



LION CAPITAL

HALF YEARLY REPORT OF

LION CAPITAL

JANUARY 1st – JUNE 30th, 2023

prepared pursuant to Law no. 24/2017, Law no. 74/2015, Law no. 243/2019,
ASF Regulation no. 10/2015, ASF Regulation no. 5/2018,
ASF Regulation no. 7/2020, and ASF Norm no. 39/2015
this report is provided as a free translation from Romanian, which is the official and binding version

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GENERAL INFORMATION

CORPORATE NAME	Lion Capital S.A. (hereinafter referred to as “Lion Capital”, “the Fund” or “the Company”) <i>the new corporate name starting March 24, 2023, of SIF Banat-Crișana S.A.</i>
COMPANY TYPE	<ul style="list-style-type: none"> ▪ joint stock company, Romanian legal entity with entire private capital ▪ established as a self-managed investment company, authorized by the Financial Supervisory Authority as Alternative Investment Fund Manager (AIFM) - Authorization no. 78 / 09.03.2018, and as closed-ended alternative investment fund, diversified, addressed to retail investors (AIFRI) - Authorization no. 130 / 01.07.2021
SHARE CAPITAL	<ul style="list-style-type: none"> ▪ RON 50,751,005.60 – subscribed and paid-up capital ▪ 507,510,056 shares issued; 506,520,056 outstanding as of 30.06.2023 ▪ RON 0.10 per share nominal value
REGISTRATIONS	<ul style="list-style-type: none"> ▪ Number in Trade Register J02/1898/1992 ▪ Tax Identification Code RO 2761040 ▪ Number in ASF AFIAA Register PJR07.1AFIAA / 020007 / 09.03.2018 ▪ Number in ASF FIAIR Register PJR09FIAIR / 020004 / 01.07.2021 ▪ Legal Entity Identifier (LEI) 254900GAQ2XT8DPA7274
MAIN ACTIVITY	<p>Main activity is, as per the classification of economic activities in the national economy (CAEN): financial intermediation, except for insurance and pension funds (CAEN code 64), and the main object of activity: Other financial intermediation n.c.a. (CAEN code 6499):</p> <ul style="list-style-type: none"> ▪ portfolio management ▪ risk management ▪ other activities carried out within the collective management of an investment fund, allowed by the legislation in force
TRADING MARKET	The company is listed since November 1, 1999, on the regulated market of Bucharest Stock Exchange (BVB) – Premium category Symbol LION (starting May 15, 2023; prior: SIF1)
FINANCIAL AUDITOR	Deloitte Audit S.R.L.
DEPOSITARY BANK	Banca Comercială Română (BCR)
SHARES AND SHAREHOLDERS' REGISTRY	Depozitarul Central S.A. Bucharest
HEADQUARTERS	Arad , 35A Calea Victoriei 310158, Romania TEL +40257 304 438 FAX +40257 250 165 EMAIL office@lion-capital.ro WEB www.lion-capital.ro
BRANCH OFFICE	Lion Capital Arad-Bucharest Branch-Rahmaninov 46-48 S. V. Rahmaninov Str., 3rd floor, sector 2, 020199, Bucharest

CONTACT Investor Relations: email investitori@lion-capital.ro tel +40257 304 446

MAIN FINANCIAL AND OPERATIONAL INFORMATION

MAIN BALANCE SHEET ITEMS [RONm]			
	30.06.2022	31.12.2022	30.06.2023
Total assets, of which	3,364.05	3,405.26	3,605.15
Total financial assets	3,335.99	3,374.95	3,583.03
Equity (own capital)	3,164.20	3,242.85	3,445.34
Total liabilities	199.85	162.41	159.81

FINANCIAL PERFORMANCE [RONm]			
	30.06.2022	31.12.2022	30.06.2023
Operating income	130.38	174.92	63.34
Gain/(Loss) on investment	(99.30)	(47.40)	70.95
Operating expenses	9.62	24.39	10.57
Gross profit / (Loss)	21.46	103.12	123.72
Net profit / (Loss)	12.38	95.47	118.29

FINANCIAL RATIOS [%]			
	30.06.2022	31.12.2022	30.06.2023
ROE (Net Profit / Equity)	0.39	2.94	3.43
ROA (Net Profit / Total Assets)	0.37	2.80	3.28
Gross profit margin (gross profit / total revenues)	10.7	27.43	60.75

PERFORMANCE OF SHARES AND NET ASSET			
	30.06.2022	31.12.2022	30.06.2023
Share price (end of period, RON)	2.4500	2.4300	2.3500
NAV/S* (RON)	6.2238	6.3817	6.8227
Accounting net asset / share (RON)	6.2348	6.3897	6.8020
Nominal value of share (RON)	0.1	0.1	0.1
Number of shares issued	515,422,363	507,510,056	507,510,056
Number of outstanding shares	507,510,056	507,510,056	506,520,056

* calculated acc. to ASF regulations

OPERATIONAL DATA			
	30.06.2022	31.12.2022	30.06.2023
Number of permanent employees	30	32	31
Branch offices	1	1	1

SHAREHOLDING STRUCTURE as of June 30, 2023		
	number of shareholders	holdings
Romanian individuals	5,737,253	39.26%
Non-resident individuals	2,134	1.23%
Romanian legal entities	110	43.55%
Lion Capital*	1	0.19%
Non-resident legal entities	21	15.77%
TOTAL	5,739,519	100%

* treasury shares, repurchased in 2023

1. ANALYSIS OF LION CAPITAL'S ACTIVITY

Economic Context

Expectations regarding global macroeconomic developments indicate a slight improvement, however, the risks of a more pronounced economic slowdown remain significant, amidst the prolongation of the conflict in Ukraine, the persistence of inflation at a high level (though decreasing), and, notably, turbulence observed in the banking sectors of several countries.

According to the latest assessments, the IMF (WEO, April 2023) projects a global economic growth rate of 2.8% for the current year. This marks a decrease from 3.4% in 2022 and a revision down by 0.1 pp compared to the estimates made in January 2023.

European Economic Climate

In 1H 2023, uncertainty continued to dominate European markets due to the ongoing conflict between Ukraine and Russia. Europe's dependency on Russian oil and gas, coupled with energy supply difficulties, highlighted the EU's economic vulnerability. This impact struck both the Union's economy directly and indirectly, further pressuring the already-existing global inflationary trend.

Due to a mild winter with average temperatures exceeding previous years and a weakened European economy, industrial and residential energy demand and consumption slowed down. Prices also decreased from previous record levels in the energy and gas markets.

Forecasts from the European Commission in the fall of 2022 projected that the EU economy would contract in the last quarter of 2022 and the first quarter of 2023. However, the latest data indicate a contraction smaller than anticipated in the final quarter of the previous year and a positive evolution in 1Q.

The growth of the EU's GDP is expected to reach 1.0% in 2023 (up from an initial estimate of 0.8%) and 1.7% in 2024 (up from 1.6%), according to the European Commission's forecasts. Eurostat's revisions for the eurozone are of a similar magnitude, with GDP growth now estimated at 1.1% and 1.6% in 2023 and 2024, respectively.

Measures taken to combat inflationary effects are already discernible, but the reduction in the consumer price index is proceeding at a slower pace than initially expected. Decreases in energy prices, alleviated supply constraints, improved business confidence, and a strong labour market, combined with tightened monetary policies, have supported this positive outcome, even though the effects have been delayed over time. Regarding inflation, the overall index continued to decline in the first quarter of 2023, mainly due to the sharp deceleration in energy prices. However, core inflation has solidified, indicating persistent price pressures. According to Eurostat's latest estimates, inflation is expected to reach 5.8% in 2023 and 2.8% in 2024 in the eurozone, higher by 0.2% and 0.3% respectively compared to previous winter forecasts. Published predictions for the entire European Union indicate an inflation rate of 6.7% for 2023, and 3.1% for the year 2024.

Domestic Economic Climate

Data published by the National Institute of Statistics (according to preliminary estimates) indicates that Romania experienced a real economic growth of +0.9% in 2Q 2023 vs. 1Q 2023.

The Gross Domestic Product (GDP) recorded an increase of 2.7% compared to the same quarter of the year 2022 on a seasonally adjusted series.

In 1H 2023, the Gross Domestic Product raised by 1.7% compared to the first half of 2022 on a raw series basis, and by 2.8% on a seasonally adjusted series basis. The uncertainties surrounding Romania's future GDP evolution are further confirmed by the existence of divergent economic growth scenarios among the estimates provided by the National Institute of Statistics (INS), the IMF, the

European Commission, the World Bank, the Institute of Economic Forecasting, and the European Bank for Reconstruction and Development (*sources: Bloomberg terminal, IPE, CNP, BNR, INS*).

BNR has reported an inflation rate of 10.3% for 2Q 2023, with forecasts of 8.9% for 3Q and 7.5% for 4Q. The projected trend is a descent to 3.8% in 2Q 2025, but the uncertainty range has increased to $\pm 2.4\%$ (*source: <https://bnr.ro/Home.aspx>*). Currently, the central bank reports an inflation rate of 9.44%.

The policy interest rate has remained unchanged since January 11, 2023, at 7%. The credit facility also remains at the same level established at the beginning of the year, i.e., 8%, as well as the deposit facility, which has been maintained at 6%.

Yields on 10-year government bonds stood at 6.65% at the end of June, compared to 8.35% at the end of the previous year, indicating appropriate and effective monetary policy measures.

According to BNR, Romania continues to be among the leading countries in the EU with regard to twin deficits: the current account deficit and the fiscal deficit. The budget deficit stood at 5.7% at the end of 2022, down by 1.05% from the previous year. Romania was surpassed only by Italy, which recorded a deficit of 8%. The evolution in the first four months of 2023 indicates a 0.56% increase in the budget deficit compared to the previous year, reaching a level of 1.72% of GDP. The current account deficit has continued to deepen and, in the period from 2Q 2022 to 1Q 2023, it stood at 8.9% of GDP, representing the highest level among economies in the region.

The prospects for increasing export demand are limited, given the tempering trend of economic growth in Europe and the persistence of high inflation. Romania's public debt increased by 20% in March 2023 compared to March 2022, with its share in GDP rising by 0.7 percentage points to a level of 49.2%. Compared to the pre-pandemic period (December 2019), Romania's public debt has increased by 89%, the second highest in the EU after Estonia (+180%). A significant vulnerability remains the high share of financing needs for 2023 that must be covered from external markets (approximately 30%), as well as the substantial proportion of public debt denominated in foreign currency (56% as of March 2023).

The evolution of the domestic currency against the euro has exhibited moderate variations but with a tendency towards slight depreciation, resulting in a quarterly average exchange rate of 4.9481 RON/EUR in 2Q 2023 vs. 4.9189 RON/EUR in 1Q 2023. Against the US dollar, the exchange rate's performance can be considered relatively stable, with the quarterly average in Q2 2023 at 4.5435 RON/USD compared to 4.5839 in the same period of the previous quarter. There have been no excessive currency exchange rate volatilities.

The ratings assigned to Romania by the three largest agencies are:

<u>Agency</u>	<u>Moody's</u>	<u>Standard&Poor's</u>	<u>Fitch</u>
Rating	Baa3	BBB-	BBB-
Outlook	Stable	Stable	Negative

**source: Bloomberg terminal*

Bucharest Stock Exchange (BVB)

The positive evolution of the capital market in the first half of 2023 follows a challenging 2022 year marked by the outbreak of war, an energy crisis, and a weakened and vulnerable post-pandemic economy, which introduced volatility and uncertainties into the market.

The Romanian capital market grew by 10% in the first six months of this year, as reflected by the BET-TR index, which includes dividends. At the end of June, the BET-TR reached a historic high of 25,119 points, marking an all-time record since its origin 11 years ago.

During the same period, the BET-NG index, which includes energy and utilities companies, registered a growth of 12.5%, marking the highest growth rate among all BVB indices. Despite the market's general level increase at the end of June amid decreasing liquidity, most BVB indices were positive at the end of the first half of this year.

When considering longer-term returns, over the past 5 years, companies within the BET-TR index have provided investors with growth of 103%, surpassing the performance of the American S&P500 index (+91.3%) and more than doubling that of the European STOXX600 index (+41.6%), according to data from BVB and Refinitiv. In the same timeframe, the performance of total return indices FTSE Emerging Markets was 20.1%, while MSCI Frontier Markets achieved +13.3%.

The total trading value of all types of financial instruments reached RON 8.4bn, equivalent to EUR 1.7 bn, which is a decrease compared to the first half of the previous year. This decline is attributed to investor expectations regarding announced IPOs on the BVB, the most significant corporate event being the anticipated listing of Hidroelectrica, the largest electricity producer in Romania.

The total value of the 15 listings on the BVB exceeded EUR 1.8bn in the first six months of this year. In the fixed income segment, there were 7 listings of corporate bonds totalling EUR 1.12bn, 5 Fidelis state bond issues worth EUR 618m, and one municipal bond issue worth EUR 112m.

Fixed income instruments significantly contributed to the overall trading value recorded in the first five months on the BVB, driven primarily by the continuation of the Fidelis state bond issuance program and the revival of the corporate bond segment.

Considering the progress of equity and bond listings, more than 160 financing rounds have been conducted on the BVB in the past five years, with a cumulative value of EUR 8bn. In 1H 2023, a listing with a value of EUR 1m took place in the equity segment.

The number of investors in the domestic capital market continued to increase and reached over 141,000 investors by the end of 1Q 2023, according to data from the Investor Compensation Fund (FCI), compared to less than 54,000 investors in 2019.

The average daily trading value in the first half of 2023 fell below expectations, recording EUR 6.91m in the equity segment, compared to EUR 12.23m in the same period of the previous year. It is worth mentioning that during this period, the investment environment was adjusting its availabilities for Hidroelectrica's IPO, which negatively impacted liquidity during this period. The presence of Hidroelectrica on the stock exchange, being such a significant company in the national economic landscape, will undoubtedly boost liquidity and potentially set new benchmarks for liquidity and valuation of Romanian listed companies.

The results of the activities carried out on the BVB in the first half of the year can be considered positive, but the average daily trading volume on the BVB remains very low compared to other exchanges in the region. Despite being promoted to the category of emerging markets by FTSE Russell, the reclassification has yet to significantly improve liquidity on the Bucharest capital market (*according to data consulted through Bloomberg terminal*).

The annual evolution of market capitalization and valuation multiples in the middle of the year, compared to results from the same period last year, indicates a cautious approach of investors in the domestic capital market.

Indicators	June 2022	June 2023
Mk. Cap.* EURm	39,075.19	42,665.63
P/E	8.77	5.07
P/BV	1.10	1.00
DY	4.33	5.43

* Mk. Cap. regulated market

Market capitalization has slightly increased compared to the previous year's semester, remaining in line with developed markets, although some of them have experienced more significant corrections.

