

Results of SSIF BRK FINANCIAL GROUP S.A. for 30.09.2023 (unaudited) Conference call for analysts and investors

Presentation of results and main points of the speech

The management team of SSIF BRK Financial Group SA held a conference call with investors on 13 November 2023, starting at 14:00, regarding the financial results as of 30.09.2023.

Participants from the company:

- *Monica Ivan-CEO*
- *Razvan Rat-Deputy CEO*

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

- A. Presentation of the unaudited financial statements as at 30.09.2023-** *Monica Ivan, Razvan Rat.*
- B. Presentation of the answers to the questions asked by email, according to the announcement-** *Monica Ivan/Razvan Rat.*
- C. Q&A section -** *Monica Ivan, Razvan Rat.*

A. Presentation of quarterly financial statements - Q3 2023

Hello and nice to see you again. Today we present the results of BRK Financial Group in the first 9 months of this year. These were published on 09.11.2023.

We would like to mention that this conference is registered, so further participation in it represents your consent. A transcript of the conference will be posted on the BRK website in the coming days.

Regarding the individual situation of the overall result, at the end of the first 3 quarters we managed to return to profit, so for Q3 2023 we report a profit of 322,155 lei, compared to a loss of 10.3 million lei in the same period of the previous year. At the core activity level, we marked a plus of 3.7 million lei, and from the investment activity (house account management) we have a minus of 2.8 million lei. As we said in our previous meetings, when we refer to the core business we mean the 4 segments not exposed to market risk ((1) transaction intermediation, (2) corporate actions - basically services provided to issuers – listings, (3) issuance of structured products and provision of liquidity and (4) market making services provided to issuers).

Here we will go into a bit more detail at the sub-segment level in the next slides.

This is the picture of BRK Financial Group's business model. You can see the major segment - brokerage with the sub-segments "transaction brokerage" and listing brokerage, as well as the major segment of market making activities and own portfolio management. Here we have trading in structured products, where the gain comes from the trading spread and the operations are carried out on a full heading basis. Then we have the Issuer Market Making segment - where we record income from the contracts we have with issuers and finally, own portfolio management.

As for the intermediation activity, for the first 9 months of the year we have a positive result of 5.45 million lei, an increase of almost 60% compared to the same period last year, when the gain on this segment was 3.4 million lei. All 3 segments of the intermediation business (domestic market trading, international market trading, issuer services) generated total revenues of 9.7 million lei, up compared to the same period of 2022. The increase in intermediation revenues was largely due to the increasing liquidity of the domestic capital market as well as due to investors "trained" in Hidroelectrica's IPO. Brokerage fee income was slightly down in the first 9 months of the year, but an increase in client assets can be observed (+37.8% in Q3 2023 compared to Q3 2022) seen both in the increase of their account

amounts and the increase in the number of investors. This is a welcome development, including for the capital market in general, not just for BRK. BRK brokered transactions worth a total of 1.42 billion lei on the BSE in the first 9 months of 2023 and in terms of market positioning, BRK was ranked 6th in the top of intermediaries on the BSE.

In terms of market positioning, the turnover in the first 9 months of the year was 1.29 billion lei, with a market share of 3.31%, taking into account all segments - shares and fund units. It can therefore be seen, in the graph on the left, the constancy of BRK's activity in terms of value traded. The market share achieved was slightly distorted in Q3 due to the high volumes traded in the market with the Hidroelectrica IPO. In the AeRO market (graph on the right), we achieved an increase in the value traded in each of the 3 quarters of 2023, compared to Q4 2022, and our market share stands at 16.43% of the market at the end of the 9 months ended of the year.

