Lion Capital S.A.

Condensed Interim Consolidated Financial Statements
as of June 30, 2023

prepared pursuant to Norm 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

FREE TRANSLATION
from Romanian which is the official and binding version

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Condensed Interim Consolidated Financial Statements

Denominated in RON	*Note*	**June 30, 2023**	**June 30, 2022**
Income			
Dividend income	*7*	26,899,964	109,015,457
Interest income (assets at amortized cost, assets at FVTOCI)	*8*	2,218,794	1,372,268
Interest income (assets at FVTPL)	*8*	6,240,017	2,012,038
Other operating revenues	*9*	15,870,152	16,439,867
Gan/(Loss) on investment			
Gain/(Loss) from investment property	*19*	13,921,352	-
Net gain/(Loss) from exchange rate differences		749,335	(303,883)
Net Gain / (Loss) from financial assets at FVTPL	*10*	70,287,422	(99,005,512)
Expenses			
Reversals / (set-up) of provisions for risks and expenses		1,918,932	1,635,264
Reversals / (set-up) of adjustments for impairment of current assets		(58,042)	483,119
Interest expenses		(210,369)	(215,672)
Commissions expenses	*11*	(2,304,198)	(2,146,619)
Other operating expenses	*12*	(16,555,580)	(15,660,941)
Profit / (Loss) before tax		**118,977,779**	**13,625,386**
Income tax	*13*	(12,268,604)	(10,745,868)
Net profit / (Loss) for the period		**106,709,175**	**2,879,518**
Profit / (Loss) is attributed to:			
Parent company		106,704,755	2,877,842
Non-controlling interests		4,420	1,676
Other comprehensive income			
Items that are or may be transferred to profit or loss			
Amounts that may be transferred to profit or loss (debt instruments)		-	(58,049)
Amounts transferred to profit or loss (debt instruments)			
Items that are or may be transferred to retained earnings			
Change in fair value of the shares measured by other comprehensive income		126,736,784	(268,454,522)
Effect of the income tax related to them		(15,701,241)	43,897,028
Other comprehensive income		**111,035,543**	**(224,615,543)**
Total comprehensive income for the period		**217,744,718**	**(221,736,025)**

The condensed interim consolidated financial statements were approved by the Board of Directors on September 29, 2023, and were signed on its behalf by:

Bogdan-Alexandru Drăgoi
Chairman and CEO

Bogdan Victor Dușu
CFO

Lion Capital

Condensed Consolidated Statement of Financial Position

for the first semester ended June 30, 2023 (all amounts presented in RON)

Denominated in RON	***Note***	**June 30, 2023**	**December 31, 2022**
Assets			
Cash and cash equivalents	*14*	212,634,712	38,538,814
Bank deposits	*15*	13,576,589	30,786,239
Other financial assets	*18*	22,499,758	16,079,974
Other assets		504,640	456,795
Assets held for sale	*20*	-	46,792,387
Financial assets at fair value through profit and loss	*16*	1,732,150,269	1,742,399,219
Financial assets at fair value through other comprehensive income (shares)	*17*	1,544,578,740	1,486,550,751
Investment property	*19*	31,212,182	31,210,877
Tangible assets (property, plant, and equipment)		6,583,146	6,695,240
Total assets		**3,563,740,036**	**3,399,510,296**
Liabilities			
Dividends payable		9,956,746	10,042,310
Other financial liabilities	*21*	6,730,684	46,700,851
Other accrued liabilities and deferred income		10,895	251,757
Loans	*22*	-	16,311,778
Leasing liabilities		-	5,250
Provisions for risks and expenses		922,065	2,840,997
Deferred income tax liabilities	*23*	145,770,235	137,029,193
Total liabilities		**163,390,625**	**213,182,136**
Equity			
Statutory share capital	*24*	50,751,005	50,751,006
Treasury shares	*24*	(2,494,800)	-
Losses from the repurchase of own shares		(31,973)	-
Benefits granted in equity instruments		808,500	2,000,537
Other reserves	*24*	1,699,567,035	1,604,099,887
Reserves from revaluation of tangible assets		1,176,569	1,176,569
Legal reserves		10,410,602	10,410,602
Reserves from revaluation of financial assets designated FVTOCI	*24*	738,823,709	662,131,924
Retained earnings	*24*	901,319,123	855,737,756
Total		**3,400,329,770**	**3,186,308,281**
Non-controlling interests		19,641	19,879
Total equity		**3,400,349,411**	**3,186,328,160**
Total liabilities and equity		**3,563,740,036**	**3,399,510,296**