The results reported by issuing companies on the regulated market have been mixed; the decrease in the Price-to-Earnings (P/E) ratio was primarily driven by a more cautious investment behaviour, where the high cost of capital and reduced purchasing power have left their mark on valuation multiples. The P/E ratio decreased from 8.77 in June 2022 to 5.07 in June 2023, while the Price-to-Book Value (P/BV) ratio also dropped from 1.1 to 1.

Market dividend yield has increased due to generous distribution rates from companies, as well as more modest market prices for many small and medium-sized issuers.

The pace of listings on the Bucharest Stock Exchange has slowed compared to the previous year, given the context of war and economic deceleration. However, these listings are expected to resume once economic conditions improve.

In conclusion, the outlook for the domestic exchange is positive, with an upward trend, but it remains conditioned by geopolitical and macroeconomic developments. Consequently, there are substantial uncertainties, and the balance of risks tilts towards a more challenging macroeconomic environment.

Risks to the economic activity and inflation forecasts largely depend on the evolution of the situation in the Ukraine conflict.

Analysis of the Portfolio Under Management

Investment objective and policy

Lion Capital's investment strategy on long term aims to maximize the portfolio performance, in order to enhance the value of the assets under management and the investment income.

The Fund's objective is the efficient management of a diversified portfolio of quality assets, capable of providing a steady stream of income, preserving, and growing medium to long-term capital, with the aim of increasing value for shareholders and achieving optimal returns on invested capital.

Strategic asset allocations and occasional rebalancing are based on evaluations of existing holdings and investment opportunities, within the context of the current market and economic conditions.

Lion Capital's investments, as AIFM, are exclusively carried out within the assets and limits regulated by *Law no. 243/2019 on the regulation of alternative investment funds and for amending and supplementing certain normative acts*.

Throughout 1H 2023 Lion Capital had under management a diversified portfolio, consisting of the following main categories of financial instruments: equities, bonds, and fund units. The Fund applies an exit strategy tailored to the specific nature of each investment, defined based on long-term investment strategy and objectives, as well as the conditions (triggering) of the exit transaction.

The individual approach to each participation aims to achieve an aggregate return, comprising both dividend income and capital gains.

Considering the shift in perception regarding the nature of inflation from transitory to persistent, we aim to maintain exposure to companies and/or financial instruments that benefit from such an environment.

The main directions of portfolio management are aligned with the objectives approved by shareholders, focusing on:

- calibration of the portfolio on financial assets / instruments that benefit from an inflationary context
- continuing portfolio restructuring by reducing minority interests that do not fit the Fund's investment strategy
- consolidation of strategic interest portfolio

- maintaining a diversified portfolio of assets under management
- implementing SFDR (Sustainable Finance Disclosure Regulation)
- strengthening the risk management system.

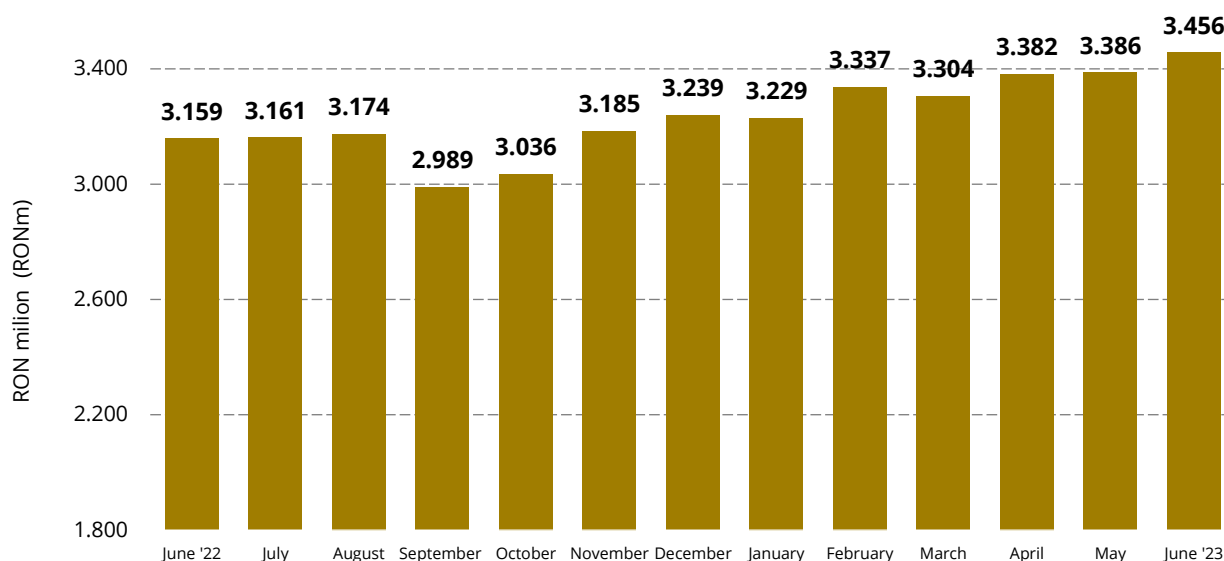
In the investment process, Lion Capital recognizes that global sustainability challenges, including climate change, resource scarcity and human rights, are critically important and must be addressed. In this sense, to provide long-term value to the investments made, Lion Capital analyses the sustainability risk of issuers with respect to the criteria applied to determine whether an economic activity qualifies as sustainable and contributes substantially to one or more of the objectives of durability.

Both the *Policy on integrating ESG risks in the investment decision-making process* as well as the *Statement prepared in accordance with the provisions of art. 4 (1) of Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector* are available for consultation on Company's website, www.lion-capital.ro, in the *Corporate Governance* section.

The Progress of Net Asset Value

Lion Capital's net asset value (NAV) was of **RON 3,456m** as of the end of 1H 2023, up 6.70% vs. RON 3,238.77m, the value recorded as of 2022-year end. Net asset value per share (NAV/S) was of **RON 6.8227** as of June 30, 2023, higher than the value recorded for December 31, 2022: RON 6.3817/share.

NET ASSET VALUE JUNE 2022 - JUNE 2023



The calculation of NAV and NAV/S is performed by Lion Capital with a monthly frequency, the values being certified by the depository bank Banca Comercială Română (BCR).

The monthly reports on NAV have been communicated to the Bucharest Stock Exchange and the Financial Supervisory Authority - Financial Instruments and Investments Sector, published on the website of Lion Capital, www.lion-capital.ro, within the regulated terms.

The methodology for calculating the net asset value

During the reporting period, the calculation of net asset value was made in accordance with the provisions of *Law no. 243/2019 on alternative investment funds, amending and supplementing certain normative acts* and of the *ASF Regulation no. 7/2020 on the authorization and operation of alternative investment funds* with subsequent amendments and additions. The reporting formats of the *statement*

of assets and liabilities, and the detailed statement of investments, related to the reporting period comply with the content established by annex no. 10, respectively annex no. 11 to ASF Regulation no. 7/2020, with subsequent amendments and additions.

According to ASF Regulation no. 7/2020, the net asset value of an AIFRI established as an investment company is determined as the difference between the total value of the assets and the sum of the accrued expenses and deferred income. Both current and non-current liabilities (including deferred income tax) are included in the calculation of the total value of liabilities, as well as established provisions. In accordance with these regulations, starting with July 1, 2021, following the authorization of the Company as AIFRI (ro: FIAIR), the company calculated the net asset value by adding the deferred profit tax (non-current debt) to the total liabilities.

The statement of Lion Capital's assets and liabilities as of June 30, 2023, prepared as per the provisions of annex 10 to Regulation no. 7/2020 is presented as annex to this report.

Throughout the reporting period, the valuation of assets for the calculation of net asset value was carried out in accordance with the regulations issued by the Financial Supervisory Authority, the provisions of ASF Regulation no. 10/2015 and of ASF Regulation no. 9/2014 (art. 113-122), with subsequent amendments and completions.

As per these regulations:

- Financial instruments admitted to trading or traded in the last 30 trading days on a regulated market or in systems other than regulated markets, including in an alternative trading system in Romania, from a Member State or a non-member, are measured:

- a) At the closing price of the market segment considered as the main market or the reference price provided in trading systems other than regulated markets including alternative systems by the operator of that trading system for the day for which the calculation is made;
- b) By way of exception from the provisions of letter a) above, in the case of joint stock companies admitted to trading on a regulated market or a multilateral trading system with a liquidity considered by Lion Capital, based on a judgment of prudential value in relation to the active market defined by International Financial Reporting Standard 13 - Fair value measurement (IFRS 13), as irrelevant for the application of the marking to market valuation method, the shares of those companies will be measured in the assets of Lion Capital in accordance with the evaluation standards in force, according to the law, based on an evaluation report.

The Company maintained this valuation method throughout 1H 2023 for the following portfolio companies: SIF Imobiliare PLC (symbol SIFI), SIF Hoteluri SA (symbol CAOR), and IAMU SA (symbol IAMU). The analysis carried out by the company revealed that for the issuers SIF Imobiliare, SIF Hoteluri and IAMU, the active market criteria are not met, as during 2022 transactions representing less than 1% of the issuer's share capital were recorded, the total number of transactions being less than 50 (in the last 12 months), their frequency being insufficient to meet the criterion of providing reliable price information on an ongoing basis.

- Securities not admitted to trading on a regulated market or not traded in the last 30 trading days are valued at the book (accounting) value per share resulting from the last annual financial statements, respectively the value of equity included in the monthly reports to BNR (National Bank of Romania) for credit institutions.

- In the case of joint stock companies not admitted to trading in a regulated market or alternative system, in which Lion Capital holds more than 33% of the share capital, those shares are measured in Lion Capital's net asset exclusively in accordance with the international standards evaluation based on an evaluation report, updated at least annually. These companies are presented in a separate annex under the *Detailed Statement of Investments*.

- Fixed income financial instruments are measured using the method based on the daily recognition of interest and amortization of the discount / premium for the period passed from the date of the investment.
- The shares of companies in insolvency, judicial liquidation or reorganization proceedings are valued at zero until the procedure is completed.
- The values of non-portfolio items taken into account in the calculation of net assets are in accordance with International Financial Reporting Standards ("IFRS").

In accordance with the provisions of ASF Regulation no. 10/2015 (art. 19) and EU Regulation 231/2013 (art. 69-70), on February 28, 2023, the Company informed the investors upon maintaining the evaluation policies and methods used for the evaluation of financial assets.

The valuation methods applied by the Company to evaluate the financial assets in the portfolio are presented on Company's website, www.lion-capital.ro, in the operating documents as AIFRI, namely Simplified Prospectus, Rules of the Fund in the section *Corporate Governance* › *AIFRI*, and in the section *Investments* › *Net Asset* › *Net asset value calculation methodology*.

Portfolio Structure

The asset allocation strategy aims to maximize the portfolio performance under regulated prudential requirements.

The investment limits and restrictions incidental to the operations carried out by Lion Capital during 1H 2023 complied with the applicable legal provisions, established by Law no. 243/2019 on the regulation of alternative investment funds, given that in accordance with the provisions of this law Lion Capital is classified as a Closed, Diversified Alternative Investment Fund addressed to Retail Investors (AIFRI).

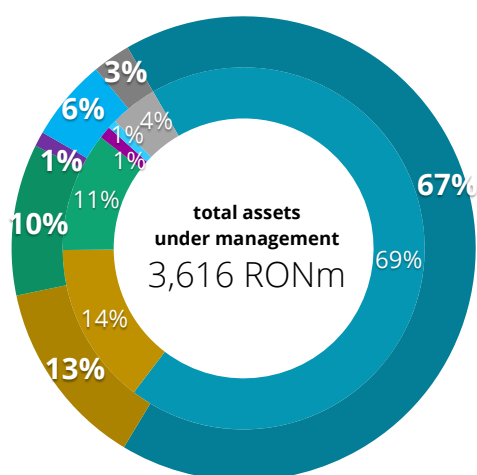
The detailed statement of Lion Capital's investments as of June 30, 2023, prepared pursuant to Annex 11 of Regulation no. 7/2020, is presented as annex to this report.

Total value of assets under Lion Capital's management as of June 30, 2023, was of **RON 3,616m**, 6.30% higher than the value recorded as of December 31, 2022, viz. RON 3.401m.

The value of the stock portfolio (listed and unlisted shares) accounted for **74.75%** of Lion Capital's total assets as of June 30, 2023, amounting to **RON 2,895m**. At the end of 1H 2023, Lion Capital held *majority stakes* - over 50% of the issuer's share capital - in 12 companies, with a total value of RON 1,107.46m, representing 33.51% of stock portfolio value.

