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## Individual statement of financial position as at 31.12.2022

<i>In lei</i>	Note	31.12.2022	31.12.2021
<b>Assets</b>			
Intangible assets	7	351.065	304.263
Tangible fixed assets	8	8.658.073	9.062.918
Real estate investments	9	-	-
Financial assets measured at fair value through other comprehensive income	10	44.770.110	42.044.539
Financial assets measured at fair value through profit or loss	10	47.098.012	59.659.013
Financial assets at amortized cost	10	-	-
Loans and advances granted	11	4.143.848	8.588.612
Trade and other receivables	14	1.923.530	1.390.340
Other financial assets	14	68.220.116	63.751.161
Client bank accounts	16	50.505.061	63.316.765
Cash and cash equivalents	16	1.424.003	881.285
<b>Total assets</b>		<b>227.093.818</b>	<b>248.998.896</b>
<b>Liabilities</b>			
Bond liabilities	21	24.432.138	24.303.570
Financial leasing liabilities	21	457.273	515.978
Provisions		-	-
<b>Total non-current liabilities</b>		<b>24.889.411</b>	<b>24.819.548</b>
Interest Bonds		322.708	221.666
Deferred income tax liabilities		978.691	978.691
Current income tax liabilities		-	558.690
Dividend payment		365.271	-
Short-term bank debt	21	20.329.411	5.041.915
Current part of financial leasing liabilities	21	166.638	161.953
Amounts owed to customers	21	104.770.215	115.962.249
Trade and other payables	20	14.003.511	10.804.515
Provisions	22	521.882	1.022.068
<b>Total current liabilities</b>		<b>141.458.327</b>	<b>134.751.748</b>
<b>Total liabilities</b>		<b>166.915.600</b>	<b>159.571.296</b>
<b>Equity</b>			
Capital social	17	50.614.493	54.039.987
Adjustment of share capital	17	4.071.591	4.071.591
Treasury shares	17	(1.285.077)	(24.047)
Benefits to be granted to employees, directors and officers in the form of equity instruments		697.762	
Equity premiums	17	5.355	5.355
Reserves from revaluation of financial assets at fair value through other comprehensive income	18	(6.820.240)	(239.980)
Other reserves	18	13.501.013	13.608.320
Total reserves	18	6.680.773	13.368.340
Current result	19	(15.161.073)	22.000.682
Retained earnings	19	15.122.256	(4.034.307)
<b>Total shareholders' equity</b>		<b>60.746.080</b>	<b>89.427.600</b>
<b>Total equity and liabilities</b>		<b>227.093.818</b>	<b>248.998.896</b>

## Individual global statement of comprehensive income at 31.12.2022

	Note	31.12.2022	31.12.2021
<b>Income basic activity</b>		<b>19.183.884</b>	<b>27.782.933</b>
<b>Income from intermediation activity</b>		<b>11.009.151</b>	<b>20.551.978</b>
Intermediation commission income	24	7.227.128	10.778.426
Corporate income	24	475.849	8.424.707
Other core business income	24	3.306.174	1.348.846
Commission expenses Intermediation	24	(2.168.419)	(3.777.726)
Net commission income		<b>8.840.732</b>	<b>16.774.252</b>
<b>Income from market making activity</b>		<b>8.174.733</b>	<b>7.230.954</b>
Net trading income	25	3.373.723	3.362.768
Income from market making services provided to issuers	25	4.801.010	584.720
Expenses with licenses and issuance of structured products	25	(483.478)	(259.642)
<b>Net income from market making activity</b>		<b>7.691.255</b>	<b>6.971.312</b>
<b>Total Expenditure core activity of which:</b>		<b>(13.957.858)</b>	<b>(15.799.424)</b>
Salaries and employee benefits	26	(7.100.102)	(6.705.252)
Market and intermediary commission expenses	27	(1.157.887)	(1.825.549)
Expenses related to external benefits	28	(2.581.734)	(3.037.173)
Expenses with collaborators	26	(215.802)	(585.097)
Other expenses core activity	29	(1.974.302)	(2.505.950)
Value adjustments of intangible and tangible assets	29	(928.031)	(1.140.403)
<b>Profit/(loss) from basic activity</b>		<b>2.574.129</b>	<b>7.946.139</b>
<b>Net realised gains/(losses) on financial instruments</b>		<b>(640.243)</b>	<b>4.920.787</b>
Dividend income	30	1.732.562	863.006
Income from realised share and bond transactions	30	2.408.907	7.435.192
Losses on realised share and bond transactions	30	(4.781.712)	(3.377.411)
<b>Net gains/(losses) on valuation of financial assets measured at fair value through profit and loss</b>		<b>(10.689.111)</b>	<b>11.418.981</b>
Income from valuation of financial assets measured at fair value through profit and loss	30	8.631.294	21.279.497
Losses on valuation of financial assets measured at fair value through profit and loss	30	(19.320.405)	(9.860.517)
<b>Net income/(expense) provisions for non-current financial assets</b>		<b>(1.733.375)</b>	<b>(800.000)</b>
Income cancellation of provisions for non-current financial assets	30	-	300.000
Expenditure on provisions for non-current financial assets	30	(1.733.375)	(1.100.000)
<b>Other net interest and exchange rate income/(expenses)</b>		<b>(3.382.474)</b>	<b>686.527</b>
Interest income on loans and bonds	30	331.351	589.559
Interest income on margin loans	30	241.238	289.102
Interest income other	30	71.336	31.997
Interest expenses	30	(3.753.316)	(919.267)
(Expenses)/Income from exchange rate differences house	30	(273.083)	695.136



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

<b>Net income/(expenses) provisions for risks and charges</b>		<b>500.186</b>	<b>(762.368)</b>
Expenditure on provisions for risks and charges	30	-	-
Income for cancellation of provisions for risks and charges	30	931.521	169.153
Other net provisions	30	(431.335)	(931.521)
<b>Other income/(expenses), net</b>		<b>(195.056)</b>	<b>73.737</b>
Net gains/(losses) on sale of assets	30	23.500	169.405
Other operating expenses	30	(402.951)	(153.281)
Other operating income	30	184.395	57.613
<b>Result of investment activities</b>		<b>(16.140.073)</b>	<b>15.537.664</b>
<b>Result from operating activities</b>		<b>(13.565.944)</b>	<b>23.483.803</b>
Expenditure on other long-term employee benefits		(1.595.131)	-
Profit before tax		(15.161.073)	23.483.803
Income tax expense		-	(1.483.121)
Profit from continuing operations		(15.161.073)	22.000.682
Discontinued operations		-	-
Loss from discontinued operations (after tax)		-	-
<b>Profit for the period</b>		<b>(15.161.073)</b>	<b>22.000.682</b>
<b>Other comprehensive income</b>		<b>(6.580.260)</b>	<b>(239.980)</b>
Net change in fair value of financial assets at fair value through other comprehensive income (FVTOCI) not transferred to profit or loss		(6.580.260)	(239.980)
<b>Positions that can be reclassified to profit and loss</b>		-	-
Net change in fair value of available-for-sale financial assets		-	-
Free shares received classified as available for sale		-	-
Changes in value of fixed assets available for sale		-	-
<b>Positions that cannot be reclassified to profit and loss</b>		-	-
Changes in value of fixed assets used		-	-
Changes in value of investment property		-	-
Creation/renewal of reserves from profit for granting free shares to employees		-	-
Tax relating to other items of comprehensive income		-	-
<b>Total other comprehensive income for the period</b>		<b>(6.580.260)</b>	<b>(239.980)</b>
<b>Total profit and loss account and other comprehensive income for the period</b>		<b>(21.741.333)</b>	<b>21.760.702</b>
<b>Attributable profit:</b>		<b>(15.161.073)</b>	<b>22.000.682</b>
Shareholders of the Company	32	(15.161.073)	22.000.682
Interests without control	32	-	-
<b>Profit for the period</b>		<b>(15.161.073)</b>	<b>22.000.682</b>
<b>Total attributable comprehensive income:</b>			
Shareholders of the Company	32		-
Interests without control	32		
<b>Total comprehensive income for the period</b>		<b>(6.580.260)</b>	<b>21.760.702</b>

