET DATE

The events subsequent to the balance sheet date were taken into account when evaluating the conditions that existed on 31.12.2022 regarding the receivables positions and the significant estimates that were made, including those related to the establishment of provisions for litigation.

The events subsequent to the balance sheet 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 related to the establishment of provisions for litigation.

These financial statements were approved on 24.03.2023



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