ASSETS UNDER MANAGEMENT as of June 30, 2023

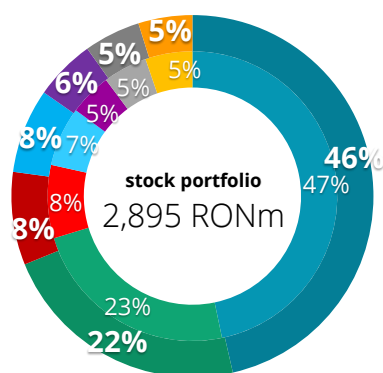
breakdown on classes (weight on total assets)



- **listed shares**
value **2,420.84 RONm**
(31.12.2022: 2,336.59 RONm)
- **unlisted shares**
value **474.25 RONm**
(31.12.2022: 492.84 RONm)
- **unlisted fund units**
value **381.34 RONm**
(31.12.2022: 362.94 RONm)
- **corporate bonds**
value **37.47 RONm**
(31.12.2022: 37.58 RONm)
- **bank deposits + cash available**
value **205.96 RONm**
(31.12.2022: 26.61 RONm)
- **receivables and other assets**
value **95.70 RONm**
(31.12.2022: 144.62 RONm)

Note: values calculated as of June 30, 2023 (the outer ring), and December 31, 2022 (the inner ring), as per ASF Regulations no. 9/2014, no. 10/2015, and no. 7/2020

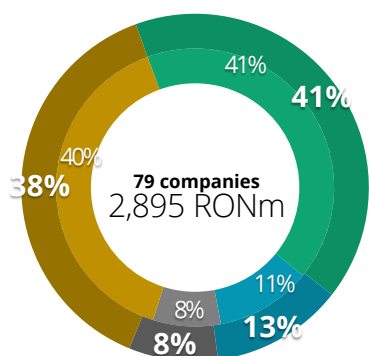
STOCK PORTFOLIO - breakdown by sector



- **banking - financial**
stakes in **12** companies, worth **1,343.68 RONm**
(31.12.2022: 13 companies, worth 1,322 RONm)
- **commerce - real-estate**
stakes in **10** companies, worth **649.41 RONm**
(31.12.2022: 12 companies, worth 667.07 RONm)
- **pharmaceuticals**
stakes in **1** company, worth **240.43 RONm**
(31.12.2022: 2 companies, worth 231.07 RONm)
- **energy - utilities**
stakes in **5** companies, worth **218.55 RONm**
(31.12.2022: 5 companies, worth 187.75 RONm)
- **hospitality (hotels and restaurants)**
stakes in **3** companies, worth **157.43 RONm**
(31.12.2022: 4 companies, worth 133.52 RONm)
- **cardboard and paper**
stakes in **4** companies, worth **145.88 RONm**
(31.12.2022: 4 companies, worth 139.47 RONm)
- **other industries and activities**
stakes in **44** companies, worth **139.70 RONm**
(31.12.2022: 52 companies, worth 148.55 RONm)

Note: percentages in the chart represent the stake of the category in the stock portfolio; values calculated as of June 30, 2023 (the outer ring), and December 31, 2022 (the inner ring), as per ASF Regulations no. 9/2014, no. 10/2015, and no. 7/2020

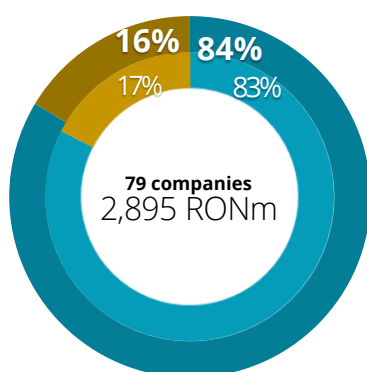
STOCK PORTFOLIO - breakdown by stake held



- up to 5%
stakes in **25** companies, worth **1,190.68 RONm**
(31.12.2022: 29 companies, worth 1,173.25 RONm)
- 5-33%
stakes in **39** companies, worth **356.52 RONm**
(31.12.2022: 47 companies, worth 314.33 RONm)
- 33-50%
stakes in **3** companies, worth **240.43 RONm**
(31.12.2022: 3 companies, worth 223.05 RONm)
- over 50%
majority stakes in **12** companies, worth **1,107.46 RONm**
(31.12.2022: 13 companies, worth 1,118.81 RONm)

Note: percentages in the chart represent the stake of the category in the stock portfolio; values calculated as of June 30, 2023 (the outer ring), and December 31, 2022 (the inner ring), as per ASF Regulations no. 9/2014, n., 10/2015, and no. 7/2020

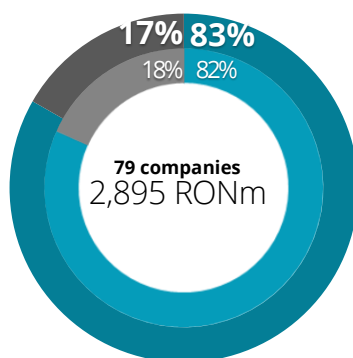
STOCK PORTFOLIO - breakdown on liquidity



- listed companies
2,420,84 RONm (31.12.2022: 2,336.59 RONm) value of shareholdings in **26** companies
(31.12.2022: 32)
- unlisted companies
474,25 RONm (31.12.2022: 492,83 RONm) value of shareholdings in **53** companies
(31.12.2022: 60)

Note: percentages in the chart represent the stake of the category in the stock portfolio; values calculated as of June 30, 2023 (the outer ring), and December 31, 2022 (the inner ring), as per ASF Regulations no. 9/2014, no. 10/2015, and no. 7/2020

STOCK PORTFOLIO - geographical exposure



- Romania
2,410.99 RONm (31.12.2022: 2,313.10 RONm) value of shareholdings in **77** companies
(31.12.2022: 90)
- foreign markets
484.09 RONm (31.12.2022: 516.33 RONm) value of shareholdings in **2** companies
(31.12.2022: 2): Austria (1 company – Erste Bank), Cyprus (1 company – SIF Imobiliare)

Note: percentages in the chart represent the stake of the category in the stock portfolio; values calculated as of June 30, 2023 (the outer ring), and December 31, 2022 (the inner ring), as per ASF Regulations no. 9/2014, no. 10/2015, and no. 7/2020

The first three sectors having significant weights in the total asset structure are the banking sector, investment management, and real estate sector, collectively accounting for 66.93% of the total assets under management (AUM). The exposure to the banking sector remains substantial, with issuers from the banking sector and financial instruments issued (e.g., equity instruments, deposits, and current accounts) standing for 33.40% of AUM as of June 30, 2023. The recorded increase is primarily due to the liquidity in current accounts and short-term deposits at this date compared to the same period of the previous year.

Diversifying the investment allocation by increasing exposure to other sectors (with smaller weights or sectors without exposure) remains a goal of the Fund to mitigate concentration risk in the portfolio.

Stock Portfolio Management

TOP 10 COMPANIES IN LION CAPITAL PORTFOLIO as of June 30, 2023

Company (symbol)	Sector	Stake	Value of holding* [RON]	% of NAV
1 Banca Transilvania (TLV)	banking - financial	4.78%	701,082,080	20.29%
2 SIF Imobiliare Plc (SIFI)	real estate	99.99%	368,402,807	10.66%
3 SIF1 IMGB	real estate	99.92%	267,259,986	7.73%
4 Biofarm (BIO)	pharmaceuticals	36.75%	240,432,134	6.96%
5 SIF Muntenia (SIF4)	financial (AIF)	17.93%	186,379,237	5.39%
6 BRD Groupe Société Générale (BRD)	banking - financial	1.95%	179,996,870	5.21%
7 OMV Petrom (SNP)	energy - utilities	0.57%	177,540,603	5.14%
8 Vrancart (VNC)	cardboard and paper	75.50%	145,378,008	4.21%
9 Erste Group Bank AG (EBS)	banking - financial	0.17%	115,688,490	3.35%
10 SAI Muntenia Invest	financial (AIFM)	99.98%	88,902,216	2.57%
TOTAL			2,471,062,431	71.50%

* calculated pursuant to ASF Reg. no. 9/2014, no. 10/2015, no. 2/2018

Information on the main shareholdings in the portfolio

1. BANCA TRANSILVANIA

CONSOLIDATED RESULTS (mRON)	1Q'23	1Q'22	Δ
Net interest income	1,241,948	969,367	28.12%
Net fee and commission income	287,897	259,030	11.14%
Net trading income	135,245	166,963	-19.00%
Other operating income	75,374	-99,174	
Operating income	1,740,464	1,296,186	34.28%
Operating expenses	-823,954	-689,129	19.56%
CoR	51,784	-133,727	
Gross result	968,294	473,330	104.57%
Net profit	837,701	400,334	109.25%
NPL	2.4%	2.9%	
ROE	13.8%	9.2%	
Loans/Deposits	54.3%	57.7%	
CAR	19.9%	21.2%	
Cost/Income	46.5%	50.6%	

The pace of growth in net interest income has shown a very positive trend, with the effect of increasing loan interest rates in the portfolio contributing to a year-on-year doubling of net profit. Positive contributions also came from the lower level of contributions to the Deposit Guarantee Fund and the Resolution Fund, as well as the positive cost of risk in 2023.

Starting from 2Q 2023, the bank will incur additional costs related to the issuance of eligible MREL bonds carried out in the second and third quarters.

On a positive note, the non-performing exposure rate has further decreased, from 3.73% in 2021 to 2.91% in 2022, and 2.40% in 2023.

Banca Transilvania, ticker TLV and ISIN ROTLVAACNOR1, is listed on BVB and traded in the Main segment, Premium category.

2. SIF IMOBILIARE

CONSOLIDATED RESULTS	2017	2018	2019	2020	2021	2022
Revenues [EURm]	7.85	7.52	6.92	5.82	8.57	10.08
Gross Profit [EURm]	4.59	10.03	4.62	7.94	6.18	7.95
Net Profit [EURm]	4.28	9.49	3.28	6.95	5.86	6.09

consolidated statements

SIF Imobiliare Plc is the important company in from the real-estate sector in Lion Capital's portfolio, holding a stake of 99.99% of its share capital.

The holding SIF Imobiliare Plc was established in 2013 following the decision of SIF Banat-Crișana (now Lion Capital) to create a centralized managing structure, according to the principles of an integrated management, for several companies with activities in the real estate field. This decision was based on the unification of objectives, the minimization of operational costs, the maximization of revenues and at the same time to seize the opportunities arising in the market.

The General Meeting of Shareholders of April 2023 decided to distribute the amount of EUR 2,429,985 as dividends from the profit of the year 2022, the dividend per share being of EUR 0.54.

SIF Imobiliare Plc is listed on BVB since December 23, 2013, its securities are traded on AeRo exchange segment under the ticker SIFI (ISIN: CY0104062217). The independent auditor for SIF Imobiliare Plc is Everseve Auditors Limited from Cyprus.

3. SIF1 IMGB

Lion Capital has purchased, during 4Q 2020, the majority stake in Doosan IMGB S.A., representing 99.92% of the share capital. Following the acquisition, the name of the company was changed to SIF1 IMGB S.A.

The company recorded a net profit of RON 103.6m for 2022, up vs. RON 47.6m for 2021.

SIF1 IMGB SA ended the year 2022 with equity amounting to RON 278.7m, representing a year-on-year increase of 59%.

4. BIOFARM

	2017	2018	2019	2020	2021	2022	1H '23
Turnover [RONm]	170.2	184.2	202.8	216.4	239.0	276.9	162.1
Operating Profit [RONm]	43.0	46.2	60.8	63.5	68.6	77.7	52.8
Net Profit [RONm]	36.0	38.4	50.8	54.2	60.0	70.9	50.1
Dividends [RONm]	18.7	9.8	30.5	21.6	23.6	29.5	

At present, Biofarm operates two pharmaceutical manufacturing facilities in Bucharest, along with a testing and product development unit. Its portfolio of over 100 products covers the most important therapeutic areas within the Consumer Healthcare division (digestive & metabolic, respiratory & ENT, cardiovascular & circulatory, nervous system).

In 1H 2023, Biofarm ranked second in the Consumer Healthcare (CHC) segment in terms of the number of units sold. The Biofarm portfolio encompasses key therapeutic areas within the Consumer Healthcare division and holds a market-leading volume position in six of its flagship brands: Colebil, Triferment, Bixtonim Solution, Carmol, Extravalerianic, and Sennalax.

Biofarm has sustained its positive performance in the first half of 2023, achieving a +17% increase in turnover and a +15% increase in net profit year-on-year.

Biofarm, ticker BIO, ISIN: ROBIOFACNOR9, is listed on BVB since November 19, 1996, currently traded in Main segment, Premium category.

5. SIF MUNTENIA

	2020	2021	2022
Net Profit [RONm]	-25.86	266.19	-33.2
Dividends [RONm]	-	-	-

SIF Muntenia is a closed-end financial investment fund with a diversified investment policy. The strategic objectives assumed by the fund are the continuation of the portfolio restructuring process and its efficient management, respectively the continuation of the investment process, focusing on investments in Romania.

The EGM of June 21, 2023, decided the change of corporate name from SIF Muntenia to Bedrock Investment Group. The change of company name is pending authorization from ASF.

6. BRD - GROUPE SOCIÉTÉ GÉNÉRALE

CONSOLIDATED RESULTS (RONm)	1Q '23	1Q '22	Δ
Net interest income	670,538	556,163	20.6%
Net fees and commission income	172,330	180,008	-4.3%
Net trading income	90,534	77,770	16.4%
Net banking income	935,339	809,532	15.5%
Operating expenses	-508,006	-459,797	10.5%
CoR	-9,448	-32,002	
Net Profit	342,103	263,222	30.0%
ROE	18.8%	11.9%	
Credits/Deposits	69.6%	65.3%	
Cost/Income	54.3%	56.8%	
NPL	2.7%	2.6%	

The BRD-GSG Group reported a quarterly net profit increase of 30% year-on-year, driven by a superior dynamic of operational revenue growth compared to operational expenses, as well as a much smaller impact of risk costs. There was a strong growth in corporate lending (+28% year-on-year) as retail segment demand remains minimal. The loan portfolio quality is very good, with the non-performing loan rate decreasing from 2.7% in the same period of 2022 to 2.6%.

BRD-Groupe Société Générale, ticker BRD and ISIN ROBRDBACNOR2, is listed on BVB, traded in the Main segment, Premium category.

7. OMV PETROM

CONSOLIDATED STATEMENTS	1Q '23	1Q '22
Total Revenues [RONm]	9,668.69	11,920.87
Operating result [RONm]	1,616.83	2,185.43
Financial result [RONm]	154.4	-81.89
Amortization and depreciation [RONm]	731.77	738.37
Net profit [RONm]	1,480.95	1,748.32
EPS [RON/s]	0.0238	0.0287

Business segment results reported by the company for 1Q '23 vs 1Q '22:

- Exploration and Production: Operating result (excluding special items) of RON 985m vs RON 1,106m, due to the decline in oil and natural gas prices as well as a decrease in sales volume. Production decreased by 4.1% due to natural decline. Production costs increased slightly year-on-year from 14.20 to 14.50 USD/boe.

- Refining and Marketing: Operating result (excluding special items) of RON 616m (almost identical year-on-year) amidst a decrease in refining margins (from 18.31 to 16.60 USD/bbl) due to the

compression of the gasoline/diesel price differential. Refinery utilization rate remained at a high level of 98%.

- Gas and Power: Operating result (excluding special items) of RON 723m (similar year-on-year), driven by strong margins for natural gas extracted from reserves and electricity transactions outside Romania. Gas sales volume increased by 3% year-on-year, while net energy production remained constant year-on-year at 0.99 TWh due to the Brazi power plant undergoing maintenance throughout the entire month of March in both 2023 and 2022.

In 2023, the Company's shareholders approved the distribution of a dividend of RON 0.0375 per share (payment date: 07.06.2023), and the Ordinary General Meeting of Shareholders was convened for September 12, 2023, with the agenda including the approval of a special dividend distribution of RON 0.045 per share (payment date: 19.10.2023).

OMV Petrom SA, having the market symbol SNP, is listed on the BSE, currently traded on the Main segment, Premium category.

8. VRANCART

CONSOLIDATED STATEMENTS	1Q'23	1Q'22	Δ
Turnover [RONm]	114.8	140.8	-18.5%
Operating Profit [RONm]	6.5	6.0	8.3%
Financial result [RONm]	-2.5	-1.4	-78.6%
Amortization and Depreciation [RONm]	7.4	6.9	7.2%
Net Profit [RONm]	3.5	4.2	-16.7%

The company recorded a year-on-year decrease of 16.7% in net result for 1Q, along with an 8.3% increase in operating result, mainly due to rising operational expenses (inflation effect) coupled with decreased demand and sales prices.