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Lion Capital

Condensed Consolidated Statement of Changes in Equity

for the first semester ended June 30, 2023 (all amounts presented in RON)

in RON	Share capital	Treasury shares	Losses from repurchase of own shares	Legal reserves	Reserves from change of financial assets through other comprehensive income	Reserves from revaluation of fixed assets	Benefits granted in equity instruments	Other reserves	Retained earnings	Total equity (own capital)	Non-controlling interests	Total
Balance on January 1, 2023	**50,751,006**	**-**	**-**	**10,410,602**	**662,131,924**	**1,176,569**	**2,000,537**	**1,604,099,887**	**855,737,756**	**3,186,308,281**	**19,879**	**3,186,328,160**
Profit / (Loss) for the period	-	-	-	-	-	-	-	-	106,704,755	106,704,755	4,420	106,709,175
Reserve from revaluation of financial assets transferred to profit and loss									-	-		-
Reserve from revaluation of financial assets transferred to retained earnings					(35,977,528)	-	-	-	35,977,528	-		-
Change in reserve					122,030,887	-	-	-	4,705,897	126,736,784		126,736,784
Revaluation of tangible assets					-	-	-	-	-	-		-
Related deferred tax					(9,361,573)	-	-	-	(6,339,667)	(15,701,241)		(15,701,241)
Total comprehensive income for the period					**76,691,785**	**-**	**-**	**-**	**141,048,513**	**217,740,298**	**4,420**	**217,744,719**
Other reserves – own sources							-	95,467,147	(95,467,147)	**-**		-
Dividends payable for 2022							-	-		-		-
Lapsed dividends							-	-	-	-		-
Change of the reserve related to subsidiaries										-	(4,657)	(4,657)
Change in benefits granted		2,217,600	28,420				(1,192,037)	-	-	1,053,983		1,053,983
Repurchase of own shares		(4,712,400)	(60,393)				-	-	-	(4,772,793)		(4,772,793)
Total transactions with shareholders recognized directly in equity		**(2,494,800)**	**(31,973)**				**(1,192,037)**	**95,467,147**	**(95,467,147)**	**(3,718,810)**	**(4,657)**	**(3,723,467)**
Balance on June 30, 2023	**50,751,006**	**(2,494,800)**	**(31,973)**	**10,410,602**	**738,823,709**	**1,176,569**	**808,500**	**1,699,567,035**	**901,319,121**	**3,400,329,770**	**19,642**	**3,400,349,411**

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Lion Capital

Condensed Consolidated Statement of Changes in Equity

for the first semester ended June 30, 2023 (all amounts presented in RON)

in RON	Share capital	Treasury shares	Losses from repurchase of own shares	Legal reserves	Reserves from change of financial assets through other comprehensive income	Reserves from revaluation of fixed assets	Benefits granted in equity instruments	Other reserves	Retained earnings	Total equity (own capital)	Non-controlling interests	Total
Balance on January 1, 2022	**51,542,236**	**(21,363,229)**	**(330,998)**	**10,568,848**	**910,357,994**	**1,176,569**	**-**	**1,249,578,037**	**1,166,055,407**	**3,367,584,864**	**20,343**	**3,367,605,207**
Profit / (Loss) for the period	-	-	-	-	-	-	-	-	2,877,842	2,877,842	1,676	2,879,518
Reserve from revaluation of financial assets transferred to profit and loss												
Reserve from revaluation of financial assets transferred to retained earnings					(2,092,626)	-	-	-	2,092,626	-		-
Change in reserve					(268,275,664)	-	-	-	(247,964)	(268,523,628)		(268,523,628)
Revaluation of tangible assets					-	-	-	-	-	-		-
Related deferred tax					43,547,078	-	-	-	361,006	43,908,085		43,908,085
Total comprehensive income for the period					**(226,821,212)**	**-**	**-**	**-**	**5,083,510**	**(221,737,701)**	**1,676**	**(221,736,025)**
Other reserves – own sources							-	356,550,501	(356,550,501)	-		-
Dividends payable for 2021							-	-	(30,450,603)	(30,450,603)		(30,450,603)
Lapsed dividends							-	-	-	-		-
Change of the reserve related to subsidiaries											(3,649)	(3,649)
Change in benefits granted							909,335	-	-	909,335		909,335
Cancellation of own shares							-	-	-	-		-
Total transactions with shareholders recognized directly in equity							**909,335**	**356,550,501**	**(387,001,104)**	**(29,541,268)**	**(3,649)**	**(29,544,917)**
Balance on June 30, 2022	**51,542,236**	**(21,363,229)**	**(330,998)**	**10,568,848**	**683,536,782**	**1,176,569**	**909,335**	**1,606,128,538**	**784,137,813**	**3,116,305,895**	**18,370**	**3,116,324,265**

