

August 17, 2023

Results of SSIF BRK FINANCIAL GROUP S.A. for 30.06.2023 (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 17 August 2023, starting at 14:00, regarding the financial results as of 30.06.2023.

*Presenters:*

- *Monica Ivan-Director General*
- *Razvan Rat-Deputy Director General*

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

- A. Presentation of the unaudited financial statements as at 30.06.2023 - 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**
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- A. Presentation of the unaudited financial statements as at 30.06.2023 - Monica Ivan, Sandu Pali**
- Key aspects**

**Presentation of half-yearly financial statements  
S1 2023**

Hello and welcome back. Today we present the results of BRK Financial Group in the first half of this year. These were made public yesterday, 16 August.

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

Regarding the individual statement of comprehensive income, in the first half of the year we recorded a loss of 4.1 million lei, about 30% lower than in the same period of the previous year. At the level of core business, we marked a plus of 545,683 lei, and from the investment activity (house account management) we have a minus of 4.15 million lei. As we said in our previous meetings, when we refer to the core business we are referring to the 4 segments not exposed to market risk (1) transaction intermediation, (2) corporate operations - basically services

provided to issuers - listings, in short, (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 profit comes from the trading spread and the operations are carried out on a full hedging basis. Then we have the Issuer Market Making segment - where we record income from contracts we have with issuers and finally, own portfolio management.

As for the intermediation activity, for the first 6 months of the year we have a positive result of 2.4 million lei, up 35% compared to the same period last year, when the gain on this segment was 1.78 million lei. All 3 segments of the intermediation business (domestic market trading, international market trading, issuer services) generated total revenues of 4.79 million lei, down compared to the same period of 2022. The decrease in intermediation revenues was largely due to the decreasing liquidity of the domestic capital market as well as due to investors waiting for Hidroelectrica's IPO. Even though intermediation revenues were down in the first half of this year, an increase in client assets can be observed (+30.8% in H1 2023 compared to H1 2022) seen both through the increase in their account balances 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 638.23 million lei on the BVB in the first half of 2023 and in terms of market positioning, BRK was ranked 6th in the top of intermediaries on the BVB.

In terms of market positioning, the turnover in the first half of the year was 583.39 million lei, with a market share of 6.89%, 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, both in terms of value traded and market share obtained. On the AeRO market (right graph), we managed an increase in value traded in both Q1 2023 and Q2 2023 compared to Q4 2022, and our market share stands at 15.13% of this at the end of the first half of the year.

Moving on to the second productive pole, the market making segment, where we have a slight decrease in total revenues from 4.82 to 4.04 million lei, mainly due to the decrease in net gains from transactions with structured products, from 2.4 to 1.07 million lei. Revenues from market making services provided to issuers increased from 2.42 to 2.97 million lei in the first half 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 quarter level - reached a peak of about 1.72 million RON/quarter 1 of this year (or 570,000 RON/month), based on the 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 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 has fallen also in absolute terms. 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 cyclicity of this business segment which still brings us important and constant revenues in conditions of 0 market risk - as you know we do full hedging on these exposures.

In terms of market positioning, we have a market share of 61.54% 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 26 issuer market making contracts in the market are signed with BRK.

On structured products, we maintain our market leadership position with a 39.44% share, up slightly from Q4 2022 when we had 38.7%. 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, outstanding amounts 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 259 million lei 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.

*Presentation of the financial statements - Annex 1*

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

<b>Investor question</b>	<b>Answer BRK</b>
You have stated that the revenues related to the Hidroelectrica IPO are not included in these situations. Can you give us an indication of their level?	An exact indication of their level (i.e. the amount or value of income) we cannot disclose, we respect the principle of disclosing figures in financial reports. However, the turnovers made by brokers in July are public on the BVB website, and BRK brokered turnovers of 322 million lei in July 2023 on the equity segment, compared to an average of 100 million lei/month in the first 6 months of the year. So based on this public figure, you can get an idea of the incidence of IPO H2O revenues in Q3 revenues.
To what extent is the budget approved in the AGM (profit 5 million) still achievable?	At the level of core business, we are on track with revenues and expenses. The budget slippage comes mainly from the own portfolio management segment - where we had budgeted net income of about RON 2 million in 2023 (so 3 million in the first half of the year, in a linear approach), but we have a negative result of - 4 million. To the extent that we manage to get in line with estimates and investment activity, the BVC could be closed as projected.
BRK has been selected under the Investor Relations and Liquidity Support Program. What benefits do you expect to accrue to BRK?	We have applied to the program in our dual capacity as a listed company and an active intermediary in the segment of potential issuer financing operations and we want to identify new synergies by improving our own relationship with investors, as well as by transferring the know-how thus acquired to the entrepreneurial companies we assist in their listing and post-listing efforts.
How did BRK subsidiaries do in the first 6 months of the year?	For the listed ones (FRB and GoCAB) we do not prejudge the results as they have their own financial reporting calendar. Otherwise: SAI Broker has gone linear, their business is less volatile, it is a mature business that has overall added value. Romlogic has not yet managed to break even, we are looking for solutions to capitalize on the stocks of products in neighbouring markets, and with BRK Power Energy, a start up with the activity "Power Generation" - we are in the phase to launch it into production. At

	the moment we have identified a location for a first project (Vatra Dornei), we have obtained the construction permits, we have identified the equipment suppliers and we are preparing to raise the capital for the actual construction. // Razvan Rat can answer any questions on the subject here.
At the corporate level, what can we expect?	For the first six months, in terms of revenues, we are below what we budgeted but considering the market context in which many investors waited for Hidroelectrica's IPO and were not interested in other placements. We hope that from autumn we will resume the activity on private placements and public offerings and close the year with revenues as budgeted, somewhere I think end of August-beginning of September we should come with a public offering of bonds on the market but we maintain our estimate that we will achieve budgeted revenues.

#### D. Q&A section - *Monica Ivan, Razvan Rat*

##### **Question 1**

Hello, are you considering IPOs/placements this year?

##### **Reply BRK, Razvan Rat**

Yes, as I was saying earlier, we are considering, I think the first one will be the public offering for bonds, we had another one in the second quarter, before the Hidroelectrica offering. We are also in discussions with issuers for placements or even public offerings of shares on the AeRo market. We cannot give concrete data.

##### **Question 2**

Hello, I'll ask you to answer "yes" or "no" if the commissions in Hidroelectrica's offer cover the loss so far.

##### **Reply BRK, Monica Ivan**

We have answered this question but that is the only answer we can give. Any deviation from the rules on communication can also lead to sanctions.

##### **Question 3**

Hello, are you considering IPOs/placements this year?

##### **Reply BRK, Razvan Rat**

Yes, as I was saying earlier, we are considering, I think the first one will be the public offering for bonds, we had another one in the second quarter, before the Hidroelectrica offering. We are also in discussions with issuers for placements or even public offerings on the AeRo market. We cannot give concrete data.