In the context of a challenging business environment, the turnover decreased by 18.5% (from RON 140.8m to RON 114.8m), while both current liquidity and the degree of indebtedness remained relatively constant.

Vrancart SA, ticker VNC, ISIN: ROVRJUACNOR7, is listed on BVB, currently traded in the Main segment, Standard category.

9. ERSTE GROUP BANK AG

CONSOLIDATED RESULTS (EURm)	1Q '23	1Q '22	Δ
Net Interest Income	1,769.00	1,392.10	27.1%
Net fee and commission income	642.70	615.30	4.5%
Net trading income	35.3	-16.9	
Operating Result	982.40	668.30	47.0%
Operating income	2,498.70	2,036.20	22.7%
Operating expenses	-1,242.00	-1,367.90	-9.2%
CoR	20.66	-59.1	
Net profit a.m.	593.60	448.80	32.3%
CAR	19.10%	19.10%	
ROE	13.5%	11.2%	
Credits/Deposits	85.1%	90.2%	
NIM	2.50%	2.14%	
Cost/Income	49.7%	60.70%	
NPL	2.1%	2.0%	

The Group recorded a 65% year-on-year increase in gross profit, but only a 32% increase in net profit, with the difference being attributed to the share of gross profit allocated to minority shareholders within the group.

Net interest income grew by 27% year-on-year in the first quarter, driven by increases in both the net interest margin (NIM) and assets, while operational expenses remained at the same level. The cost of risk had a positive impact in the first quarter of 2023 compared to a negative impact in 2022.

Shareholders approved and distributed a gross dividend of EUR 1.9 per share, and the executive management indicated a target dividend for the 2023 financial year of EUR 2.7 per share.

The securities issued by Erste Group Bank AG, ticker EBS, are listed on Vienna, Prague, and Bucharest Stock Exchange.

10. SAI MUNTENIA INVEST

	2020	2021	2022
Total Income [RONm]	20.69	53.11	33/00
Total Expenses [RONm]	13.00	10.72	14.05
Net Profit [RONm]	6.80	35.86	16.07

Societatea de Administrare a Investițiilor (Investment Management Company) Muntenia Invest SA ("SAI Muntenia Invest SA") was established in 1997, as a joint stock company, and entered in SIF Banat-Crișana's (now Lion Capital) portfolio in 2013. SAI Muntenia Invest has no subsidiaries, branches, or places of business.

The company's main activity (as per the Code of Classification of Activities in the National Economy – other financial intermediation n.c.a.) is the management of collective investment undertakings in transferable securities (UCITS, Ro: OPCVM) established in Romania or in another Member State, and the activity of management of alternative investment funds (AIF), in compliance with the provisions of the relevant legislation. The activity of SAI Muntenia Invest is regulated and supervised by ASF.

The current activity of SAI Muntenia Invest SA carried out was the management of SIF Muntenia S.A., FDI Plus Invest, and FIA Muntenia Trust.

Workout portfolio

In the internal structure of shareholdings management, the workout portfolio consists of companies undergoing various stages during the procedure of judicial liquidation, insolvency or those inactive, and those likely to enter the insolvency proceedings.

As of June 30, 2023, the number of companies in the workout portfolio was of 43 (December 2022: 43).

Most of these companies originate from the earlier portfolio taken from FPP1 when SIF Banat-Crișana was established, and they are not the result of portfolio investment decisions.

During 1H 2023, no companies were removed from the portfolio as a result of liquidation, nor did any company leave the portfolio as a result of the disposal, through sale, of the stakes held in their share capital.

As of June 30, 2023, 40 companies in the portfolio were still in bankruptcy / insolvency / dissolution proceedings. All these companies are reflected in the calculated value of the portfolio at zero.

The Company monitors the progress of these companies in the workout portfolio, without allocating significant resources. The main activities concerning these companies are: (i) monitoring and recording important events occurring in their situation; (ii) exercising shareholder's duties, monitoring the legality and expediency of the decisions of their governing bodies; (iii) choosing the appropriate legal means to protect the interests of the Company as a result of possible unlawful OGM decisions; (iv) preparing and submitting declarations of debt / other legal papers that need to be prepared; (v) periodically checking of the files for insolvency in Insolvency Bulletin and Courts' Portal and Trade Register website; (vi) the removal of records when companies are de-registered.

Tangible assets of the Company

Lion Capital owns the premises for the conduct of operational and administrative activities of the company located in Arad (headquarters). The company also owns real-estate properties in the cities of Bucharest and Cluj-Napoca, the locations where the company's branches operated. Moreover, following the withdrawal of the contribution in kind to the share capital of the company Azuga Turism, Lion Capital owns a land located in Buşteni. The above-mentioned buildings (except for the headquarters located in Arad, included in the tangible assets) are accounted pursuant to IFRS as investment property at fair value, totalling RON 12,963,374 as of June 30, 2023 (December 31, 2022: RON 12,963,376).

As of June 30, 2023, the net book value (accounting value) of tangible assets in the construction category is of RON 2,594,883. The company carried out the revaluation of tangible assets on December 31, 2019, in view of harmonizing the accounting and the utility values of the tangible assets owned.

The company has no issues concerning the ownership of its tangible assets.

Risk management

Risk management involves verifying the available input data for their assessment as well as complying with the risk limits established by the procedures and the global risk profile. The result of the monitoring is materialized through the periodic reports issued by the Risk Management Department and subject to the information of the senior management (Board and executive directors).

The person in charge of risk management analyses the investment proposals prepared by the Investment Managers to ensure that the risks associated with each investment position and their overall effect on the portfolio correspond to the investment objectives and the risk profile approved by the Board of Directors.

In 2023, the Board of Directors will pay more attention to monitoring the evolution of the risks to which the Fund is exposed, by promoting prudent behaviour and applying preventive measures aimed at mitigating or managing specific risks.

Main risks for the Fund

The significant financial risks to which Lion Capital as AIFRI is exposed are **market risk**, including the subcategories: price / position risk, interest rate risk, currency risk and concentration risk, **liquidity risk, credit and counterparty risk, operational risk**, which includes the subcategories: risk related to technical resources / IT systems, professional risk, model / process risk, risk associated with outsourced activities, money laundering and terrorist financing risk, **sustainability risk, other risks** that include the subcategories: reputational risk, strategic risk, regulatory risk, taxation risk, the risk related to the economic context.

The Fund's exposure to each of the mentioned risks is presented in Note 4 of the *Financial Statements*.

In the analysis of risks and their materialization potential, all significant interests of the Fund were structured according to relevant portfolios of financial instruments in 3 classes of instruments as follows: (i) capital instruments: listed shares, unlisted shares; (ii) debt instruments: government bonds, municipal bonds, corporate bonds, bank deposits (placements), fund units issued by AIF, (iii) derivative instruments for the purpose of risk reduction / hedging / risk management (no such instruments in the portfolio as of June 30, 2023).

For the risks associated with each class of instruments mentioned, the rules of identification, evaluation and monitoring described in the specific approved risk procedures shall apply.

a) Market risk

The Fund is exposed to the risk that the fair value of the financial instruments held fluctuate following the changes in market prices caused either by factors specific to the activity of issuers or by factors impacting all instruments traded on the market. PROXI-85 risk portfolio, a reference for price risk in the traded stock portfolio, is analysed compared to the total risk of the BET-BK index as a forecast of future volatilities.

The market value of PROXI-85 increased in 1H 2023 by approx. RON 80m (+4%) while the portfolio risk decreased compared to the end of 2022, VaR as a percentage of the PROXI-85 portfolio exposure decreased below the 10% level. On 30.06.2023 VaR for the PROXI-85 portfolio was 9.71% of the market value of RON 2,070m. Tracking-error, which indicates active management and represents the risk for the part of the PROXI-85 portfolio different from the BET-BK reference index, was of 5.85% and the *Expected shortfall (Conditional VaR)*, which indicates the potential loss of the portfolio in cases extremes of exceeding the 99% confidence level, was 11.86%, down vs. the data at the end of 2022.

With regard to interest-bearing financial instruments, the Fund's policy is to invest in generally short-term financial instruments, thus partially reducing both the fluctuation risk and the risk of maturity differences (not having debts with maturities of more than 1 year).

The fund is subject to exposure to changes in fair value or future cash flows due to fluctuations in the prevailing levels of market interest rates (ROBOR 3M and EURIBOR 3M). The portfolio of assets and debt instruments includes the bonds issued by Vrancart SA in RON and the loan granted to SIF SPV TWO in EURO (financial asset), the weight of these exposures in the total asset decreased by 3.14% after the repayment of a tranche of the loan granted. Both the bonds and the loan granted fall within the remaining maturity range of up to 5 years.

No derivative financial instruments were used to hedge interest rate fluctuations.

The value of the exposure of the Fund's portfolio to currency risk (financial instruments and assets denominated in euros: shares, loan granted to the subsidiary, as well as monetary instruments: deposits and current accounts) hold a weight of 17.39% of total assets as of June 2023, the exposure limit to currency risk, complying with the established by the global risk profile for a medium-high currency risk appetite.

No exchange rate derivative transactions were carried out during the financial year presented.

The Fund's exposure diversification policy applies to the structure of the portfolio, to the structure of the business model, as well as to the structure of exposures to financial risks.

The first 3 sectors with important weights in the structure of the total assets are the banking sector, investment management and the real estate sector and they amass 66.93% of the total assets decreasing from 67.61% of the total assets in December 2022. The exposure to the banking sector remains important, issuers from the banking sector and financial instruments issued (capital instruments, deposits, and current accounts) have a weight of 33.40% in TA on 30.06.2023. The increase is mainly due to liquidity in current accounts and short-term deposits.

Diversifying the investment allocation by increasing exposure to other sectors (with lower weights or sectors without exposure) remains an objective of the Fund to reduce portfolio concentration risk.

b) Liquidity risk

The Fund maintains a level of liquidity appropriate to its underlying obligations, based on an assessment of the relative liquidity of the assets on the market, prudently considering the period required for liquidation and the price or value at which those assets can be liquidated, as well as their sensitivity to market risks or other market factors.

The liquidity profile of the stock portfolio is largely influenced by the liquidity of the market on which they are quoted, only 10 companies in the portfolio, quoted on the BVB, meeting the liquidity criteria for daily transactions.

The liquidity risk related to the Fund's payment obligations is low, as current liabilities can be immediately covered by the balance of current accounts and short-term deposits. The assessment of the immediate net LCR indicator as of June 30, 2023, is of 51.72, which indicates a higher value of assets compared to the value of current liabilities.

To limit / avoid liquidity risk, the company will permanently adopt a prudential policy regarding cash outflows.

c) Credit risk

The Fund is exposed to credit and counterparty risk as a result of investments made in bonds issued by companies, current accounts and bank deposits, and other receivables. The credit risk is also lowered by placing the funds of the Fund in several banks, the placements being established at the first banking institutions in the system, with a rating similar or close to the country rating (BBB+ and BB+, confirmed by the rating agencies in December 2022 and March 2023).

Credit risk management is carried out by closely and constantly monitoring credit risk exposures so that the Fund does not suffer losses as a result of credit concentration in a certain sector or field of activity.

The evaluation of the counterparty's credit risk indicators depending on the exposure on unlisted or unrated issuers, representing 3.14% of total assets, and depending on the exposure on activity sectors, representing 5.70% of total assets, reveals an expected loss of 0.715% of the exposure value.

No transactions were carried out with derivative financial instruments (quoted or OTC), so the Fund is not subject to counterparty risk.

d) Operational risk

The company's objective is to manage operational risk in such a way as to lead to the limitation of financial losses, not to damage its reputation, to achieve its investment objective and to generate benefits for investors.

The risk limits for the sub-categories of operational risk (legal, professional, process/model and associated with outsourced activities) are established as a result of the assessment of the risk indicator (KRI), the appetite for operational risk being medium.

For the year 2023, based on the value of assets under management as of the last business day of the previous year, Lion Capital was classified by ASF in the medium risk category for the risks generated by IT systems. In March 2023, the internal assessment of operational risks generated by IT systems was carried out in accordance with ASF Norm no. 4/2018 for the year 2022.

In 1H 2023, there were no operational risk incidents generated by IT systems. Between March 14 and June 22, 2023, the mandatory periodic audit of IT systems was carried out according to ASF Norm no. 4 / 2018, the final audit report being presented to the Board of Directors and ASF.

There were no operational expenses associated with operational risks, the approved operational risk tolerance being 1% of NAV within the global risk profile for a medium level risk appetite.

Risk of money laundering and terrorist financing (ML/TF)

The Company makes sure that it takes appropriate measures to identify and assess the risks related to money laundering and terrorist financing, considering the risk factors, including those relating to customers, countries or geographical areas, products, services, transactions, or distribution channels, in proportion to the nature and size of its activity. The assessment of ML / TF risks associated with the clientele of the Company is performed both at the initiation of a business relationship and after the transaction, if during it one of the risk factors changes.

Following the ML/TF risk assessment for the current reporting period, it resulted that all business partners have an inherently low risk (score obtained between 0-5 points). Simplified customer due diligence and normal business relationship monitoring measures have been applied. The total residual risk remaining after internal controls have been applied to inherent risk leads to the conclusion that Lion Capital's exposure to ML/FT risk is low and within the appetite and limits approved by the Board of Directors.

e) Other risks the Company is exposed to

The internal assessment of other types of risks not included in the main categories (market, credit, liquidity, operational) consists in their qualitative assessment depending on the impact it could cause on the income, expenses, and value of Fund's assets.

Lion Capital adopts the necessary measures for the sustainability and development of the company in the conditions existing on the financial market, by monitoring cash flows and the adequacy of investment policies.

Avoiding risks and mitigating their effects are ensured by the Company through an investment policy that complies with the prudential rules imposed by the applicable legal provisions and regulations in force.

During the reporting period, there were no violations of the risk limits at the level of the global risk profile.

Through risk management, both through prior verification of investments and through ex-post monitoring, the Company ensures that the portfolio management is within the appropriate risk parameters.

Internal mechanisms to ensure monitoring of exposure limits

Lion Capital has implemented an internal regulatory framework that defines the processes of monitoring, verification and reporting of investment limits according to the provisions of art. 35 par. (2) of FIA Law 243/2019, approved by the Board of Directors.

Periodic monitoring and reporting

The verification and reporting of compliance with the investment limits is performed monthly, together with the calculation and reporting of the statement of Fund's assets and liabilities, to the senior management and the operational offices. At the request of the depositary bank BCR, this is also sent to them for double verification.

Prior verification at the time of investment

The person responsible for risk management analyses the investment proposals prepared by the Investment Managers to ensure that the risks associated with each investment position and their overall effect on the portfolio correspond to the investment objectives and risk profile approved by the Board.