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Lion Capital
Condensed Consolidated Cash Flow Statement
for the first semester ended June 30, 2023 (all amounts presented in RON)

Denominated in RON	June 30, 2023	June 30, 2022
Cash flow from operating activities		
Net profit for the period	**106,709,175**	**2,879,518**
Adjustments for:		
Amortization of tangible and intangible assets	489,195	478,236
Net (gain)/Loss from disposal of tangible assets	-	(600)
Net (gain)/Loss from valuation of investment property	(13,921,352)	-
(Income) / Expenses on adjustments for impairment of assets	58,042	(483,118)
(Income) / Expenses from other provisions and adjustments	(1,918,932)	(1,635,264)
(Net gain)/Net loss from financial assets at fair value through profit or loss (Note 16)	(70,287,422)	99,005,512
Dividend income (Note 7)	(26,899,964)	(109,015,457)
Interest income	(8,458,811)	(3,384,306)
Interest expenses	210,369	215,672
(Income)/Expenses on foreign exchange differences	(227,019)	2,425
Benefits granted in equity instruments	963,967	909,335
Income tax (Note 13)	12,268,604	10,745,868
Operating profit before changes in assets and liabilities	**(1,014,149)**	**(282,180)**
Changes in operating assets and liabilities		
Changes in other assets	323,295	24,960,547
Changes in other liabilities	(4,194,919)	21,557,650
Income tax paid	(5,251,953)	(5,241,271)
Net cash generated by / used in operating activities	**(10,137,726)**	**40,994,747**
Cash flow from investment activities		
Payments for purchase of financial assets FVTOCI (shares, bonds)	(195,886)	(230,056,864)
Proceeds from sale of financial assets FVTOCI (shares, bonds) (Note 17)	64,198,783	3,186,540
(Placements) / Proceeds from term deposits greater than 3 months	17,051,695	96,207,406
Proceeds from sale/repurchase of assets FVTPL (fund units, bonds, shares)	76,270,484	-
Payments for purchase of assets FVTPL (fund units, bonds, shares)		(657,463)
Proceeds from sale of tangible assets and investment property	20,760,548	600
Payments for purchase of tangible assets and investment property	(24,270)	(762,167)
Collected dividends	21,740,439	101,268,230
Collected interest	5,833,734	2,203,568
Net cash generated / (used) in/from investment activities	**205,635,528**	**(28,610,150)**
Cash flow from financing activities		
Proceeds / Loan repayments	(16,537,546)	(11,524)
Loan granted	-	(9,994,745)
Dividends paid to shareholders of the company	(91,564)	(3,600)
Repurchase of own shares	(4,772,793)	
Net cash generated / (used) in financing activities	**(21,401,903)**	**(10,009,869)**
Net increase / (decrease) in cash and cash equivalents	174,095,899	2,374,729
Cash and cash equivalents at the beginning of the period	38,538,814	268,254,328
Cash and cash equivalents at the end of the period	**212,634,713**	**270,629,057**

Cash and cash equivalent comprise:

	June 30, 2023	June 30, 2022
Petty cash	4,749	4,651
Current accounts in banks (including due interest)	75,626,172	137,792,037
Bank deposits with initial maturity less than 3 months (including due interest)	137,002,716	132,821,587
Other values	1,076	10,782
Cash and cash equivalent	**212,634,712**	**270,629,057**

The condensed interim consolidated financial statements were approved by the Board of Directors on September 29, 2023, and were signed on its behalf by:

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Chairman and CEO

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1. Reporting entity

Lion Capital ("the Company") was established based on Law no. 133/1996 by the reorganization and transformation of Fondul Proprietății Private (Private Ownership Fund) Banat-Crișana and it is a joint stock company operating under Law 31/1990. The company is established as a self-managed investment company, authorized by the Financial Supervisory Authority as an Alternative Investment Fund Manager (AIFM) - Authorization no. 78 / 09.03.2018, classified in accordance with the provisions of Law no. 243/2019 as a closed, diversified alternative investment fund, addressed to retail investors (AIFRI) (Ro: FIAIR). The Financial Supervisory Authority issued the Authorization no. 130/01.07.2021 authorizing the Company as Alternative Investment Fund addressed to Retail Investors (AIFRI).

The company changed its corporate name from Societatea de Investiții Financiare Banat-Crișana S.A. to **Lion Capital S.A.** starting with March 24, 2023.

Lion Capital is headquartered in Arad, 35A Calea Victoriei, Arad County, postal code 310158, tel.: +40257 304 438, fax: +40257 250 165. The registration number in the Trade Register Office is: J02/1898/1992, and the tax identification number is: RO 2761040.

The main activity of the company:
- portfolio management;
- risk management;
- other activities auxiliary and associated to the collective investment activity, in accordance with the regulations in force.

