

August 19, 2022

Results of SSIF BRK FINANCIAL GROUP S.A. 1st semester 2022
Conference call for analysts and investors

Presentation of results and main highlights of the speech

The management team of SSIF BRK Financial Group SA held a conference call with investors on August 19, 2022, starting at 03:00 pm, regarding the company's financial results for the first half of 2022.

Hosts:

- *Monica Ivan-CEO*
- *Razvan Rat-Deputy CEO*
- *Sandu Pali- Economic Director*

So, the conference was split into three sections, namely:

- A. Presentation of financial statements H1 2022** - Monica Ivan, Sandu Pali
- B. Answers to the questions asked by email, according to the announcement** - Monica Ivan
- C. Q&A section** - *Monica Ivan, Razvan Rat, Sandu Pali*

- A. Presentation of financial statements H1 2022** - *Monica Ivan, Sandu Pali*
Key aspects H1/2022

BRK Financial Group has published its financial results for the first half of 2022 and continues its tradition of explaining in detail the achievements of its business segments. We report a loss of RON 5.9m (H1/2021: +15M RON), composed of core business profit of +921k RON (H1/2021: +4.63M RON) and a loss of 6.81m RON (H1/2021: +10.4M RON) related to own account operations. It should be noted that the result of operations on own account is mostly affected by the effect of the revaluation (marking to market) of portfolio positions (-4.2M RON net result from revaluation) as well as transactions closed at a loss (-1.05M RON), plus financing costs and exchange rate differences. The result of the own account management can also be seen in relation to the total assets held on own account (>100M RON).

In terms of the core business, taken as a whole of the 4 sub-segments, we report a result of 921k RON, and a very good market positioning. Thus in the 2 Market Making sub-segments we maintain our position as market leader (structured products, 39% market share, doubling of turnover and 28% revenue growth, and in terms of revenue from market making services provided in partnerships with issuers, we report tripled revenue and a portfolio of 16 issuers - which places us as market leader in this segment). In terms of

brokerage activity, with a volume of 1.12 billion RON, BRK climbs into the top 5 of intermediaries on the BVB (H1/2021: 6th place and a turnover of 902M RON), and in the corporate segment, despite a 90% drop in revenues for this segment (523k RON in H1/2022 vs 4.65M RON in H1/2021), BRK remained competitive, intermediating 6 of the 14 listings that took place in the first 6 months of this year, thus ranking first among domestic intermediaries in this respect.

Profit from core business:

922 thousand RON in H1 2022

(vs 4,6 million RON in H1 2021)

As of 30 June 2022, we report revenues from intermediation activities amounting to 5.4 million RON, down by approximately 40% compared to the same period of the previous year. Commission income from intermediation increased by 5.6% to 3.86 million RON at 30 June 2022 (vs. 3.65 million RON at 30 June 2021). Corporate income in H1 2022 was 523,593 RON, down from 4.6 million RON in H1 2021 and other intermediation income of 1.04 million RON.

Result for the period:

-5.9 million RON in H1 2022

(vs. 14.8 million RON in H1 2021)

Revenues from Market Making and trading in structured products increased significantly in the first six months of this year. Specifically, net gains from trading with structured products were 2.4 million RON (+28.3% vs. H1 2021), while, revenues from market making services were 2.42 million RON (vs. 839,342 RON in H1 2021).

Issuer's Market Making for:

- AAGES
- Agroland
- Antibiotice
- Arobs Transilvania
- Aquila
- Bursa de Valori Bucuresti
- Holde Agri Invest
- Impact Developer&Contractor
- Medlife
- One United Properties
- Purcari
- Romcarbon
- Sphera
- Teraplast
- TTS