The risk opinion, in which the investment proposals are analysed and are verified both the compliance with the holding limits specified by art. 35 par. (2) of Law 243/2019 as well as the investment risk limits defined by the global risk profile, together with the Investment Report constitute the documents based on which the investments are approved according to the Decision and Signature Competencies within the Company.

Exposures higher than 10% on instruments issued by the same issuer are on Banca Transilvania SA (largest weight TA of 19.39%) and SIF Imobiliare PLC (weight of 10.19% in TA). These holdings together represent an exposure of 29.58% of the TA, without exceeding the upper limit of 80%.

On 30.06.2023, the Fund holds a total of 9,878,329 shares issued by Depozitarul Central, a stake of 3.9057% of the share capital of the issuer, a total of 142,500 shares issued by the Central Counterparty CCP.RO, a stake of 1.7857% in the share capital of the issuer.

As of 30.06.2023, Lion Capital holds a total of 410,637 shares issued by the market operator Bucharest Stock Exchange, a stake of 5.1016% in the share capital of the issuer.

Throughout the reporting period, the assets portfolio of Lion Capital complied with the legal provisions in force regarding the permitted investments and the holding limits specified by Law 243/2019, Law 24/2017 and ASF Regulation no. 3/2016.

Leverage

By the Simplified Prospectus and the Rules of the Fund, Lion Capital as a AIFRI, has stipulated that it does not use substantially (continuously and consistently) the leverage effect, defined as any method by which the AIFM increases the exposure of an AIF it manages either by loan of cash or securities, or by positions of derivative financial instruments or by any other means, in the process of portfolio

management, respectively the methods used to increase the portfolio exposure will comply with the average risk profile decided.

By the Risk Management Policy and the Authorization Documents as AIFRI, Lion Capital ensures that its overall exposure to derivative financial instruments in the portfolio under management does not exceed the total value of its assets, Lion Capital will not use financing operations through financial instruments and will not invest in Total Return Swap instruments as defined by Regulation (EU) no. 2365/2015. The Fund may not make short sales, defined according to the provisions of Regulation (EU) no. 236/2012 aspects of credit risk swaps, other than for the purpose of hedging (risks).

In 1H 2023, Lion Capital did not use leverage for its portfolio under management, not having the tools to generate such an effect. As of June 30, 2023, the leverage indicator by the gross method had the value of 96.025%, and by the commitment method 100%.

Sustainability Risk – implementing SFDR

According to EU Regulation 2019/2088 on sustainability related information in the financial services sector (Sustainable Finance Disclosure Regulation or SFDR), financial market participants are required to publish information on the integration of ESG risks and opportunities in their investment decisions.

Awareness and application of ESG (environmental, social, governance) criteria in investment and business become essential in the context of risks caused by climate change, adopting, and implementing ESG criteria in investment and business can help minimize these risks and improve long-term performance.

The Fund's strategy regarding the integration of sustainability risk in the investment decision-making process focuses on the objectives of sustainable development, the financial instruments of the issuers for which there is exposure, or the investment is intended being subject to the sustainability testing process based on ESG criteria.

By investing in companies that perform well and in ESG, the Fund will be able to benefit from long-term competitive advantages, reduced risks of decline and strengthened reputation. Good corporate governance enables higher profits, lower expenses, and more innovation. It also reduces volatility by reducing financial risks and lowering funding costs. Companies that adhere to the principles of sustainable development and social and environmental standards will be able to provide high-quality products and services, which in turn will increase customer loyalty and employee motivation.

The fund continuously analyses and evaluates the issuers in the portfolio on ESG criteria based on available ESG scores and their non-financial reports.

Moreover, the qualitative assessment of the sustainability risk at the organizational level will be carried forward, based on the analysis of the impact of the asset management activity on the environment, and the improvement of measures for the management of social aspects, diversity, and sustainable governance.

Other Significant Information

Human resources

The number of Lion Capital's employees as of June 30, 2023, was of 31 persons (45% women, 55% men) with labour contract, of which 22 employed at the headquarters in Arad and 9 at the Bucharest branch. The company's personnel have the required studies, skills, and experience to ensure the conduct of the company's activities in optimal conditions and to meet all the requirements imposed by the specific regulations applicable. For the employees to obtain superior professional performances, in accordance with the internal needs and in close correlation with the legislative changes in the field of investment funds, personal development programs tailored to the specifics of each activity are developed.

The employment relationships are regulated by the Individual Labour Contracts and by the Collective Labour Contract. On August 17, 2022, the Collective Labor Agreement no. 2019 valid for a period of two years was registered at the Arad Territorial Labor Inspectorate. There were no conflicting elements in the relations between management and employees.

The company pays particular attention to the safety and security of employees and offers equal opportunities to all employees throughout the period from employment to termination of employment.

Litigations

As of June 30, 2023, as documented in the records of Lion Capital's Legal Office, the Company was involved in 54 litigations. The Company had locus standi in 42 disputes, passive capacity to stand trial in 10 disputes, and intervenient in 2 litigations.

In most disputes in which the Company acts as plaintiff, the subject of litigation is the annulment / ascertainment of nullity of some decisions of the General Meetings of Shareholders in portfolio companies, recovery uncollected dividends or insolvency proceedings of portfolio companies.

The Public Tender Offer for SIF1 shares

During the period February 16 – March 1, 2023, a public tender offer for SIF1 shares initiated by the Company was conducted, aiming to repurchase a total of 1,870,000 SIF1 shares at a price of RON 2.52 per share.

The public offer, authorized by the Financial Supervisory Authority through Decision no. 123 / 08.02.2023, fulfilled the resolutions of the General Shareholders' Meetings no. 3 dated October 11, 2021, and no. 5 dated April 28, 2022, which approved the implementation of a share buyback program ("Program 4"), targeting the repurchase of 880,000 shares, and a share buyback program ("Program 6"), targeting the repurchase of 990,000 shares, with the purpose of distributing them free of charge to the members of the company's management.

The results of the public share buyback offer were published on March 7, 2023, informing investors that a total of 7,673,570 shares were submitted within the offer, representing 1.5120% of the issuer's share capital (an oversubscription rate of over four times). A total of 1,870,000 shares were repurchased, and the total amount paid was of RON 4,712,400. Following the conclusion of the offer, Lion Capital held 1,870,000 own shares, representing 0.3685% of its share capital.

Fine levied by ASF

The Financial Supervisory Authority communicated to the company, on March 1, 2023, the Decision 199/01.03.2023, by which it fined Bogdan-Alexandru Drăgoi, Chairman – CEO of the Company, because the Company had not notified the issuer about exceeding, in March 2020, the threshold of

5% of voting rights together with SIF Muntenia on Bucharest Stock Exchange (BVB). ASF considers that the two funds are presumed to have acted in concert. The fine was paid within the stipulated time.

Concerning the shares offered to the members of the management structure

Company's Board of Directors approved on March 8, 2023, the offering free of charge to the members of the management structure (administrators, directors) of 990,000 shares in a share-based payment plan of a "Stock Option Plan" type.

The vesting (transfer of shares) will be made when the conditions in the "Stock Option Plan" are met and the option is exercised by each beneficiary, after a term of 12 months has passed since the signing of the payment agreements.

The disclosure document concerning the shares offered or allotted to members of Company's management, prepared as per EU Regulation no. 1129/2017 and ASF Regulation no. 5/2018, is available on company's website, in the *Investor Relations › Continuous Disclosure › 2023*.

Completion of Share-based Payment Plan

On March 14, 2023, the Company informed the shareholders that the beneficiaries of the "Share-based payment plan" (Stock Option Plan), by which 880,000 SIF1 shares were offered to the members of Company's management, as per the resolutions no. 3 and no. 4 adopted by the Extraordinary General Meeting of Shareholders on October 11, 2021, that upon completing the term of 12 months from the signing of the share-based payment agreements, the members of the management structure exercised their right to receive the shares.

The "Disclosure document concerning the shares offered or allotted to members of Company's management" was prepared as per Regulation EU no. 1129/2017 and ASF Regulation no. 5/2018, made public through current report dated March 13, 2023, available on the website of BVB and that of the Company.

Authorization for the change of company name to Lion Capital SA and of Articles of Association

On March 17, 2023, Lion Capital received the Authorization no. 23/16.03.2023 issued by the Financial Supervisory Authority authorizing the changes occurred in the Company's Articles of Association, as per Resolutions no. 2 and no. 3 of the Extraordinary General Meeting of Company's Shareholders of 23.02.2023, including those regarding the change of company name from SIF Banat-Crișana SA to **LION CAPITAL SA**.

The Trade Register Office attached to the Tribunal of Arad released, on March 24, 2023, the Certificate of Recorded Amendments issued on the basis of Decision no. 3610 dated March 23, 2023, as well as the Registration Certificate Series B no. 4692143, by which it was decided the registration in the Trade Register of the amendments regarding the change of the corporate name of the company and the amendments to the Articles of Association.

The Financial Supervisory Authority issued the Registration Certificate of Financial Instruments having no. AC-5739- 1/31.03.2023 regarding the change of corporate name of the company Lion Capital S.A. approved by the EGM Resolution of 23.02.2023.

Starting from March 24, 2023, the date of completion of the mention and registration formalities with the Trade Register, the change of the Company's name from "Societatea de Investiții Financiare Banat-Crișana S.A." to "**Lion Capital S.A.**", as well as the other amendments to the Company's Articles of Association come into force.

First trading session for Lion Capital with the new brand identity and under LION stock symbol

Since May 15, 2023, Lion Capital shares are traded on the Bucharest Stock Exchange under the stock symbol LION. At the beginning of 2023, the company started a process of updating the brand identity, which also involved changing the name of the company from SIF Banat-Crișana to Lion Capital, this fact requiring the change of the stock symbol from SIF1 to LION.

The event of changing the stock symbol was marked by the official opening of the stock market meeting on May 15, 2023, by representatives of BVB, ASF, Lion Capital and other guests, thus celebrating a new stage in the existence of the Fund.

2. THE SHARES ISSUED BY LION CAPITAL

CHARACTERISTICS OF THE SHARES ISSUED BY LION CAPITAL

Total number of issued shares (June 30, 2023)	507,510,056
Outstanding shares (June 30, 2023)	506,520,056
Nominal value	RON 0.1000 / share
Type of shares	common, ordinary, registered, dematerialized, indivisible
Trading market	Regulated spot market of Bucharest Stock Exchange (BVB or BSE), Premium category , listed since November 1, 1999
Trading venue (MIC)	XBSE
BVB (BSE) symbol (ticker)	LION (starting May 15, 2023; prior: SIF1)
ISIN	ROSIFAACNOR2
FIGI ID	BBG000BMN2P1
Part of indices	BVB (BSE) indices: BET-FI • BET-XT • BET-XT-TR • BET-BK • BET-XT-TRN

The shares issued by the Company grant equal rights to all shareholders.

Since its establishment, the Company has not issued bonds or other debt securities.

The shares issued by the Company are freely traded on the regulated market of the Bucharest Stock Exchange, in accordance with the rules established by the market operator, and any individual can acquire shares issued by the Company.

Romanian legislation imposes certain restrictions on the acquisition of shares issued by the Company, as follows:

- The Company is authorized as an Alternative Investment Fund Manager (AIFM), and the provisions of Regulation no. 3/2016 regarding the criteria and procedure for the prudential assessment of acquisitions and increases in holdings in entities regulated by the Financial Supervisory Authority apply, regulation applicable to potential acquirers and significant shareholders within the alternative investment fund managers.
- According to the Regulation, the acquisition of qualified participations in the Company is subject to the approval of the Financial Supervisory Authority. For the purposes of the regulation, a qualified participation means a direct or indirect holding of voting rights or capital in the Company, representing at least 10% of these, or allowing for the exercise of significant influence over the management of the Company.
- For the purposes of the regulation, a potential acquirer is considered to exercise significant influence when their holdings, although below the 10% threshold, enable them to exert significant influence over the management of the Company, such as having a representative on the board of directors. Holdings below 10% are subject to approval requirements, on a case-by-case basis, depending on the Company's shareholding structure and the specific involvement of the acquirer in its management.
- The shares of the Company are listed on the regulated market of the Bucharest Stock Exchange, and the provisions of Law no. 24/2017 regarding issuers of financial instruments and market operations apply in terms of the obligation to conduct a mandatory takeover bid in case the 33% voting rights threshold is reached.

On January 4, 2023, the Company received notifications under Article 71 paragraph (1) of Law 24/2017, regarding the exceeding of the 5% ownership threshold in Lion Capital by the shareholder SIF Muntenia S.A. (5.0734%) and the shareholder Opus - Chartered Issuances S.A. (5.07717%). The Company informed its shareholders about this event in accordance with legal provisions, and the current report was made available on the Company's website and the Bucharest Stock Exchange's website on January 5, 2023.

LION shares on Bucharest Stock Exchange (BVB/BSE)

Until the session of May 10, 2023, the stock symbol of the shares issued by the Company was SIF1, and starting from the session of May 15, 2023, Lion Capital shares are traded on the Bucharest Stock Exchange under the stock symbol LION.

The liquidity of the shares issued by the company was much lower compared to the similar period of 2022, in 1H 2023, a total of 2,834,165 shares were traded, representing 0.558% of the total issued securities, the total value of the traded shares was of RON 6,897,980. On the DEAL and POF market, transactions were carried out with 2,179,329 shares amounting to RON 5,460,976.

Of the 123 trading sessions, 50 were with positive variations (maximum +3.31% on February 28) and 47 days with negative variations (minimum -2.86% on June 21)

The highest closing price at which the LION share were traded in 1H 2023 was of RON 2.5000 per share, in the session of February 28, and the lowest closing price was of RON 2.3400 per share, in the session of June 28 June, the trading range between the highest and the lowest of the period being 7%. The average price of the period was of RON 2.4339 per share.

LION shares declined by -4.08% YtD, during this period the BET-BK index rose by +3.39% and the BET-FI index declined by -4.11% in 1H 2023.

On June 30, 2023, the market capitalization calculated for all the shares issued by the company was of RON 1,192.65 million lei, and for the outstanding shares it was of RON 1,190.32, calculated using the closing price.

Bucharest Stock Exchange (BVB) indices including LION shares

BET-FI • BET-BK • BET-XT • BET-XT-TR • BET-XT-TRN

BET-FI (BUCHAREST EXCHANGE TRADING – INVESTMENT FUNDS) is the first sectorial index of BVB and reflects the overall trend of prices of financial investment funds traded on the BVB regulated market. Change of BET-FI in 1H 2023: -4.11%. Weight of LION in BET-FI: 17.49% (June 2023).