The Company's shares are listed on the Bucharest Stock Exchange since November 1st, 1999, and are traded on the regulated market, Premium category, with the stock symbol SIF1. Starting with May 15, 2023, the stock symbol is LION, formerly SIF1.

The depositary bank of the Company, starting November 28, 2019, is Banca Comercială Română (BCR), until that date being BRD - Groupe Société Générale (beginning January 29, 2014).

The company providing shareholders' registry services is Depozitarul Central SA Bucharest.

The company has applied the requirement of Law no. 24/2017 on issuers of financial instruments and market operations, which provides that the half-yearly financial report shall be published no later than 3 months after the end of the semester. At the same time, the Company also applied an interpretation included in the document on the agenda issued by the European Commission Internal Market Service for the meeting of the Accounting Regulation Committee (document ARC / 08/2007) regarding the relationship between the IAS Regulation and the Directives 4th and 7th of the Trading Companies Law. The Commission Services Department was of the opinion that, if a company chooses or has to prepare annual financial statements, in accordance with IFRS adopted by the European Union, it can independently prepare and submit a set of standalone financial statements as opposed to a set of consolidated financial statements.

Lion Capital's condensed interim separate financial statements as of June 30, 2023, were approved by the Board of Directors on August 31, 2023, prior to the approval of these condensed interim consolidated financial statements.

The Company's condensed interim consolidated financial statements as of June 30, 2023, comprise the Company, its subsidiaries and associates (the "Group"). Subsidiaries and associates are disclosed in the Note 3 to these interim financial statements.

The Group's business is structured on one segment, the financial one.

2. Bases of preparation

(a) Statement of compliance

These condensed interim consolidated financial statements have been prepared pursuant to the Norm no. 39/2015 for the approval of the Accounting Regulations compliant with International Financial Reporting Standards, applicable to entities authorized, regulated, and supervised by the ASF in the Financial Instruments and Investments Sector ("The Norm").

The accounting records of the Company and its subsidiaries are kept in RON.

These condensed interim consolidated financial statements for 1H ended on June 30, 2023, have been prepared pursuant to the requirements of IAS 34 "Interim Financial Reporting" and should be read together with the consolidated financial statements for 2022 prepared in accordance with Norm no. 39/2015 for the approval of the Accounting Regulations compliant with International Financial Reporting Standards, applicable to entities authorized, regulated and supervised by the ASF of Financial Instruments and Investments Sector (The Norm).

(b) Presentation of the condensed interim consolidated financial statements

The Group has adopted a presentation based on liquidity in the condensed statement of financial position and a presentation of income and expenses according to their nature in the interim condensed statement of comprehensive income, considering that these methods of presentation provide information that is reliable and more relevant than the information presented based on other methods allowed by IAS 1 "Presentation of financial statements".

(c) Bases of measurement

The condensed interim consolidated financial statements are prepared on a fair value basis convention, for the financial assets and liabilities, at fair value through profit and loss or by other comprehensive income.

Other financial assets and liabilities, as well as non-financial assets and liabilities, are stated at amortized cost, revaluated amount, or historical cost.

(d) Going concern

The condensed interim consolidated financial statements have been prepared using the going concern assumption that the companies in the Group will be able to use their assets and meet their obligations during their operating activities.

(e) Functional and presentation currency

The management of the Group considers that the functional currency, as defined by IAS 21 "The Effects of Changes in Foreign Exchange Rates", is the Romanian Leu (RON or lei). The condensed interim consolidated financial statements are presented in RON, rounded to the nearest unit, which is the presentation currency chosen by the Group's management.

(f) Use of estimates and judgements

The preparation of the condensed interim consolidated financial statements pursuant to Norm 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 requires that management of the Group makes estimates, judgements, and assumptions that affect the application of accounting policies as well as the reported value of assets, liabilities, income and expenses. Such estimates and related assumptions are based on historical experience and various other factors that are believed to be reasonable under the given circumstances. The result of these estimates forms the basis of judgments used in assessing the carrying value of assets and liabilities for which no other evaluation sources are available. Actual results may differ from the estimated values.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised, if the revision affects only that period or if the period of the revision and future periods are affected the revision affects both current and future periods.

Judgments made by the management of the Group in applying IFRS that have a significant impact on the consolidated financial statements and the estimates that involve a significant risk of a material adjustment in the next year are presented in the annual financial statements.

(g) Changes in the accounting policies

The accounting policies adopted are consistent with those used in the previous year.

