

May 20, 2024

SSIF BRK FINANCIAL GROUP S.A. Results as of 31.03.2024 (unaudited)
Teleconference for Analysts and Investors

Presentation of results and main points of the speech

The management team of SSIF BRK Financial Group SA organized a teleconference with investors on 20.05.2024, starting at 14:00, regarding the unaudited financial results as of 31.03.2024.

Presenters:

Monica Ivan - CEO

Mr. Alexandru Paul Stiopei – Head of Trading and Deputy CEO (awaiting ASF authorization)

Sandu Pali - CFO

The conference was divided into three sections:

- A. Presentation of the unaudited financial statements as of 31.03.2024**
- B. Presentation of answers to questions submitted via email**
- C. Q&A section**

- A. Presentation of the unaudited financial statements as of 31.03.2024 - Monica Ivan, Paul Stiopei, Sandu Pali**

Key Points:

- A. Presentation of the unaudited financial statements as of 31.03.2024**

Good afternoon and welcome back. Today we present the results obtained by BRK Financial Group for the first quarter of 2024 (unaudited). These were published on 15 May 2024.- *appendix*

Slide 1.

Good afternoon and welcome back. Today we present the financial results obtained by BRK Financial Group in the first quarter of this year. These were published on 15 May 2024.

Slide 2. Disclaimer

Please note that this conference is recorded, and your continued participation implies your consent. A transcript of the conference will be posted on the BRK website in the coming days.

Slide 3. Individual statement of comprehensive income

Regarding the individual situation of the overall result for the first quarter, we managed to maintain our profit, so that after the first 3 months of the year, we report a profit of 62,299 lei, compared to a profit of 1.9 million lei obtained in the same period last year. At the level of the core activity, we marked a plus of 2.6 million lei, and from the investment activity (house account management) we have a minus of 2.54 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.

Slide 4. BRK Model

This is the image of BRK Financial Group's business model. It shows the major segment - transaction intermediation with its sub-segments « transaction intermediation » and listing intermediation, as well as the major segment of market-making activities and own portfolio management. Here we have structured product transactions where the gain comes from the trading spread, and the operations are fully hedged. Then we have the Issuer's Market Making segment - highlighting revenues from contracts with issuers and, finally, own portfolio management.

Slide 5. Intermediation activity

Regarding the intermediation activity for the first three months of the year, we have a positive result of 2.29 million lei, 3.3 times higher than that obtained in the same period last year when the surplus on this segment was 0.53 million lei. All three business segments of intermediation (internal market trading, international market trading, and services provided to issuers) generated total revenues of 4.15 million lei, an increase compared to Q1-2023. The increase in intermediation revenues was largely due to the increased value intermediated. Brokerage fee revenues were up compared to Q1-2022. Also, an increase in client assets (+19.58% in Q1-2024 compared to Q1-2023) was observed, seen both through the increase in their account balances and the number of investors. This is an encouraging aspect for the capital market in general, not just for BRK. BRK intermediated transactions worth 0.74 billion lei on BVB in Q1-2024, and in terms of market position, BRK ranked 6th among intermediaries at BVB.

Slide 6. Solid market position

Regarding market positioning, the turnover in the first quarter was 0.74 billion lei, with a market share of 5.81%, considering all segments. The market share for shares and fund units was 7.27% at the end of the first three months of the year. Thus, the chart on the left shows a consolidation of BRK's activity in terms of traded value over the last three quarters. In the AeRO market (chart on the right), we maintained a higher traded value than in Q1-2023, and the market share stood at 8.82% at the end of the first quarter.

Slide 7. Market-making activity

Moving on to the second productive pole, the market-making segment, we see a slight increase in total revenues from 2.46 million lei in Q1-2023 to 2.84 million lei in Q1-2024, mainly due to increased revenues from market-making services provided to issuers from 1.7 million lei in Q1-2023 to 2.21 million lei in Q1-2024. Net gains from structured product transactions decreased to 0.62 million lei from 0.73 million lei in the same reference period. Regarding the evolution:

- For issuer market making – see the chart on the top right showing the quarterly revenue trend – reached a peak of 2.21 million lei at the end of the first quarter of this year based on ongoing contracts. We didn't see significant variations in the number of clients – we attracted two new clients in the first three months of the year (ROC1 and TRANSI).
- 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 and 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 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. However, we can see a consolidation of net gains from structured products transactions in the last 3 quarters ended.

Slide 8. Solid market position

In terms of market positioning for issuer market making, we have a market share of 61.29%, and we aim to add more clients to the portfolio. In other words, 19 out of the total 31 issuer market-making contracts in the market are signed with BRK.

For structured products, we maintain a market-leading position with a market share of 34.77%, slightly down from Q4 2023 when we had 37.81%. This segment is heavily influenced by investor appetite for structured products in general, and as a personal remark – I believe their appetite depends on volatility. We position ourselves neutrally, issuing structured products in both directions (long and short), trying to make them symmetrical, leaving the decision to investors.