BET-BK (BUCHAREST EXCHANGE TRADING BENCHMARK INDEX) is a price index weighted by the free-float capitalization of the most liquid companies listed on the regulated market of BVB, which can be used as a benchmark by fund managers, and other institutional investors, the calculation methodology reflecting the legal requirements and the investment limits of funds. Change of BET-BK in 1H 2023: +3.39%. Weight of LION in BET-BK: 2.45% (June 2023).

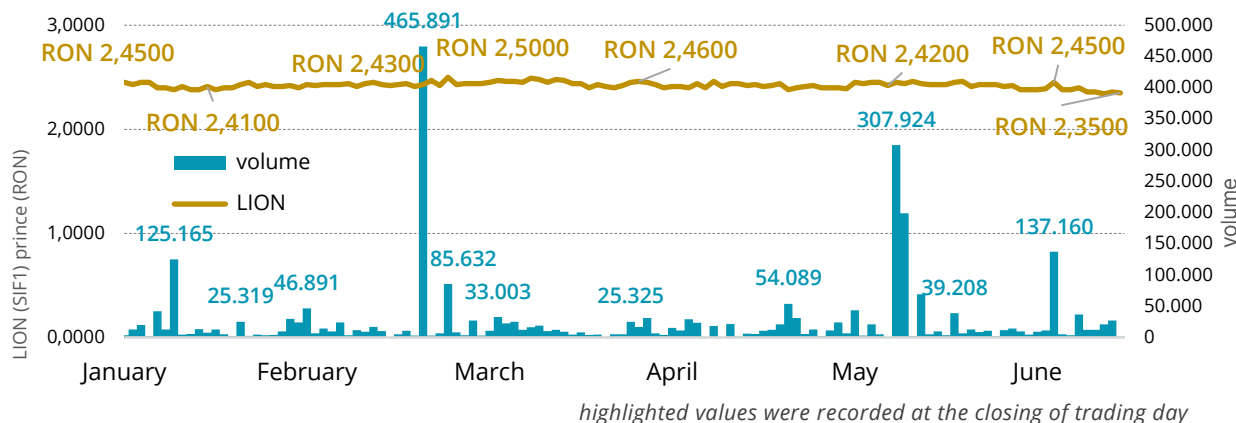
BET-XT (BUCHAREST EXCHANGE TRADING EXTENDED INDEX) is a blue-chip index and reflects the evolution of the prices of the 25 most liquid stocks traded in the regulated market, including the alternative investment funds, the maximum weight of a ticker in the index being of 15%. Change of BET-XT in 1H 2023: +3.41%. Weight of LION in BET-XT: 2.47% (June 2023).

BET-XT-TR (BUCHAREST EXCHANGE TRADING EXTENDED TOTAL RETURN) is the total return version of BET-XT index, which includes the 25 most traded Romanian companies listed on BVB, tracking the price changes of its constituent companies, and is adjusted to also reflect the dividends paid by them. Performance of BET-XT-TR in 1H 2023: +6.19%. Weight of LION in BET-XT-TR: 2.46% (June 2023).

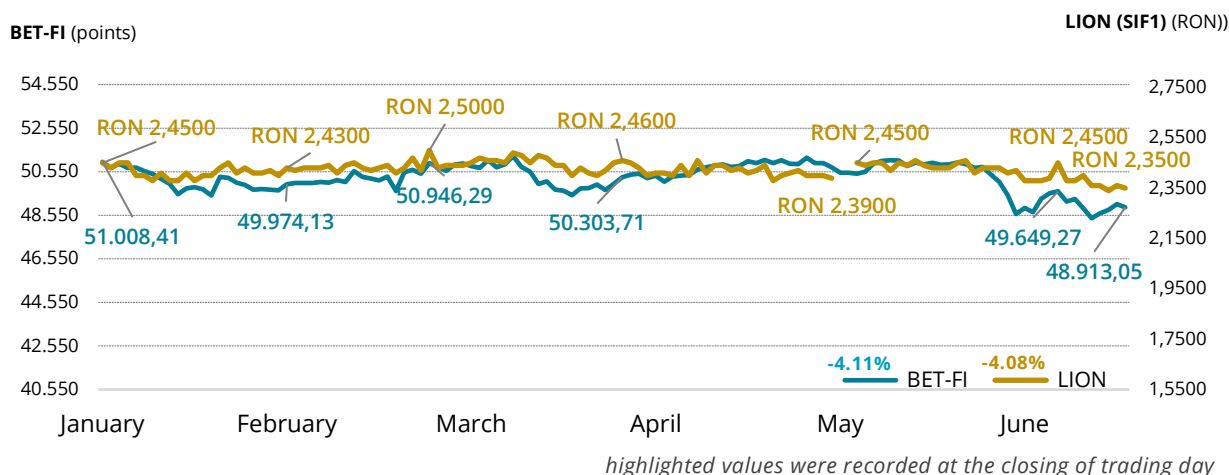
BET-XT-TRN (BUCHAREST EXCHANGE TRADING EXTENDED NET TOTAL RETURN) is the net total return version of market reference index BET. BET-TRN tracks the price performance of its constituent companies and is adjusted to reflect the reinvestment of the net dividends paid by them. Performance of BET-XT-TR in 1H 2023: +5.96%. Weight of LION in BET-XT-TR: 2.46% (June 2023).

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LION (SIF1) PRICE AND VOLUME IN 2023

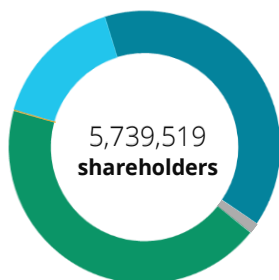


LION (SIF1) vs. BET-FI PERFORMANCE DURING 2023



As of June 30, 2023, Lion Capital has 5,739,519 shareholders, according to the data reported by Depozitarul Central SA Bucharest, the company keeping the shareholders registry. Lion Capital holds 990,000 treasury shares, acquired under the public tender offer carried out between February 16 and March 1, 2023, based on the buyback programs approved by EGM Resolutions no. 3 of October 11, 2021, and no. 5 of April 28, 2022.

SHAREHOLDERS' STRUCTURE as pe holdings as of June 30, 2023



- 39,26%
Romanian individuals
(5,737,253 shareholders)
- 43,55%
Romanian legal entities
(110 shareholders)
- 0,19%
Lion Capital
(0,99 m treasury stock)
- 1,23%
non-resident individuals
(2,134 shareholders)
- 15,77%
non-resident legal entities
(21 shareholders)

The Ordinary General Meeting of Shareholders on April 27, 2023, approved the distribution of the net profit related to the financial year 2022, in the amount of RON 95,467,148, to *Other reserves*, as own sources of financing, without distribution of dividends.

Dividend distribution from the net profit of the Company for the last four financial years

Financial year for which the distribution was made	2020	2021	2022
Net Profit (RONm)	92.12	387	95.47
Total number of shares	515,422,363	515,422,363	507,510,056
Gross dividend payable* (RONm)	-	30.45	
Net dividend payable (RONm)	-	29.24	
Gross DPS (RON)	-	0.06	
Paid dividends**	-	65.95%	

* as per the approval of the Ordinary General Meeting of Shareholders

** percentage of amounts paid as of June 30, 2023, of total net dividend payable

3. CORPORATE GOVERNANCE

Lion Capital is committed to uphold and develop the best practices of corporate governance, thus ensuring an efficient decision-making process, leading to the long-term viability of the business, achieving the objectives of the company, and creating sustainable value for all stakeholders (shareholders, management, employees, partners, and authorities).

The Corporate Governance Regulation of Lion Capital is available for consultation on company's website, at www.lion-capital.ro, in the *Corporate Governance* section.

The status of compliance with the provisions of the Corporate Governance Code issued by Bucharest Stock Exchange Code was presented in the Board of Directors' annual report for 2022, available on company's website, in *Corporate Governance* section. The same section hosts Lion Capital's statement on the application of corporate governance principles, prepared pursuant to the annex of the ASF Regulation no. 9/2019, settling the unitary regulatory framework for the implementation of corporate governance principles to entities authorized, regulated, and supervised by ASF.

Company's management and leadership

Pursuant to its Articles of Association, Lion Capital is administrated under a unitary system, a system capable of ensuring an efficient operation of the Company, in accordance with the objectives of good corporate governance and the protection of the shareholder's legitimate interests.

During 1H 2023 there were two amendments made to the constitutive acts of Lion Capital, namely:

- on March 24, 2023 (registration with the Trade Register of the recorded amendments regarding the change of the company's name, from "Societatea de Investiții Financiare Banat-Crișana S.A." to "**Lion Capital S.A.**", in accordance with the Resolution of the Extraordinary General Meeting of Shareholders no. 2 of dated 23.02.2023 and of the Articles of Association updated with the amendments brought by the resolution of the Extraordinary General Meeting of Shareholders no. 3 of 23.02.2023, according to ASF Authorization no. 23/16.03.2023)

Starting from March 24, 2023, the new name - **Lion Capital S.A.** – is used in all documents emanating from the company, including those that were used during the general meetings of shareholders on April 27, 2023.

- on May 26, 2023 the registration with the Trade Register of the amendments made to the Company's Articles of Association, in accordance with resolution no. 3 of the Extraordinary General Meeting of Shareholders of Lion Capital SA of 27.04.2023, according to ASF Authorization no. 73/18.05.2023).

The company has fulfilled all the legal requirements for advertising and informing shareholders about these events. The updated Articles of Association of Lion Capital are available on the Company's website at www.lion-capital.ro, Corporate Governance section.

The General Meeting of Shareholders

During 1H 2023, three general meetings of the Company's shareholders took place:

- The Extraordinary General Meeting of Shareholders held on February 23, 2023, approved: changing the name of the company from "Societatea de Investiții Financiare Banat-Crișana S.A." to "Lion Capital S.A.", as well as the corresponding amendment to Article 1, paragraph (1) of the Company's Articles of Association regarding the company's name, and other modifications and amendments to the Articles of Association of the company.
- The Ordinary General Meeting of Lion Capital Shareholders held on April 27, 2023, approved: (i) the standalone and consolidated financial statements for the financial year 2022, including the remuneration report of SIF Banat-Crișana for the year 2022, in accordance with the provisions of Article 107, paragraph (6) of Law no. 24/2017 republished, attached to the annual report of the Board

of Directors; (ii) the allocation of the net profit for the financial year 2022, amounting to 95,467,148 lei, to Other reserves as own sources of funding; (iii) the discharge of liability of the administrators for the activity carried out in the financial year 2022; (iv) the Budget of Revenues and Expenses and the Activity Program for the year 2023; (v) the remuneration due to the members of the board of directors for the financial year 2023; (vi) the general limits of all additional remunerations of the board of directors' members and the general limits of directors' remuneration for the financial year 2023.

- The Extraordinary General Meeting of Shareholders held on April 27, 2023, approved: (i) the amendment of Article 6, paragraph (6), Article 7, paragraph (5), Article 7, paragraph (14), Article 7, paragraph (15) of the company's Articles of Association; (ii) the implementation of Buyback Program 7 for 990,000 shares, in compliance with applicable legal provisions; (iii) the use of shares acquired under Buyback Program 7 for the purpose of distributing them free of charge to the members of the Company's management (administrators, directors), within a "Stock Option Plan," in accordance with the current legislation.

All documents related to the organization and conduct of the general meetings of shareholders, as well as the adopted resolutions, are available on the company's website, www.lion-capital.ro, in the *Investors Relations* › *General Meeting of Shareholders* section.

The Board of Directors

During 1H 2023 there were no changes to the management structure of Lion Capital.

Lion Capital is under the management of a Board of Directors (i.e. administrators) comprised of five members, elected by the ordinary general meeting of shareholders for a mandate (term of office) of four years, with the possibility of being re-elected, having decision-making powers regarding the administration of the Company in the period between the general meetings of shareholders, except for the decisions that the law or company's Articles of Association provide exclusively for the general meeting.

Thus, during January 1 and June 30, 2023, the composition of the Board of Directors was the following: Mr. Bogdan Alexandru DRĂGOI – Chairman and CEO, Mr. Radu Răzvan STRĂUȚ - Vice Chairman, Mr. Sorin MARICA - Member, Mr. Marcel Heinz PFISTER – member and Mr. Ionel Marian CIUCIOI - member.

During 1H 2023, the Board of Directors of Lion Capital met in 20 sessions, pursuant to the statutory provisions.

The convening of the board members was made as per the internal procedure on the convening and conducting the meetings of the Board of Directors.

The presence of Board members at meetings held during 1H 2023 was in accordance with the legal provisions. The meetings were chaired by Mr. Bogdan-Alexandru Drăgoi, Chairman of the Board, or by Mr. Radu-Răzvan Străuț, Vice-Chairman of the Board of Directors.

During 1H 2023, the Board of Directors issued a total of 60 decisions concerning the current activity of the company. All decisions were taken by the vote "for" of the majority of those present.

Of the 60 decisions issued by the Board of Directors during the period under review:

- 21 decisions had well defined objective, requiring its fulfilment,
- 39 were resolutions for the approval of procedures, mandatory reports, and activity reports:
 - 11 decisions for the approval of internal regulations and working procedures,
 - 28 decisions for the approval of the mandatory periodical reports: annual, half-yearly and quarterly periodic reports submitted to ASF, BVB, MFP and for the approval of activity reports of administrators, departments, directions, and offices.

From the analysis of the way in which the decisions taken by the Board of Directors were fulfilled, it results that they were fully implemented.

Advisory Committees

During 1H 2022, the Board of Directors was assisted in fulfilling its responsibilities by the following advisory committees:

The Audit Committee, operating in the following composition: Mr. Marcel PFISTER – chairman of the committee, Mr. Sorin MARICA – member, and Mr. Ionel Marian CIUCIOI - member. In 1H 2023, the Audit Committee prepared the *Report on the activity of the Audit Committee for the year 2022* accompanied by the *Evaluation of the risk management and internal control system for the year 2022*, the documents submitted to ASF in accordance with the provisions of the ASF Rule no. 13/2019.

The Nomination and Remuneration Committee, operating in the following composition: Mr. Sorin MARICA – Chairman of the Committee, Mr. Marcel PFISTER – member and Mr. Ionel Marian CIUCIOI – member. *The annual report of the Nomination and Remuneration Committee for the year 2022* was prepared and published in March 2023 together with the 2022 Annual Report of the Board of Directors, being presented to the Ordinary General Meeting of Shareholders on April 27, 2023.

The executive management

The effective management of the Company is performed by Executive Directors appointed by the Board of Directors, in accordance with the Company's bylaws and applicable regulations so that everyday management of the Company to be provided, at any given time, by at least two persons.

During 1H 2023 no changes occurred in the composition of executive team.