3. Bases of consolidation

a) Subsidiaries and associated entities

The subsidiaries are entities under the control of the Company. The control exists when the Company is exposed or has rights on the variable profitability based on its participation in the entity in which it invested and has the capacity to influence that income through its authority over the invested entity. On the date of control evaluation, the potential or convertible voting rights exercised on the respective date are taken into account.

(all amounts presented in RON)

The financial statements of the subsidiaries are included in the consolidated financial statements as of the date when it begins exercising the control until its termination. The accounting policies of the subsidiaries were amended in order to harmonize them with the Group's policies.

During 1Q 2018, based on the information available as of December 31, 2017, the Company reanalysed the criteria for its classification as an investment entity and concluded that they were met, except for the subsidiaries providing investment services (SAI Muntenia Invest, Administrare Imobiliare SA). As per the provisions of IAS 27 and IFRS 10, starting with the financial year 2018, the Company measures all the subsidiaries at fair value through profit or loss, except for the subsidiaries providing investment related services, that will continue to be consolidated. At the same time, the Company revised the analysis regarding the fulfilment of the classification criteria as an investment entity for 2022 and 2023, concluding that they are met and that will further apply the exception provided by IFRS 10 regarding the investment entities for the financial statements for the financial years 2022 and 2023.

The list of investments in subsidiaries as of June 30, 2023, and December 31, 2022, is the following:

No.	Company name	Percentage held (%)	
		June 30, 2023	December 31, 2022
1	(SIF Imobiliare PLC Nicosia)	99.9997	99.9997
2	(SIFI SPV TWO Bucharest)	99.99	99.99
3	SAI Muntenia Invest SA Bucharest	99.98	99.98
4	(SIF1 IMGB)	99.9965	99.92
5	(Napomar SA Cluj Napoca)	99.43	99.43
6	(SIF Hoteluri SA Oradea)	99.00	99.00
7	(Azuga Turism SA Bucharest)	98.94	98.94
8	Administrare Imobiliare SA	97.40	97.40
9	(Silvana SA Cehu Silvaniei)*	96.28	96.28
10	(IAMU SA Blaj)	76.70	76.70
11	(Vrancart SA Adjud)	75.50	75.50
12	(Central SA Cluj)	-	74.53
13	(SIFI Uniteh SA Timișoara)**	36.34	36.34
14	(SIFI CJ Logistic)**	5.53	5.53
15	(Ario SA Bistrița) *	93.64	93.64

** bankruptcy*
*** the companies Uniteh SA and SIFI CJ Logistic are subsidiaries by the direct control and indirect through SIF Imobiliare Plc Nicosia*

Note: The subsidiaries shown in brackets in the table above are reflected at fair value through profit and loss in the consolidated statements.

Associates

The number of entities in which the Company holds stakes between 20% and 50% as of June 30, 2023, is of 15 (December 31, 2022: 16), of which:

a. one entity (Biofarm SA Bucharest), in which the Company exerts a significant influence, removed from the scope of consolidation beginning January 1, 2018, as a result of the classification of the Company as an investment entity;
b. 3 entities (December 31, 2022: 4 entities) that do not qualify as associates because the Company does not exercise significant influence in companies;
c. 11 entities (December 31, 2022: 11) in insolvency / liquidation / bankruptcy.

b) Transactions removed from consolidation

The settlements and the transactions within the Group, as well as the profits not realized resulted from transactions within the Group, are entirely removed from the consolidated financial statements.

The accounting policies presented hereinafter have been consistently applied for all the periods presented within these consolidated financial statements. The accounting policies have been applied consistently by all the entities of the Group.

4. Operational segments

The Group operates on a single segment, viz. financial activity.

5. Significant accounting policies

The accounting policies used in these condensed interim consolidated financial statements are consistent with those of the consolidated financial statements prepared as of December 31, 2022.

The main accounting policies applicable to financial instruments are presented below:

Financial assets and liabilities

Financial instruments, as per IFRS 9, comprise the following:
- investments in equity (own capital) instruments (e.g. shares);
- investments in debt instruments (e.g. securities, bonds, loans);
- trade receivables and other receivables;
- cash and cash equivalent;
- derivatives;
- interests in subsidiaries, associates, and joint ventures - according to the provisions of IFRS 10 / IAS 27 / IAS 28.

(i) Classification

Financial instruments held are classified by the Group in accordance with IFRS 9 "Financial Instruments" as financial assets, and financial liabilities.

The Group classifies **the financial assets** as measured at amortized cost, at fair value through other comprehensive income or at fair value through profit or loss based on:
(a) the entity's business model for the management of financial assets and
b) the characteristics of the contractual cash flows of the financial asset.