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

<b>Earnings per share</b>			
Result per basic share (lei)	<b>32</b>	(0.0449)	0.0651
Diluted earnings per share (lei)	<b>32</b>	(0.0449)	0.0651
<b>Continuing activities</b>			
Result per basic share (lei)	<b>32</b>	(0.0449)	0.0651
Diluted earnings per share (lei)	<b>32</b>	(0.0449)	0.0651
<b>31.12.2022</b>			
Weighted average number of shares in the balance:		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**

## Individual statement of changes in equity for 31.12.2022

<i>In lei</i>	Share capital	Capital adjustments	Own shares	Revaluation differences	Legal and statutory reserves	Reserves from revaluation of financial assets FVTOCI	Other reserves	Reported result	Total equity	Other comprehensive income	Total equity
<b>Balance on 1 January 2022</b>	<b>54.039.986</b>	<b>4.071.590</b>	<b>(24.048)</b>	<b>5.742.690</b>	<b>6.095.560</b>	<b>(239.980)</b>	<b>2.748.759</b>	<b>14.754.318</b>	<b>88.208.929</b>	<b>(978.691)</b>	<b>89.427.600</b>
<b>Profit for the period</b>	-	-	-	-	-	-	-	(15.161.073)	(15.161.073)	-	(15.161.073)
Other comprehensive income	-	-	-	-	-	-	-	-	-	697.762	697.762
Gain transferred to income statement	-	-	-	-	-	-	-	290.181	290.181	(369.540)	(79.359)
Changes in value of fixed assets available for sale	-	-	-	-	-	-	-	-	-	-	-
Changes in value of fixed assets in use	-	-	-	(134.454)	-	-	-	-	(134.454)	-	(134.454)
Changes in value of investment property	-	-	-	-	-	-	-	-	-	-	-
Other changes in equity	-	-	-	-	-	-	-	-	-	-	-
<b>Deferred income tax on fixed assets</b>	-	-	-	-	-	-	-	-	-	-	-
Reserves from revaluation of financial assets at fair value through other comprehensive income	-	-	-	-	-	(6.580.260)	-	-	(6.580.260)	-	(6.580.260)
Decreases in share capital	(3.425.493)	-	-	-	-	-	27.148	3.374.300	(24.045)	-	(24.045)
Transfer of revaluation differences on assets sold to reserves	-	-	-	-	-	-	-	782.846	782.846	-	782.846
<b>Transfer to retained earnings</b>	-	-	-	-	-	-	-	-	-	-	-
<b>Total other comprehensive income</b>	<b>(3.425.493)</b>	<b>-</b>	<b>-</b>	<b>(134.454)</b>	<b>-</b>	<b>(6.580.260)</b>	<b>27.148</b>	<b>(11.362.138)</b>	<b>(20.826.804)</b>	<b>328.221</b>	<b>(20.498.583)</b>
<b>Transactions with shareholders recognised in equity</b>	-	-	-	-	-	-	-	-	-	897.369	-
Cancellation of own shares	-	-	24.047	-	-	-	-	-	24.047	-	51.195
Repurchase of own shares	-	-	(1.285.077)	-	-	-	-	-	(1.285.077)	-	(2.182.446)
Dividends payable for 2021	-	-	-	-	-	-	-	(6.921.908)	(6.921.908)	-	(6.921.908)
<b>Total transactions with shareholders recognised in equity</b>	<b>-</b>	<b>-</b>	<b>(1.261.030)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>27.148</b>	<b>(6.921.908)</b>	<b>(8.182.938)</b>	<b>897.369</b>	<b>(8.182.938)</b>
<b>Balance on 30 December 2022</b>	<b>50.614.493</b>	<b>4.071.590</b>	<b>(1.261.030)</b>	<b>5.608.236</b>	<b>6.095.560</b>	<b>(6.820.240)</b>	<b>2.775.907</b>	<b>648.393</b>	<b>59.199.187</b>	<b>246.899</b>	<b>60.746.080</b>



## Individual statement of changes in equity for 2021

<i>In lei</i>	Share capital	Capital adjustments	Own shares	Capital premium	Revaluation differences	Legal and statutory reserves	Other reserves	Reported result	Total equity
<b>Balance on 1 January 2021</b>	<b>54.039.986</b>	<b>4.071.590</b>	<b>(24.048)</b>	<b>5.354</b>	<b>5.877.144</b>	<b>4.995.526</b>	<b>2.748.759</b>	<b>(2.388.183)</b>	<b>68.645.589</b>
<b>Profit for the period</b>	-	-	-	-	-	-	-	-	22.000.682
Other comprehensive income	-	-	-	-	-	-	-	-	(239.980)
Gain transferred to income statement	-	-	-	-	-	1.100.034	-	(1.100.034)	-
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	-	-	-	-	-	-	-	-	-
<b>Deferred income tax on fixed assets</b>	-	-	-	-	-	-	-	-	<b>(978.690)</b>
Movements in the comprehensive income account	-	-	-	-	-	-	-	-	-
Decreases in share capital	-	-	-	-	-	-	-	-	-
Transfer of revaluation differences for assets sold to reserves	-	-	-	-	-	-	-	-	-
<b>Transfer to retained earnings</b>	-	-	-	-	-	-	-	-	-
<b>Total other comprehensive income</b>	-	-	-	-	-	1.100.034	-	-	<b>(1.218.671)</b>
<b>Total comprehensive income for the period</b>	-	-	-	-	-	1.100.034	-	20.852.712	<b>90.646.271</b>
Operations with own shares	-	-	-	-	-	-	-	-	-
Repurchase of own shares	-	-	-	-	-	-	-	-	-
<b>Total transactions with own shares</b>	-	-	-	-	-	-	-	-	-
<b>Balance at 31 December 2021</b>	<b>54.039.986</b>	<b>4.071.590</b>	<b>(24.048)</b>	<b>5.354</b>	<b>5.877.144</b>	<b>6.095.560</b>	<b>2.748.759</b>	<b>16.915.403</b>	<b>89.427.600</b>