As of June 30, 2023, the composition of the executive team of Lion Capital is the following: Mr. Bogdan-Alexandru Drăgoi – Chairman - CEO; Mr. Radu Răzvan Străuț – Vice-Chairman, Deputy General Director; Mrs. Teodora Sferdian - Deputy General Director, and Mr. Laurențiu Riviș - Director.

The Ordinary General Meeting of Shareholders of April 27, 2023, approved:

- the remuneration due to the members of the Board of Directors for the financial year 2023, at the level established by the resolution of the OGM of April 26, 2016 (at the level of RON 10,000, net amount);
- the general limits of all the additional remuneration of the members of the board of directors and the general limits of the directors' remuneration for the financial year 2023, at the level established by AGOA decision no. 7 of April 27, 2020 (at the level of 0.42% of the annual average net asset value);
- the remuneration report of SIF Banat-Crișana for the year 2022, prepared in accordance with the provisions of art. 107, par. (6) from Law no. 24/2017 republished, annex to the annual report of the Board of Directors.

The full version of the Resolutions adopted by the EGM of April 27, 2023, is available for consultation on the Company's website, at www.lion-capital.ro, in the *Investor Relations* section.

Description of the main elements of the internal control systems and risk management

Risk management system

Lion Capital applies the Significant Risks Management Policy and Work Procedures on their identification, assessment, measurement and control, documents approved by the company's Board of Directors.

The board of directors approves the Fund's appetite and risk tolerance limits and, together with the executive management, ensures their application at the Lion Capital level by using appropriate techniques, tools, and mechanisms.

The assessment of the effectiveness of the risk management system adopted by Lion Capital is carried out by the Board of Directors at least every six months based on the risk reports, depending on the policies, procedures and controls carried out.

The permanent risk management function has a key role in defining the risk policy, monitoring, and measuring risks, ensuring ongoing compliance of the level of risk with the Company's risk profile assumed by the Board of Directors. The person in charge of the administration has access to all relevant information and provides to senior management up-to-date information on the basis of which prompt remedial actions could be taken, if necessary.

Mrs Adina Eleonora Hodăjeu holds the position Responsible Person for risk management in Lion Capital, registered in ASF Registry under number PFR13.2FARA / 020053.

The fulfilment of the risk management function is periodically examined by the internal and external audit function.

The company's management structure, through the Board of Directors and the Audit Committee, approves and periodically reviews both the risk strategy and the significant risk management policy.

The significant risk management **strategy** is based on risk management objectives and follows three parameters: risk appetite, risk profile and risk tolerance. The strategy of Lion Capital's Board of Directors is to assume a **medium-level risk appetite**.

This objective takes into account the fact that, in conditions of economic difficulties, the Fund will objectively accept a higher level of risk arising from the existing exposures of the portfolio but will take all necessary measures to reduce the risk appetite for new (future) exposures.

The objectives of the Risk Management department for the year 2023 have in mind both the identification of risk-generating situations in the activity associated with the administration of the Lion Capital portfolio and its secondary risks, as well as the assessment of risks with strict compliance with the regulations specific to the field of activity (both local and directives and European regulations) and the adequacy of work procedures to the new regulations regarding the activity of the AIFM/AIF.

The action plan for ensuring the continuity of the risk management activity for 2023 was approved by the Board of Directors in January 2023.

Risk profile and risk limits

Risk appetite indicates the level of risk that the Fund is willing to accept, having two components: (i) the level of risk related to existing exposures and (ii) the level of risk related to future exposures.

In June 2022, the Board of Directors approved maintaining the risk appetite at a medium level for the period July 2022 - July 2023.

Limits and risk profile

The risk management policy is based on a system of limits used to monitor and control significant risks, according to the risk profile and the approved investment strategy. At the level of the Fund's

portfolio, the risk limits cover the following risks: market risk, liquidity risk, credit and counterparty risk and operational risks and other types of risk, these being evaluated through the risk profile.

The risk profile is assessed quarterly in the periodic risk reports and is monitored in relation to the objectives regarding the established risk level. Depending on the evolution of the risk profile in relation to these objectives, as well as the temporal dimension of a certain evolution (for example: the period in which the risk exceeds a certain level), the company can order measures to correct or control the risk factors. The risk profile includes the influence of the entire risk portfolio.

The Board of Directors approved in June 2022 maintaining the Company's **global risk classification at MEDIUM level** in the period July 2022 - July 2023 (until the next annual assessment), if, following periodic monitoring, no need to change them is found.

Compliance check function

Lion Capital has implemented in its functional structure and permanently and operationally maintains the function of compliance checking, carried out independently of other activities, subordinated to the Board of Directors, having as main responsibilities:

- to regularly monitor and evaluate the effectiveness and adequacy of the implementation of the control measures and procedures established, as well as the measures available to resolve any situations of non-fulfilment of company's obligations;
- providing consultancy and assistance to the relevant persons responsible for carrying out the services and activities to comply with the requirements imposed on the company in accordance with the legal provisions and regulations of the Financial Supervisory Authority.

The activity of the Compliance Office was carried out during 1H 2023 pursuant to the Plan for Investigation and control for the year 2023 approved by the Board of Directors of the Company, of the ASF regulations, the work procedures, and internal regulations.

The matters addressed were: control of compliance with the regulations in force specific to the capital market and/or internal procedures, ensuring the company and personnel are informed about the legal regime of the capital market, endorsement of the documents submitted by the Company to ASF in order to obtain the authorizations provided by ASF regulations, endorsement of the reports submitted to the capital market entities and ASF, endorsement of the informative and advertising materials of the company, other activities related to the company and personnel complying with the legislation in force on the capital market and of internal regulations.

As part of the compliance control/verification activity, during 1H 2023, the following were addressed:

- the manner in which the legislation specific to the capital market and the work procedures are respected in the activities of preparing, filing and publishing the mandatory reports, preparing and filing the list of persons with access to privileged information, requesting ASF notices;
- the way in which the specific legislation of the capital market and the working procedures in the activity of the Information Technology Department are respected.

Following the control/verification of compliance activities, it was found that within the activities subject to control, the legislation in force, regulations and internal procedures are respected. Based on the control/verification of compliance actions, recommendations were made to improve the activity and work procedures.

Resolution of petitions

The shareholders might, in case they have any dissatisfaction with the activity of the company, provided based on the legislation in force or the information provided by the company following their requests, to address Lion Capital through a petition. The method of solving the petitions submitted by the shareholders is the one established by the ASF Regulation no. 9/2015, and the procedure to be

followed is published on company's website. In accordance with the provisions of the regulation, the unique register of petitions in secure electronic format was set up, in which the transmitted petitions, the problems addressed, and the way of solving are registered. The register of petitions is managed by the representative of the office. During 1H 2023, there were no petitions recorded.

Mr Eugen Cristea holds the position of compliance officer, authorized by ASF Authorization no. 80/09.03.2018, registered in ASF Registry under number PFR13.1RCCO/020007.

By ASF Authorization no. 155 of 15.11.2022, Mr Păunel-Ilie Gavra was authorized as the company's compliance officer and is registered in the public register of the ASF under no. PFR 14 RCCO/020030.

Completing the compliance department with two members ensures the permanence of this key function and the optimal performance of regulated duties and responsibilities.

Internal Audit

Company's activities are subject to a periodic internal audit, in order to provide an independent assessment of its operations, the control and management processes, evaluating the possible risk exposure on various activity segments (asset security, compliance with regulations and contracts, integrity of operational information and financial, etc.), making recommendations for the improvement of the systems, controls and procedures to ensure the efficiency and effectiveness of the operations, and monitoring the corrective actions proposed and the results obtained.

The activity of internal audit is carried out based on an audit program prepared in accordance with the objectives of the company, endorsed by the Audit Committee and approved by the Board of Directors.

The internal audits missions carried out in 1H 2023 addressed:

- securities trading, compliance with the short-term investment policy and approved work procedures;
- compliance with the procedure regarding conflicts of interest, respectively conflicts of interest in which the members of Company's management and certain categories of employees are involved;
- compliance with work procedures related to economic and administrative activities, including the inventory of patrimony. Compliance with the procurement procedure and the conclusion of contracts in which the Company is a party;
- assessment of the internal control system in 2022
- drawing up the annual report on the internal audit activity in 2022.

The audit reports comprising the mission, its findings, conclusions, recommendations, and proposals of the Internal Auditor were presented to the Audit Committee and the Company's Board of Directors. There were no significant situations identified to require the intervention of the Board of Directors.

Internal Audit considers that the activities and operations conducted by the Company in 1H 2023 subject to the audit, are consistent with the policies, programs, and management of the company, pursuant to the legislation and internal regulations.

The activity of internal audit for Lion Capital is outsourced to the firm New Audit SRL from Arad – whose legal representative is Mrs Mariana Dumitrescu, notified to ASF.

Conflict of interests, transactions of insiders and corporate information regime

Conflict of interests

The Fund applies internal rules and procedures aimed at avoiding conflicts of interest, by implementing appropriate measures in relation to the nature, size and complexity of the activities carried out. To avoid potential conflicts of interest, the Board members and executive directors of the company must comply with at least the following requirements without being limited to them:

The members of the Board of Directors must meet the conditions set out in the republished Law no.

31/1990 and the capital market legislation and may not be members of the board of directors / supervisory board or directors / members of the board of directors of another AIFM / investments management company / investment companies or of the depositary of assets of the Fund, must not be members of the board of directors / supervisory board of an SSIF (broker) with which the Fund has concluded a financial intermediation contract and must not be employed or have any kind of contractual relationship with another investment management company or with an investment company, with the exception of other entities belonging to the same group.

The directors of the company as well as the persons replacing them may not be members of the board of directors / supervisory board or directors / members of the board of directors of another AIFM or of the custodian of Fund's assets, must not be members of the board of directors / supervisory board, directors or members of the board of directors of a financial investment services company (SSIF, brokers) with which Lion Capital has entered into a contract and must not be employed or have any contractual relationship with another AIFM, with the exception of other entities belonging to the same group. Through the internal policies, rules, and procedures, as well as through the functional organization adopted, the Fund considers that the relevant persons involved in the various activities that encompass a risk of conflict of interest to carry out these activities with an adequate degree of independence.

The internal policies, rules, and procedures to be complied with aim at ensuring the degree of independence necessary for the prevention and management of conflicts of interest, as follows:

- the procedures provide for measures to prevent and control the exchange of information between relevant persons involved in the portfolio management activities or in other activities involving a risk of conflict of interest if the exchange of information may harm the interests of the Company or its shareholders;
- specific internal procedures regulate the confidentiality of information and the circulation of documents in physical and electronic format; for accessing the documents in the computer system, access levels are established;
- established assignments and responsibilities shall prevent the simultaneous or consecutive involvement of a relevant person in portfolio management, control or risk management activities for the proper management of conflicts of interest;
- from an organizational point of view, the functions regarding the decision, execution and supervision of the activity are separated so as to avoid the execution by the same person of tasks that may result in undetectable errors or activities that expose the company to risk;
- the directors will take decisions in the interest of the Company and will not take part in the debates or decisions that create a conflict between their personal interests and those of the Company or of some companies controlled by this;
- each member of the Board will ensure the avoidance of any direct or indirect conflict of interests with the Companies or the companies under its control;
- each administrator shall inform the Board of Directors upon conflicts of interest, as they arise and shall refrain from debating and voting on the respective matters, in accordance with the relevant legal provisions;
- it is forbidden for the members of the Board, directors or any other person with whom the Company has an employment contract, to disseminate information on the transactions that the Company intends to carry out with financial instruments in its portfolio;
- in order to identify situations of a possible conflict of interest, in which an administrator or employee of the company may have a material interest on his behalf or of third parties, there is an obligation that employees / directors / administrators communicate to the company the activities and interests outside the company by filling in the form "Declaration of external interests" - which is filled in at the beginning of the relations with Lion Capital and is updated periodically or whenever the situation requires it.

If conflicts of interest arise, the Company ensures the correct management / administration and in the general interest of its shareholders.

Corporate information regime

The members of the Board, executive directors, and employees of Lion Capital are bound to keep the confidentiality of the documents and corporate information/data and comply with the Code of Ethics and Business Conduct and with the procedures approved by the Board of Directors concerning corporate information.

The Board of Directors adopted procedures regarding the Company's internal circuit of the documents and the disclosure to third parties of documents and information concerning Lion Capital, giving special importance to inside information - as defined by Law no. 24/2017 and European regulations, that may impact the market price of the shares issued by the Company.

The company must inform the public and ASF, thereupon, on privileged information directly concerning it. Postponement of public disclosure of inside information is made under the conditions specified by the applicable law, provided the confidentiality of such information.

In application of the provisions of the national and European regulations, namely ASF Regulation no. 5/2018, EU Regulation 596/2014 and EU Regulation 347/2016, the company establishes and permanently updates the list of persons having access to inside information regarding the Company. The list of persons with access to inside information regarding Lion Capital shall be communicated to the Financial Supervision Authority upon its request.

Transactions of persons having access to privileged information (transactions of insiders)

Internal procedures prohibit the members of the board of directors, the directors of the company, as well as by any person with whom the Company has concluded an employment contract to use "inside information" related to the investment policy of Lion Capital, when they perform transactions with financial instruments in their own portfolio ("personal transactions").

The company has established internal rules and procedures for personal transactions. Any personal transaction carried out by a person with access to inside information shall be notified in advance to the Compliance Office of the company in order to verify its compliance with the requirements regarding the avoidance of conflicts of interest. Transactions performed are notified to the Compliance Office, to be recorded in the personal transaction log, a register managed by the compliance officer.

Transactions of the management

In accordance with the provisions of the internal rules and procedures and of EU Regulation no. 596/2014 and EU Regulation no. 523/2016, the persons discharging managerial responsibilities or persons closely associated with them notify the company about each transaction carried out on their behalf in connection with the shares or debt securities of Lion Capital. This provision applies to any subsequent transactions once the amount of EUR 5,000 has been reached during a calendar year. The threshold of EUR 5,000 is calculated by summing up all transactions since the beginning of the calendar year without offsetting them. For transactions with other securities, the internal rules and procedures concerning personal transactions are applicable.

Notified transactions are recorded in the personal transaction log managed by the Compliance Office.

The transactions with shares issued by the Company carried out by the management during 1H 2023 were reported in accordance with the legal provisions and are available for consultation on the company's website, www.lion-capital.ro, in the section dedicated to *Investor Relations*, subsection *Continuous Disclosure*, year 2023.

Treatment applicable to transactions with affiliated entities

The company has the obligation to publish a report in case the Board of Directors approves a significant transaction with affiliated parties. Law no. 24/2017 on issuers of financial instruments and market operations provides for this reporting obligation in the case of significant transactions, viz. a transaction whose individual or cumulative value represents more than 5% of the company's net assets according to the latest published financial statements.