Business model

- It represents the manner in which an entity manages its financial assets in order to generate cash flows: *collection, sale of assets,* or *both*;
- Its determination is realized by facts, considering: *the valuation and reporting method of their performance*, the current *risks* and the *management method* thereof and the *management compensation method* (based on fair value or based on cash flows related to these investments);

Business model for shares held for which the FVTOCI option was selected at the date of transition or at the date of initial recognition
- Effective management of a diversified portfolio of quality assets, able to ensure a constant income flow, preservation and medium-long term growth of capital, in order to increase value for shareholders and obtain the highest returns on invested capital
- The differentiated approach adopted by the Company for each of its holdings aims at the fruition of an aggregate return, generated from dividend income and capital gain.

Model of assets held to collect
- Managed in order to carry out the cash flows by collecting the principal and the interest during the lifetime of the instrument;
- The hold-to-maturity is not necessary;
- There are categories of sale transactions compatible to this model: those ones due to the increase of the credit risk, infrequent or insignificant sales from the value point of view or sales on dates closed to the due date of the instruments;
- The accounting recording of these assets (if the SPPI criterion is also fulfilled and the fair value option was not selected) is made at amortized cost (using the effective interest method; the interests, earnings or losses from impairment and the exchange rate differences – in profit and loss).

Model of assets held-to-collect and sale
- Managed both to realize cash flows from collection and through the (full) sale of assets;
- The sales have high frequency and value compared to the previous model, without mentioning a certain threshold to classify within this model;
- The purpose of these sales can be: managing the current liquidity needs, mentioning certain structure of the output obtained or optimization decisions of the entity's balance sheet (correlation of the term of financial assets with that of financial liabilities).
- The accounting registration of these assets (if the SPPI criterion is also fulfilled and the fair value option was not selected) is made at the fair value through other comprehensive income (using the effective interest method; the interests, earnings or losses from impairment and the exchange rate differences – in profit and loss / variation of the fair value of these instruments – in other comprehensive income, the amounts recognized in other comprehensive income are recycled through profit and loss when the asset is derecognized).

Other business model

- The assets managed in order to carry out the cash flows by means of sale;
- Collecting cash flows related to these investments is incidental, it does not represent the purpose of their holding;
- Assets whose performance is managed and reported based on their fair value;
- Liability items (debt instruments) acquired for sale in the near future, are meant to obtain short-term profit or these are derivative instruments;
- The accounting recording of these assets is made at the fair value through profit and loss.

SPPI test

It comprises criteria that assesses to what extent the structure of the cash flows of a liability instrument classifies within the model of the base credit agreement (the interest reflects to a great extent of the value in time of money and credit risk).

There are some ratios that indicate the case in which the liabilities instruments held should be evaluated at the fair value through profit and loss:

- non-standard interest rate;
- presence of the leverage effect;
- hybrid instruments (including an incorporated derivative).

There are also ratios that, although they would impose a registration at fair value, can comply, under certain circumstances, with the SPPI criterion and so the respective assets should be accounted for at amortized cost:

- the existence of an anticipated reimbursement option or extension of the asset term;
- assets without recourse that should guarantee the debt reimbursement
- contractually bound instruments.

Financial assets measured at fair value through profit and loss (FVTPL)

A financial asset must be measured at fair value through profit and loss, except if it is measured at amortized cost or at fair value through other comprehensive income.

Financial assets measured at fair value through other comprehensive income (FVTOCI)

A financial asset, such as debt instruments, must be measured at fair value through other comprehensive income if both conditions below are complied with:

a) the financial asset is held within a business model whose goal is achieved by collecting the contractual cash flows and the sale of financial assets and

b) the contractual terms of the financial asset give rise, on certain dates, to cash flows that are exclusively payments of the principal and of the interest corresponding to the principal owed.

The Group can make an irrevocable choice upon the initial recognition in case of certain investments in *equity instruments* that would have been evaluated otherwise at the fair value through profit or loss to present the subsequent changes of the fair value in other comprehensive income (according to paragraphs 5.7.5 and 5.7.6 of IFRS 9 – Financial Instruments).

Financial assets measured at amortized cost

A financial asset must be measured at amortized cost if both requirements below are met:

(a) the financial asset is held within a business model whose goal is to hold financial assets to collect the contractual cash flows and

(b) the contractual terms of the financial asset give rise, on certain dates, to cash flows that are exclusively payments of the principal and of the interest corresponding to the principal owed.

Financial liabilities are measured at fair value through profit and loss (FVTPL) if:
- they meet the requirements of the definition of “held for trading”;
- are designated in the FVTPL category at the initial recognition (if the specific conditions are met).

The other financial liabilities are measured at amortized cost.