## Individual cash flow statement for the year 2022

In RON	31.12.2022	31.12.2021
<b>Operational activities:</b>		
Gross Result	(15.161.073)	23,483,803
<b>Adjustments to reconcile net income to net cash used in operating activities:</b>		
Adjustment of the value of tangible and intangible fixed assets	928.031	1.140.403
Income from repurchase of own shares	-	-
Unrealised(-)/(+)gains on valuation of financial assets	10.689.112	(11.718.981)
Adjustment to value of short-term investments	-	-
Income tax	-	1.483.121
Provisions for current and non-current assets	1.733.375	(13.668)
Provisions for risks and charges	(500.186)	-
Interest expenses	2.069.423	919.267
Interest income	(3.682.858)	(1.968.971)
Dividend income	(1.734.585)	(876.582)
Gains on turbo certificates	(2.646.260)	(4.156.899)
Gain/(loss) on sale of property, plant and equipment	(23.500)	(169.405)
Income from exchange rate differences	(727.463)	64.575
<b>Increase/(decrease) in cash from operating activities before changes in working capital</b>	<b>(9.055.987)</b>	<b>8.186.665</b>
Changes in working capital:		
(Increase)/Decrease in other receivables balances	533.190	475.485
Increase/(Decrease) in trade and other payables balances	2.170.337	(3.273.266)
Increase/(Decrease) in balances of assets available for sale	-	-
<b>Net cash flow from operating activities</b>	<b>(6.352.460)</b>	<b>5.388.884</b>
<b>Cash flows from operating activities:</b>		
Corporation tax paid	-	(1.483.121)
Interest income	41.194	288.343
Interest paid	(1.261.018)	(653.117)
<b>Net cash flow from operating activities</b>	<b>(7.572.284)</b>	<b>3.540.988</b>
<b>Cash flows from investing activities:</b>		
Cash payment for purchase of tangible and intangible fixed assets and investment property	(545.533)	(1.294.209)
Cash payment for purchase of financial instruments	(27.084.106)	(31.632.421)
Cash proceeds from sale of land and buildings, plant and equipment, intangible assets and other long-term assets	23.500	182.892
Dividends received/(Dividends paid)	(5.044.760)	876.582
(Loans granted)/reimbursed Advances and customer margin	(1.026.802)	(1.933.375)
Net position from proceeds from sales of turbo certificates and IG payments	10.236.079	10.626.607
Interest income	3.312.852	1.130.946
Effect of exchange rate changes on loans and borrowings	323.600	(64.575)
<b>Net cash flow from investing activities</b>	<b>(19.805.170)</b>	<b>(22.107.554)</b>
<b>Cash flows from financing activities:</b>		
Borrowings Bond issue	-	24.250.000
Lease purchase payments	(179.028)	(184.525)
Short-term bank loan receipts/payments	15.287.496	2.598.215
<b>Net cash flow from financing activities</b>	<b>15.108.468</b>	<b>26.663.690</b>
<b>Cash flows - total</b>	<b>(12.268.986)</b>	<b>8.097.125</b>
<b>Changes in cash and cash equivalents</b>		
Cash and cash equivalents at beginning of period	<b>64.198.050</b>	<b>56.677.722</b>
Increase/(decrease) in cash and cash equivalents	(12.268.986)	8.097.125
Effect of exchange rate changes on opening balance of cash and cash equivalents	-	-
<b>Cash and cash equivalents at end of period</b>	<b>51.929.064</b>	<b>64.198.050</b>
Of which :		
Cash held on behalf of customers	50.505.061	63.316.765
Cash held on behalf of the company	1.424.003	881.285

### 1. E THE REPORTING ENTITY

## 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 individual 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 individual 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.

SSIF BRK FINANCIAL GROUP SA issues for the financial year ending 31.12.2022 and consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS"), the consolidated financial statements of SSIF BRK FINANCIAL GROUP SA as at 31 December 2022 will be prepared approved and made public on a date subsequent to the publication of these individual financial statements, and compliance with the legal provisions is the responsibility of the Company's management.

## 2. BASIS OF THE DRAFTING

### a) Declaration of compliance

**The individual 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 individual 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 individual 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 individual 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 individual 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.

## a) 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.

## b) 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.

### c) 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.

### d) 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.

### e) 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.

### f) 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.

### g) 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.

#### **h) 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.

#### **i) 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.

#### **j) 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.

#### **k) 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.

#### **l) 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.

#### **m) Rental income**

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

#### **n) 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.

#### o) 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 15 on deferred tax assets and liabilities mentions cases where deferred tax assets have not been recognised as assets.

#### p) 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.

#### q) 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 (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.

#### r) **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 Company 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. FINANCIAL RISK MANAGEMENT

BRK Financial Group is exposed to risks as a result of its complex activity and the use of financial instruments, following the following risk categories:

- credit risk
- liquidity risk
- market risk
- operational risk
- currency risk
- risk of concentration

The explanations provided present information on the company's exposure to each risk category, the objectives, policies, processes and procedures used to assess and manage risk and capital.

### General framework for risk management

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

The company's complex business requires active risk management and in order to ensure risk management, the company has established a risk management system by developing risk management policies and internal procedures in accordance with the regulations and legislation in force. Risk management principles include risk identification and awareness, risk assumption, management and monitoring, compliance with prudential requirements for risk management, periodic review of risk policies and internal procedures, risk control and risk management.

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

Regular verification and monitoring missions are carried out to ensure compliance with the provisions of internal procedures and regulations in force and reports are drawn up for the company's Executive Management and the Board of Directors.

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

The company's risk profile takes into account the totality of the risks to which the company is exposed according to the risk appetite assumed by the management structure in the decision-making process and business strategy. With regard to risk appetite, it represents the level of risk expressed for each individual risk category, up to which the company is willing to take risks, i.e. to accept them, in accordance with the established risk strategy and policies, but keeping the risks under control within the risk profile assumed for each individual significant risk category.

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

For the year 2022, the risk profile is summarized in the table below and is made public to stakeholders on the company's website.

Tolerance limits/ Risk categories		Very Low	Low	Medium	High	Very High
Colour related to the proposed maximum level						
		(0 - 5%)	(5% - 10%)	(10% - 25%)	(25% - 40%)	> 40% din fp
Market risk	Equity securities					Foarte ridicat
	Debt securities		Low			
	Collective Placement Organisations			Medium		
Currency risk		Very Low (0 - 5%)	Low (5% - 10%)	Medium (10% - 12%)	High (12% - 15%)	Very High > 15% din fp
Credit risk		Very Low (0 - 50%)	Low (50% - 100%)	Medium (100% - 150%)	High (150% - 200%)	Very High > 200% din fp
Counterparty risk		Very Low (0 - 4%)	Low (4% - 8%)	Medium (8% - 12%)	High (12% - 15%)	Very High >15%
Concentration risk	Sector	Very Low < 5%	Low (5% - 10%)	Medium (10% - 15%)	High (15% - 20%)	Very High >20%
	Entity	< 5%	(5% - 15%)	(15% - 20%)	(20% - 25%)	>25%
Operational risk		Very Low (0 - 15%)	Low (15% - 30%)	Medium (30% - 40%)	High (40% - 50%)	Very High > 50% din fp
LCR (liquidity indicator)		Very Low > 5	Low (3.5 - 5)	Medium (2 - 3.5)	High (1 - 2)	Very High < 1

Portfolio liquidity	Very Low	Low	Medium	High	Very High
	> 50%	(40% - 50%)	(30% - 40%)	(20% - 30%)	< 20 % din total portofoliu
Leverage	Very Low	Low	Medium	High	Very High
	> 50%	(40% - 50%)	(30% - 40%)	(20% - 30%)	< 20%
CAR (capital adequacy ratio)	Very Low	Low	Medium	High	Very High
	> 50%	(35% - 50%)	(25% - 35%)	(18% - 25%)	< 18%

Subsequently, in February 2023, the company's risk profile was updated in line with legislative changes to the risk management and risk capital adequacy approach, with the new form applicable from February 2023, which can be found on the company's website. Market risk refers to the risk that the company will incur losses as a result of fluctuations in market prices (equity securities, debt securities, CPO, etc.).

Currency risk is the likelihood that the company will incur losses on international commercial contracts or other economic relationships as a result of changes in the exchange rate between the conclusion of a contract and its maturity date.

Credit risk is broadly defined as the risk of financial loss caused by the total or partial failure of a counterparty to meet its obligations. Credit risk is derived from the concept of a credit event, which describes any sudden and adverse change in the credit quality of a borrower that calls into question the borrower's ability to repay the debt.

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

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

Operational risk can be defined as the risk of loss caused either by the use of processes, systems and human resources that are inadequate or have not performed their function properly, or by external events and actions.

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

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

Capital adequacy ratio (and following legislative changes - own funds ratio) is the ratio of a company's own funds to its own funds requirements.

Liquidity requirement is total regulatory weighted liquid assets relative to the level of the fixed charge requirement.