Moving on to the second productive pole, the market making segment, where we have a slight decrease in total revenues from 6.66 to 6.56 million lei, mainly due to the decrease in net gains from transactions with structured products, from 3.13 to 1.79 million lei. Revenues from market making services provided to issuers increased from 3.53 to 4.76 million lei in the first 9 months of this year compared to the same period last year. Regarding developments :

- The issuer's market making - see also on the graph on the top right the evolution of revenues at quarterly level - reached a peak of about RON 1.8 million/Q3 of this year (or about RON 600,000/month), based on contracts on hand. We did not have large variations in the number of clients - we attracted two new clients in the first half of the year (MET and DN), in Q3 the number of clients remained the same.
- In terms of structured products we have had to reduce our trading spread slightly, and somewhere in the middle of 2023 we are seeing a downward trend in earnings - as turnover in absolute terms have declined. As you can see in this chart, it's a segment with a higher volatility of revenues, it depends on the volatility of the market, we assume the cyclical nature of this business segment which still brings us important and constant revenues in conditions of 0 market risk - as you know we do full heading on these exposures.

In terms of market positioning, we have a market share of 55.17% on issuer market making, and we aim to add more clients to our portfolio if we can. In other words, 16 out of a total of 29 issuer market making contracts in the market are signed with BRK.

On structured products, we maintain our market leadership position with a 38.21% share, down slightly from 38.7% in Q4 2022. This segment is hardly influenced by our shares, we depend on investor appetite for structured products in general, and as a personal note - I think their appetite depends on volatility. We position ourselves neutrally, we issue structured products both ways (long and short), we try to make them symmetrical, and then the decision is up to the investors.

In terms of the financial position, we have an atypical balance sheet structure - probably comparable to a bank's - as some of the client assets (cash, amounts in the process of settlement and international market assets) pass through BRK's balance sheet. In short, for a more accurate picture of the segregated balance sheet to put it this way - about RON 158 million should be removed from the balance sheet - the amounts pertaining to client assets that are strictly segregated from an accounting and banking point of view.

B. Submission of answers to the questions asked by email, according to the announcement

No.	Investors questions	BRK Answer
1	" The result of investment activity [...] of the expenses for the provisioning of loans granted to a company in which BRK holds a stake (RON 1M)". Which company is it?	This is a loan granted to Romlogic Technology in May 2022 and the provision was set up in May 2023, when the loan was extended. The provision has also been disclosed in the half-year financial statements.
2	In the 9-month results, the balance sheet shows under assets the line "Bank account related to clients" in the amount of	The liability component (amounts due to clients) in the amount of 199.9M RON has correspondence in 2 assets:

	<p>158,172,469 and under liabilities the line "Amounts due to clients (clients' cash)" in the amount of 199,932,104.</p> <p>Where does the difference between the two amounts come from? I would expect that the clients' money in assets would equal the clients' money in debts.</p>	<p>one is - as you have noticed - Account in the bank related to clients" in the amount of 158.1M, and the difference is in Other financial assets, which are represented by clients' cash in custody at BRK partner for trading on the international market. Basically, those cash amounts are due to clients (recognized on liabilities), but they are not in BRK's accounts, but directly in our partner's accounts. And as such we do not reflect them on the asset position of "Account in bank" but on the position of "Other financial assets" - basically it is a claim on that partner.</p>
3	<p>If I understand correctly the company gets a very good profit from the core business, after which some bad investments are made (like Fyrebite, Gocab etc). The question is why do they insist on these investments? And if there are any more investments/loans planned to the companies in which BRK owns shares.</p> <p><u>questions and request for participation in the conference after the deadline</u></p>	<p>The start-up investment component was a topic of the strategy defined and approved in 2018, and the updated strategy, approved in 2023, provides for start-up support.</p> <p>I quote from the strategy:</p> <p><i>We want to leverage our investments in private companies in which we are or will be shareholders by listing these companies on the capital market. We will continue to support the BRK Group's subsidiaries by seeking alternative sources of financing as well as by investing in them to bring them to self-sustainability. In companies in which we have and will have an active own involvement, having reached a sustainable growth phase, we will leverage those own holdings either through full or partial exits or by attracting high-calibre national and international investors for their accelerated development.</i></p>
4	<p>The company bought back shares in SOP which it gave to key people. Those people sell the shares in the market as soon as they receive them, often at a much lower price than the company paid for the buyback. How do you explain this?</p> <p><u>questions and request to attend the conference after the deadline</u></p>	<p>1. The company executed the buyback program at the market price, and between the time of the buyback and the time of the transfer, BRK's share price fell.</p> <p>2. As for the individual decisions of some SOP beneficiaries to sell, I just want to point out that in general insiders' decisions to sell may be based on a one-off need for cash for various personal needs.</p>
5	<p>How did the company's Q3 financial performance align with previously set expectations?</p> <p><u>questions and request to attend the conference after the deadline</u></p>	<p>The Q3 result extrapolated from the 9 months result is +4.5M RON. Somewhat above "average" expectations. When we based the Income and Expenditure Budget 2023, we estimated 5M/year, so 1.25M/quarter. At the same time, we expect that it will not be a linear evolution, we expect that the IPO H20 will bring a temporary "boost" in revenues, but also that prior to the IPO there will be a period of slightly lower revenues (we anticipate the state of expectation of investors before the IPO). All in all, Q3 is above our expectations, but in the Q3 result there is also the positive incidence of +1.3M RON of the result from investments - which as we always say - depends a lot on the market evolution.</p>
6	<p>What were the key factors influencing the projection and reported results?</p> <p><u>questions and request for conference participation after deadline</u></p>	<p>I think I mentioned it earlier, I'll reiterate: 1. IPO H20 2. Post IPO-H20 market evolution. The context of growth has impacted us positively on both the brokerage segment (higher client appetite for transactions) and the investment segment.</p>

