

TOPIC 4 OF THE OGM AGENDA

Approval of allocating the net profit of the financial year 2022, amounting to RON 95,467,148, to Other reserves as own funding sources, as per the proposal of the Board of Directors.

The current phase, characterized by the aftermath of the pandemic and the ongoing Russia-Ukraine war, has rapidly brought about significant changes in the economies of European countries (particularly) resulting in the weakening of entire sectors. This has put companies to the test, challenging their capacity to react and adapt to the situation.

"The global economy needs to proactively prepare for a prolonged impact of higher inflation, given the ongoing relocation of supply chains and the transition towards more sustainable energy systems to reduce reliance on fossil fuels and minimize the environmental footprint.

Considering the warning issued by the European Systemic Risk Committee (ESRB) on the current vulnerabilities of the financial system and the increase in systemic risks to financial stability based on by the deterioration of macroeconomic perspectives, in order to prevent the materialization of severe risks, LION CAPITAL's Board of Directors pays increased attention to monitoring the evolution of the risks to which the fund is exposed in order to counteract possible vulnerabilities and to increase financial and operational resilience, promoting prudent conduct and the application of preventive measures aimed at mitigating or managing specific risks.

Also, during the previous year, the National Bank of Romania required the nine systemic risk banks to increase their capital reserves and be cautious with distributing dividends, referring to three major risks: (i) geopolitical risk combined with energy and inflationary risk, (ii) the risk represented by internal imbalances, especially the twin deficits and (iii) the risk related to the authorities' ability to attract European resources and from the PNRR (Recovery and Resilience National Plan).

Given that LION CAPITAL SA, as an entity regulated and supervised by the ASF, listed on the Bucharest Stock Exchange, has under management a diversified portfolio with high exposure to the financial-banking sector, falling within the risk categories identified by CERS, ASF and BNR, and the Boards of Directors of the domestic banks in the portfolio have asked their shareholders to support a prudent approach and not to distribute dividends in 2023, the Board of Directors of LION CAPITAL SA submits for the approval of the General Meeting of Shareholders the proposal to not distribute dividends and to maintain a higher level of capitalization to more easily absorb potential shocks from the capital and/or banking markets.

The adequacy of the dividend distribution policy as a measure to mitigate the liquidity risk ensures the consolidation of the financial position and the increase in the share of assets with a high degree of liquidity and compliance with the strategy and investment policy assumed by Documents of the Fund and the risk profile, increasing at the same time reaction time to investment opportunities that may occur during 2023.

In light of the preceding information, analysing the financial performance, the current financial position (both in terms of structure and multi-year dynamics) and the funding requirements for the next period, the Board of Directors proposes to the General Meeting of Shareholders the approval of allocating the net profit realized in 2022, amounting to RON 95,467,148, to Other reserves as own funding sources.

Bogdan-Alexandru DRĂGOI

Chairman of the Board of Directors