## Risk categories

### Credit risk

Credit risk is the risk that a client or counterparty will incur losses or fail to realise expected profits as a result of a client's or counterparty's failure to meet contractual obligations, and this risk arises primarily as a result of the inability of clients to meet their payment obligations in respect of risky assets, whether on- or off-balance sheet.

For the securities brokerage activity, at the balance sheet date there is no credit risk because, according to the internal procedures approved by the Board of Directors, clients can only register debts with BRK Financial Group on the basis of analysis and approvals and only for a short term.

### Exposure to credit risk

Assets exposed to credit risk represent the following categories of holdings: positions on financial instruments not belonging to the trading book, exposures arising from commissions, interest, dividends, margins on futures contracts, options, warrants, claims on financial and non-financial entities, off-balance sheet items related to items other than those included in the trading book, property, plant and equipment, cash, demand and time deposits, loans granted to affiliated entities, any assets not deducted from the eligible capital of BRK Financial Group.

The risk of incurring losses due to the debtor's failure to meet its obligations can have two causes:

- the bankruptcy of the debtor/issuer - also referred to as debtor default risk (long-term credit risk). This risk relates to financial assets which are held for the long term and which are therefore affected by the solvency dynamics of the issuer of the securities concerned.
- the bad faith of the debtor (of the counterparty with which the company carries out certain types of financial transactions) also referred to as counterparty credit risk (short-term credit risk).

The financial transactions to which this type of risk refers are the following:

- derivative financial instruments traded on OTC and credit derivative financial instruments;



2. repo agreements, reverse repo agreements, securities/ commodities lending or borrowing transactions
2. based on securities or commodities included in the trading book;
3. margin lending transactions in securities or commodities;
4. transactions with long settlement periods.

In terms of exposures by exposure classes, these are as follows:

#### Current account exposures and deposits with banks

<i>In lei</i>	December-22	December -21
Banca Transilvania	8.233.560	7.371.107
BRD - Group Societe Generale	1.162.657	192.298
UniCredit Bank	7.579	7.377
First Bank	206.858	4.178.098
Idea Bank	-	9.500.779
Banca Romaneasca	10.001.009	5.500.000
Intesa San Paolo Bank	4.065.699	8.215.444
TECHVENTURES BANK	27.015.861	29.000.005
Other commercial banks	1.235.840	231.613
Cash	-	1.329
<b>Total current accounts and deposits at banks</b>	<b>51.929.064</b>	<b>64.198.050</b>

#### Exposures from bonds at fair value

<i>In lei</i>	December-22	December -21
Corporate bonds IMP26E	247.425	24.802
Corporate bonds LIH	135.800	167.400
<b>Total Bonds</b>	<b>410.225</b>	<b>192.202</b>

#### Exposures from loans to related parties at fair value

<i>In lei</i>	December-22	December -21
Romlogic Technology SA	2.947.982	1.771.345
Firebyte Games SA	-	-
Gocab Software	1.000.000	-
<b>Total Loans granted</b>	<b>3.947.982</b>	<b>1.771.345</b>

### Liquidity risk

Liquidity risk is the risk that the entity will encounter difficulties in meeting obligations associated with financial liabilities that are settled in cash or by transferring another financial asset. At the date of this report, BRK Financial Group has outstanding loans. As far as intermediation is concerned, liquidity in relations with clients is ensured by the fact that investment companies are obliged to keep clients' liquid assets in separate accounts, without being able to use them in any way.

In terms of general liquidity, the current sources of liquidity are represented by the results of the placement activity, commissions received from clients, and as extraordinary sources, capital increases.

Liquidity risk takes two forms:

**Liquidity risk of the financial instruments portfolio** – losses that may be incurred by BRK Financial Group due to the impossibility of finding a counterparty in financial transactions, thus making it difficult for BRK Financial Group to close out positions in financial instruments with adverse price movements.

**Risk of covering liquidity needs** – losses that may be incurred by BRK Financial Group due to the inability to fund net outflows (current liabilities) incurred within a 30-day time horizon.

#### Method of determination:

Liquidity risk of the financial instruments portfolio - The ratio of highly liquid assets in the total portfolio - calculated as the ratio of the value of highly liquid assets to the value of total assets.

Liquidity Coverage Ratio (LCR) – is calculated as the ratio between the value of assets with a high degree of liquidity (liquidity reserves) and the value of current liabilities (debts falling within the maturity band with a maximum maturity of 30 days).

Risk of financing long-term assets from non-permanent resources – is calculated as the ratio between the value of resources of a temporary nature (e.g. unremitted dividends, loans, bonds issued, etc.) and the value of total assets.

The following holdings have been included in highly liquid assets:



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

The values that were included in the calculation of liquidity risk at SSIF BRK Financial Group as of 31.12.2022 were the following:

In lei		Book value			
		Under 3 months	3 to 12 months	More than 1 year	No fixed maturity
<b>31 December 2022</b>					
<b>Financial assets</b>					
Cash and cash equivalents	47.279.699	-	-	-	47.279.699
Deposits placed with banks	-	-	-	-	-
Financial assets at fair value through profit or loss	33.324.793				33.324.793
Financial assets designated at fair value through other comprehensive income	42.044.539	-	-	-	47.814.957
Loans and advances granted	4.143.848	-	4.143.848	-	-
Fair value bonds	135.800	-	-	135.800	-
Other financial assets	3.671.092		-	-	72.450.030
<b>Total financial assets</b>	<b>130.599.771</b>	<b>-</b>	<b>4.143.848</b>	<b>135.800</b>	<b>126.320.123</b>
Financial debts	20.329.411	-	-	-	20.329.411
Dividend payment	365.271	-	-	-	365.271
Financial liabilities at amortised cost	25.000.000	-	-	25.000.000	-
<b>Total financial liabilities</b>	<b>45.694.682</b>	<b>-</b>	<b>-</b>	<b>25.000.000</b>	<b>20.694.682</b>
		Under 3 months	3 to 12 months	More than 1 year	No fixed maturity
<b>31 December 2021</b>					
<b>Financial assets</b>					
Cash and cash equivalents	61.645.641	-	-	-	61.645.641
Deposits placed with banks	-	-	-	-	-
Financial assets at fair value through profit or loss	39.190.412				
Financial assets designated at fair value through other comprehensive income	42.044.539	-	-	-	47.814.957
Loans and advances granted	8.588.612	315.000	8.073.612	200.000	-
Fair value bonds	192.202	-	-	946.302	-
Other financial assets	64.327.957		-	-	72.450.030
<b>Total financial assets</b>	<b>215.989.364</b>	<b>315.000</b>	<b>8.073.612</b>	<b>1.146.302</b>	<b>181.910.628</b>
Financial debts	5.041.915				5.041.915
Dividend payment	-	-	-	-	-
Financial liabilities at amortised cost	25.000.000	-	-	25.000.000	-
<b>Total financial liabilities</b>	<b>30.041.915</b>	<b>-</b>	<b>-</b>	<b>25.000.000</b>	<b>5.041.915</b>

### Market risk

Market risk is the risk that changes in market prices, such as the price of equity instruments, foreign exchange rates and interest rates will affect the company's earnings or the value of financial instruments held. The objective of market risk management is to monitor and control market risk exposures within acceptable parameters and, at the same time, to optimise investment returns.

The selection of investment opportunities is carried out by:

- technical analysis;
- fundamental analysis - determining the issuer's ability to generate profit;
- benchmarking - determining the relative value of an issuer compared to the market or other similar companies;
- statistical analysis - determining trends and correlations using historical prices and trading volumes.

