S.S.I.F. BLUE ROCK FINANCIAL SERVICES S.A.

FINANCIAL STATEMENTS DRAWN UP
IN ACCORDANCE WITH THE INTERNATIONAL FINANCIAL REPORTING STANDARDS
ADOPTED BY THE EUROPEAN UNION

31 DECEMBER 2021

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Financial Audit Company – CAFR Licence no.129/2002

Certificate ISO 9001:2008 no. 2019

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To: SSIF Blue Rock Financial Services S.A.

FINANCIAL AUDIT REPORT

Report on financial statements

For the fiscal year 2021

We audited the individual enclosed financial statements of the company SSIF Blue Rock Financial Services SA for the fiscal year 2021, which include: the balance sheet, the profit and loss account, equity changes statements, explanatory notes, cash flow statement and a summary of significant accounting policies.

The financial statements mentioned refer to:

- total net assets:	Lei 9,433,766
- net result of fiscal year	Lei 1,081,248
- net turnover	Lei 2,016,368

In our opinion, the individual enclosed financial statements offer a faithful image of the financial position of the company as of 31 December 2021 and of the financial performance and of the cash flows for the fiscal year ended as of 31 December 2021 in accordance with the International Financial Reporting Standards adopted by the European Union (IFRS) and ASF Norm 39/2015 for approval of accounting regulations compliant with the International Financial Reporting Standards applicable to entities authorized, regulated and supervised by ASF in the Sector of Financial Instruments and Investments.

Basis for opinion

We carried out our audit in accordance with the International Audit Standards (IAS) and the Law no. 162/2017 for the statutory audit of annual financial statements and of the annual consolidated financial statements and for amendment of certain normative acts.

Our responsibilities based on these standards are described in detail in the section ”Responsibility of Auditor in an audit of financial statements” from our report. We are independent from the Company in accordance with International Code of Ethics for Professional Accountants issued by The International Ethics Standards Board for Accountants (IESBA Code) according to the ethical requirements which are relevant for the audit of financial statements in Romania, including the Law and we fulfilled our ethical responsibilities according to these requirements of IESBA Code.

We believe that the audit samples we obtained are sufficient and adequate to provide a basis for our opinion.

Key Audit Issues

The key Audit issues are the issues which, based on our professional reasoning, were the most important for the audit of financial statements of the current period. These issues were tackled in the context of audit of financial statements in whole and in formation of our opinion on them and we do not provide a separate opinion for these key issues.

To continue this report, by the expression ”general framework of financial-accounting reporting applicable in Romania” we have to understand the legal framework instated by the regulations in force, which are:

- the Accounting Law no.82/1991, republished, as further amended and supplemented;
- the Fiscal Code and Methodological Norms for application of the Fiscal Code.
- The Norm 39/2015 for approval of Accounting Regulations compliant with the Internatinal Financial Reporting Standards applicable to the entities authorized, regulated and supervised by ASF from the sector of financial instruments and investments.

Under the legislative circumstances mentioned above, we emphasize that our opinion refers in particular to the compliance of financial statements with the general financial-accounting reporting framework and the extent to which they represent a faithful image of the financial position, its changes and performance of the company in the fiscal year 2021.

The assurance we have obtained as a result of applying the professional standards, the tests and procedures specific to financial audit is the basis of expression of auditor's opinion on the financial statements.

The publication and use of this report and/or references to it, can be made only with the observance of the provisions of Law no. 31/1990, republished, as further amended and supplemented.

Reporting the compliance of Director's Report with the financial statements

The directors are responsible for the drawing up and presentation of the Director's Report in accordance with the requirements of Articles 8-13 of the Norm 39/2015, which does not contain significant misrepresentations and for the internal control the management considers necessary to allow for the drawing up of director's report which does not contain significant misrepresentations due to fraud or error.

The Director's Report is not part of the individual financial statements.

Our opinion on the individual financial statements does not cover the Director's Report.

In connection with our audit for the individual financial statements, we have read the Director's Report enclosed to the individual financial statements and report as follows:

a) In Director's Report we have not identified information which is not consistent in all significant issues with the information presented in the individual financial statements enclosed;
b) The Director's Report identified above includes in all significant issues the information required by the Norm 39/2015, Articles 8-13;
c) Based on our knowledge and our understanding acquired during the audit of the individual financial statements for the fiscal year ended as of 31 December 2021 regarding the Company and its environment, we have not identified significantly wrong information included in the Director's Report.

Responsibilities of management and of the persons in charge with governance for the financial statements:

The Management of the Company is responsible for the drawing up of financial statements which offer a faithful image in accordance with IFRS and the Norm 39/2015 and for the internal control which the management considers necessary to allow for the drawing up of financial statements devoid of significant misrepresentations, caused either by fraud or error.

In the drawing up of financial statements, the management is responsible for the evaluation of the capacity of SSIF Blue Rock Financial Services Sa to continue its activity, for presentation, if applicable, of the issues regarding the continuity of activity and for the use of accounting based on continuity of activity, unless the management intends to liquidate the Company or to stop the operations or does not have any realistic alternative out of them.

The persons in charge with governance are responsible for the surveillance of the financial reporting process of the Company.

Responsibilities of auditor in an audit of financial statements

Our objectives consist of obtaining a reasonable assurance for the extent that the financial statements as a whole are devoid of significant misrepresentations caused either by fraud or error and in the issuance of an auditor's report which includes our opinion. The reasonable assurance represents a high level of assurance, but is not a guarantee that an audit carried out according to ISA will always detect a significant misrepresentation, if it exists. The misrepresentations can be caused either by fraud or error and are considered significant if we can reasonably foresee that they will influence the economic decisions of the users, taken based on these individual financial statements.

As part of an audit in accordance with the International Audit Standards, we exercise our professional reasoning and maintain our professional scepticism during the audit. Also:

- We identify and evaluate the risks for significant misrepresentation of individual financial statements, caused either by fraud or by error, we design and execute audit procedures as response to those risks and obtain sufficient and adequate audit samples to provide a basis for our opinion. The risk of not detecting a significant misrepresentation caused by fraud is higher than the risk of not detecting a significant misrepresentation caused by error, because fraud can involve secrete collusions, forgery, intended omissions, false declarations and avoidance of internal control.
- We understand the internal control relevant for audit in view of designing an audit procedure adequate to the circumstances, but without having the purpose of expressing an opinion on the effectiveness of internal control of SSIF Blue Rock Financial Services SA.
- We evaluate the adequacy degree of accounting policies used and the reasonable nature of accounting estimates and of related presentations of information made by the management.
- We formulate a conclusion regarding the adequacy degree of use by the management of accounting based on business continuity and we determine, based on the audit samples obtained, whether there is a significant uncertainty about the events or conditions which could generate significant doubts about the capacity of SSIF Blue Rock Financial Services SA to continue its activity. If we conclude that there is a significant uncertainty, we have to draw the attention in auditor's report to the related presentations from the individual financial statements or if these presentations are inadequate, to change our opinion. Our conclusions are based on the audit samples obtained until the date of auditor's report. However, the future events or conditions can determine SSIF Blue Rock Financial Services SA not to carry out its activity based on going concern principle.

- We evaluate the presentation, structure and general content of individual financial statements, including the presentations of information and the extent that the individual financial statements reflect the basic transactions and events in a manner which accomplishes the faithful presentation.
- We communicate to the persons in charge with government, among other issues, the planned area and scheduling of audit in time as well as the main observations of audit, including any significant deficiencies of internal control which we identify during our audit.

Also, we provide the persons in charge with governance with a declaration regarding our compliance with the ethical requirements for independence and we communicate them all the information and other issues which can be reasonably thought that they could affect our independence and where applicable, the related security measures.

Appointment of auditor and mission duration:

For the fiscal year 2021, the Contract no.66 of 17.07.2017 was renewed by the addendum no.4 of 14.06.2021 and by decision of ASF no. 1508/26.11.2021 they approved the renewal by 2 years of the maximum period of 5 consecutive years of the company SA, respectively for the fiscal years 2022 and 2023.

Other legal provisions

We confirm that:

Our audit opinion is compliant with the supplementary report presented to the Audit Committee of the Company, which we issued on the same day when we issued this report.

In carrying out our audit, we preserved our independence from the audited entity.

We have not provided for SSIF Blue Rock Financial Services SA the prohibited **non-audit services** mentioned in Article 5 paragraph 1 of EU Regulation no. 537/2014.

Adriana Diaconescu, Audit Partner

Illegible signature and seal with the following text:

Authority for Public Supervision of the Statutory Audit Activity (ASPAAS)

Audit Company: AUDIT CONSULT GROUP SRL

Public Electronic Register: FA 129

In the name of the Company:

SC AUDIT CONSULT GROUP

Financial Auditor

Certified by the Chamber of Financial Auditors of Romania

No. 129/2000

Autoritatea pentru Supravegherea Publică a Activității de Audit Statutar (ASPAAS)
Firma de Audit: AUDIT CONSULT GROUP SRL
Registrul Public Electronic: FA 129

Illegible signature and seal with the following text:

Authority for Public Supervision of the Statutory Audit Activity (ASPAAS)

Financial Auditor: DIACONESCU ADRIANA

Public Electronic Register: AF 915 13.05.2022

	Note	2021	2020
Income from services	7	2,016,368	1,263,053
Net result from operations with financial assets held for trading	6	144,395	43,036
Net result of evaluation at the fair value of financial assets held for trading	6	1,664,503	633,981
Income from interests		-	271
Operating expenses	8	(5,707,616)	(2,808,765)
Net earnings from exchange rate differences		(91,588)	(402,063)
Loss before taxation		(1,973,938)	(1,270,487)
Income from exploitation subsidies		3,055,186	-
Expense with the corporate tax	9		414,761
Profit/loss of year		1,081,248	(855,726)
Other elements of the global result			
Income from exploitation subsidies at the fair value of financial assets available for salle net of deferred tax	12d)	-	-
Global result of the year		1,081,248	(855,726)

The financial statements were approved by the Board of Directors on 16.05.2022 and were signed by:

Administrator,
Stefan NM Ungureanu

Intocmit,
EXPERT 3A SRL
PURDESCU ANCA

SSIF BLUE ROCK FINANCIAL SERVICES S.A.
BlueRock FINANCIAL SERVICES

Filiala Bucureşti
SOCIETATE DE EXPERTIZĂ CONTABILĂ
EXPERT 3A S.R.L.
Aut. 2488
Viză an 2022
Valabil până la 31.03.2023

	Note	31 December 2021	31 December 2020
Assets			
Tangible assets	10	84.866	250.851
Intangible assets	11	155.176	-
Other long-term financial assets	16	71.787	71.787
Total long-term assets		**311.829**	**322.638**
Inventories		-	-
Commercial receivables and other receivables	13a)	7.739.958	8.677.345
Current assets related to trading activity	13b)	214.917	452.908
Financial assets for trading, evaluated at the fair value by the profit and loss account	12		
Financial assets available for sale	12	7.033.868	6.626.981
Bank accounts in name of customers	14	19.192.107	14.893.696
Cash and cash equivalents	14	450.314	1.283.318
Total current assets		**34.631.164**	**31.934.248**
Total assets		**34.942.994**	**32.256.886**
Equity			
Share capital	17	14.122.654	14.122.654
Legal reserves	17	47.002	47.002
Carried forward result	17	(4.735.890)	(5.817.138)
Other equity elements	17		
Total equity		**9.433.766**	**8.352.518**
Short-term liabilities			
Commercial liabilities and other liabilities	14a)	6.106.970	8.973.619
Current liabilities related to trading activity	14b)	19.402.258	14.930.749
Long-term liabilities			
Long-term liabilities vs. subsidies to be carried forward for a period of more than one year			
Debt of deferred corporate tax	12e)		
Total current liabilities		**25.509.228**	**23.904.368**
Total liabilities and equity		**34.942.994**	**32.256.886**

The financial statements were approved by the Board of Directors on 16.05.2022 and were signed by:

Director,
Administrator,
Stefan NM Ungureanu

Drawn up,
Intocmit,
EXPERT 3A SRL
PURDESCU ANCA

SSIF BLUE ROCK FINANCIAL SERVICES S.A.
BlueRock FINANCIAL SERVICES

Filiala București
SOCIETATE DE EXPERTIZĂ CONTABILĂ
EXPERT 3A S.R.L.
Aut. 2488
Viză an 2022
Valabil până la 31.03.2023

	Share capital	Legal reserve	Reevaluation reserve	Carried forward result	Result of fiscal year	Total equity
Balance as of 1 January 2020	15,559,320	47,002		(4,428,106)	(655,512)	10,522,704
Total global result of period				(655,512)	655,512	
Profit or loss		-			(855,726)	(855,726)
Other equity elements	-1,314,460					(1,314,460)
Total global result of period	-	-				
Balance as of 31 December 2020	14,122,654	47,002		(5,620,360)	(855,726)	8,352,518
Balance as of 1 January 2021	14,122,654	47,002	-	(5,620,360)	(855,726)	8,352,518
Total global result of period				(855,726)	855,726	
Profit or loss		-		-	1,081,248	1,081,248
	14,122,654	47,002		(6,476,086)	1,081,248	9,433,766

The financial statements were approved by the Board of Directors on 16.05.2022 and were signed by:

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PURDESCU ANCA

	Note	2021	2020
Cash flows from operational activities din			
Net Profit/Loss of period		1,081,248	(855,726)
Adjustments for:			
Resumption of adjustment of other reserves			
Amortization of plant assets	10,11	581,528	7,332
Result of evaluation of financial assets held for trading	6	(1,664,503)	633,981
Income from subsidies	6	(3,055,186)	(414,761)
Earnings from the sale of assets held for trading	6	(144,395)	(43,036)
Income from interests			(271)
Resumption of deferred corporate tax		91,588	
Profit/loss from operational activity Before the change of working capital		**(3,109,720)**	**(672,481)**
Change of commercial receivables and other receivables		(661,883)	7,637,895
Change of financial assets for trading	12	(237,991)	(226,095)
Change of commercial liabilities and other liabilities related to trading activity		(1,673,102)	(8,939,456)
Change of Bank accounts in the names of customers		4,298,411	1,276,004
Change of other long-term financial assets		406,887	(6,626,981)
Net cash used in operational activities		2,132,322	(6,878,632)
Cash flows from investments			
Interests cashed in			271
Reserve from re-evaluation at fair value of assets			
Financial assets available for sale net of deferred tax	6		
Acquisitions of tangible and intangible assets	10,11		8,247,636
Earnings from sale of assets for trading	6	144,395	43,036
Net cash from investments		**144,395**	**8,290,943**
Cash flows from financing activities			
Net cash from financing activities		-	-
Net increase of cash and cash equivalents		**(833,004)**	**939,829**
Cash and cash equivalents as of 1 January	**14**	**1,283,318**	**343,489**
Cash and cash equivalents as of 31 December	**14**	**450,314**	**1,283,318**

The financial statements were approved by the Board of Directors on 16.05.2022 and were signed by:

Administrator,
Stefan NM Ungureanu

Intocmit,
EXPERT 3A SRL
BURDESCU ANCA

1. REPORTING ENTITY

S.S.I.F. Blue Rock Financial Services S.A. (”Company”) is a joint-stock company, Romanian legal person authorized by the Romanian Financial Supervisory Authority under no. PJ01SSIF/190057. As of 31 December 2021 the main shareholder of the Company is Blue Rock Capital GmbH (former Euro Invest Bank A.G.).
The registered office of the Company is in Bucharest, district 2, Str. str. Aurel Vlaicu nr. 35, Building B, 4th floor, postcode 020091.
The basic activity of the Company is the provision of financial investment services, set out by the CAEN code of Romania at code 6499 – Other types of financial mediations.

2. BASES OF DRAWING UP

2.1 Declaration of conformity

The financial statements of the Company were Drawn up in accordance with the requirements of International Financial Reporting Standards („IFRS”) issued by the International Accounting Standards Board (”IASB”) as they were adopted by the European Union, in force at reporting date, 31 December 2016. The Company has drawn up these financial statements in order to meet the requirements of Norm no. 39/2015 of the Financial Supervisory Authority of Romania (”ASF”, former ”CNVM”) for the application of IFRS by the entities authorized, regulated and supervised by ASF.

The Company has drawn up for the year 2011 the first financial statements IFRS and IFRS 1 („Adoption for the first time of IFRS”).

The financial statements contain the financial position statement, the global result statement, the equity changes statement, the cash flow statement and the explanatory notes.

The accounting records of the Company were kept until 31 December 2021 in Lei, according to the International Financial Reporting Standards.

2.2 Presentation of financial statements

The financial statements are presented in accordance with the requirements of IAS 1 ”Presentation of financial statements”. The Company has adopted a presentation based on liquidity in the financial position statement and a presentation of income and expense depending on their nature in the global result statement and considers that these presentation methods offer information which is credible and more relevant than the information which was presented based on other methods permitted by IAS 1.

The financial statements were drawn up based on historical cost or depreciated cost, except for financial assets held for trading which are evaluated at fair value.

Other financial assets and liabilities are presented at depreciated cost. The methods used to determine the fair value are presented in note 4.

2.3 Functional currency and presentation currency

The Company Management considers that the functional currency as defined by IAS 21 ”Effects of exchange rate variation”, is the Romanian leu (lei).

The financial statements are presented in lei, rounded-off to the nearest leu, the currency which the company management chose as presentation currency.

2.4 Use of estimates and professional reasoning

The preparation of financial statements in accordance with IFRS adopted by the European Union involves for the management the use of estimates and hypotheses which affect the application of accounting policies and the reported value of assets, liabilities, income and expenses. The estimates and judgments associated with them are based on historical data and other factors considered eloquent under the given circumstances, and the result of these factors forms the basis of judgments used to determine the book value of assets and liabilities for which there are no other evaluation sources available. The effective results can differ from the estimated values.

The estimates and judgments are regularly reviewed. The reviews of accounting estimates are recognized in the period when the estimate is reviewed, if the review affects only that period or in the current period and in the future periods, if the review affects both the current period and the future periods.

2.5 Ongoing activities

The financial statements were prepared based on going concern principle, which involves that the Company will normally continue its operations in a predictable future without going into the impossibility to continue its activity or without the significant reduction of activity (12 months from the drawing up of financial statements).

3. SIGNIFICANT ACCOUNTING POLICIES

Significant accounting methods and policies were applied consistently by the Company across the fiscal years presented in these financial statements.

The financial statements are drawn up based on the hypothesis that the Company will continue its activity in the predictable future. For the evaluation of applicability of this hypothesis, the management analyses the forecasts regarding the future cash entries.

3.1 Exchange rate conversions

The operations expressed in foreign currency are recorded in Lei at the official exchange rate of the transaction deduction date. The monetary assets and liabilities recorded in foreign currencies at reporting date are expressed in Lei at the exchange rate of that day. The earnings or losses from their deduction and from the conversion of monetary assets and liabilities denominated in foreign currency by using the exchange rate from the end of fiscal year are recognized in the result of fiscal year. The non-monetary assets and liabilities which are evaluated at historical cost in foreign currency are recorded in lei at the exchange rate of transaction day. The non-monetary assets and liabilities expressed in foreign currency which are evaluated at fair value are recorded in Lei at the exchange rate of the day when the fair value was determined.

The conversion differences are presented in the profit and loss account, except for the differences resulted from conversion of financial instruments classified as available for sale, which are included in the reserve from change of fair value of these financial instruments. The exchange rates of the main foreign currencies were:

Currency	31 December 2021	31 December 2020
EURO	4.9481	4.8694
USD	4.3707	3.9660

3.2 Financial assets and financial liabilities

3.2.1 Financial assets

The Company initially recognizes the receivables and deposits when they were initiated. All the other financial assets (including the assets designated at fair value by the profit and loss account) are initially recognized at trading date when the Company becomes Party of the contractual conditions of the instrument.