7	<p>What strategies have been implemented to address the challenges that have arisen?</p> <p><u>questions and request for conference participation after the deadline</u></p>	<p>Previously and during the Hidroelectrica IPO, we ran a marketing campaign. We sensed that there would be a time when new customers would come to the capital market, and we wanted to exploit this potential to attract new customers. The results of the campaign have been satisfactory.</p>
8	<p>What market opportunities have emerged and been identified that can be marked as a success looking back?</p> <p><u>questions and request for conference participation after the deadline</u></p>	<p>It depends on the time horizon. Basically, all 3 business segments - other than traditional intermediation - we consider as successful projects, which have both brought us a good market position and generated substantial added value (Structured Products - 10 years old, Market Making for domestic issuers - 3 years old, Corporate - 2 years old. We do not hide the fact, that we want to (further) identify a new business segment, which contributes to the diversification of income sources and increase of added value.</p>
9	<p>How does the current performance affect BRK's outlook for 2024?</p> <p><u>questions and application for conference participation after deadline</u></p>	<p>Somewhere neutral I would say. We are aware that the opportunity that H20 has given us will not be repeated in 2024, so in order to hold our line - we need to pull hard from the other segments to hold our line from 2023.</p>
10	<p>Can you identify the external factors that have played a negative role in performance and how the company adapts to such uncertainties?</p> <p><u>questions and request for participation in the conference after the deadline</u></p>	<p>(-): Market developments. I can tell you that 2 quarters with a sluggish market and 1 very good quarter that makes up for it all is not the best case scenario for us. I don't think it is for investors either.</p> <p>(-): Inflation, and therefore high interest rates, are a problem for our business in the corporate segment. At least the intermediation side of bond placements is very difficult as interest rates are high and clients are not necessarily attracted to potential bond placements.</p>
11	<p>What are the outlook initiatives underway for 2024, and related specifically, what is the expected financial impact?</p> <p><u>questions and request for participation in the conference after the deadline</u></p>	<p>1. Overall, we are targeting organic growth in all 4 operating segments. In the 2028 strategy, we have pronounced a revenue figure of RON 50M by 2028. Starting from the fact that at 9 months we have 16.3M RON revenues, so 21.6M RON annualized, assuming a linear growth, it would be necessary a growth of about 18%/year of revenues. If we look at the period 2019-2022 we have increased from 5 to 19.1M RON revenue, a growth rate of 18%/year seems fair.</p> <p>2.As for the financial impact - we don't launch into such statements. After we publish the budget - we can pronounce figures.</p>
12	<p>Please elaborate in a few words on the dividend outlook for BRK for the coming period.</p> <p><u>questions and request for participation in the conference after the deadline</u></p>	<p>The loss in 2022 was "covered"/"closed" with the profit in 2021 - the part not distributed as dividend. <u>In other words, technically, on the current figures, there are no losses from the past to cover, so dividends can be distributed.</u> According to the strategy, we have assumed a dividend payout rate of 20% of profits. All subject to the proviso that such a decision is strictly the will of the shareholders.</p>
13	<p>Considering the apartments located in Star Residence and the fact that they do not bring income, what actions have been taken so far to fructify the holdings? Have</p>	<p>Questions 13 and 14 are not related to BRK. BRK no longer holds any shares in the REIT.</p>