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

### Price risk

The company owns shares in companies operating in various sectors of activity, as follows:

Domain	Dec-22		Dec-21	
	Value (RON)	%	Value (RON)	%
Agriculture, forestry and fishing	467.772	0.51%	424.893	0.42%
Wholesale and retail trade;	5.118.770	5.57%	5.317.322	5.23%
Electricity production	1.469.677	1.60%	-	0.00%
Health	790.971	0.86%	7.983	0.01%
Manufacturing industry	7.562.493	8.23%	8.872.518	8.73%
Information and communications	19.586.884	21.32%	40.872.264	40.20%
Financial intermediation and insurance	28.574.713	31.10%	23.358.761	22.97%
Real estate transactions	14.623.481	15.92%	21.549.409	21.19%
Other	12.237.822	13.32%	-	-
Activities of holding companies	666.956	0.73%	-	-
Transport and storage	768.451	0.84%	1.277.315	1.26%
<b>Grand Total</b>	<b>91.867.989</b>	<b>100.00%</b>	<b>101.680.465</b>	<b>100.00%</b>

As can be seen from the table above, on December 30, 2022 the Company mainly held shares in companies active in the field of Information and communications, with a weight of 31.10% of the total portfolio. On December 31, 2022, the main share of the own portfolio was allocated to companies active in the field of information and communications.

#### Operational risk

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

The company's objective is to identify, measure, monitor, manage and reduce operational risk, so as to achieve a balance between avoiding direct or indirect financial losses that may occur as a result of procedural, human or system errors, or due to external events, which can endanger the reputation of the entity. At the same time, the operational risk at the level of the company is greatly reduced and due to the requirements imposed by the Financial Supervisory Authority (FSA) regarding the way of organization, the required reports, the internal control activities carried out.

The main responsibility for the development and implementation of operational risk controls rests with the management of each organizational unit.

This responsibility is supported by the development of general standards at the company level for operational risk management in the following areas:

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

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

#### Interest rate risk

On December 31, 2022, SSIF BRK FINANCIAL GROUP SA contracted a credit line, granted for a period of 1 year, in order to support the company's current activity. The interest related to the credit line is composed of the 3-month ROBOR reference index and a fixed margin.

#### Interest rates used to determine fair value

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

For uncertain receivables (receivables whose recovery is uncertain), at the end of the reporting period, value adjustments were made for depreciation at the level of the entire amount.

The company faces interest rate risk due to its exposure to unfavorable interest rate fluctuations. The change in the interest rate on the market directly influences the income and expenses related to financial assets and liabilities bearing variable interest, as well as the market value of those bearing fixed interest.

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

### Currency risk

BRK Financial Group is a financial institution regulated and authorized by the Financial Supervision Authority and subject to European regulations, respectively the legislative package CRD - CRR with its related Technical Standards.

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

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

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

The exposures to currency risk are composed of the following elements:

- derivative financial instruments (CFDs, futures, options, warrants);
- cash in account with external intermediaries;
- bank deposits in foreign currency;
- leasing contracts;
- guarantees at market institutions;
- bonds in foreign currency.

The methodology for determining the exposure and the capital requirement is presented as follows:

In lei

**31 December 2022**

<b>Financial assets</b>	<b>RON</b>	<b>EUR</b>	<b>USD</b>	<b>Other currencies</b>
Cash and cash equivalents	47.279.699	4.025.583	929.965	2.117
Deposits placed with banks	-	-	-	-
Financial assets at fair value through profit or loss	33.324.793	-	2.497.900	-
Financial assets designated at fair value through other elements of the overall result	42.044.539	-	-	-
Bonds at fair value through the profit and loss account	135.800	247.425	-	-
Loans and advances granted	4.143.848	-	-	-
Other financial assets	3.671.092	47.719.128	12.360.942	-
<b>Total financial assets</b>	<b>130.599.771</b>	<b>51.992.136</b>	<b>15.788.806</b>	<b>2.117</b>

	<b>RON</b>	<b>EUR</b>	<b>USD</b>	<b>Other currencies</b>
Financial debts	20.329.411	-	-	-
Debts loan bonds	25.000.000	-	-	-
Dividend payment	365.271	-	-	-
Financial liabilities at amortized cost	-	-	-	-
<b>Total financial liabilities</b>	<b>45.694.682</b>	<b>-</b>	<b>-</b>	<b>-</b>

In lei

**31 December 2021**

<b>Financial assets</b>	<b>RON</b>	<b>EUR</b>	<b>USD</b>	<b>Other currencies</b>
Cash and cash equivalents	61.645.641	2.489.954	50.199	2.032
Deposits placed with banks	-	-	-	-
Financial assets at fair value through profit or loss	39.190.412	-	2.457.811	-
Financial assets designated at fair value through other elements of the overall result	42.044.539	-	-	-
Bonds at fair value through the profit and loss account	167.400	24.802	-	-
Loans and advances granted	8.588.612	-	-	-
Other financial assets	4.247.888	47.719.128	12.360.942	-
<b>Total financial assets</b>	<b>155.884.492</b>	<b>50.233.884</b>	<b>14.868.951</b>	<b>2.032</b>
Financial debts	5.041.915	-	-	-
Debts loan bonds	25.000.000	-	-	-
Dividend payment	-	-	-	-
Financial liabilities at amortized cost	-	-	-	-
<b>Total financial liabilities</b>	<b>30.041.915</b>	<b>-</b>	<b>-</b>	<b>-</b>

## 5. CAPITAL MANAGEMENT

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

Also during the monthly meetings of the Board of Directors, the report on the investment activity drawn up by the analysis department is discussed. Global results are monitored in this way, in order to maintain the highest return on capital.

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

- to permanently hold own funds to cover the highest amount between: the requirement calculated on the basis of fixed general expenses, the permanent minimum capital requirement or the requirement calculated on the basis of K factors;
- to permanently hold liquid assets equivalent to at least one third of the requirement calculated on the basis of fixed general expenses;
- to cover the credit risk and the risk of diminishing the value of receivables, the risk-weighted exposures are considered depending on the class of exposures of which they belong;
- to cover the position risk and the settlement/delivery risk, capital is required at the level of 16% of the exposure level;
- to cover the operational risk, capital is required at the level of 15% of the average of the last three years of the operational result.

Name Indicator	Reporting on December 31, 2022	Reporting on December 31, 2021
Total equity	40.187.045	49.735.431
Total capital requirements	14.424.015	28.888.058
Risk exposures	298.194.671	361.100.726

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

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

Qualified participations are also followed, representing the direct or indirect participation of at least 10% of the voting rights or of the capital of an entity, in a percentage greater than 15% of the company's own funds.

## 6. OPERATIONING 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
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	(640.243)	-	(640.243)	-	4.920.787	-	4.920.787	-	(640.243)	4.920.787
Net gains/(losses) from the valuation of financial assets measured at fair value through profit and loss	(10.689.111)	-	(10.689.111)	-	11.418.981	-	11.418.981	-	(10.689.111)	11.418.981
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	(3.382.474)	-	(3.382.474)	-	686.527	-	686.527	-	(3.382.474)	686.527
Net income/(expenses) provisions for risks and expenses	500.186	-	-	500.186	(59.368)	-	-	(59.368)	500.186	(59.368)
Other net income/(expenses).	(195.056)	-	-	(195.056)	73.737	-	-	73.737	(195.056)	73.737
Salary expenses and employee benefits	(7.100.102)	(2.658.067)	(1.021.280)	(3.420.755)	(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	(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	(2.581.734)	(311.158)	(233.751)	(2.036.825)	(3.037.173)	(1.129.256)	(69.224)	(1.838.693)	(2.581.734)	(3.037.173)
Expenses with collaborators	(215.802)	(215.802)	-	-	(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	(928.031)	-	-	(928.031)	(1.140.403)	-	-	(1.140.403)	(928.031)	(1.140.403)
<b>Totally explained:</b>	<b>(15.161.073)</b>	<b>4.865.595</b>	<b>(11.330.811)</b>	<b>(8.695.857)</b>	<b>23.483.803</b>	<b>11.383.112</b>	<b>19.928.790</b>	<b>(7.125.099)</b>	<b>(15.161.073)</b>	<b>23.483.803</b>
<b>Reportable segment profit before tax</b>	<b>(15.161.073)</b>	<b>4.865.595</b>	<b>(11.330.811)</b>	<b>(8.695.857)</b>	<b>23.483.803</b>	<b>11.383.112</b>	<b>19.928.790</b>	<b>(7.125.099)</b>	<b>(15.161.073)</b>	<b>23.483.803</b>
Profit Tax	-	-	-	-	(1.483.121)	-	-	-	-	-
<b>The assets of the reportable segment, of which:</b>	<b>168,610,554</b>	<b>61,252,502</b>	<b>98,348,914</b>	<b>-</b>	<b>248.887.979</b>	<b>123.322.508</b>	<b>116.309.207</b>	<b>-</b>	<b>248.887.979</b>	<b>186.576.726</b>
- 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