Individual statement of comprehensive income

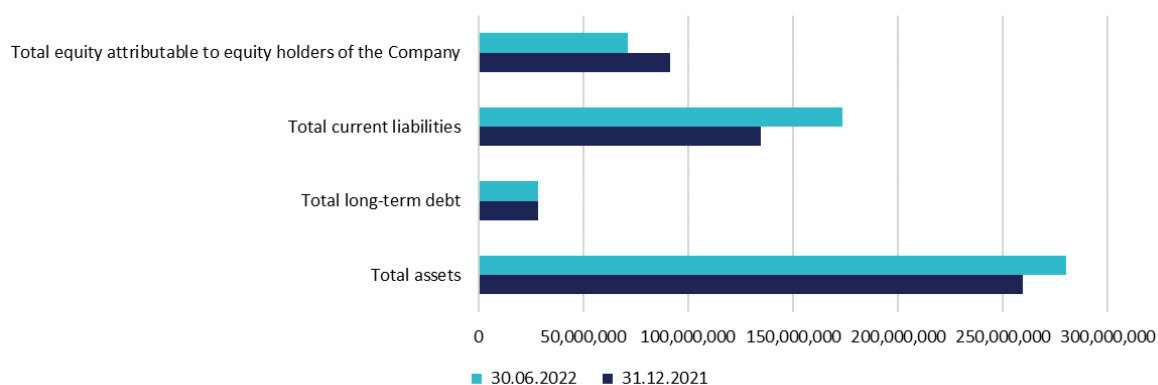
<i>RON</i>	30.06.2021	30.06.2022
Intermediation activity	8,948,138	5,423,926
Market Making	2,715,836	4,827,152
Other operating income	20,602	14,301
Total operating expenses	-7,045,006	-9,343,519
Profit from core activity	4,639,570	921,860
Net gains / (losses) realized from financial instruments	2,654,796	-1,054,477
Net gains / (losses) on valuation of financial assets	6,982,271	-4,229,782
Net income / (expenses) provisions for financial assets	-200,000	-500,000
Other net income / (expenses) from interest and exchange rate differences	943,651	-1,281,872
Net income provisions for risks and expenses	30,513	403,794
Other net income / (expenses)	-12,493	-155,575
Operating profit	15,038,308	-5,896,053
Profit before tax	15,038,309	-5,896,053
Income tax expense	-238,312	0
Profit for the period	14,799,997	-5,896,053

Consolidated statement of financial position

<i>RON</i>	30.06.2021	30.06.2022
Intermediation activity	10,305,533	7,012,888
Market Making	2,715,836	4,827,152
Other core activity income	2,191,866	5,648,456
Other income from core activities	-13,467,975	-18,093,970
Profit from core activity	1,745,260	-605,475
Net gains / (losses) on financial instruments	2,654,797	-648,654
Net gains / (losses) from the measurement of financial assets	6,982,270	-4,229,782
Net income / (expenses) net provisions for fixed financial assets	-573,353	0
Other net income / (expenses) from interest and exchange rate differences	426,968	-1,474,995

Net income provisions for risks and expenses	30,514	1,056,339
Other net income / (expenses)	-101,099	-81,756
The result of operating activities	11,165,357	-5,984,323
Profit before tax	11,165,357	-5,984,323
Income tax expense	-277,128	-256,682
Profit of the period	10,888,229	-6,241,005

Consolidated statement of financial position



Company within the group	Main field of activity	Number of shares held	Stake 30.06.2022 (%)
SAI BROKER SA	Fund management activities	220,581	99.98%
Firebyte Games SA	Custom software development activities	16,613,955	37.73%
Gocab Software SA	Custom software development activities	42,130,000	49.71%
Romlogic Technology SA	Manufacture of computers and peripheral equipment	1,061,484	90.75%
BRK Power Energy	Electricity production	2,500,000	50.00%

Brokerage services

Income from transaction brokerage fees for investors with access to local stock exchanges and foreign markets. We offer online trading services in over 100 foreign markets in 26 countries in Europe, North America and Asia on a single platform.

Income from listing brokerage commissions and access to capital for Romanian companies, as well as the execution of corporate transactions specific to listed companies. Through this segment we want to increase the capital market in Romania and help the development of local businesses.

Income from product trading spread structured products. Structured products offer the possibility of higher returns against a higher degree of risk. These products are designed for clients with a higher risk appetite.

Gains from Market Making transactions for shares of Romanian issuers. Gains from Market Making transactions for shares of Romanian issuers.

Capital management activity on own account and margin trading (loans for the purchase of shares).

- B. **Answers to the questions asked by email, according to the announcement**
- C. **Q&A section - *Monica Ivan, Razvan Rat, Sandu Pali***

Question No 1 How did you achieve such a performance? What didn't work? What would you change in your strategy?