The Company derecognizes a financial asset when the contractual rights over the cash flows generated by the asset expire or when the rights to receive the contract cash flows of the financial asset are transformed by a transaction in which the risks and benefits of the ownership right over the financial asset are significantly transformed. Any interest in the transferred financial asset which is created or kept by the Company is recognized separately as an asset or a liability.
The financial assets and financial liabilities are set off, and in the financial position statement the net value is presented only when the Company has the legal right to compensate the values and intends either to deduct them on the net basis or to achieve the asset and extinguish the obligation simultaneously.

The Company classifies the financial assets held into the following categories: financial assets at fair value by the profit and loss account, financial assets held up to due date, receivables and financial assets available for sale.

3.2.1.1 Financial assets at fair value by the profit and loss account

A financial asset is classified as at fair value by the profit and loss account if it is classified as held for trading or if it is designated as such at the initial recognition. The financial assets are designated as evaluated at fair value by the profit and loss account if the Company manages these investments and makes decisions of purchase or sale based on fair value. At the initial recognition, the trading costs assigned are recognized in the profit and loss account when they are incurred. The financial instruments at fair value by the profit and loss account are evaluated at fair value and the subsequent changes are recognized in the profit and loss account.

The derivative financial instruments are classified as held for trading if they do not represent instruments used for hedge accounting.

3.2.1.2 Financial assets held up to maturity

If the Company intends and has the capacity to keep the debt instruments up to maturity, then these financial assets can be classified as investments held up to maturity. The financial assets held up to maturity are initially recognized at fair value plus the trading costs directly attributed.

After the initial recognition, the financial assets held up to maturity are evaluated at depreciated cost by using the effective interest method less the value of impairment losses. Any sale or reclassification before the maturity has more than an insignificant value from investments held up to maturity and which does not intervene near their maturity leads to reclassification of all investments held up to maturity in the category of assets available for sale and the Company will not be able to classify the investment instruments as held up to maturity in the current year and in the next two fiscal years.

3.2.2 Receivables

The receivables are financial assets with fixed or determinable payments which are not quoted on an active market. Such assets are initially recognized at fair value plus any trading costs directly attributed. After the initial recognition, the receivables are evaluated at initial value less the value of impairment losses. The receivables include the commercial receivables and other long-term receivables.

3.2.3 Cash and cash equivalents

The cash and cash equivalents include the cash balance, amounts in bank accounts at sight and term deposits with initial due dates up to three months, held by the Company in own name.

The Bank accounts in the name of customers include the amounts deposited at banks in the name of customers, which come from the advance payments made by them for the mediation of future transactions.

3.2.4 Financial assets available for sale

The financial assets available for sale are the non-derivative financial assets which are designated as available for sale and are not classified in any of the previous categories. The investments of the Company in equity instruments and in certain debt instruments are classified as financial assets available for sale.

3.2.5 Financial liabilities

The financial liabilities are recognized when they become part of the contractual provisions of the instrument. The Company applies the accounting at transaction date. The financial liabilities are initially recognized at fair value and if the financial liabilities are not measured at the fair value by the profit and loss account at transaction costs directly attributed (including the broker fees).

The Company derecognizes a financial liability when the contractual obligations are paid, annulled or expire.

The financial assets and liabilities are set off and in the financial position statement the net value is presented only when the Company has the legal right to set off the values and intend either to deduct them on the net basis or to achieve the asset and extinguish the obligation simultaneously.

The non-derivative financial liabilities of the Company consist of commercial debts and other debts. These financial liabilities are initially recognized at fair value plus any trading costs directly attributed. After the initial recognition, these financial liabilities are evaluated at depreciated cost by using the effective interest method.

3.3 Tangible assets

3.3.1 Recognition and evaluation

The tangible assets are highlighted at cost less the accrued amortization and the provision for impairment of value. It was not necessary to retreat the cost of plant assets according to IAS 29 because the Company does not hold plant assets purchased before 31 December 2003.

3.3.2 Subsequent costs

The Company recognizes in the book value of a tangible asset its replacement cost if it is likely that the economic benefits included in that fixed asset will be transferred to the Company and the cost of this fixed asset can be credibly measured. All the other costs are recognized as expense in the profit and loss account when they are incurred.

The expenses generated by the replacement of a component of tangible assets which is highlighted separately, including inspections or major repairs are capitalized. Other subsequent expenses are capitalized as far as they improve the future performances of those tangible assets. All the other expenses with repairs and maintenance are recorded in the profit and loss account when they are incurred.

3.3.3 Amortization of tangible assets

Amortization is calculated by the straight-line depreciation method for the lifecycle estimated for each element of the category of tangible assets.

The useful lifecycles for the current period and comparative periods are:

Cars and equipment	3-5 years
Installations, furniture and accessories	3-6 years

The amortization methods, the useful lifecycles and remaining values are revised at end of fiscal year and are adjusted accordingly.

3.4 Intangible assets

3.4.1 Other intangible assets

Other Intangible assets (including software) purchased by the Company and which have a determined useful lifecycle are evaluated at cost or re-evaluated cost less the accrued amortization and the accrued impairment losses.

3.4.2 Subsequent expenses

The subsequent expenses are capitalized only when they increase the value of future economic benefits incorporated in the asset for which they are intended. All the other expenses, including the expenses for depreciation of goodwill and the internally generated trademarks are recognized in the profit and loss account when they are incurred.

3.4.3 Amortization of intangible assets

Amortization is calculated for the cost of asset or another value which replaces the cost less the residual value. Amortization is recognized in the profit and loss account by using the straight-line depreciation method for the useful lifecycle estimated for the intangible assets, other than the goodwill, since the day when they are available for use; this method faithfully reflects the foreseen method of consuming the economic benefits incorporated in asset.

The useful lifecycles estimated for the current period and for the comparative periods are:

Software	1-3 years

The amortization methods, the useful lifecycles and the remaining values are revised at end of fiscal year and adjusted accordingly.

3.5 Depreciation

3.5.1 Financial assets

A financial asset which is not booked at fair value by the profit and loss account is tested at each reporting date to determine whether there are objective proofs regarding the existence of an impairment loss. A financial asset is considered depreciated if there are objective proofs that indicate that after the initial recognition there was an event which caused a loss and this event had a negative impact on the future forecast cash flows of the asset and the loss can be credibly estimated.

The objective proofs which indicate that the financial assets (including the capital instruments) are depreciated can include the non-fulfilment of payment obligations by a debtor, the restructuring of an amount owed to the Company according to terms which the Company would not accept under other conditions, clues that a debtor or an issuer will go bankrupt or in default, disappearance of an active market for an instrument. In addition, for an investment in capital instruments, a significant and prolonged decrease of its fair value below the cost is an objective proof of depreciation.

The Company takes into account the depreciation proofs for receivables and investments held up to maturity both at the level of a specific asset and at collective level. All the receivables and investments held up to maturity which are individually significant are tested for depreciation. All the receivables which are individually significant for which we did not notice a specific depreciation are then tested collectively in order to determine the existence of a depreciation which has not been identified yet.

The receivables which are not individually significant are grouped depending on similar risk characteristics and are tested collectively for depreciation.

In order to test the collective depreciation, the Company uses the historical trends regarding the likelihood of non-fulfilment of payment obligations, the period necessary for recoveries and value of losses incurred, adjusted according to the professional reasoning of management regarding the likelihood that due to the economic conditions and current lending conditions, the effective losses are higher or lower than those indicated by the historical trends.

An impairment loss of a financial asset evaluated at depreciated cost is calculated as the difference between its book value and the present value of future forecast cash flows, updated by using the initial effective interest rate of the asset. The losses are recognized in the profit and loss account and are presented in an account for adjustment of receivables. When a subsequent event determines the decrease of impairment loss, it is carried forward by the profit and loss account without exceeding the initial value of the provision.

The impairment losses related to investments available for sale are recognized by transferring in the profit and loss account the accrued loss which was recognized in other elements of the global result and presented in reserve regarding the fair value of the equity. The accrued loss transferred from other elements of the global result in the profit and loss account is the difference between the purchase cost, net of repayments of principal and amortization and the fair value less any impairment loss recognized previously in the profit and loss account.

The changes of provisions for depreciation attributed to the value of money in time are reflected as a component of income from interests.

If, in a subsequent period, the fair value of a depreciated debt instrument available for sale increases and the increase can be objectively associated with an event which took place after the impairment loss was recognized in the profit and loss account, then the impairment loss is carried forward and the carried forward value is recognized in the profit and loss account. However, any subsequent recovery of fair value of a depreciated capital instrument available for sale is recognized in other elements of the global result.

3.5.2 Non-financial assets

The book values of non-financial assets of the Company, other than the real estate investments, stocks and receivables regarding the deferred tax, are revised at each reporting date in order to determine whether there are proofs regarding the existence of a depreciation. If there are such proofs, we estimate the recoverable value of the asset. For the goodwill and intangible assets which have undetermined useful lifecycles or which are not available for use yet, the recoverable value is estimated simultaneously every year.

The recoverable value of an asset or of a cash-generating unit is the maximum between the value of use and the fair value less the sale costs. In the determination of value of use, the future forecast cash flows are discounted in order to determine the present value, by using a discounting rate before taxation which reflects the current evaluations of the market regarding the value of money in time and specific asset risks.

In order to test the depreciation, the assets which cannot be tested individually are grouped at the level of the smallest group of assets which generate cash entries from the continuous use and which are largely independent from the cash entries generated by other assets or groups of assets (”cash-generating unit”). In order to test the depreciation of goodwill, the cash-generating units to which goodwill was allotted are monitored for the purpose of internal reporting, on the condition of setting a ceiling at the operational segment level. The goodwill purchased in a combination of entreprises is allotted to the cash-generating units which are foreseen to benefit from the combination synergies.

The corporate assets of the Company do not generate separate cash flow entries. If there are clues that a corporate asset is depreciated, then the recoverable value is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognized if the book value of an asset or of a cash-generating unit exceeds the estimated recoverable value. The impairment losses are recognized in the profit and loss account. The impairment losses recognized compared to the cash-generating units are first used for reduction of the book value of goodwill allotted to units, if applicable, then pro-rata for reduction of book value of the other assets from the unit (group of units).