## 7. INTANGIBLE ASSETS

<i>In lei</i>	Licenses and computer programs	Advances	Total
<b>Cost</b>			
Balance as of January 1, 2021	4.840.759	27.820	4.868.578
Acquisitions	281.892	-	281.892
From which by transfer	-	-	-
Outputs	-	-	-
From which by transfer	-	-	-
<b>Balance as of December 31, 2021</b>	<b>5.122.651</b>	<b>27.820</b>	<b>5.150.470</b>
Balance as of January 1, 2022	5.122.651	27.820	5.150.470
Acquisitions	281.892	-	281.892
From which by transfer	-	-	-
Outputs	-	-	-
From which by transfer	-	-	-
<b>Balance as of December 31, 2022</b>	<b>5.291.989</b>	<b>52.274</b>	<b>5.344.263</b>
<b>Depreciation and depreciation losses</b>	<b>Licenses and computer programs</b>	<b>Advances</b>	<b>Total</b>
Balance as of January 1, 2021	4.268.224	-	4.268.224
Depreciation during the year	577.983	-	577.983
Impairment losses recognized on expenses	-	-	-
Amortization related to outputs	-	-	-
<b>Balance as of December 31, 2021</b>	<b>4.846.207</b>	<b>-</b>	<b>4.846.207</b>
Balance as of January 1, 2022	4.846.207	-	4.846.207
Depreciation during the year	210.201	-	210.201
Impairment losses recognized on expenses	-	-	-
Amortization related to outputs	(63.210)	-	(63.210)
<b>Balance as of December 31, 2022</b>	<b>4.993.198</b>	<b>-</b>	<b>4.993.198</b>
<b>Accounting values</b>	<b>Licenses</b>	<b>Advances</b>	<b>Total</b>
Balance as of January 1, 2021	572.535	27.820	600.354
Balance as of December 31, 2021	276.444	27.820	304.263
Balance as of January 1, 2022	276.444	27.820	304.263
Balance as of December 31, 2022	298.791	52.274	351.065

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*.



## 8. CORPORATE FIXED ASSETS

<i>In lei</i>	Lands and buildings	Technical installations and means of transport	Furniture, office equipment and others	Fixed assets in progress	Total
<b>Balance of 01.01.2021</b>	<b>7.786.659</b>	<b>1.598.307</b>	<b>321.416</b>	<b>22.343</b>	<b>9.728.724</b>
Purchases and modernizations carried out	-	1.555.247	71.014	-	<b>1.626.262</b>
Transfers to/from fixed assets in progress	-	-	-	-	-
Entry following the execution of some guarantees received	-	-	-	-	-
Revaluation of fixed assets:	-	-	-	-	-
compensation of depreciation in the balance with the assets	-	-	-	-	-
recording the increase in value	-	-	-	-	-
Transfers to assets held for sale	-	-	-	-	-
Transfers from real estate investments	-	-	-	-	-
Outputs of tangible assets:					
- by sale	-	(452.882)	-	-	<b>(452.882)</b>
- by scrapping	-	-	(19.237)	-	<b>(19.237)</b>
<b>Balance of 31.12.2021</b>	<b>7.786.659</b>	<b>2.700.671</b>	<b>373.194</b>	<b>22.343</b>	<b>10.882.866</b>
<b>Balance of 01.01.2022</b>	<b>7.786.659</b>	<b>2.700.671</b>	<b>373.194</b>	<b>22.343</b>	<b>10.882.866</b>
Purchases and modernizations carried out	-	338.197	37.998	0	376.195
Transfers to/from fixed assets in progress	-	-	-	-	-
Entry following the execution of some guarantees received	-	-	-	-	-
Revaluation of fixed assets:	-	-	-	-	-
compensation of depreciation in the balance with the assets	-	-	-	-	-
recording the increase in value	0	-	-	-	-
Transfers to assets held for sale	-	-	-	-	-
Transfers from real estate investments	-	-	-	-	-
Outputs of tangible assets:					
- by sale	-	(45.970)	-	-	<b>(45.970)</b>
- by scrapping	-	0	(37.998)	-	<b>(37.998)</b>
<b>Balance of 31.12.2022</b>	<b>7.786.659</b>	<b>2.992.898</b>	<b>373.194</b>	<b>22.343</b>	<b>11.175.093</b>

<i>In lei</i>	<b>Lands and buildings</b>	<b>Technical installations and means of transport</b>	<b>Furniture, office equipment and others</b>	<b>Fixed assets in progress</b>	<b>Total</b>
<b>Balance of 01.01.2021</b>	-	<b>1.412.076</b>	<b>296.712</b>	-	<b>1.708.788</b>
Depreciation during the year	289.923	168.921	103.576	-	562.420
Impairment losses, of which:	-	-	-	-	-
- recognized as expenses	-	-	-	-	-
- deducted from other elements of the global income statement	-	-	-	-	-
Amortization related to the outflow of fixed assets	-	(432.022)	(19.237)	-	(451.259)
Amortization related to the disposal of fixed assets	-	-	-	-	-
Compensation of depreciation in the balance with the assets on the occasion of the revaluation	-	-	-	-	-
<b>Balance of 31.12.2021</b>	<b>289.923</b>	<b>1.148.975</b>	<b>381.050</b>	-	<b>1.819.948</b>
<b>Balance of 01.01.2022</b>	289.923	1.148.975	381.050	-	1.819.948
Depreciation during the year	289.923	543.030	134.545	-	967.498
Impairment losses, of which:	-	-	-	-	-
- recognized as expenses	-	-	-	-	-
- deducted from other elements of the global income statement	-	-	-	-	-
Amortization related to the outflow of fixed assets	-	(45.970)	(186.458)	-	(232.428)
Amortization related to the disposal of fixed assets	-	-	- 37.998	-	(37.998)
Compensation of depreciation in the balance with the assets on the occasion of the revaluation	-	-	-	-	-
<b>Balance of 31.12.2022</b>	<b>579.846</b>	<b>1.646.036</b>	<b>291.139</b>	-	<b>2.517.020</b>
<b>Accounting values:</b>					
Balance as of January 1, 2021	7.786.659	186.231	24.705	22.343	8.019.937
Balance as of December 31, 2021	7.496.736	1.551.696	(7.856)	22.343	9.062.918
Balance as of January 1, 2022	7.496.736	1.551.696	- 7.856	22.343	9.062.918
Balance as of December 31, 2022	7.206.813	1.346.863	82.054	22.343	8.658.073

As of 31.12.2022, the company has in operation the head office in Cluj Napoca, Mitor 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.

### 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.

## 9. REAL ESTATE INVESTMENTS

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

## 10. 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
44,770.110	42,044.539
<b>44,770.110</b>	<b>42,044.539</b>
33,324.793	39,190.412
-	-
10,999.775	8,473.394
247.425	24.802
135.800	167.400
2,390.219	11,779.917
-	23.088
<b>47,098.012</b>	<b>59,659.013</b>
<b>91,868.122</b>	<b>101,703.552</b>

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.