	<p>you discussed with a real estate agency to capitalize the assets?</p> <p><u>questions and request to attend the conference after the deadline</u></p>	
14	<p>What is the vision for the real estate market in 2024, considering that there is already a double-digit drop in real estate transactions in Bucharest (according to the cadastre agency) and an easing of benchmark interest and mortgage loans is unlikely?</p> <p><u>questions and request for participation in the conference after the deadline</u></p>	The question is about REITs.

C. Q&A Section- *Monica Ivan, Razvan Rat*

Question 1

The remuneration and SOP criteria for management should be published.

Answer BRK, Monica Ivan

Annually, at the general meetings where the balance sheet is approved, both the remuneration policy and the remuneration report are submitted to the shareholders for approval.



Presentation Financial Statements

Q3 2023

September 30, 2023

100,57	30,35	37,29	0,52	0,2	38,46	7,13	1,94	69,93
3,79	30,35	37,29	1,93	1,4	72,54	7,13	1,94	27,18
71,73	26	36,2	1,94	1,52	78,35	37,03	19,49	16,93
25,05	26	38,84	2,02	1,75	86,63	37,03	19,49	66,67
169,88	284,56	55,7	6,2	3,97	64,03	52,37	8,81	85,64
16,74	9,33	31,85	100,57	38,89	64,03	16,76	1,19	1,06
3,8	86,89	6,82	20,27	1,95	38,67	0,2	38,46	69,78
69,94	127,51	4,42	38,4	51,45	36,11	1,4	72,54	14,8
57,35	1,2	4,42	38,4	25,9	44,07	1,52	78,35	48,35
48,4	0,84	-1,92	-8,63	11,04	26,62	1,75	86,63	48,35
8,95	58,68	-1,92	-15,08	45,22	6,99	3,97	64,03	3,47
43,91	0,11			1,17			64,03	

Disclaimer

The information contained herein does not constitute an investment recommendation with respect to BRK Financial Group (BRK RO) or any affiliated party.

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Individual Situation of the global result