An impairment loss compared to goodwill is not carried forward. Compared to other assets, the impairment losses recognized in the previous periods are evaluated at each reporting date in order to determine whether there are proofs that the loss was reduced or does not exist. An impairment loss is carried forward if there were changes of estimates used in order to determine the recoverable value. An impairment loss is carried forward only if the book value of asset does not exceed the book value which could have been determined, net of amortization, if no depreciation had been recognized.

The goodwill which is part of the book value of an investment in an associated entity is not recognized separately and therefore, is not tested for depreciation separately. On the other hand, the total value of an investment in an associated entity is tested for depreciation as an individual asset when there are objective proofs that the investment in that associated entity might be depreciated.

3.6 Benefits of employees

3.6.1 Short-term benefits

Short-term benefits of employees include wages, indemnities and contributions of social insurances. The short-term benefits are recognized as expenses when the services are provided.

3.6.1.1 Plans of determined contributions

The Company makes payments in the name of its employees to the pension system of the Romanian State, the health insurances and unemployment fund during the normal activity. All the employees of the Company are members and have the legal obligation to contribute (by the social security contributions) to the pension system of the Romanian state (a state plan of determined contributions). All the contributions are recognized in the result of the period when they are paid.

3.6.2 Plans of determined benefits

A plan of determined benefits is a post-hiring benefit plan other than the plan of determined contributions.

The Company does not have any obligation to its employees based on Romanian law regarding the pensions and does not participate in any other pension plan. The indemnity for pension for sickness is granted only if the retirement decision is permanent.

3.6.3 Other long-term benefits of employees

The Company does not grant other long-term benefits to employees, apart from those presented above.

3.6.4 Benefits for cessation of employment contracts

The benefits for cessation of employment contracts are recognized as an expense when the Company can prove the commitment to an official detailed plan either to terminate the employment contracts before the normal retirement date or to offer benefits for the cessation of employment contracts as a result of an offer that encourages voluntary unemployment, without a real possibility of renouncement.

During the years 2021 and 2020 the Company has not granted benefits for cessation of employment contracts.

3.7 Provisions

Provisions are recognized in the financial position statement when the Company has a legal obligation related to a past event and it is likely that in the future it is necessary to consume economic resources which extinguish this obligation and we can make a reasonable estimate of the obligation value. In order to determine the provision, the future cash flows are discounted by using a discounting rate before taxation which reflects the current market conditions and the specific risks of that debt. The amortization of discount is recognized as a financial expense.

A provision for restructuring is recognized when the Company has approved an official and detailed restructuring plan and the restructuring either started or was publicly announced. The future operational losses are not provisioned.

On 31 December 2021 the Company created provisions for doubtful clients.

3.8 Income

3.8.1 Income from services

The income from the services provided is recognized in the profit and loss account when the services are provided.

The main sources of income are represented by the income from commissions related to mediated transactions. The income is recognized at the net value of the Company commission.

3.8.2 Income from interests

The income from interests is recognized in the profit and loss account by the effective interest method. The income from interests comes from the interests of current accounts and deposits at credit institutions.

3.8.3 Income from dividends

The income from dividends is recognized in the profit and loss account when the right of the Company to receive this income is established.

In case of dividends received under the form of shares as alternative to payment in cash, the income from dividends is recognized for the cash which would have been received according to the increase of related participation interest.

The Company records income from dividends at gross value which includes the dividend tax which is recognized as current expense with the corporate tax.

3.8.4 Net earnings/(losses) from financial instruments held for trading

The net earnings/(losses) from financial instruments available for trading include the earnings/losses from the sale of financial assets held for trading, the changes of fair value of financial assets recognized at fair value by the profit and loss account and the dividends received from their holding.

The income from dividends is recognized in the profit and loss account when the right of the Company to receive dividends is established, which in case of quoted instruments is the ex-dividend date.

3.9 Corporate tax

The corporate tax for the fiscal year includes the current tax and deferred tax. The corporate tax is recognized in the result of fiscal year, unless it is related to combinations of entreprises or elements recognized directly in equity or in other elements of the global result.

The current tax is the tax paid on the profit of period, or the tax to be received for the loss of period, determined based on the percentages applied to the reporting date and all adjustments for the payment obligations of the corporate tax for the previous periods.

The deferred tax is determined for the temporary differences which appear between the tax base of tax for assets and liabilities and their book value is used for reporting in the financial statements. The deferred tax is not recognized for the following temporary differences: the initial recognition of the goodwill, the initial recognition of assets and liabilities from transactions which are not combinations of entreprises and which do not affect the book profit nor the fiscal profit and differences from the investments in subsidiaries, provided that they are not returned in the predictable future. The deferred tax is calculated based on the forecast method of realization or deduction of book value of assets and liabilities, by using the tax rates set out by the legislation in force which applies at reporting date.

The receivable regarding the deferred tax is recognized only if it is likely to obtain a taxable profit in the future after the setting off by the fiscal loss of the previous years and by the corporate tax to be recovered. The receivable regarding the deferred tax is reduced if the fiscal benefit is unlikely to be achieved.

The additional taxes which appear from the distribution of dividends are recognized at the same date with the obligation to pay the dividends.

The corporate tax rate used in the calculation of current and deferred taxes was at 31 December 2021 16% (31 December 2020: 16%).

3.10 Legal reserve

In accordance with the Romanian laws, the companies have to allot an amount equal to at least 5% of the profit before taxation, in legal reserves, until they reach 20% of share capital. When this level is reached, the Company can make supplementary allocations only from net profit. The legal reserve is deductible within the limit of 5% quota applied to book profit before the determination of corporate tax.

3.11 Dividends

Dividends are treated as profit distribution for the period when they are declared and approved by the General Meeting of Shareholders. The only profit available for distribution is the profit of the year recorded in statutory accounts, which differs from the profit from these financial statements drawn up in accordance with IFRS, because of differences between the Romanian accounting legislation and IFRS.

3.12 New standards and interpretations

3.12.1 Applicable after 1 January 2021

There are new standards, amendments and interpretations which apply for the annual periods starting after 1 January 2021 and which were not applied in the drawing up of these financial statements.

We illustrate below the standards/interpretations which were issued and apply since 1 January 2021.

• Reform of reference interest– amendments to IFRS 7, IFRS 9 si IAS 39 (1 January 2020)

Amendments change certain requirements of hedge accounting in order to provide a few exemptions regarding the reform of reference interest.

3.12.2 On 31 September 2021, the following standards and interpretations were issued, but were not mandatory for the annual reporting periods ended as of 31 December 2021

• IFRS 17 Insurance Contracts (1 January 2021, probably extension until 1 January 2022)

IFRS 4 will be soon replaced by a new standard regarding the insurance contracts. Therefore, the temporary exemptions and/or general approach of IFRS 9 for insurance companies will no longer be applied when the new standard is issued.

IFRS 17 was issued in May 2017 as replacement of IFRS 4. It involves a model of evaluation in which the estimates are reevaluated every year. The contracts are evaluated by taking into account the following elements:

- cash flows discounted by weight depending on the likelihood of achievement

- an explicit risk adjustment and

- a service contract margin which represents the profit from contract recognized as income of the hedged period.

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

The Amendment to IAS 1 establishes that the liabilities must be presented depending on exigibility, depending on the rights which exist at balance sheet date. The classification is not affected by the expectations of the entity or the events after the reporting date. The amendment clarifies also what we understand by ”extinction” of a debt.

• Amendments of IAS 16 – Tangible assets

The amendment prohibits the entity to deduct from the cost of a tangible asset income earned as a result of using the fixed asset for the period when the fixed asset is about to be brought to the necessary level of operation

• Definition of a business– Amendments to IFRS 3

The amended definition of a business involves that an acquisition includes entry data and a fund process which together significantly contribute to the ability of the company to create results. The definition of ”results” is amended in order to focus on goods and services delivered to customers, which generates income from investment and other revenues and excludes profitability under the form of reduction of costs or other economic benefits

These amendments can lead to a multiplication of acquisitions which are considered acquisitions of assets.

• Onerous contracts – Cost of performance of a contract – Amendments to IAS 37

Amendments to IAS 37 clarify the direct costs related to the performance of a contract and allocation of other direct costs for the fulfilment of the contract. Before the recognition of a provision for the performance of contract, the entity will record any depreciation of assets which appeared during the performance of contract.

• Annual improvements for the cycle 2018 - 2020 (in force since 1 January 2022)

- IFRS 9 – Financial Instruments – clarifies what kind of fees must be included in the 10% test at derecognition of financial liabilities

- IFRS 16 – Rents – amendment of example 13 by which they remove the illustration of payments from the Lessor regarding modernizations in order to remove confusions regarding the treatment of advantages regarding rents

- IFRS 1 – Adoption of IFRS – allows the entities to evaluate the assets and liabilities at book values recorded in the financial statements of the mother company together with any exchange rate differences.

IAS 41 - Agriculture – removal of requirement according to which entities should exclude the cash flows for taxes determined by evaluation at fair value according to IAS 41.

• Definition of accounting estimates – amendment to IAS 8 (in force since 1 January 2023)

IASB issued an Amendment to IAS 8 ”Accounting Policies” which clarifies how the entities should distinguish between changes of accounting estimates and changes of accounting policies. The differentiation is important because the changes in accounting estimates apply in perspective, but the changes of accounting policies apply in retrospective and for the current period.

3.12.3 Standards and interpretations issued by IASB, but not adopted yet by EU

At the reporting of these financial statements, IFRS as they were adopted by EU do not differ significantly from the regulations adopted by IASB, except for the following standards, amendments and interpretations, which shall apply to the Company and whose application has not been approved by EU until the authorization of these financial statements.

• Amendments to IFRS 10 ”Consolidated financial statements” and IAS 28 ”Investments in associated entities and joint ventures”- Sale or contribution of assets between an investor and his associate or the joint venture and other amendments (the date of application was postponed for an indefinite period until the conclusion of research project regarding the equivalence method).

• Amendments to IAS 1 ”Presentation of financial statements” and IAS 8 ”Accounting policies, changes of accounting estimates and correction of errors” – definition of materiality (applicable for the annual periods which start on or after 1 January 2020),

• Amendments to IAS 28 ”Investments in associated entities and joint ventures” – long-term interests in associated entities and joint ventures (applicable for the annual periods which start on or after 1 January 2019).