BRK Answer: Yes, it's a legitimate question, last year we delivered results above expectations, this year after 6 months we come up with results below expectations. I wouldn't necessarily say that something didn't work, we have to start the discussion from the BRK business structure, where we have both more predictable business segments and segments with higher unpredictability (i.e. own portfolio management and corporate segment - as I noticed). The unpredictable segments had a major impact on the results shown. In terms of a possible change of strategy, we have quite robust business segments, which do not allow for such high flexibility in the short term.

With 3 of our 5 business segments (transaction intermediation, issuer market making and structured products) we are in line with our budget estimates. With the other 2 (revenues from corporate services provided to issuers and own portfolio management) we are outside the forecast.

Question No 2

How do you see the second semester of the year, especially from the point of view of the implementation of the BVC for 2022?

BRK Answer: It should be noted that the BVC was built at the beginning of the year and in a realistic way, where we took as a starting point the achievements in 2021. Geopolitical as well as macroeconomic factors contributed greatly to the under-budget results on the 2 segments we are discussing. As regards the second half of the year, our expectations are as follows:

On the 3 segments where we performed as expected (in fact the least volatile segments of BRK's business) -> we expect to hold our line.

In the corporate segment, we have some predictability on and in the sense that the amount of projects/leads / and/or client interest in potential issuers does not give us much cause for optimism. On the issuer side there is still interest in financing deals, but it is harder with the client area, where at current interest rate levels the appetite for new issuers is low, with a greater focus on government securities for example.

On the own portfolio management segment -> we depend very much on the evolution of the international and local markets, possible correlations.

Question No 3 Given the long exposure on Romania (RON correlated to Euro), the company has partial downside protection positions on EUR (short E/u) and short on mature markets to balance potential risks.

BRK Answer: We do not have currency hedging positions, and I can elaborate a bit more. Once we have reduced exposure on international instruments. Then, the EUR/RON exchange rate historically has been very weak, with small annual fluctuations. Rather, we have exposures on USD/RON (resulting from hedging operations related to the structured products segment), where we do NOT realize currency hedging for reasons of opportunity (the cost of hedging exceeds in some cases the assumed risk) and as we are talking about a continuous segment, the operating currency (working capital) is perpetual in USD, so there is no need for perpetual hedging. I would also say that 10 years ago the USD/RON exchange rate was 3 lei, today it is almost 5 lei, the working capital of the segment has been relatively constant, so if we hedged on USD/RON, one time we would lose from hedging, and the second time we would also pay a cost of protection. To conclude, it's an assumable risk.

Question No 4 Are we seeing a huge drop in corporate revenues, while BRK brokered several listings in the first half of the year?

BRK Answer: Yes, in this segment we are doing well in terms of numbers and market positioning, but in last year's revenues there was a high incidence of IPO-ONE revenues, where the transaction value was incomparably higher than the placements brokered on the AeRo market.

Question No 5 What can you tell us about losses from proprietary trading? We see over 6 million lei, reported losses.

BRK Answer: The largest part (~4.3M) comes from revaluations, the marked part is much smaller (~1 million lei), and the difference is financing costs. This figure should also be seen in relation to the assets managed on own account (over 100 million lei, 104 more exactly), practically as a percentage we have a loss of about 6%, quite correlated with the market evolution.

Question No 6

Instead, we see a tripling of revenue from services provided to issuers under the Market Making programme. Where does this growth come from?

BRK Answer: Yes, the explanation here is that some contracts (half to be exact) were signed after the middle of last year, so in the first half of 2021 they were not generating revenue. And others, which had been signed in the first half of last year, were signed in May, April etc, so we hadn't invoiced 6 full months.

Question No 7

Do you intend to acquire more customers under this product?

BRK Answer: We have always shown openness, but at the same time we have said that we have targeted most of the issuers. But surprises are not excluded. Without naming names, I can say that there are 2-3 issuers on the BVB, in the main segment, which have a good natural liquidity, but totally insufficient to pass the FTSE tests, and which, under certain conditions and in a certain time horizon, could have the necessary liquidity boost to pass those liquidity tests.

Question No 8 What can you tell us about the subsidiaries BRK, Firebyte and GoCab?

BRK Answer: All we can tell you is that they have their own financial reporting timetable and we cannot comment on this in any way.