	30.09.2023	30.09.2022		30.09.2023	30.09.2022
			Net realised gains/(losses) on financial instruments	1,053,339	(615,984)
			Dividend income	604,246	1,636,535
			Income from realised share and bond transactions	2,437,584	1,728,195
			Losses on realised share and bond transactions	(1,988,491)	(3,980,714)
			Net gains/(losses) on valuation of financial assets measured at fair value through profit and loss	(567,402)	(9,092,360)
			Income from valuation of financial assets measured at fair value through profit and loss	9,408,345	6,732,965
			Losses on valuation of financial assets measured at fair value through profit and loss	(9,975,747)	(15,825,325)
			Net income/(expense) provisions for non-current financial assets	(1,000,000)	(510,714)
			Income cancellation of provisions for non-current financial assets	-	-
			Expenditure on provisions for non-current financial assets	(1,000,000)	(510,714)
			Other net interest and exchange rate income/(expenses)	(2,810,702)	(2,255,918)
			Interest income on loans and bonds	329,751	235,097
			Interest income on margin loans	109,146	190,412
			Interest income other	31,392	55,153
			Interest expenses	(3,148,842)	(2,571,046)
			(Expenses)/Income from exchange rate differences house	(132,149)	(165,534)
			Net income/(expenses) provisions for risks and charges	350,444	605,674
			Expenditure on provisions for risks and charges	-	-
			Income for cancellation of provisions for risks and charges	350,444	605,674
			Other net provisions	-	-
			Other income/(expenses), net	109,838	(278,986)
			Net gains/(losses) on sale of assets	-	23,500
			Other operating expenses	(38,010)	(392,309)
			Other operating income	147,848	89,823
			Result from investing activities (item 5+item 6+item 7+item 8+item 9+item 10)	(2,864,483)	(12,148,288)
			Result of operating activities (item 4+item 11)	909,470	(9,097,998)
			Expenditure on other long-term employee benefits	(587,315)	(1,297,091)
			Profit before tax	322,155	(10,395,089)
			Income tax expense	-	-
			Profit from continuing operations	322,155	(10,395,089)
			Discontinued activities	0	0
			Loss from discontinued operations (after tax)	0	0
			Profit for the period	322,155	(10,395,089)
Income basic activity	16,266,332	15,168,118			
Income from intermediation	9,707,995	8,502,046			
Intermediation commission income	5,562,989	5,595,172			
Corporate income	201,435	845,949			
Other core business income	3,943,571	2,060,925			
Commission expenses Intermediation	(1,470,145)	(1,779,231)			
Net commission income	8,237,850	6,722,815			
Income from market making activity	6,558,337	6,666,072			
Net gains from transactions in structured products	1,795,540	3,133,486			
Income from market making services provided to issuers	4,762,797	3,532,586			
Expenses with licences and issuance of structured products	(217,912)	(156,422)			
Net income from market making activity	6,340,425	6,509,650			
Total Expenditure core activity	(10,804,322)	(10,182,175)			
Salaries and employee benefits	(5,889,706)	(5,142,774)			
Market and intermediary commission expenses	(1,045,621)	(1,060,469)			
Expenses related to external benefits	(1,973,636)	(1,939,152)			
Expenses with collaborators	(239,598)	(177,103)			
Other expenses core activity	(1,000,539)	(1,153,308)			
Value adjustments of intangible and tangible assets	(655,222)	(709,369)			
Profit/(loss) from basic activity (item 1+item 2+item 3)	3,773,953	3,050,290			

BRK Model

Intermediation services

Income from brokerage commissions for investors with access to **local stock market** and **foreign markets**



Income from **listing** brokerage fees and access to **capital** for Romanian companies, as well as from **corporate** transactions specific to listed companies