• Amendments to various standards as a result of ”Improvements of IFRS (cycle 2015-2017)” which result from the annual project of improvement of IFRS (IFRS 3, IFRS 11, IAS 12 and IAS 23) with the main purpose to eliminate inconsistencies and to clarify certain formulations (applicable for the annual periods starting from 1 January 2019 or after that date).

• Amendments of References to the Conceptual Framework of IFRS Standards (applicable for annual periods starting from 1 January 2020 or after that date).

The Company estimates that the adoption of these standards and amendments of existing standards will not have a significant impact on its annual financial statements in the year when they will apply for the first time.

S.S.I.F. Blue Rock Financial Services S.A. anticipates that the adoption of these standards and amendments to existing standards will not have a significant impact on the financial statements of the Company during the initial period of application.

4. DETERMINATION OF FAIR VALUE

Certain accounting policies of the Company and requirements to present information require the determination of fair value both for the financial and non-financial assets and liabilities. The fair values were determined for the purpose of evaluation and/or collection of information based on the methods described below. When applicable, further information about the hypotheses used for the determination of fair values are presented in the explanatory notes specific to that asset or liability.

4.1 Investments in securities and debt instruments

The fair value of financial assets at fair value by the profit and loss account is determined by referring to the closing quotation for bid price at reporting date.

The financial assets available for sale are represented by equity instruments. These instruments held by the Company do not have a price quoted on an active market and the fair value cannot be credibly determined by using an evaluation technique, therefore, they are evaluated at cost, and are subject to depreciation tests.

4.2 Commercial receivables and other receivables

The fair value of commercial receivables and other receivables is estimated as the present value of future cash flows discounted by the interest rate of market at reporting date, which is 31 December 2016. This fair value is determined only for presentation purposes.

For the financial instruments such as receivables and short-term financial liabilities, the management considers that the book value represents a reasonable approximation of fair value and therefore, the presentation of a separate fair value is not necessary.

4.3 Hierarchy of fair values

The Company measures the fair value of financial instruments by using one of the following hierarchization methods:

4.3.1 Level 1: Quotations on an active market for similar instruments.

4.3.2 Level 2: Evaluation techniques based on data observed on the market. This category includes instruments evaluated by using: quotations on an active market for similar instruments; market quotations for similar instruments on markets which are considered less active or other evaluation techniques where the significant data can be directly or indirectly observed in the market data.

4.3.3 Level 3: Evaluation techniques based on data that cannot be observed on the market. This category includes all the instruments whose evaluation method is not based on observable data and the non-observable data have a significant influence on the evaluation of instrument. This category includes the instruments which are evaluated based on market quotations for similar instruments where non-observable adjustments or suppositions are necessary to reflect the difference between instruments.

5. MANAGEMENT OF FINANCIAL RISK

The Company is exposed to the following risks as a result of using financial instruments:

- Credit risk;
- Liquidity risk;
- Market risk, which includes the interest risk and the exchange rate risk;
- Operational risk;
- Risk related to economic environment;
- Taxation risk.

This note presents information regarding the exposure of the Company to each risk mentioned above, the objectives of the Company, evaluation and risk management policies and processes and the procedures for management of capital.

5.1 General framework for risk management

The Board of Directors of the Company has the general responsibility for establishing and supervising the risk management framework at Company level.

The Board of Directors is also responsible for examination and approval of strategic, operational and financial plan and the corporate structure of the Company.

The risk management policies of the Company are defined so that they assure the identification and analysis of risks faced by the Company, establish the limits and adequate controls, and monitoring of risks and respect of established limits. The risk management policies and systems are regularly revised to reflect the changes which appeared in the market conditions and in the Company activities. The Company, by its training and management standards and procedures aims to develop an orderly and constructive control environment in which all the employees understand their roles and obligations.

The internal audit of the Company supervises the way in which the management monitors the observance of risk management policies and procedures and revises the adequacy of the risk management framework in relation to the risks faced by the entities.

5.2 Credit risk

The credit risk is the risk that the Company suffers a financial loss following the failure to fulfil the contractual obligations by a customer or a counterparty to a financial instrument, and this risk mainly results from the commercial receivables and financial investments of the Company.

5.2.1 Commercial receivables and other receivables

The Company exposure to credit risk is mainly influenced by the individual characteristics of each customer and of the country where he carries out his activity. Most of Company Customers carry out their activity in Romania.

The customer database of the Company is composed of natural and legal persons for which the Company makes investments in the capital market.
The Company calculates a provision for depreciation of receivables which represent the estimates regarding the losses from commercial receivables, other receivables and investments. The first component of this adjustment is the loss component specific to doubtful clients for whom the process of recovering receivables was started.
The second component is the collective loss component, which corresponds to losses that were suffered but were not identified yet, and it is calculated based on analysis of age of receivables, after the application of contamination principle, by using historical loss rates.

5.2.2 Financial investments

The Company limits the exposure to credit risk by investing only in liquid instruments issued by counterparties who have a satisfying credit quality. The management constantly monitors the credit quality and considering that the Company has invested only in instruments with a high credit quality, the management does not expect these counterparties to fail to perform their contract obligations. The table below presents the qualifying marks given by the rating agencies to banks in which the Company holds cash and deposits, at the end of financial reporting periods:

	31 December 2021	31 December 2020	Rating Agency
Banca Comerciala Romana S.A.	BBB+	BBB+	Fitch Ratings
Banca Transilvania S.A.	BB+	BB-	Fitch Ratings
BRD Groupe Société Générale S.A.	BBB+	BBB+	Fitch Ratings

Exposure to credit risk

The maximal exposure to credit risk is equal to the exposure from balance sheet at reporting date and was:

	31 December 2021	31 December 2020
Other long-term financial assets	71,787	71,787
Financial assets available for sale	214,917	452,908
Commercial receivables and other receivables	7,739,958	8,677,345
Current assets related to trading activity		
Financial assets available for sale	7,033,868	6,626,981
Cash and cash equivalents	450,314	1,283,318
Bank accounts in name of customers	19,192,107	14,893,696
Total	**34,702,951**	**32,006,035**

The Company monitors the exposure to credit risk by age analysis of receivables it holds.

The Company is limitedly exposed to credit risk in the light of activity carried out for mediation of financial transactions for customers, natural and legal persons, and these transactions are made based on advance payments received from customers.

5.3 Liquidity risk

The liquidity risk is the risk that the Company encounters difficulties in the fulfilment of obligations associated with financial liabilities which are deducted in cash or by the transfer of another financial asset. The approach of the Company regarding the liquidity risk is to assure, if it is possible, that it holds enough liquid assets at any time to handle the liabilities when they become due, both in normal conditions and under stress without suffering inacceptable losses or jeopardizing the reputation of the Company.

The Company does not have loans, as it needs liquid assets only to cover the current operational costs and deductions made in the clearance/compensation systems– deduction which it operates. Considering that a significant weight of the Company assets consists of placements with a high degree of liquidity, the level of liquidity risk to which the Company is exposed is low.

The contract due dates of financial liabilities, including estimated payments of interest and excluding the impact of compensation agreements, are:

31 December 2021	Book value	Contractual cash flows	Less than 6 months	6-12 months	1-2 years	2-5 years	More than 5 years
Current liabilities related to trade activity	19.402.258	19.402.258	19.402.258		-	-	-
Total (b)					**-**	**-**	**-**

31 December 2020	Book value	Contractual cash flows	Less than 6 months	6-12 months	1-2 years	2-5 years	More than 5 years
Current liabilities related to trade activity	14.802 863	14.802 863	14.802 863	-	-	-	-
Total (b)	14.802 863	14.802 863	14.802 863	-	-	-	-

We do not anticipate that the cash flows included in analysis of due dates occur significantly earlier or at significant different values.

The Company keeps enough liquid assets (residual maturity below 6 months) to cover all the overdue debts as follows:

	Note	31 December 2021	31 December 2020
Current assets related to trade activity	13b)	214,917	452,908
Bank accounts in name of customers	14	19,192,107	14,893,696
Cash and cash equivalents	14	450,314	1,283,318
Total assets with maturity below 6 months (a)		**19,857,338**	**16,629,922**
Net position (a – b)		**455,080**	**1,827,059**

The assets and liabilities which are not presented in the tables above do not have any residual maturity at the initial recognition and depend mainly on the trading strategy of the Company for instance: financial assets held for trading are not significant to be presented in the liquidity risk note.

5.4 Market risk

The market risk is the risk that the variation of market prices such as exchange rate, interest rate and price of equity instruments, affects the income of the Company or the value of financial instruments held.

The objective of managing the market risk is to manage and control the exposures to market risk in acceptable parameters and at the same time to optimize the return on investment.

5.5 Fair values of financial assets and financial liabilities

Except for the financial instruments which are evaluated at fair value and are presented in Note 11, the book values of financial assets and liabilities presented in the financial statements represent the fair values of those financial assets and liabilities which were not presented in the balance sheet of the fund at their fair value: the selling prices are used to estimate the fair values of assets while the offer prices (ask) are applied for liabilities.

5.6 Exposure to exchange rate risk

The exposure of the Company to exchange rate risk is presented below based on nominal values in equivalent thousand lei:

31 December 2021	**EUR**	**RON**	**USD**	**GBP**	**Total**
Financial assets					
Financial assets available for sale					
Other long-term financial assets					
Commercial receivables and other receivables					
Current assets of trading activity	**6.434**	**338**	**264**		**7.036**
Financial assets for trading					
Bank accounts in name of customers	**865**	**21.435**	**24**		**22.324**
Cash and cash equivalents	**3.669**	**145**	**39**		**3.853**
Total financial assets	**10.968**	**21.918**	**337**		**33.223**
Financial liabilities					
Commercial debts and other debts		**486**			**486**
Deferred corporate tax					
Current liabilities for trading activity	**4.225**	**15.147**	**28**		**19.600**
Total financial liabilities	**4.911**	**15.633**	**28**		**20.086**
Net financial assets	**6.057**	**5.802**	**11**		**11.870**

31 December 2020	**EUR**	**RON**	**USD**	**GBP**	**Total**
Financial assets					
Financial assets available for sale	**6.361**	**265**			**6.626**
Other long-term financial assets					
Commercial receivables and other receivables	**691**				**691**
Current assets of trading activity					
Financial assets for trading					
Bank accounts in name of customers	994	10.949	112		12.055
Cash and cash equivalents	766	99	26		81
Total financial assets	8.812	11.313	18		19.453
Financial liabilities	986	13.703	113		14.802
Commercial debts and other debts		485			485
Deferred corporate tax					
Current liabilities for trading	128				128
Total financial liabilities	1.114	14.188	113		14.930

Net financial assets	7.698	-2.875	131	4.954

5.7 Sensitivity analysis

The depreciation of leu as of 31 December 2021, respectively 31 December 2020 as shown below in comparison with EURO, USD, GBP and CAD, determined an increase of Company's result with the values presented below. This analysis involves that all the other variables, in particular the interest rates, remain constant.

