ITEM 4 ON THE OGM AGENDA

Approval of the distribution of the 2023 Net Profit, in the amount of RON 417,255,132, to Other reserves as own financing sources, according to the proposal of the Board of Directors

We are still in a period of instability, marked by the continuation of the Russia-Ukraine war, the outbreak of another conflict in the Middle East, an election year 2024 in which almost half of the planet's population will go to vote.

Economic growth in 2023 was held back by eroding household purchasing power, tightening monetary policies, partial withdrawal of fiscal support and weakening external demand. Having avoided entering a technical recession in the second half of last year, the outlook for the EU economy in the first quarter of 2024 remains weak.

The European Commission's interim winter forecast revised economic growth forecasts in both the EU and euro area to 0.5% in 2023, from 0.6% projected in the autumn forecast, and to 0.9% (from 1.3%) in the EU and 0.8% (from 1.2%) in the euro area in 2024.

According to the European Commission's Winter Economic Forecast, Romania's GDP growth decelerated to 1.8% in 2023. The main macroeconomic vulnerability in 2023 was the perpetuation of the twin deficits. The fiscal deficit registered last year was 89.9 billion lei, meaning 5.68% of GDP, respectively the public debt, which exceeded the threshold of 50% of GDP. The national currency remained among the most stable currencies in CEE, with slight long-term depreciation trends.

The atypical electoral year in which local, parliamentary, European Parliament and presidential elections overlapped has all the necessary requirements to ensure a precarious overall balance by the end of the financial year, as any broad fiscal adjustment measures or measures aimed at significantly reducing internal macroeconomic imbalances are expected to be taken after the elections are completed.

The frailty of the domestic economic environment, the atypical electoral context, the risk of increasing taxation in order to reduce internal macroeconomic imbalances may determine the emergence of periods of volatility in the local capital market. In order to be able to absorb more easily potential shocks on capital markets but also to benefit from such short periods of volatility, the Board of Directors of Lion Capital S.A. proposes for approval of the General Meeting of Shareholders not to distribute dividends and to maintain a capitalization level of the Company as high as possible.

In this context, considering the structure of income achieved in the financial year 2023, namely Dividend Income and Gain on Financial Assets at Fair Value through the Profit and Loss Account, as well as the estimated financing needs for the next period, the Board of Directors proposes to the General Meeting of Shareholders the approval of the distribution of the net profit achieved in 2023, amounting to RON 417,255,132, to Other reserves as own financing sources.

Bogdan-Alexandru DRĂGOI
Chairman of the Board of Directors