BRK Clients



Issuers
Institutional investors
Individual investors

Management and investment services



Income from spread trading in **structured products**

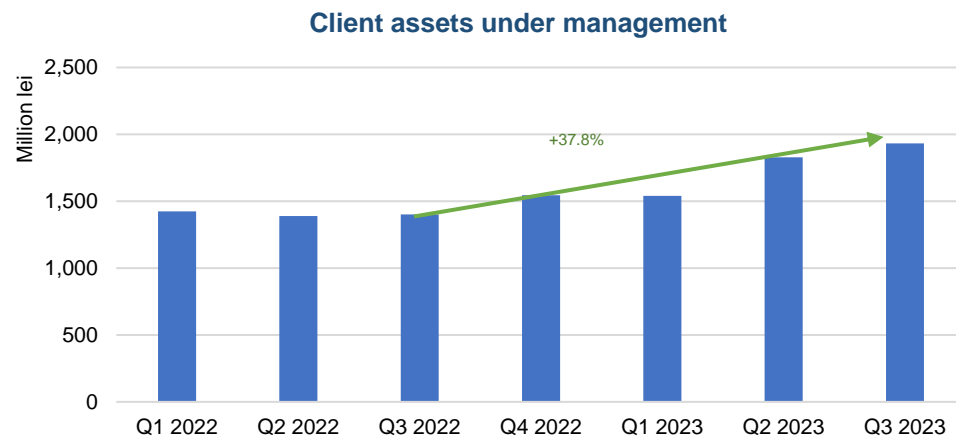


Income from market making services provided to issuers



Capital management activity on **own account and margin trading**

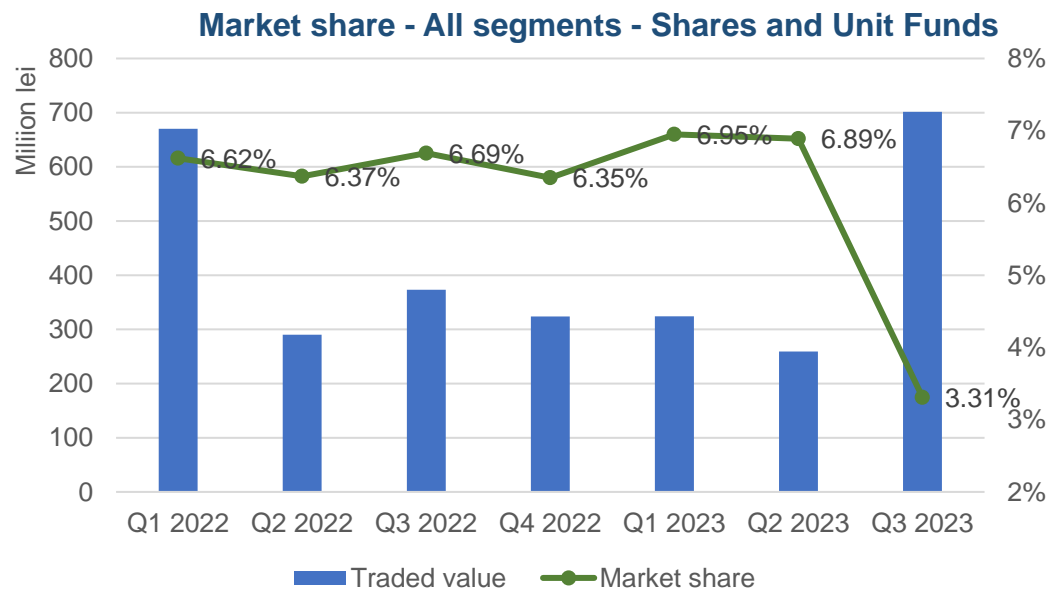
Intermediation activity



	30.09.2023	30.09.2022
Commission income on the domestic market	4,710,986	4,234,505
Commission income on external market	485,895	635,811
Income from related activities	366,108	724,855
Brokerage commission income	5,562,989	5,595,172
Income from corporate operations	201,435	845,949
Other intermediation income	3,943,571	2,060,925
Total income from intermediation	9,707,995	8,502,046
Salaries and employee benefits	(2,187,457)	(2,365,781)
Market and intermediary commission expenses	(1,470,145)	(1,779,231)
External benefits expenses	(99,357)	(290,295)
Expenses with collaborators	(239,598)	(177,103)
Other expenses core activity	(263,237)	(484,038)
Total intermediation expenses	(4,259,793)	(5,096,448)
Result of intermediation activity	5,448,202	3,405,598