	31 December 2021
Depreciation of leu by 10% compared to the currencies above	**1.002**

5.8 Exposure to interest rate risk

The Company does not hold financial instruments with variable interest rate. The financial instruments kept up to maturity are not affected by variation of interest rate. Therefore, the change of interest rates at reporting date would not affect the profit and loss account or the equity.

Exposure to price risk of financial assets held for trading and financial assets available for trading

The price risk of financial assets held for trading represents the risk that the value of such instruments fluctuates as a result of price changes on the market, or because of factors specific to issuer or factors which affect all the instruments traded on the market.

5.9 Operational risk

The operational risk is the risk of suffering direct or indirect losses from a wide range of causes associated to processes, staff, technology and infrastructure of the Company and from external factors, other than the credit risk, the market risk and liquidity risk, such as the risk from the changes of legal requirements and the generally accepted standards regarding the organizational behaviour. The operational risks come from all the operations of the Company. The main responsibility for development and implementation of controls related to operational risk belongs to the management. The responsibility is supported by the development of general standards of the Company for management of operational risk in the following areas:

- Requirements for reconciliation and monitoring of transactions;
- Requirements for separation of responsibilities, including the independent authorization of transactions;
- Alignment to legal and regulatory requirements;
- Documentation of controls and procedures;
- Requirements of regular analysis of operational risk to which the Company is exposed and adequacy of controls and procedures to prevent the risks identified;
- Requirements for reporting operational losses and proposals for remedy of the causes which generated them;
- Elaboration of operational continuity plans;
- Development and lifelong professional training;
- Establishment of ethical standards;
- Prevention of dispute risk, including insurance where applicable;
- Reduction of risks, including efficient use of insurances, where applicable.

5.10 Adequacy of capital

The Board of Directors Policy is to maintain a solid base of capital necessary for the maintenance of the trust of investors, creditors and market in order to support the future development of the entity. The Board monitors the rate of return of the committed capital, defined by the Company as the net profit from the operating activity divided by total equity less the interests without control.

The Company liabilities related to capital at the end of period was:

	2021	**2020**
Total liabilities	19.402.258	14.802.863
Cash, cash equivalents and current assets	19.857.338	16.629.922
Total current liabilities less current assets	**455.080**	**1.827.059**
Total equity	**9.433.766**	**8.352.518**

The specific requirements issued by the Financial Supervisory Authority regarding equity are: the initial share capital should be higher than 730 thousand Euro, the equity should be higher than 730 thousand Euro, respectively own funds should be higher or equal to the sum of capital requirements, the requirements are fulfilled during the carrying out of activity in 2021 and 2020.

5.11 Risk related to economic environment

In the last few years, the European financial sector faced a public debt crisis triggered by major fiscal imbalances and high public debts in a few European countries. The current fears that the deterioration of financial conditions could contribute in a later stage to a reduction of investors' trust determined the common effort of governments and central banks to adopt special measures to fight the vicious circle of increased aversion to risk and to assure the normal functioning of the market.

The identification and evaluation of investments influenced by a lending market deprived of liquid assets, the analysis of observance of loan agreements and other contractual obligations, evaluation of significant uncertainties, including the uncertainties related to the capacity of an entity to continue operating for a reasonable period of time, all this raises in turn other challenges.

Their effects on the Romanian financial market were the price decreases and decrease of liquid assets on the capital markets and long-term increases of interest rates due to liquidity conditions at international level.

The Company's debtors may also be affected by liquidity crises which could affect their capacity to honour their current debts. The deterioration of operating conditions of creditors also affects the management of cash flow forecasts and the depreciation analysis of financial and non-financial assets. To the extent that the information is available, the management reflected revised estimates of future cash flows in its depreciation policy.

The management cannot credibly estimate the effects on the financial statements of the Company resulted from deterioration of liquidity of financial market, depreciation of financial assets influenced by non-liquid market conditions and high volatility of the national currency and of financial markets.

The Company management believes that it takes all the necessary measures to support the growth of Company activity under the current market conditions by:

i) Elaboration of liquidity management strategies and establishment of specific liquidity management measures in crisis situations;
ii) Forecasts of current liquidity;
iii) Daily monitoring of cash flows and estimation of effects on the Company debtors, due to limited access to financing and restrained possibility to support the growth of businesses in Romania;
iv) Careful examination of conditions and clauses included in the compensation and deduction commitments, now and in the near future.

5.12 Taxation risk

Since 1 January 2007, following the accession of Romania to the European Union, the Company had to subject to the regulations of the European Union and therefore, it prepared for the application of changes brought by the European legislation. The Company implemented these changes, but the method of implementation remains subject to fiscal control by authorities for 5 years.

The interpretation of texts and practical implementation of the procedures for new applicable fiscal regulations harmonized with the European legislation, could vary from one entity to another, and there are chances that in certain situations the fiscal authorities adopt a different position compared to the Company.

In addition, the Government of Romania holds a number of authorized agencies to perform the audit (control) of companies which operate on the territory of Romania. These audits are similar to fiscal audits from other countries and can cover not only the fiscal issues, but also legal and regulatory issues which present interest for these agencies. It is likely that the Company continues to be subject to fiscal controls/audits as new fiscal regulations are being issued.

6. NET RESULT FROM OPERATIONS WITH FINANCIAL INSTRUMENTS HELD FOR TRADING

The net results from operations with financial instruments held for trading and recognized in the profit and loss account include:

	2021	2020
Net result of evaluation of financial instruments held for trading	1.664.503	633.981
Net result from assignment of financial instruments held for trading and closed positions	144.395	43.036
Gross income from dividends	-	
Withholding tax for dividends received		
Net result from operations with financial instruments held for trading	**1.808.898**	**677.017**

7. REVENUES FROM SERVICES

The revenues from mediation operations and provision of financial services recognized in the profit and loss account are:

	2021	2020
Commissions received from the financial mediation activity	453.894	410.409
Commissions received from the payment agent activity		
Commissions received from the custody and administration activity	393.585	528.585
Other commissions received	1.168.889	324.059
Total revenues from mediation commissions and financial services	**2.016.368**	**1.263.053**

8. OPERATING COSTS

The operating costs include:

	2021	2020
Staff expenses *i)*	3.590.672	1.147.354
Commissions and mediation fees paid	254.938	375.349
Rent and utilities of office	382.084	441.588

Services provided by third parties *ii)*	374.607	450.837
Amortization of fixed assets *(Note 10,11)*	581.528	7.332
Expenses with local taxes and other taxes	113.165	50.896
Transport and travel costs	10.853	12.101
Bank commissions	22.666	14.455
Other expenses	377.104	308.853
Total	**5.707.616**	**2.808.765**

i) The staff expenses are composed of:

	2021	2020
Wages of management members	273.636	312.101
Wages of operational staff	3.243.632	809.721
Social contributions	72.404	24.632
Other expenses	1.000	900
Total	**3.590.672**	**1.147.354**

The number of employees in the Company was:

	2021		2020
	At end of year	Average by year	At end of year
Number of employees	27	18	9

ii) The expenses with services provided by third parties include the costs of communications, repairs, accounting services, translation services and other services.

9. EXPENSE WITH CORPORATE TAX

	2021	2020
Expense with current corporate tax		
Expense with deferred corporate tax	-	-

Reconciliation of profit before taxation with the expense of corporate tax in profit and loss account

	2021	20209
Profit/Loss before taxation	1.081.248	(855.726)
Effect on corporate tax of period		
Non-taxable revenues		
Non-deductible expenses		
Fiscal Profit/Loss related to period		

10. TANGIBLE ASSETS

	Cars and IT equipment	Bureautics, furniture and protectio	Fixed assets under execution	Total

		n equipmen t		
Cost				
Balance as of 1 January 2020	566.267	98.475		676.968
Acquisitions	6.727	5.500		12.277
Outputs				
Balance as of 31 December 2020	**572.994**	**103.975**		**664.741**
Acquisitions	23.657	30.791		54.448
Outputs				
Balance as of 31 December 2021	**596.651**	**134.766**		**731.417**
Amortization				
Balance as of 1 January 2020	350.913	71.552	-	422.465
Amortization during the year	1.047	2.606	-	3.653
Outputs				
Balance as of 31 December 2020	351.960	74.158	-	426.118
Amortization during the year	217.604	2.829		220.433
Outputs				
Balance as of 31 December 2021	**569.564**	**76.987**		**646.551**
Net book values				
Balance as of 31 December 2020	**215.354**	**26.923**	**-**	**250.851**
Balance as of 31 December 2021	**27.087**	**57.779**		**84.866**

11. INTANGIBLE ASSETS

	Licences, software	**Total**
Cost		
Balance as of 1 January 2020		
Acquisitions		
Balance as of 31 December 2020		
Acquisitions	155.176	155.176
Balance as of 31 December 2021	155.176	155.176
Accrued amortization		
Balance as of 1 January 2020		
Annual amortization		
Balance as of 31 December 2020		
Annual amortization		
Balance as of 31 December 2021		
Net book values		
Balance as of 31December 2020		
Balance as of 31 December 2021	155.176	155.176

12. FINANCIAL INSTRUMENTS

The financial instruments held by the Company are:

Financial assets held for trading mainly represent non-derivative, quoted and unquoted financial instruments traded on internal and external markets.