Slide 9. Individual statement of financial position

Regarding the financial position, we have an atypical balance sheet structure – probably comparable to a bank – because some client assets (cash, clearing sums, and international market assets) pass through BRK's balance sheet. To give a more accurate picture of the segregated balance sheet, around 92.4 million lei should be eliminated – sums related to client assets that are strictly segregated from an accounting and banking perspective.

Slide 10. Q&A

Thank you. We await your possible questions.

B. Responses to Investor Questions Submitted via Email

No. crt.	Investors question	BRK answer
1	BRK continues to report well on core activity and still very weak on investment activity. Why don't you focus strictly on core activity if you can deliver growth and positive results there?	We are aware of this discrepancy and have made efforts to improve the situation. From last year, we sought to reduce exposures as a first measure and indeed did so. At the same time, as mentioned in the statement, the position on Gabriel Resources had an impact of -1.6M RON on the investment activity result and implicitly on the total result. Thus, even a single position with such a significant loss can derail the desired trajectory. We still have some historical holdings with low liquidity in the portfolio, which do not allow us much flexibility. We are also working here to force exits from these positions.
2	A double volume intermediated compared to the first quarter of the previous year but the same market share of 7.2%. Are you satisfied with your market positioning or would you have liked more?	To answer your question directly, we are satisfied with a 7.2% market share, but I would like to nuance a bit. Given that the market is dominated by brokers specialized in servicing institutional clients (where commissions are much lower) and the share of these clients in the total market is high. Thus, our market share, which is focused on the retail area, is diluted by the high proportion of institutional clients. A more nuanced discussion should also consider market segmentation (retail/institutional) or most correctly the revenues from intermediation, which is the best expression of market positioning.
3	We see from the presented charts a sharp drop in market share on the AeRO market? What are the explanations?	The absolute turnover on the AeRO segment was 28M RON vs. 22M RON in the first quarter of last year. So, the drop in market share comes from the fact that we did not have such active clients in line with the increase (reappearance) of interest in the AeRO market. The situation derives from the clients' appetite for certain types of companies, and we do not seek to influence this behavior in any way.
4	What listings did you intermediate in the first quarter and what are the prospects for the second quarter?	Regarding the listings in the first quarter, we successfully closed a private placement for a bond issue and are preparing its listing. We also finalized the project of listing the Municipal Bonds issued by the Municipality of Resita. Regarding the prospects for Q2, we have 4 financing operations in various stages of progress.
5.	We see that the revenues and result of the core activity are in continuous growth. Do you see the possibility of maintaining the growth rate in the medium term?	We aim to increase the base of recurring revenues and have set a goal of 10 million euros per year by 2028, which corresponds to an average growth rate of 15% per year. At the same time, we are aware that revenue evolution largely depends on market evolution and client appetite for the capital market. Simply being a client of a brokerage firm does not automatically generate revenues for the brokerage firm. Therefore, potential weaker periods must also be considered. To this end, we seek to diversify our revenue sources as much as possible. In any case, I believe we are doing well – we have four productive segments, some more constant, others more volatile in revenues, some even complementary to each other, but in the end – the market trend directs the direction and growth rate.
6.	Why wasn't the position in Gabriel Resources (which was already significantly in profit) protected, clearly there were multiple options to do so, including the simplest one, selling the shares and keeping only the warrants? It seems like something a professional in the field would do without much thought.	In hindsight, the suggested approach was the correct and appropriate one. However, in the context of that period, current reports issued by Gabriel Resources and reports indicating the imminent win of the litigation by Gabriel Resources led us to maintain the full position, taking into account this possibility. It was a 100% wrong approach, and we take responsibility for it.
7.	How are the assets from the Age-of-Battles game accounted for so that BRK gets its due share as a result of the percentage of FRB shares held? I refer to the crypto currency in the game, NFT characters, competition participation fees, etc. It seems to be a	Firebyte Games is a listed company, has its own communication calendar, and BRK behaves in terms of access to information as a regular shareholder. As such we do not have access to their analytical accounting. The company is audited according to the standards in force and if we look at the financial auditor's report, it deals with the subject you addressed in your question (valuation of intangible assets), basically a whole list of reasons stated are the basis of the auditor's qualified opinion and arguments: <ul style="list-style-type: none"> • "a strong unfavorable variance at the beginning of the year"

	complex issue that needs a proper financial audit.	<ul style="list-style-type: none">• «[...] there are several indications of impairment of the value of the assets [...] "», and mentions that " the current conditions are (or have an increased potential to be) reversible ".• «The extent of impairment cannot be determined precisely due to lack of comparability, reduced possibility of valuation due to costs, etc ». <p><i>Quote from the auditor's report.</i></p>
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C. Q&A section

No questions were asked.

Thank you very much for your participation, for the questions asked, and we hope the answers were clarifying, and also for the trust given!

We encourage you to send your requests whenever you deem necessary to the email address ir@brk.ro.