Strong market positioning

All segments



Shares - AeRO

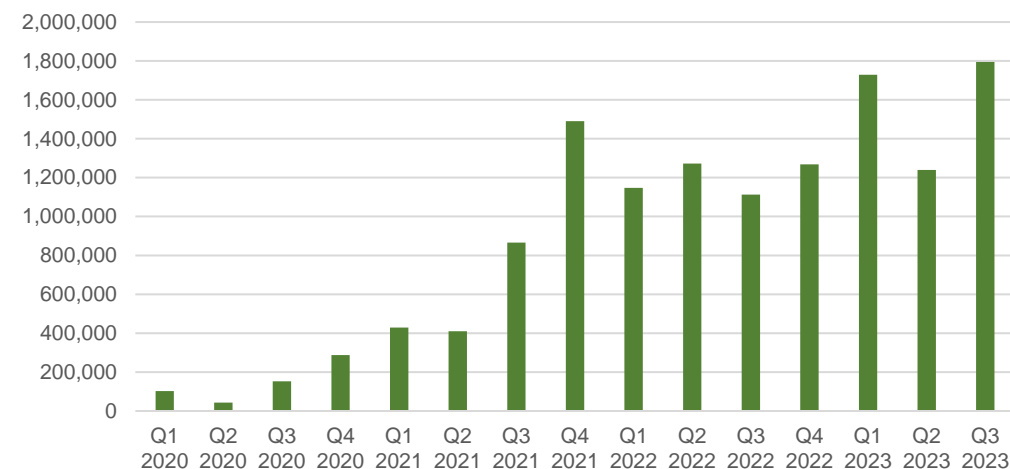


Market making activity

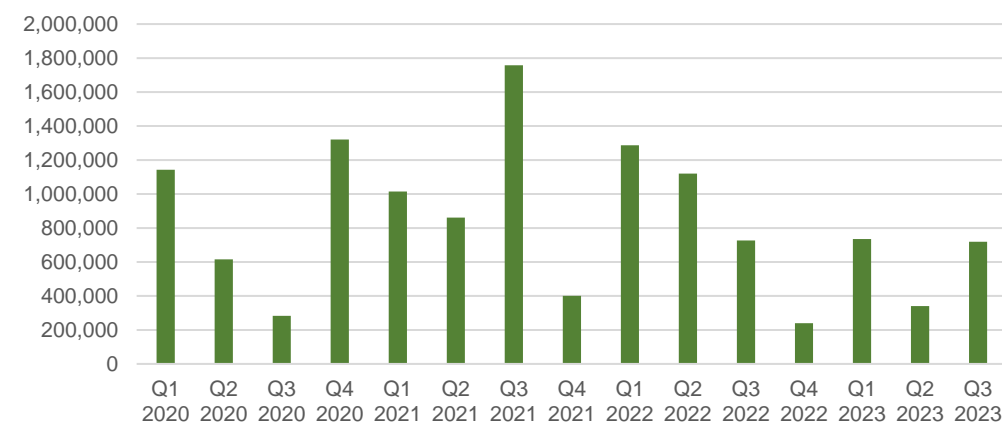
	30.09.2023	30.09.2022
Net gains from transactions in structured products	1,795,540	3,133,486
Income from market making services provided to issuers	4,762,797	3,532,586
Total income from market making activity	6,558,337	6,666,072
Salary expenses and employee benefits	(1,582,481)	(860,979)
Market and intermediary commission expenses	(1,045,621)	(778,223)
Expenditure on external services	(335,575)	(387,537)
Expenses with collaborators	-	-
Other expenses core activity	(223,085)	(118,247)
Total Market Making expenditure	(3,186,761)	(2,144,986)
Result of Market Making activity	3,371,576	4,521,086

	30.09.2023	30.09.2023
Dividend income	604,246	1,636,535
Net realised gains/(losses) on financial instruments	449,093	(2,252,519)
Net gains/(losses) on valuation of financial assets measured at fair value through profit and loss	(567,402)	(9,092,360)
Net income/(expense) on provisions for non-current financial assets	(1,000,000)	(510,714)
Other net interest and exchange rate income/(expense)	(2,810,702)	(2,255,918)
Other income/(expenses), net	109,838	(278,986)
Net income/(expenses) Provisions for risks and charges	350,444	605,674
Result of portfolio management activity	(2,864,483)	(12,148,288)

Income from market making services provided to issuers



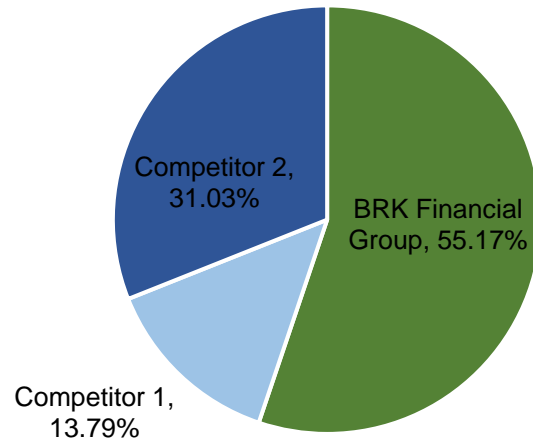
Net gains from structured products trading