13. COMMERCIAL RECEIVABLES AND OTHER RECEIVABLES

13.1 Commercial receivables and other receivables have the following composition:

	31 December 2021	**31 December 2020**
Amounts to be recovered from former shareholders		
Accrued expenses		
Customers – amounts to be received	373.214	691.342
Adjustments for depreciation of receivables	(361.095)	-
Receivables related to staff		

Other receivables	3.984	
Subsidies	7.723.855	7.967.193
Total	**7.739.958**	**8.658.535**

13.2 Current assets related to trading activity

	31 December 2021	**31 December 2020**
Debtors from transactions in name of the customers		
Debtors from transactions in name of the Company	214.917	452.908
Total	**214.917**	**452.908**

The amounts represent the amounts to be received from the transactions made in the last days of trading and which are in progress of deduction. The amounts are received at deduction deadlines set out by the markets on which they were made. The amounts from balances of these dates were fully received in the first week of the following year.

14. CASH AND CASH EQUIVALENTS

Cash and cash equivalents held by the Company are:

	31 December 2021	**31 December 2020**
Current Bank accounts	446.065	1.275.341
Cash at hand	4.249	7.977
Total	**450.314**	**1.283.318**

The cash and cash equivalents do not include the amounts deposited in bank accounts in the name of customers in amount of Lei 14,893,696 as of 31.12.2021 (31 December 2020: Lei 13,617,692) representing advance payments paid by them for the mediation of future transactions. These amounts are presented in the financial position statement in row ”Bank accounts in name of customers”.

15. COMMERCIAL DEBTS AND OTHER DEBTS

15.1 Commercial debts and other debts include:

	31 December 2021	**31 December 2020**
Commercial debts	62.457	51.779
Debts to staff	155.256	90.775
Social contributions and wages tax	423.977	335.540
Subsidies for investments	5.435.187	8.490.373
Other debts	30.093	5.152
Total	**6.106.970**	**8.973.619**

The commercial debts mainly represent obligations to suppliers, paid at the beginning of year 2022.

15.2 Current liabilities for trade activity

	31 December 2021	31 December 2020
Customers - Creditors	19,402,258	14,802,863
Creditors from transactions in account of customers		
Accrued revenues		127,886
Total	**19,402,258**	**14,930,749**

The amounts represent the amounts owed from the transactions signed in the last trading days and which are under deduction or cash advances received from customers for transactions which will be made by the Company in the name of customers. The amounts are received under the deduction conditions from the markets for which they were made. The overdue amounts at these dates were fully received in the first week of the following year.

16. OTHER LONG-TERM ASSETS

	31 December 2021	31 December 2020
Guarantee at Depozitarul Central S.A.		
Guarantees at suppliers	71,787	71,787
Total long-term assets	**71,787**	**71,787**

The guarantee fund from Depozitarul Central SA is created for the trading on the market in Bucharest.

17. SHARE CAPITAL, RESERVES, PROFITABILITY

17.1 Share capital

The subscribed and paid share capital as of 31 December 2021 was in amount of Lei 14,122,654, which represents the countervalue of 14,122,654 shares with nominal value of 1 leu/share, dematerialized, with the same voting right (31 December 2020: 14,122,654 lei.)

The subscribed share capital was increased during the year 2013, according to the Resolution of the Extraordinary General Meeting of Shareholders no. 1 of 09.09.2013 from Lei 5,181,654 to Lei 14,122,654, by the underwriting of the main shareholder Blue Rock Capital GmbH (former Euro Invest Bank AG) and the payment of contribution in cash.

Stockholding structure as of 31 December 2020	**Number of shares**	**% of share capital**
Legal persons of which:		
- Blue Rock Capital GmbH (former Euro Invest Bank AG)	14,116,884	99,959%
Natural persons, of which:		
- foreign	5,770	0,041%
Total	**14,122,654**	**100%**
	Number of shares	**% of share**

Stockholding structure as of 31 December 2021		capital
Legal persons of which:		
- Blue Rock Capital GmbH (former Euro Invest Bank AG)	14,116,884	99,959%
Natural persons, of which:		
- foreign	5,770	0,041%
Total	**14,122,654**	**100%**

Reconciliation of share capital according to IFRS with the share capital according to the Romanian accounting regulations is presented in the table below:

	31 December 2021	31 December 2020
Share capital according to RCR	14,122,654	14,122,654
Hyperinflation effect – IAS 29	0	0
Total	**14,122,654**	**14,122,654**

17.2 Dividends

In 2021 and 2020 the Company did not distribute dividends to shareholders, because the company recorded loss in 2020.

17.3 Legal reserve

According to the legal requirements, the Company created legal reserves in amount of minimum 5% of the profit recorded according to the legal requirements up to the level of 20% of share capital. The legal reserves cannot be distributed to shareholders.

The amount of legal reserves in the Balance as of 31 December 2021 is Lei 47,002 (2020: Lei 47,002).

The legal reserves can be used to cover losses from operational activities.

17.4 Carried forward result

The carried forward result represents the results of the Company from the previous years and the result of current year which was not allotted to other destinations.

17.5 Rate of return on assets

The EU Regulation no. 575/2013, Art. 431-455 and ASF Regulation no. 3/2014, Art. 134 set forth that the Company publishes in the annual financial statements the rate of return on assets, calculated as ratio between the net profit earned and the total value of assets. As of 31 December 2020, this indicator is negative because the Company recorded loss.

18. TRANSACTIONS WITH AFFILIATED PARTIES

18.1 Operations of trading with affiliated parties

The Company mediated transactions with financial instruments on the domestic and international financial markets for customers, affiliated Parties, according to normal market conditions.

The total volume of transactions with financial instruments made by them through the Company in 2021 was Lei 3,546,523 (2020: Lei 3,546,523). The amount of mediation commissions and fees for the financial services provided was Lei 2,657 (2020: Lei 4,261). The balance of liquid assets of customers, affiliated

Parties in the company records were as of 31 December 2021 in amount of Lei 823,836 (2020: Lei 879,184), representing 4% of the total amount of liquid assets of customers.

18.2 Key management staff

31 December 2021

Members of Board of Directors:

Ștefan N.M. UNGUREANU – President
Franz WANOVITS – member
Martin Alexander NEDELKO – member
Members of executive management:

Ștefan N.M. UNGUREANU – Managing Director
Lavinia Florentina Anton – Deputy Managing Director

31 December 2020
Members of the Board of Directors:

Members of Board of Directors:

Ștefan N.M. UNGUREANU – president
Franz WANOVITS – member
Martin Alexander NEDELKO – member

Members of executive management:

Ștefan N.M. UNGUREANU – Managing Director
Lavinia Florentina Anton – Deputy Managing Director

The company did not pay indemnities to the members of the Board of Directors.

The Company did not grant loans, advance payments or guarantees in favour of the members of Board of Directors and chief executive officers.

19. COMMITMENTS AND CONTINGENT DEBTS

19.1 Legal actions

The Company did not have disputes as of 31 December 2021 and 31 December 2020.

19.2 Out-of-balance sheet commitments

The Company did not have out-of-balance sheet commitments given or received as of 31 December 2021 and 31 December 2020.

19.3 Transfer price

The fiscal legislation of Romania contains rules regarding transfer prices between affiliated parties since 2000. The current legislative framework defines the Arm's Length principle for the transactions between affiliated parties and the transfer pricing establishment methods. Therefore, it is expected that the fiscal authorities initiate detailed checks of transfer prices, to make sure that the fiscal result and/or the value in customs of imported goods are not distorted by the effect of prices used in the relations with affiliated parties.

20. EVENTS AFTER THE BALANCE SHEET DATE

Until the approval of these financial statements there were no significant events after the reporting date except those detailed in the notes to these financial statements.
The members of the Board of Directors are authorized by ASF and recorded with ONRC according to the authorizations below:

No.	Surname and given names	Capacity in the Board Directors	Decision of authorization
1.	UNGUREANU N.M. Ștefan	President	24/13.02.2020
2.	NEDELKO Martin Alexander	Member	186/20.11.2020
3.	WANOVITS Franz	Member	25/13.02.2020

The executive management is now assured by Mr. Stefan Nicolae Marius Ungureanu as Managing Director according to the Management Authorization A.S.F. no. 55/22.03.2017 and by Mrs. Lavinia Florentina ANTON as deputy managing director according to the Management Authorization A.S.F. no. 86/28.05.2020.

Director,
Administrator,
Stefan NM Ungureanu

Drawn up by,
Intocmit,
EXPERT 3A SRL
PURDESCU ANCA

ANNUAL REPORT
OF THE BOARD OF DIRECTORS
FOR THE FISCAL YEAR 2021

S.S.I.F. BLUE ROCK FINANCIAL SERVICES S.A. is a company of financial investments services, authorized according to the legislation of capital market in Romania, the Law no. 297/2004, Law no. 126/2018 and Regulation A.S.F. no. 5/2019, which transpose the provisions of European Directive 204/65/EC (MIFID II). The Company was founded in 1997 and the current share capital is Lei 14,122,654.

Since 2011 the stockholding is 100% Austrian. The Austrian shareholders have a wide experience on the Romanian capital market, because they owned Austro-Rom (founding member of the Bucharest Stock Exchange) since 1995 until 2006.

S.S.I.F Blue Rock Financial Services S.A. worked under the name of Transilvania Capital until 22.05.2014. By the resolution no. 184392/22.05.2014 the change of company name and emblem was recorded in the Registrar of Companies attached to the Court of Law Bucharest.

1. Share capital

S.S.I.F. BLUE ROCK FINANCIAL SERVICES S.A. has a share capital of RON 14,122,654 according to the resolution of the Extraordinary General Meeting of Shareholders no.01 of 09.09.2013, recorded in the Registrar of Companies attached to the Court of Law Bucharest, based on the resolution no. 460765 of 30.01.2013. The share capital was increased by the contribution in cash of the shareholder Euro Invest Bank AG, the current Blue Rock Capital GmbH by the amount of Euro 2,000,000 the equivalent of Lei 8,941,000, so that its contribution to share capital reaches the amount of Lei 14,122,654 (99.959%), the minority shareholder Franz Wanovits remains with a contribution to share capital of Lei 5,770 (0.041%). The share capital of the Company after increase of share capital is Lei 14,122,654. The increase of share capital was authorized by A.S.F. by authorization no. A/148/15.10.2013

2. Authorized agencies

At the end of year 2021, the Company had an office as agency located in Brașov (authorized office by the Authorization A.S.F. no. 266/18.11.2014).