(ii) Recognition

The assets and liabilities are recognized on the date when the Group becomes a contractual party to the conditions of the respective instrument. When the Group recognizes a financial asset for the first time, it must classify it according to paragraphs 4.1.1-4.1.5 (at amortized cost, at fair value through profit or loss or at fair value through other comprehensive income) of IFRS 9 and value it according to paragraphs 5.1.1-

5.1.3. (a financial asset or financial liability is measured at fair value adding or subtracting the transaction costs, directly attributable to the acquisition or issue of the asset or liability).

(iii) Measurement

After the initial recognition, the entity must measure the financial assets according to paragraphs 4.1.1 – 4.1.5 of IFRS 9 at:

a) Amortized cost;
b) Fair value through other comprehensive income; or
c) Fair value through profit or loss.

After the initial recognition, the entity must value the financial liabilities according to paragraphs 4.2.1-4.2.2 of IFRS 9. Thus, the Group will classify all financial liabilities at amortized cost, except for:

a) the financial liabilities measured at fair value through profit or loss;
b) the financial liabilities that appear when the transfer of a financial asset does not qualify for derecognition;
c) financial collateral contracts valued at the highest of the loss provision value (Section 5.5 of IFRS 9) and the amount initially recognized less accumulated income (recognized under IFRS 15);
d) commitments to provide a loan at an interest rate below the market value measured at the highest value of the loss provision (Section 5.5 of IFRS 9) and the amount initially recognized less accumulated income (recognized under IFRS 15)
e) contingent consideration recognized by an acquirer in a business combination to which IFRS 3 applies.

Measurement at amortized cost

The amortized cost of a financial asset or of a financial liability is the value at which the financial asset or the financial liability is measured after the initial derecognition less the reimbursement of principal, plus or minus the accumulated amortization using the effective interest method for each difference between the initial value and the value at due date, and minus any reduction (direct or using an adjustment account) for impairment or non-recoverable status.

The effective interest rate represents the rate that exactly updates the future payments and proceeds in cash during the forecasted life of the financial instrument or, where applicable, during a shorter period, up to the level of the net carrying amount of the financial asset or of the financial liability. For the calculation of the effective interest rate, the entity must estimate the cash flows considering all contractual conditions of the financial instrument but must not consider the future losses from the changes in credit risk. The calculation includes all fees and points paid or cashed by the contracting parties that make integral part of the effective interest rate, transaction costs and all the other premiums and discounts.

Measurement at fair value

Fair value represents the price that would be received upon the sale of an asset or paid to extinguish a debt within a transaction performed under normal conditions between the participants in the principal market, on the measurement date, or in the absence of the principal market, on the most advantageous market to which the Group has access at that date.

The Group measures the fair value of a financial instrument using the prices quoted on an active market for that instrument. A financial instrument has an active market if for that instrument quoted prices are readily and regularly available. The Group measures the instruments quoted on the active markets using the closing price.

A financial instrument is considered as being quoted on an active market when the quoted prices are readily and regularly available from an exchange, dealer, broker, association within the industry, a service for establishing the prices or a regulatory agency, and these prices reflect the transactions occurring actually and regularly, developed under objective market conditions.

Within the category of shares listed on an active market, all those shares admitted to trading on the Stock Exchange or on the alternative market having frequent transactions are included. The market price used to determine the fair value is the closing price of the market on the last trading day before the measurement date.

The fund units are measured according to the Net Asset Value, calculated by the fund manager using the closing quotations for the quoted financial instruments.

Government securities are measured based on the market quotation available on Bloomberg for the respective item, multiplied by the unit nominal value.

In the absence of a price quotation on an active market, the Group uses valuation techniques. The fair value of the financial assets not traded on an active market is determined by authorized valuators, within the assessment compartment existing within the parent-Company and by external valuators.

The valuation techniques include techniques based on the use of observable inputs, such as the quoted price of the identical element held by another party as asset, on a market that is not active, and for the assets for which the observable prices are not available, measurements techniques based on the analysis of the updated cash flows, and other measurement methods used regularly by the market participants. These include the method of comparisons with similar instruments for which there is an observable market price or the percentage method of the net assets of these companies adjusted with a discount for minority ownership and a discount for lack of liquidity, using at maximum the market information, being based at minimum on the specific company information. The Group uses evaluation techniques that maximize the use of observable data and minimize the use of non-observable data.

The valuation techniques are used consistently.

(iv) Identification and measurement of value impairment

The Group must recognize a provision for the forecasted losses from credit corresponding to a financial asset that is measured according to paragraph 4.1.2 or 4.1.2A of IFRS 9 (debt instruments measured at amortized cost or at the fair value through other comprehensive income), a receivable resulting from a leasing agreement, a credit commitment, and a financial guarantee agreement.