If significant transactions are concluded with affiliates, at the end of each semester, the financial auditor is required to review the company's reported transactions during the semester and prepare a report assessing whether the transaction is fair and justified for the company and non-affiliated shareholders, including minority shareholders.

During 1H 2023, the Company did not carry out any significant transactions with related parties that would impose the legal obligation to report.

Protection of personal data

Lion Capital legally processes the personal data to which it has access (e.g. based on the consent of the individual, a contract, legal obligations, legitimate interests of the Company), in order to ensure access to the Company's website and the transmission by the Company of the answers to the requests of the visitors of the Company's website, in compliance with the provisions of Regulation (EU) no. 2016/679 on the protection of individuals with regard to the processing of personal data and on the free movement of such data and repealing Directive 95/46 / EC.

Through its own website, www.lion-capital.ro, or through the communications sent to its email addresses, Lion Capital may collect personal data either as an entity regulated / authorized / supervised by ASF, either as an issuer of securities listed on the regulated market, or as a contractual partner, or in other particular cases, which may exceptionally arise in the activity of the Company. Lion Capital ensures the confidentiality of the information brought to its knowledge, within the framework of this obligation, by undertaking to protect and properly use the personal information provided by data subjects or a third party.

Anti-corruption measures

Lion Capital complies with the ethical and moral standards, permanently being engaged in implementing the necessary measures to prevent situations of abuse in the company's relations with all categories of collaborators, as well as in portfolio management, fund management and investment process. Lion Capital has developed and implemented reference documents dealing with, among other aspects, anti-corruption policies and procedures, namely: *Corporate Governance Code*, *Internal Regulations*, *Internal Regulations* and *Policy on Corporate Social Responsibility*.

These documents focus on the principles on which the company's policy is based in terms of anti-corruption measures, ethics, and business morality, embracing these values being essential, all decisions of the company's management are in accordance with the provisions and recommendations contained in the listed documents.

Internal reporting (whistleblower)

The company permits the internal reporting, by its employees, of the violation of capital market regulations and internal procedures through a specific, independent, and autonomous channel implemented through the e-mail system.

The compliance officer shall have access to the reports submitted for further verification and the preparation of reports to senior management with proposals for remedying the reported situations.

There were no complaints or notifications received through this channel during 1H 2023.

Engagement policy

Engagement policy and principles on exercising the voting rights for the portfolio under the management of Lion Capital is available on Company's website, complying with the provisions of Law no. 24/2017 on the issuers of financial instruments and market operations, republished.

The policy was prepared in accordance with the provisions of Law no. 24/2017 republished and of EU Directive 828/2017 amending EC Directive 36/2007 regarding the encouragement of long-term shareholder involvement.

The purpose of the engagement policy is to establish the rules under which Lion Capital exercises the voting rights attached to the financial instruments held in the portfolio and to demonstrate how it incorporates shareholder participation in its investment strategy.

Social responsibility

Lion Capital's social responsibility is also expressed using procedures of appropriate management of environmental issues, responsible management of personnel, ensuring safety standards in the workplace, and in general by conducting socially responsible business practices.

Lion Capital's policy on corporate social responsibility is published on company's website, www.lion-capital.ro, in the section dedicated to *Corporate Governance*.

4. FINANCIAL POSITION AND RESULTS AS OF JUNE 30, 2023

Lion Capital has prepared the financial statements as of June 30, 2023, pursuant to Rule no. 39/2015 for the approval of accounting regulations in accordance with the International Financial Reporting Standards applicable to entities authorised, regulated, and supervised by the Financial Supervisory Authority, operating in the Financial Instruments and Investments Sector.

The interim condensed financial statements as of June 30, 2023, are not audited, as there is no legal or statutory requirement.

The following present information the main elements of the financial position and results of the Company as of June 30, 2023:

4.1 Condensed separate statement of financial position

Separate statement of financial position - extract		
<i>denominated in RON</i>	30/06/2023	31/12/2022
Assets		
Cash, cash equivalents and bank deposits	205,957,465	26,615,152
Financial assets at fair value through profit and loss (FVTPL)	1,712,942,247	1,723,810,844
Financial assets at fair value through other comprehensive income (FVTOCI)	1,664,133,630	1,624,523,020
Investment property and tangible assets (property, plant, and equipment)	16,542,547	16,674,856
Other assets	5,570,144	13,639,280
Total assets	3,605,146,033	3,405,263,152
Liabilities		
Deferred income tax liabilities	145,503,108	136,546,721
Dividends payable	9,956,746	10,042,310
Other liabilities, deferred income	4,345,198	15,820,936
Total liabilities and other liabilities	159,805,052	162,409,967
Equity		
Share capital	50,751,006	50,751,006
Treasury shares	(2,494,800)	-
Losses from repurchase of own shares	(31,973)	-
Benefits granted in equity instruments	808,500	2,000,537
Other reserves	1,699,567,035	1,604,099,887
Reserves from revaluation of tangible assets	1,176,569	1,176,569
Legal reserves	10,150,201	10,150,201
Reserves from valuation of financial assets at FVTOCI	800,101,765	741,827,359
Retained earnings	885,312,678	832,847,626
Total equity	3,445,340,981	3,242,853,185
Total liabilities and equity	3,605,146,033	3,405,263,152

The cash and cash equivalents include all of the Company's liquid investments in fixed-term bank deposits, current accounts, and cash. Their level has significantly increased compared to the end of 2022, as a result of the receipts generated in the first 6 months of 2023 from the sale of financial assets (RON 104.5m), the repayment of RON 44.5m from the loan granted to SIF Spv Two, and from dividends. This increase has occurred while share acquisitions remained insignificant.

The category of *Financial assets at fair value through profit or loss* encompasses the Company's holdings of equity instruments in subsidiaries that were deconsolidated starting from the 2018 financial year (according to IFRS 10), equity investments in associates (according to IAS 27), investments in units issued by closed-end investment funds and open-end alternative funds, the Company's placements in fixed-income instruments issued by subsidiaries, and the loan granted to a subsidiary. The slight

decrease in this category compared to the end of 2022 is primarily due to the sale of a subsidiary and the repayment of a portion of the loan granted to a subsidiary. This decrease was partially offset by the favourable market value changes in subsidiaries, associates, and fund units.

Financial assets at fair value through other comprehensive income include the Company's investments in financial assets for which the Company's management has chosen the irrevocable option to reflect changes in fair value within other comprehensive income. This category includes listed and unlisted equities and participations in subsidiaries that will continue to be consolidated by Lion Capital SA (SAI Muntenia and Administrare Imobiliare SA). The increase compared to December 31, 2022, in this category is due to the rise in market value of listed minority interests (particularly shares in companies within the financial, hospitality, and extractive industries). This development is all the more noteworthy since, as a consequence of financial asset sales conducted in the first half of 2023, an amount of RON 63.9m (representing the book value of assets at the date of sale) was derecognized from this category.

Investment Property and Property, Plant and Equipment stood at the same level as at the beginning of 2023. This category includes investment property amounting to RON 13m and property, plant, and equipment.

Other assets have significantly decreased compared to the end of the previous year as a result of interest receipts related to the instalment for payment share sale agreement and the cancellation of the deferred tax liability.

Deferred tax liabilities represent the tax payable/recoverable in future periods related to taxable/deductible temporary differences between the carrying amount and tax base of an asset or liability. The increase in this position compared to the end of the previous year is mainly due to the recognition of deferred tax related to favourable fair value differences recorded for the portfolio of equity instruments classified at fair value through other comprehensive income.

Equity holds the majority share in the liability structure. The 6.2% increase (RON 202.5m) is the result of the profit generated in the first 6 months of 2023 and the inclusion within other comprehensive income of the favourable differences resulting from the fair value measurement of the portfolio.

4.2 Condensed statement of profit and loss and other comprehensive income

Separate statement of profit or loss and other comprehensive income - extract		
<i>denominated in RON</i>	30/06/2023	30/06/2022
Income		
Dividend income	56,893,964	127,011,857
Interest income	6,363,775	2,793,569
Other operating revenues	79,928	576,969
Gain / (Loss) on investment		
Gain/(loss) on investment property	-	-
Gain/(loss) from foreign exchange differences	676,463	(296,296)
Gain / (Loss) on financial assets at fair value through profit and loss	70,276,080	(99,005,511)
Expenses		
Commissions expenses	(2,304,198)	(2,146,620)
Other operating expenses	(8,264,290)	(7,474,916)
Profit before tax	123,721,722	21,459,052
Income tax	(5,427,383)	(9,077,130)
Net profit for the period	118,294,339	12,381,922
Other comprehensive income		
Amount that can be transferred to profit or loss	-	(58,049)
The fair value change of assets at fair value through other comprehensive income	103,613,508	(278,606,181)
The effect of profit tax	(15,701,241)	43,897,028
Other comprehensive income	87,912,267	(234,767,202)
Total comprehensive income for the period	206,206,606	(222,385,280)

The progress of **income** with significant weight is as follows:

Dividend income decreased in the first half of 2023 compared to the same period of the previous year due to the fact that banks (BRD and Banca Transilvania) did not distribute dividends, in accordance with the recommendations of the National Bank of Romania (BNR).

Interest income includes interest from bank deposits, corporate bonds, loans granted, and an instalment payment share sale agreement. In the first half of 2023, the volume of interest income is significantly higher than the level in the same period of the previous year, driven by the increased interest rate on corporate bond investments in RON and the recognition of interest due for the loan granted to a subsidiary.

The *Other operating revenues* category typically includes the Company's receipts from legal cost recovery and other occasional income. In the first half of 2023, the volume of these revenues decreased significantly.

The impact of the *Gain/(loss) on investments* - realized position in the first part of 2023 is favourable and is mostly due to the fair value measurement of assets categorized as fair value through profit or loss, including shares in deconsolidated subsidiaries and associated entities, as well as units of closed-end funds and open-end alternative funds, registering increases compared to the beginning of the current year. In the same period of 2022, the recorded loss was a result of significant decline of stock prices.

Commission expenses include fees owed to regulatory institutions, depository, and the Stock Exchange, the heaviest weight having the monthly fee of 0.0078% of net assets owed to the Financial Supervisory Authority (ASF). The volume of this expense category increased compared to the level recorded in the same period of 2022, due to higher fees associated with share sale transactions and the fee owed to the registrar following the change in the company's name.

The *Other operating expenses* category include expenses for personnel and management salaries, taxes and dues, and other occasional expenses related to the Company's operations. This category presents a growth of 10.6% compared to the first 6 months of the previous year, which is consistent with the inflation rate for this period.

4.3 Cash flow statement

<i>denominated in RON</i>	June 30, 2023	June 30, 2022
Operating activities		
Net profit for the period	118,294,339	12,381,922
<i>Adjustments for:</i>		
Amortization of tangible and intangible assets	267,540	273,186
(Gain) / Loss from valuation / disposal of investment property	-	-
(Gain) / Loss from financial assets at fair value through profit or loss	(70,276,080)	99,005,511
Dividend income	(56,893,964)	(127,011,857)
Interest income	(6,363,775)	(2,793,569)
Expenses with interest on debt of leasing contract	13,037	20,702
Expenses with / (income from) foreign exchange differences financial assets	(215,767)	(563,610)
Benefits granted in equity instruments	963,967	909,335
Income tax	5,427,383	9,077,130
Changes in assets and liabilities related to operating activities		
Change in other assets	175,629	296,177
Change in other liabilities	(3,180,488)	22,034,053
Income tax paid	-	-
Net cash from / (used in) operating activities	(11,788,180)	13,628,979
Investment activities		
Payments for acquisitions of assets measured through other comprehensive income	(195,886)	(230,056,864)
Proceeds from sale of assets measured through other comprehensive income	64,198,783	3,186,540
(Placements)/Proceeds from deposits with term greater than three months	-	79,198,863
Proceeds from sale/repurchase of assets at fair value through profit or loss	76,270,484	-

<i>denominated in RON</i>	June 30, 2023	June 30, 2022
Payments for purchase of assets at fair value through profit or loss	-	(657,463)
Proceeds from sale of tangible assets an investment property	-	-
Payments for acquisitions of tangible assets	(4,200)	(13,386)
Dividends collected	51,734,439	119,264,630
Interest collected	4,132,668	1,715,931
Net cash (used in) / from investment activities	196,136,289	(27,361,749)
Financing activities		
Payments in leasing contracts	(147,439)	(147,982)
Dividends paid	(85,564)	
Share buyback	(4,772,793)	
Net cash (used in) / from financing activities	(5,005,796)	(147,982)
Net increase / (decrease) in cash and cash equivalents	179,342,313	(13,880,752)
Cash and cash equivalents as of January 1st	26,615,152	260,126,530
Cash and cash equivalents as of June 30th	205,957,465	246,245,778

In 1H 2023, *operating activity* utilized cash, compared to the same period of the previous year when cash was primarily generated due to receipts received as advances related to contracts for the sale of unlisted financial assets, amounts recognized as liabilities until the transfer of ownership rights over these assets was completed.

In 1H 2023, *investment activity* generated a cash surplus, as opposed to a cash deficit in 1H 2022, amid a high volume of cash inflows from share sales and the receipt of a portion of the granted loan, relative to the significantly reduced payments for share acquisitions.

Financing activity resulted in a cash deficit in 1H 2023, increasing vs. 1H 2022, due to the share buyback for distribution in accordance with SOP programs.

As of June 30, 2023, the volume of *Cash and Cash Equivalents* presents a 16% decrease compared to the same period of the previous year. The net cash flow generated in 1H 2023 is a surplus of RON 179.3m, in contrast to the deficit of RON 13.9m in 1H 2022, resulting from a lower volume of investments in financial assets during the first six months of 2023.

5. EVENTS AFTER THE REPORTING PERIOD

After the reporting date, June 30, 2023, there were no significant events to report.

6. ANNEXES

- Annex 1** **Condensed interim separate financial statements** as of June 30, 2023, prepared pursuant to the ASF Rule no. 39/2015 for the approval of accounting regulations in accordance with the International Financial Reporting Standards applicable to entities authorised, regulated, and supervised by the Financial Supervisory Authority, operating in the Financial Instruments and Investments Sector – unaudited
- Annex 2** **Net asset statement** as of June 30, 2023, prepared pursuant to Annex 10 of Regulation no. 7/2020
- Annex 3** **Detailed statement of investments** as of June 30, 2023, pursuant to Annex 11 of Regulation no. 7/2020
- Annex 4** Statement of the responsible persons
- Annex 5** Changes in the Articles of Association

The half-yearly report prepared as of June 30, 2023, was approved by the Board of Directors of Lion Capital in the meeting held on August 31, 2023.

Bogdan-Alexandru DRĂGOI
Chairman and CEO