



NOTES OF SUBSTANTIATING OF THE ITEMS ON THE AGENDA of the Ordinary General Meeting and of the Extraordinary General Meeting of Shareholders of April 26/27, 2021

Dear BRK Financial Group shareholders,

BRK Financial Group convened the Ordinary General Meeting and the Extraordinary General Meeting of Shareholders on April 26/27, 2021 and through this letter we substantiate those items introduced on the agenda, which are not accompanied by a standardized report.

Point 3, OGMS: *Ratification of the investment decisions in the subsidiaries of Romlogic Technology SA, GoCab Software SA, Firebyte Games SA from 2020 and of the financing granted to the subsidiaries.*

By the OGMS Decision no. 3 of 24.04.2019, the *Corporate and Group Strategy of BRK Financial Group SA for the period 2019-2020* was approved, and one of the major directions defined was “**Investments in technology**”, through founded start-ups of BRK. In 2020, BRK Group (BRK Financial Group SA together with SAI Broker SA) invested in Firebyte Games approximately 1M RON, in GoCab Software 1.88M RON and 1.1M RON Romlogic Technology, in the form of loans. These amounts add to previous investments in these companies.

Point 9, OGMS: *Presentation, discussion and approval of the Investment Program and the Revenue and Expenditure Budget for the financial year 2021.*

In projecting the revenue and expenditure budget for 2021 we used the following assumptions:

- **Brokerage segment:** starting from the level of previous year's revenues (~ 8.3M RON) we estimated an aggregate increase of 45% of revenues for 2021, supported especially by the revenues of the corporate segment (where we noticed an exponential growth appetite from potential issuers and based on the projects in various stages of work) and at the same time I have an increase of ~ 30% in terms of revenues from internal market commissions (2020: RON 3.06M, 2021: RON 3.93M), the budget projection being supported by the dynamics of the number of new accounts opened and of the turnover of existing clients, but also by the BRK projects for the development of the intermediation service for the internal market. The increase of the intermediated volume, respectively of the corporate operations will have a linear incidence in the expenses related to the intermediation.
- **Own portfolio management segment.** Regarding the Market Making operations, we estimate a doubling of the revenues from these operations compared to the previous year, motivated by the following: (i) maintaining and / or a slight increase of the turnovers with structured products on the internal market (ii) listing the structured products on other stock exchanges in the region and implicitly new sources of income (iii) the client portfolio for the Issuer's Market Making service with a significant increase in revenues compared to the

previous year. Compared to (iii) we emphasize that the previous year, some of the contracts were signed during the year, and in 2021 we estimate that we will collect these revenues every month, but also that we will have other partnerships within this service. The increase of the business volume on this segment will have a residual incidence in the afferent expenses. The projection on "Net Income Trading House segment" and "Dividends" was made in accordance with the structure of the portfolio of financial instruments and income-generating investments. For the avoidance of doubt, the BVC subject to approval did not include the market marking effects of the holdings in BRK subsidiaries (where the group holds a controlling position, whether listed or not), which are classified as investments and *valued at the fair value through other elements of the global result starting with 01.01.2021.*

- The projection of general operating expenses was projected in a slight increase compared to the previous year, as a result of estimating variable expenses in the area of marketing and promotion, respectively personnel, as a result of increasing the structure of productive staff to cover business volume.
- The investment plan for the year 2020 provision amount is generally directed towards IT infrastructure investments (especially software and residual equipment upgrades), and the amount of 200,000 for the redevelopment of the headquarters.

Comparative table between the Revenue and Expenditure Budget for 2021 and the Achievements from 2020.