## 11. 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	3.600.000	1.600.000
Interest related to the loans granted	521.655	215.612
Other loans granted	1.233.375	1.233.375
Impairment of related party loans	(2.833.375)	(1.100.000)
<b>Loans and advances granted - net value</b>	<b>4.143.848</b>	<b>8.588.612</b>

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 company maintained the service offered to clients to carry out margin transactions. The balance of margin loans used by 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.

## 12. 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
<b>Total</b>		<b>21.020.831</b>		<b>29.617.894</b>

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	-
<b>Total</b>	<b>2.967.526</b>	<b>1.772.855</b>

### 13. FIXED ASSETS HELD FOR SALE

As at 31.12.2022 the company has no fixed assets held for sale.

### 14. COMMERCIAL AND SIMILAR RECEIVABLES

<i>In lei</i>	December -22	December -21
Trade receivables	1.079.828	725.655
Claims against the state budget	-	-
Net receivables from debtors of which:	64.764	79.997
Employees with payment commitments	28.698	28.698
Debtors former employees and third parties	36.066	51.298

Other debtors	778.938	584.688
<b>Total trade receivables and other receivables</b>	<b>1.923.530</b>	<b>1.390.340</b>

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.

*In lei*

	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
<b>Total Debtors from financial instruments trading</b>	<b>68.220.116</b>	<b>63.751.161</b>

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:

*In lei*

	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)
<b>Debtors former employees and third parties - net value</b>	<b>36.066</b>	<b>161.483</b>

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

*In lei*

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

## 15. RECEIVABLES AND DEBTS REGARDING DEFERRED TAX

### Unrecognized deferred tax assets

Deferred tax receivables were not recognized regarding the following elements:

### Unrecognized deferred tax liabilities

*In lei*

	December-22	December -21
Differences from revaluation of fixed assets	3.488.688	3.488.688
Differences from revaluation of financial assets valued by other elements of the Global result	-	2.628.133
	<b>3.488.688</b>	<b>6.116.816</b>
Tax rate	16%	16%
<b>Unrecognized deferred tax assets</b>	<b>558.190</b>	<b>978.690</b>

## 16. 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	1.424.003	881.285
<b>Balance as of December 31</b>	<b>51.929.064</b>	<b>64.198.050</b>

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.

## 17. 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 company 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	4.071.591	4.071.591
Own shares	(1.285.077)	(24.047)
Bonuses	5.355	5.355
<b>Total</b>	<b>53.406.362</b>	<b>58.092.886</b>

## 18. 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	(978.691)	(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	(6.820.240)	(239.980)



Other reserves	2.775.908	2.748.760
- of which from the application of IAS 29 (adjustment for inflation)	2.775.908	2.748.760
Reserves related to own shares	697.762	-
Total reserves and revaluation differences	<b>7.378.535</b>	<b>13.368.340</b>

#### 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.

## 19. REPORTED RESULT

<i>In lei</i>	<b>December-22</b>	<b>December -21</b>
Profit reported from the transition to IFRS	2.713.367	2.713.367
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	15.896.817	(2.159.712)
Current result	(15.161.073)	22.703.682
Distribution of profit	-	(1.100.034)
<b>Total Reported result</b>	<b>(38.817)</b>	<b>17.966.375</b>

#### 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:

<b>YEAR</b>	<b>2003</b>	<b>2002</b>	<b>2001</b>	<b>2000</b>	<b>1999</b>	<b>1998</b>	<b>1997</b>	<b>1996</b>	<b>1995</b>
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	-
<b>Total</b>	<b>6.880.234</b>	<b>6.880.234</b>

\* Incorporation of revaluation reserves in 2011.

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

## 20. COMMERCIAL DEBTS AND OTHER DEBTS

<i>In lei</i>	December-22	December -21
Trade debts	609.897	748.371
Debts to employees	116.415	147.912
Debts with the state budget	348.947	331.156
Various creditors resulting from house transactions	1.177.200	2.548.603
Various creditors resulting from customer transactions	6.860.703	4.924.163
Various lenders resulting from structured products	4.890.349	2.104.311
<b>Total trade debts and other debts</b>	<b>14.003.511</b>	<b>10.804.516</b>

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.

## 21. LOANS

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

<i>In lei</i>	December-22	December-21
<b>Long-term debt</b>		
Financial leasing liabilities	457.273	515.978
	<b>457.273</b>	<b>515.978</b>
<b>Short term debts</b>	<b>December -22</b>	<b>December -21</b>
Guaranteed lines of credit	20.329.411	5.041.915
The current part of the financial leasing debt	166.637	161.953
<b>Total short-term liabilities</b>	<b>20.496.048</b>	<b>5.203.868</b>

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
<b>Total</b>			<b>1.269.100</b>	<b>5.833.799</b>

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
<b>Amounts owed to customers</b>		
Creditor customers from transactions on the internal market	56.807.288	64.210.882
Creditor customers from transactions on the external market	47.962.927	51.751.367
Creditor clients from corporate services	-	-
	<b>104.770.215</b>	<b>115.962.249</b>

The shareholders of 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

## 22. PROVISIONS FOR RISKS AND EXPENSES

<i>In lei</i>	December-22	December-21
<b>Provisions</b>		
Balance on January 1st	1.022.068	246.033
Canceled during the period	(931.521)	(155.486)
Constituted during the period	431.335	931.521
Balance as of December 31	<b>521.882</b>	<b>1.022.068</b>

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.

## 23. ASSETS AND CONTINGENT LIABILITIES

There are ongoing criminal litigations filed by SSIF BRK FINANCIAL GROUP SA against some former employees, as well as litigations in which SSIF BRK FINANCIAL 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 SSIF BRK FINANCIAL GROUP SA was an active party to the proceedings, which were won but in which the possibilities of effective recovery are reduced.

## 24. INCOME FROM INTERMEDIATION ACTIVITY

<i>In lei</i>	Continuous activities 2022	Continuous activities 2021	Interrupted activities 2022	Interrupted activities 2021	2022	Total 2021
Income from commissions on the domestic market	5.471.767	7.451.599	-	-	7.451.599	7.451.599
Income from commissions on the foreign market	955.393	2.610.778	-	-	2.610.778	2.610.778
Income from related activities	799.968	716.048	-	-	716.048	716.048
<b>Subtotal revenues from intermediary commissions and related activities</b>	<b>7.227.128</b>	<b>10.778.426</b>	-	-	<b>10.778.426</b>	<b>10.778.426</b>
Income from corporate operations	475.849	1.041.523	-	-	8.424.707	1.041.523

Other intermediate income	3.306.174	864.276	-	1.314.236	864.276
<b>Total revenue</b>	<b>11.009.151</b>	<b>20.517.368</b>	<b>-</b>	<b>11.009.151</b>	<b>20.517.368</b>

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 SSIF BRK FINANCIAL 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.

## 25. INCOME FROM MARKET MAKING ACTIVITY

<i>In lei</i>	<b>December-22</b>	<b>December -21</b>
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
<b>Result Market Making</b>	<b>8.174.733</b>	<b>7.230.954</b>

## 26. STAFF COSTS

<i>In lei</i>	<b>December -22</b>	<b>December -21</b>
Expenses with staff and collaborators	(6.139.672)	(3.955.493)
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)	-
<b>Total expenses with salaries in the global result account</b>	<b>(8.695.233)</b>	<b>(6.705.252)</b>

The remuneration of the general directors is established by the Decision of the Board of Directors of the company, and other benefits granted are in accordance with the collective labor contract at unit level.

During 2022, the management of the company was ensured by the General Director Monica-Adriana Ivan and by the Deputy General Director Razvan Rat.

