

## TOPIC 3 ON THE OGM AGENDA

### **Appointment of the financial auditor, setting the duration of the financial audit contract, and empowerment of the board of directors to negotiate and conclude the audit contract**

As per the provisions of Law no. 31/1990, article 111, subsection b<sup>1</sup>, the requirement of the general meeting is, that: „*in the case of companies whose financial statements subject to audit, to appoint or dismiss the financial auditor and to set the minimum duration of the financial audit contract.*”

The legal provisions that regulate the appointment of the financial auditor are comprised in the following normative acts:

- *Regulation (EU) No. 537/2014* of the European Parliament and of the Council on specific requirements regarding statutory audit of public-interest entities;
- *Directive 2014/56/EU of the European Parliament and of the Council amending Directive 2006/43/EC* on statutory audits of annual accounts and consolidated accounts;
- *Law no. 162/2017* on the statutory audit of the annual financial statements and the consolidated annual financial statements;
- *Norm no. 13/2019* on the uniform framework for the conduct of the statutory audit of entities authorized, regulated and supervised by the Financial Supervisory Authority (ASF);
- *Law no. 31/1990* on trading companies.

On October 11, 2021, the General Meeting of Lion Capital's (the new corporate name of SIF Banat-Crișana as of March 24, 2023) Shareholders, approved the appointment of Deloitte Audit SRL as financial auditor for the financial years ended on December 31, 2022, and December 31, 2023.

The mandate duration of Deloitte Audit S.R.L for auditing Lion Capital S.A. spans over 5 consecutive years (2019-2023). In accordance with the provisions of Article 21 paragraph a) of ASF Norm no. 13/2019, this period may be extended by ASF once for a maximum period of 2 years, based on a substantiated note from the audited entity, filed with ASF no later than 6 months before the expiration of the maximum audit period.

As per the provisions of ASF Norm No. 13/2019 on the uniform framework for the conduct of the statutory audit of entities authorized, regulated and supervised by the Financial Supervisory Authority, the audit contract is concluded by October 31st of the current year, so that it comes into effect on January 1st of the following year.

Lion Capital carried out under the coordination of the Audit Committee a procedure for selecting the financial auditor in order to perform the statutory audit of the separate and consolidated financial statements prepared for the financial years 2024 and 2025.

According to the regulations applicable to the statutory audit and the internal regulations of Lion Capital, the Audit Committee has the responsibility to make recommendations to the Board of Directors regarding the selection and appointment of the financial auditor, as well as the terms and conditions of their remuneration.

The Company have sent invitations to auditors with international recognition, who are included in the list of auditors authorized by the Financial Supervisory Authority to conduct financial audit activities at entities authorized, regulated and supervised by ASF - Financial Instruments and Investments Sector, communicating the minimum requirements to be included in their offers, structured in the following main categories:

- *Relevant information on the audit firm*, with reference to: key competencies, relevant activities and clients, available human and informational resources, the manner of approaching the audit, the audit transition process (if applicable), the manner of ensuring the quality of the audit process and the requirements of independence and avoidance of conflicts of interest;
- *Mandatory documents* attesting: the quality of financial auditor of the legal person, certificate issued by the Trade Register Office on the current state of the firm, professional liability insurance contract, relevant information about the key audit partner (curriculum vitae, criminal record, statement on lack of sanctions and prohibitions on possible incompatibilities or conflicts of interest).
- *The financial proposal*, including the fees for the financial years 2024 and 2025, related to: the audit of the separate and consolidated financial statements, the audit of the electronic reporting prepared in accordance with the requirements of the Single European Reporting Format ("ESEF"), the verification of compliance with the requirements of Law no. 24/2017 in the Remuneration Report published by Lion Capital, as well as separate estimates of fees related to additional or occasional services.

The audit committee analyzed the offers received, the evaluation of the offers aiming at the selection of the audit offer that leads to the provision of quality professional services in advantageous financial conditions for the Company, by ensuring the selection of an auditor with relevant experience in the field, with the necessary capacity and resources to provide high quality services in the audit process. During the selection procedure, the candidates had the opportunity to improve their financial proposals.

The evaluation of the offers was performed based on the following criteria:

- *Information provided and requirements met as a result of compliance with the rules and principles governing the statutory audit activity:*
  - the organization and structure of the audit firm,
  - collaboration between the different segments (consultancy, fees, evaluation, etc.) in the provision of services,
  - the existence of a key partner and a quality assurance partner,
  - addressing general and specific risks,
  - communication with the company's management,
  - internal procedures on independence and avoidance of conflict of interest;
- *Specific aspects differentiating the audit approach, critical success factors in ensuring the delivery of quality work and compliance with reporting deadlines:*
  - relevant experience of key partner and team members in the investment fund industry;
  - use of information technology in facilitating the communication and transfer of information and data during the audit;
  - the degree of understanding and approach of the main aspects specific to the activity of Lion Capital.
- *Financial proposal*

Following the evaluation of the bids received, the Audit Committee expressed the justified preference for the firm Deloitte Audit SRL and submitted this recommendation to the Board of Directors to nominate the financial auditor.

The appointment of Deloitte Audit S.R.L as financial auditor will extend the current mandate by a maximum of 2 (two) years, subject to ASF approval in accordance with the provisions of art. 21 par. a) from ASF Norm no. 13/2019.

**The Board of Directors approved the recommendation and preference of the Audit**

**Committee and to register on the ballot paper, in order to submit for the approval of the Ordinary General Meeting of Lion Capital Shareholders convened for October 26 (27), 2023, the financial auditor Deloitte Audit S.R.L.**

**Bogdan-Alexandru DRĂGOI**

Chairman of the Board of Directors

RESOLUTION SUBMITTED FOR THE APPROVAL OF OGM on **topic 3** on the Agenda

Approval of appointing Deloitte Audit S.R.L. as financial auditor, extending the current mandate for a period of 2 (two) years, and authorizing the board of directors to negotiate and conclude the audit contract with the object of auditing the individual and consolidated financial statements for the financial years ended on December 31, 2024, and December 31, 2025, which will enter into force after the approval of the ASF, in accordance with the provisions of art. 21 par. a) of ASF Norm no. 13/2019 on the uniform framework for the conduct of the statutory audit of entities authorized, regulated and supervised by the Financial Supervisory Authority.

This is an English translation of the Informative materials for the OGM Agenda, approved by the Board of Directors of Lion Capital. The Company provides this translation for shareholders' reference and convenience. If the English version of this informative material differ from the Romanian version, the latter prevails.