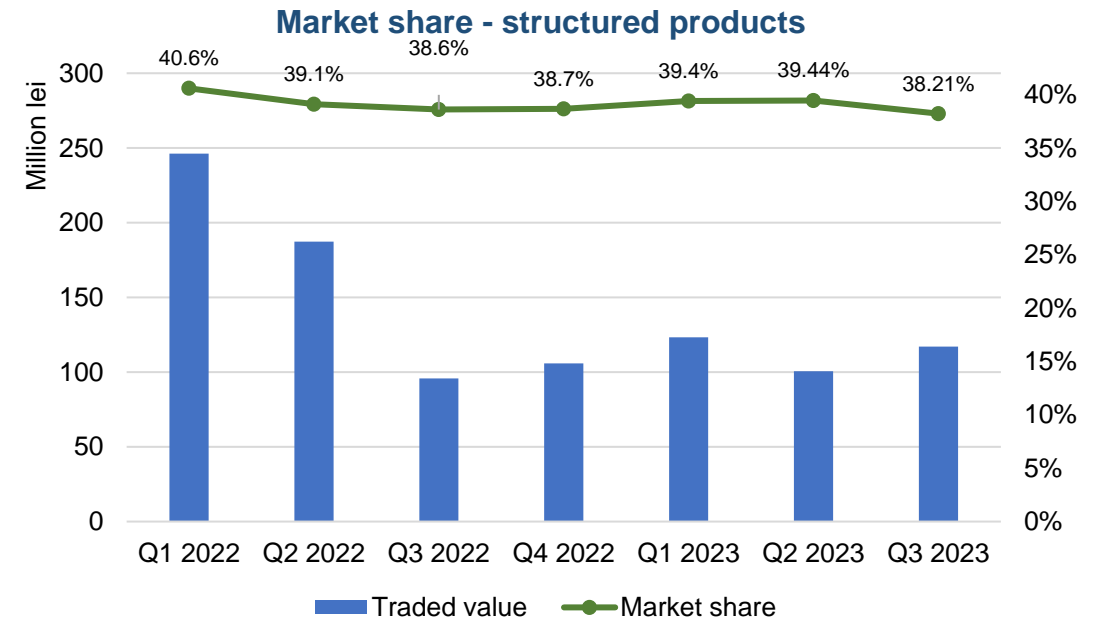
Strong market positioning

Market Making

Market Share - Market Making Issuers as number of contracts concluded in the market, September 2023



Structured products



Individual statement of financial position

<i>In lei</i>	30.09.2023	31.12.2022
Assets		
Intangible assets	284,138	351,065
Tangible fixed assets	8,144,529	8,658,073
Investment property	-	-
Financial assets at fair value through other comprehensive income	41,809,995	44,770,110
Financial assets at fair value through profit or loss	51,224,002	47,098,012
Financial assets at amortised cost	-	-
Loans and advances granted	3,546,474	4,143,848
Trade and other receivables	2,412,059	1,923,530
Other financial assets	68,794,475	68,220,116
Customer accounts with banks	158,172,469	50,505,061
Cash and cash equivalents	696,687	1,424,003
Total assets	335,084,828	227,093,818
Liabilities		
Borrowing from Bonds	24,528,564	24,432,138
Finance lease liabilities	364,093	457,273
Provisions	-	-
Total long-term liabilities	24,892,657	24,889,411
Interest Rates Bonds	399,810	322,708
Deferred income tax liabilities	558,190	978,691
Current income tax liabilities	-	-
Dividends payable	365,271	365,271
Short-term bank debt	17,189,687	20,329,411
Current portion of finance lease liabilities	153,701	166,638
Amounts owed to customers (customer cash)	199,932,104	104,770,215
Trade and other payables	32,314,646	14,003,511
Provisions	171,438	521,882
Total current liabilities	251,084,847	141,458,327
Total liabilities	275,977,504	166,347,738
Equity capital		
Share capital	50,614,493	50,614,493
Share capital adjustment	4,071,591	4,071,591
Treasury shares	-	(1,285,077)
Benefits to be granted to employees, directors and officers in the form of equity instruments	-	697,762
Capital premiums	5,355	5,355
Reserves from revaluation of financial assets at fair value through other comprehensive income	(9,788,968)	(6,820,240)
Other reserves	13,831,879	13,501,013
Total reserves	-	6,680,773
Current result	322,155	(15,161,073)
Retained earnings	50,819	15,122,256
Equity capital		
Total equity attributable to equity holders of the Company	59,107,324	60,746,080
Total equity and liabilities	335,084,828	227,093,818

Q&A

Thank you!





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