	Budget 2021	Achieved 2020
1 Commission income	12,100,000	8,228,070
1.1 Income from commissions in internal market trading	3,935,000	3,094,733
1.2 Income from commissions in foreign markets	2,000,000	2,564,577
1.3 Corporate operations / consulting revenues	5,000,000	1,174,922
1.4 Other commission income	530,000	471,776
1.5 Other income	635,000	922,061
2 Intermediation segment expenses	8,700,000	4,255,311
2.1 Expenditures related to internal market transactions	2,050,000	1,061,013
2.2 Expenses related to foreign market transactions	750,000	652,881
2.3 Expenses associated with the corporate segment	1,800,000	147,041
2.4 Intermediation segment operating expenses	4,100,000	2,394,375
Intermediation segment result	3,400,000	3,972,759
3 Income from own portfolio management	20,000,000	4,915,160
3.1 Net income segment Trading House	8,800,000	-1,581,964
3.2 Revenue from Market Making operations	8,800,000	3,947,487
3.3 Dividend income	1,500,000	2,249,099
3.4 Other income	900,000	300,538
4 Expenses related to own portfolio transactions	2,500,000	1,787,846
4.1 Market expenses related to the issuance of structured products	745,000	215,179

4.2 House department operating expenses	1,755,000	1,572,667
Result of the Own Portfolio Management segment	17,500,000	3,127,314
5 General operating expenses	4,000,000	4,320,641
6 Depreciation expenses	900,000	900,358
7 Net result	16,000,000	1,879,074

For items 5 and 6 on the EGMS agenda we formulate a single substantiation, these being related:

Point 5, OGMS. *Approval of the implementation of a “stock option plan” type program from the Company's own shares.*

Point 6, EGMS: *Approval of the redemption by the Company of its own shares, within the market where the shares are listed or by conducting public takeover bids, in accordance with the applicable legal provisions, under the following conditions: representing maximum 1% of the share capital)*

This practice is in line with the practice of listed companies and we base these 2 points (the second default from the first) by the need to motivate and retain employees and at the same time to protect the interests of the company against the recruitment of competition against our employees.

Point 1, EGMS: *Approval of the reduction of the share capital of SSIF BRK Financial Group SA, pursuant to art. 207 para. (1) lit. c) of Law no. 31/1990, from 54,039,987.44 lei to 53,988,792.32 lei, as a result of the cancellation of a number of 319,967 treasury shares acquired by the company, within the redemption program of treasury shares.*

BRK Financial Group repurchased these shares as an effect of decision no. 6 of the EGMS of 16.12.2015, the purpose of the repurchase being their cancellation and reduction of the share capital.

For items no. 2, 3 and 4 on the EGMS agenda, we formulate a single substantiation, these being related:

Point 2, EGMS: Approval of the conclusion by the company's administrators of acts of acquisition, alienation, exchange or guarantee of assets from the category of fixed assets of the company, whose value exceeds, individually or cumulatively, during a financial year, 20 % of total fixed assets, for each of the financial years 2021, 2022 and 2023.

Point 3, EGMS: *Approval of the issue of non-convertible bonds by the Company [...] with a maximum total nominal value of RON 50,000,000 [...]*

Point 4, EGMS: *Authorization and power of attorney of the Board of Directors, with the possibility of subdelegation of this authorization and power of attorney, to any person, as it deems necessary and / or appropriate; [...]*

BRK will try to attract a mix of financing (banking and / or by issuing bonds) to increase working capital in order to scale market making operations. We specify that these operations enter into the basic activity of BRK. BRK is currently the market maker for a number of 7 financial instruments listed on BVB, and these operations involve the permanent maintenance of a stock of shares. We intend to approach a larger number of issuers in order to provide this service. Additionally, in the context of listing the products structured on another / other regional markets, BRK will have to ensure a working capital (margin for Central Counterparty entities, additional margin for hedging providers, etc.). The yield of these types of operations is (much) higher than the cost of financing.

Point 6, EGMS: *Approval of the amendment of the articles of association as follows: [...]*

We substantiate the proposal to amend the articles of association by: (i) extending the term of office of the financial auditor (ii) the impact generated by changes in the principles of corporate governance (iii) simplifying operational processes

Point 7, EGMS: *Decrease of the share capital with the loss in value of 3,374,299.52 by reducing the nominal value of the actins. Approval of the reduction of the share capital of SSIF BRK FINANCIAL GROUP SA with the amount of 3,374,299.52 lei, by decreasing the nominal value of BRK shares by 0.01 lei / share.*

We substantiate the modification proposal for the partial coverage of the accounting losses from the previous years, the uncovered difference being in the amount of 1,667,520.48 lei .

Yours sincerely,
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Chairman of the Board of Directors



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