The allowances granted to the members of the BO were in the amount of 425,100 lei.

The average number of employees for the period ending on December 31, 2022 was 39 (December 31, 2021: 39).

## 27. 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>	<b>December-22</b>	<b>December -21</b>
Fees and commissions Internal Market	(2.756.122)	(4.791.526)
Foreign Market commission expenses	(570.184)	(811.749)
<b>Total</b>	<b>(3.326.306)</b>	<b>(5.603.276)</b>

## 28. EXPENSES WITH THE PROVISION OF SERVICES

<i>In lei</i>	<b>December -22</b>	<b>December -21</b>
Expenses regarding audit fees, lawyers	(377.735)	(1.186.760)
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	(727.844)	(1.118.407)
<b>Total</b>	<b>(2.581.734)</b>	<b>(3.296.815)</b>

## 29. 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>	<b>December-22</b>	<b>December -21</b>
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	(558.085)	(1.389.120)
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)
<b>Total</b>	<b>(1.974.302)</b>	<b>(2.505.754)</b>

Value adjustments of intangible and tangible assets include depreciation expenses in the amount of 928,031 lei (2021: 1,140,403 lei).

## 30. GAIN/(LOSS) OF TRADING ACTIVITY

<i>In lei</i>	<b>December-22</b>	<b>December -21</b>
<b>Net gains/(losses) realized from financial instruments</b>	<b>(640.243)</b>	<b>4.920.787</b>
Dividend income	1.732.562	863.006
Income from transactions with shares and bonds	2.408.907	7.435.192



Losses from transactions with shares and bonds realized	(4.781.712)	(3.377.411)
<b>Reclassification of gains/(losses) recognized in the global income statement to the income statement, related to financial assets available for sale transferred</b>	-	-
<b>Net gains/(losses) from the valuation of financial assets measured at fair value through profit and loss</b>	<b>(10.689.112)</b>	<b>11.418.981</b>
Income from the valuation of financial assets measured at fair value through profit and loss	8.631.294	21.279.497
Losses from the valuation of financial assets measured at fair value through profit and loss	(19.320.405)	(9.860.517)
<b>Net income/(expenses) provisions fixed financial assets</b>	<b>(1.733.375)</b>	<b>(800.000)</b>
Revenues cancellation provisions fixed financial assets	-	300.000
Expenses provisions fixed financial assets	(1.733.375)	(1.100.000)
<b>Other net income/(expenses) from interest and exchange rate differences</b>	<b>(3.382.473)</b>	<b>686.527</b>
Interest income, loans and bonds	331.351	589.559
Income, interest, credits, margin	241.238	289.102
	71.336	
Other interest income		31.997
	(3.753.316)	
Interest expenses		(919.267)
	(273.083)	
(Expenses)/Revenues differences house exchange rate		695.136
<b>Net income/(expenses) provisions for risks and expenses</b>	<b>500.186</b>	<b>(762.368)</b>
Expenses with provisions for risks and expenses	-	-
Revenue cancellation provisions for risks and expenses	931.521	169.153
Other net provisions	(431.335)	(931.521)
<b>Other net income/(expenses).</b>	<b>(195.056)</b>	<b>73.737</b>
Net gains/(losses) from the sale of assets	23.500	169.405
Other operational expenses	(402.951)	(153.281)
Other operating income	184.395	57.613
<b>Net financial result recognized in the profit or loss account</b>	<b>(16.140.073)</b>	<b>15.537.664</b>
<b>Recognized in other elements of the overall result</b>	<b>Dec-22</b>	<b>Dec-21</b>
<i>In lei</i>		
Detailed on the next page		
<b>Recognized in other elements of the overall result</b>		
<i>In lei</i>		
<b>The net change in the fair value of financial assets available for sale transferred to the profit or loss account</b>	-	-

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	-
<b>TOTAL</b>	<b>1.732.563</b>	<b>876.582</b>

## 31. PROFIT TAX EXPENDITURE

### Reconciliation of the effective tax rate

In lei

	December-22	December -21
<b>Profit for the period</b>	<b>(15.161.073)</b>	<b>22.000.682</b>
The total expense with the profit tax	-	(1.483.121)
	<b>(15.161.073)</b>	<b>22.000.682</b>
<b>Profit before taxation (including related to discontinued activities)</b>		
	16%	16%
Profit tax rate		
The profit tax calculated by applying the tax rate to the accounting profit	3.632.589	3.632.589
The influence of non-deductible expenses	409.992	409.992
The influence of non-taxable income	(784.056)	(784.056)
The influence of the expenses resulting from the restatement on IFRS not considered when calculating the profit tax	-	-
Cumulative tax losses	9.495.339	9.495.339
The influence of fiscal losses of previous periods	(1.519.254)	(1.519.254)
The total expense with the profit tax calculated according to the tax rate	-	1.483.121
	-	-
<b>Unregistered income tax expense for negative amounts</b>		
The final expense with the profit tax	-	1.483.121
The final profit tax rate	16%	16%

## 32. 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
<b>Attributable profit:</b>	<b>(15.161.073)</b>	<b>22.000.682</b>
Company shareholders	(15.161.073)	22.000.682
Interests without control	-	-
<b>Profit for the period</b>	<b>(15.161.073)</b>	<b>22.000.682</b>
<b>Total attributable global result:</b>		
Company shareholders	(15.161.073)	22.000.682
Interests without control	-	-
<b>Total overall result for the period</b>	<b>(15.161.073)</b>	<b>22.000.682</b>
<b>The result per share</b>		
Basic earnings per share (lei)	(0,0449)	0,0651
Earnings per share to be diluted (lei)	(0,0449)	0,0651
Continuous activities		
Basic earnings per share (lei)	(0,0449)	0,0651
Earnings per share to be diluted (lei)	(0,0449)	0,0651

### 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

## 33. 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:

- 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.
- 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.
- 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
<b>Financial assets at fair value through the profit or loss account from which:</b>	<b>37.903.202</b>	<b>18.495.095</b>	<b>11.849.329</b>	<b>68.247.626</b>
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	-	-	-	-
<b>Financial assets designated at fair value through other elements of the global result from which:</b>	<b>13.730.434</b>	<b>-</b>	<b>31.039.676</b>	<b>44.770.110</b>
Unlisted shares	13.730.434	-	31.039.676	44.770.110
<b>Total</b>	<b>45.934.049</b>	<b>14.667.898</b>	<b>35.410.023</b>	<b>96.011.970</b>

In lei

December 31, 2022	Level1	Level 2	Level 3	Total
<b>Financial assets at fair value through the profit or loss account from which:</b>	<b>37.903.202</b>	<b>18.495.095</b>	<b>11.849.329</b>	<b>68.247.626</b>
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	-	<b>167.400</b>
Unquoted shares	-	8.519.201	3.260.716	<b>11.779.917</b>
Loans and advances granted	-	-	8.588.612	<b>8.588.612</b>
Other financial instruments	23.088	-	-	<b>23.088</b>
<b>Financial assets designated at fair value through other elements of the global result from which:</b>				
	<b>13.565.641</b>	-	<b>28.478.898</b>	<b>42.044.539</b>
Unlisted shares	13.565.641		28.478.898	<b>42.044.539</b>
<b>TOTAL</b>	<b>51.468.843</b>	<b>18.495.095</b>	<b>40.328.227</b>	<b>110.292.165</b>

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*

	<b>December-22</b>	<b>December-21</b>
On January 1	<b>40.328.227</b>	<b>32.663.881</b>
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)
<b>On December 31</b>	<b>35.410.022</b>	<b>40.328.227</b>

### 33. 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		
<b>Total</b>		<b>35.410.022</b>			



### 33. 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
	<b>Total</b>	<b>40.328.227</b>			

### 33. 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.

## 34. 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.

## 35. 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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