3. Change of name and emblem of the Company

During the year 2021 there were no changes of name or emblem of the Company.

4. Change of management

The company management is authorized by A.S.F., according to the legal provisions in force with the following structure:

No.	Name	Position held in SSIF	Authorization decision
1.	UNGUREANU N.M. Ștefan	Managing Director	55/22.03.2017
2	ANTON Lavinia Florentina	Deputy Managing Director	86/28.05.2020

The executive management is now assured by Mr. Stefan Nicolae Marius Ungureanu as Managing Director according to the Management Authorization A.S.F. no. 55/22.03.2017 and by Mrs. Lavinia Florentina ANTON as deputy managing director according to the Management Authorization A.S.F. no. 86/28.05.2020.

5. Change of composition of the Board of Directors

At the end of year 2021, the structure of the Board of Directors, approved by the Financial Supervisory Authority (A.S.F.) and recorded in the Registrar of Companies was composed of 3 members as follows:

No.	Surname and given names	Capacity in Board of Directors	Authorization decision
1.	UNGUREANU N.M. Ștefan	President	24/13.02.2020
2.	NEDELKO Martin Alexander	Member	186/20.11.2020
3.	WANOVITS Franz	Member	25/13.02.2020

All the changes in the organization and functioning were first authorized by A.S.F. and were recorded in the National Registrar of Companies (O.N.R.C).

The Board of Directors of the Company made the following decisions in 2021:

- Approved the revised version of documents used in the customer relations, Contract and related annexes of S.S.I.F. Blue Rock Financial Services S.A.
- Approved the company policies and procedures– Rules and Procedures of S.S.I.F. Blue Rock Financial Services S.A.-version 15.03.2021.
- Approved the annual revision of the Policy for execution of orders of S.S.I.F. Blue Rock Financial Services S.A..
- Approved the report of the Conformity and Internal Control Department of the Company for the year 2020 and the Investigation Plan of the Conformity and Internal Control Department for the year 2021.
- Approved the annual evaluation of the efficiency of risk management system, according to the provisions of art. 45 of Regulation 2/2016, based on the Risk Administration Report for the year 2020 drawn up by Mr. Ilie Corneliu Gabriel – Risk Officer.
- Approved the internal evaluation of IT operational risks according to A.S.F. Norm no. 4/2018.
- Approved the evaluation of plans for assurance of business continuity and for emergency situations, according to art. 48 of Regulation 2/2016, based on IT Report for IT operational risks drawn up by Mr. Ilie Corneliu Gabriel.
- Approved the Business Plan of the company for the year 2021.
- Approved the implementation of remedy measures included in the Plan of measures enclosed to the Decision ASF no. 1055/ 27.08.2021.
- Approved the company policies and procedures, revised as measure for implementation of plan of measures.
- Approved the annual revised investigation plan of the person appointed as Conformity Officer according to the requests of A.S.F.
- Approved the internal audit plan for the year 2021 revised according to the request of A.S.F.

6. Internal control

In accordance with art. 24, Regulation A.S.F. No. 5/2019, the person who fulfils the conformity function is subject to authorization by A.S.F. according to the provisions of art. 25 and Regulation A.S.F. no. 1/2019.and is recorded in its Register.
The person who acted as representative of the Conformity and Internal Control Department during the year 2021, was:

No..	**Surname and given names**	**Authorization decision RCCI**	**Decision withdrawal Authorization RCC**	**Number in ASF Register**
1.	**ILIE Corneliu Gabriel**	148/10.10.2016		PFR13RCCI/400618

In application of responsibilities set out by art. 22 9 of the Delegated Regulation (EU) 565/2017, the person who fulfils the conformity function has the following assignments:

- To keep records of irregularities discovered during the monitoring activity set out by art. 22 para. (2) let. a) of Delegated Regulation (EU) 565/2017;
- To inform the company and its staff about the legal regime applicable for the capital market;
- To approve the documents sent by S.S.I.F. to A.S.F. in order to obtain the individual acts set out by the regulations in force and the reports sent to A.S.F. and to entities of the capital market;
- To prevent and propose remedy measures for each situation of violation of laws and regulations in force incidental to capital market or the internal procedures of the company by S.S.I.F. or by its staff;
- To analyse and approve the informative/advertising materials of S.S.I.F.;

To supervise the activity of S.S.I.F. so that he assures the exclusive personal use by each employee, including by the delegated agents who do not carry out their activity based on an individual employment contract, of the codes of access and passwords allotted to each person.

7. Observations

Following the checks performed by the representatives of the Internal Control Department during the year 2021, they did not identify deviations which were significantly inconsistent with the Department legal provisions in force.
In the year 2021 the Company was subject to the regular check by A.S.F. and they applied sanctions/warnings for the Company and its employees.

8. Risks

The Company is exposed to the following risks:

- Market risk
- Interest rate change risk
- Credit risk, respectively issuer risk
- Counterparty risk
- Liquidity risk
- Custody risk
- Systemic risk
- Risk related to key persons
- Operational risk
- Risk related to information technology (IT)
- Reputational risk

The Board of Directors of the Company has the general responsibility for the establishment and supervision of the risk management framework at Company level.

The Board of Directors is also responsible for examination and approval of the strategic, operational and financial plan and of the corporate structure of the Company.

The risk management policies of the Company are defined so that they assure the identification and analysis of risks faced by the Company, establishment of limits and adequate controls, and monitoring of risks and respect for established limits. The risk management policies and systems are regularly revised to reflect the changes occurred in the market conditions and in the activities of the Company. The Company, by the standards and procedures of training and management, seeks to develop an orderly and constructive control environment in which all the employees understand their roles and obligations.

9. Subsequent events

The Company has ongoing two European projects initiated in September 2020 which are carried out until September 2022.

10. Mentions

On investment level, the Company continued the development/modernization policy regarding the technical equipment (equipment, licences/software).
Also, the Company holds a portfolio of financial instruments traded on domestic markets and other financial instruments traded on external markets.
The company owns a portfolio of financial instruments, consisting of unquoted shares whose holding is stipulated in the legislation applicable to capital market, including shares in the Romanian Clearing House, the Bucharest Clearing House and the Investors Clearing House.

As for the financial risks, the capital adequacy is monitored and analysed and is part of daily risk management. S.S.I.F. BLUE ROCK FINANCIAL SERVICES S.A. calculates the capital requirements according to the calculation models described in the specific regulations for adequacy of capital of financial investment companies, as further amended and supplemented and does not use internal calculation methods.

In the year 2021 S.S.I.F. BLUE ROCK FINANCIAL SERVICES S.A. recorded a profit in amount of Lei 1,081,248 to a turnover of Lei 2,016,638. The equity as of 31.12.2021 had the amount of Lei 9,433,766, and total assets were in amount of Lei 25,821,055.

The total volume of transactions with financial instruments made by customers through the Company in the year 2021 on the markets administered by the Bucharest Stock Exchange was 89,030,835.51 lei (2020: Lei 77,264,445.70), and on external markets they were in amount of USD 135,618.82 (2020 USD 1,708,696.37) and Euro 2,913,769.91 (2020 Euro 8,219,496.40). The value of mediation commissions was Lei 371,448.11 (2020 Lei 313,670.12), USD 259.28 (2020 USD 3,285.88) and EUR 6,483.32 (2020 EUR 16,582.98). The balance of liquid assets of customers in the Company records was as of 31 December 2021 in amount of Lei 19,402,258 (2020: Lei 14,802,863).
In the year 2021, the development policy of the company is based on the brokerage activity, S.S.I.F. BLUE ROCK FINANCIAL SERVICES S.A. focused on the increase of trading volume on Bucharest Stock Exchange and on external markets. S.S.I.F. BLUE ROCK FINANCIAL SERVICES S.A. is payment/distribution agent on the Romanian market for seven investment funds which they intend to actively promote.
The Internal control and accounting and administrative procedures, the Accounting Department by the appointed person, has to assure the checking of the risk degree to which S.S.I.F. is exposed and the observance of requirements for capital adequacy, as further amended and supplemented.
After the reference date of financial statements, no significant events have appeared, with economic and financial impact on the Company.

11. CORPORATE GOVERNANCE

The Declaration for application of corporate governance principles, drawn up according to annex to Regulation 2/2016, was submitted to A.S.F. in the legal deadline (January 2017). There were no changes since the submission of Declaration for application of corporate governance principles which would require its updating.

Explanatory Note regarding the relevant events in connection with application of the provisions of Regulation no. 2/2016.
The set of corporate governance rules defines the structure by which the objectives of S.S.I.F. Blue Rock Financial Services S.A. are established as well as the means by which they can be efficiently and transparently reached in the relationship with shareholders and for monitoring the activity and performance.

The Company operates according to robust corporate governance principles. These principles are the basis of administration framework. S.S.I.F. Blue Rock Financial Services S.A. operates according to internal procedures which have the purpose to protect and harmonize the interests of all categories of participants in the activity carried out in the company. The Company respects the rights of its shareholders by carrying out activities in their best interests. The Company is permanently preoccupied with the improvement of communication and relationship with its shareholders, seeking to assure a fair treatment. The Articles of Incorporation of the Company regulate the rights of shareholders regarding the shares held and their exercise by participation in the Ordinary and Extraordinary General Meeting of Shareholders. Also, the articles of incorporation regulate the management body of the company and its administration. The relationship with shareholders is assured at the level of chief executive officers and the Board of Directors.

The administration of S.S.I.F. Blue Rock Financial Services S.A. was assured in 2021 by a Board of Directors composed of three members.

In order to avoid the conflicts of interests, the Company applies clear procedures which establish the necessary methods, operations and controls.

This report was approved on 16.05.2022

MANAGING DIRECTOR,
Surname and given name Signature

Ștefan N.M UNGUREANU

President