The Group applies the impairment provisions for the recognition of the provision for losses corresponding to the assets measured at fair value through other comprehensive income (debt instruments that meet the criteria of paragraph 4.1.2A of IFRS 9 – assets held in order to collect the cash flows and sales, whose cash flows represent exclusively principal reimbursement or interest payments). The provision determined is recognized considering other comprehensive income and does not reduce the carrying amount of the financial asset from the statement of the financial position.

For each reporting date, the Group measures the provision for losses corresponding to a financial instrument at a value equal to:

- The credit losses forecasted for a 12-month period, if the credit risk has not increased significantly as of the initial recognition;
- The credit losses forecasted during the entire life if the credit risk has increased significantly as of the initial recognition.

The Group recognizes in profit or loss, as gain or loss from impairment, the value of the forecasted, recognized or reversed losses, required to adjust the provision for losses on the reporting date up to the level imposed by the provisions of IFRS 9.

The Group assesses the expected credit losses of a financial instrument so that it represents:

- An impartial value, resulted from the weighting of more possible results depending on the probabilities related thereto;
- The time value of money;
- Reasonable information available at no cost or disproportionate effort at reporting date.

The Group may assume that the risk credit for a financial instrument has not increased significantly as of the initial recognition if the financial instrument is considered to have a low credit risk on the reporting date. A financial instrument is considered to have a low credit risk if:

- The debtor has a high capacity to meet the obligations associated with short-term contractual cash flow;
- Unfavourable changes in the business and the business environment may, but not necessarily, reduce the debtor's ability to meet its obligations.

In the assessment of low credit risk for issuers, no real collateral is considered. At the same time, financial instruments are not considered to be of low risk only because they have a lower risk than the other instruments issued by the debtor or in comparison with the credit risk prevailing in the geographical region or the jurisdiction in which it operates.

In the credit risk assessment, the Group uses both external credit risk ratings and internal ratings that are consistent with generally accepted definitions of credit risk.

(v) Derecognition

The Group derecognizes a financial asset when the rights to receive cash flows from that financial asset expires or when the Group transferred the rights to receive the contractual cash flows corresponding to that financial asset in a transaction in which it significantly transferred all risks and benefits of the ownership right.

Any interest in the financial assets transferred retained by the Group or created for the Group is recognized separately as an asset or liability.

The Group derecognizes a financial debt when all contractual obligations ended or when the contractual obligations are cancelled or expired.

Derecognition of financial assets and liabilities is accounted for using the weighted average cost method.

(vi) Reclassifications

If the Group reclassifies the financial assets according to paragraph 4.4.1 of IFRS 9 (because of changing the business model for the management of its financial assets), then all the affected financial assets will be reclassified. The financial liabilities cannot be reclassified after the initial recognition.

The Group applies the reclassification of financial assets prospectively as of the reclassification date. The potential earnings, losses or interests recognized before will not be restated.

If a reclassification occurs, the Groups proceeds as follows:

- When reclassifying an asset in the amortized cost category to fair value through profit or loss, the fair value is determined at the date of reclassification. The difference between the amortized cost and the fair value is recognized in profit or loss;
- When reclassifying an asset in the fair value through profit or loss category to the amortized cost, the fair value at the date of reclassification becomes the new gross carrying amount (book value);
- When reclassifying an asset in the amortized cost category to that of fair value through other comprehensive income, fair value is determined at the date of reclassification. The difference between the amortized cost and the fair value is recognized in other comprehensive income, without adjusting the effective interest rate or the expected loss from the borrowing;
- When reclassifying an asset in the fair value category by other elements of the comprehensive income to the amortized cost, the reclassification is carried at the fair value of the asset from the reclassification date. Amounts previously recognized in other comprehensive income are eliminated in relation to the fair value of the asset, without affecting the profit or loss account. The actual interest rate and the expected loss on credit are not adjusted as a reclassification effect;
- When reclassifying an asset in the fair value through profit or loss category to fair value through other comprehensive income, the asset continues to be measured at its fair value;
- When reclassifying an asset of fair value through other comprehensive income to fair value through profit or loss, the financial asset continues to be measured at fair value. Amounts previously recognized in other comprehensive income are reclassified from equity to profit or loss as a reclassification adjustment (in accordance with IAS1).

(vii) Gains and losses

Gains or losses resulting from a change in the fair value of a financial asset or of a financial liability that is not part of a hedging relationship are recognized as follows:
a) The gains or losses generated by financial assets or financial liabilities classified as being measured at fair value through profit or loss are recognized in profit or loss;
b) The gains or losses generated by a financial asset measured at fair value through other comprehensive income are recognized in other comprehensive income.

When the asset is derecognized, the accumulated losses or gains previously recognized in other comprehensive income:

- are reclassified from equity in profit or loss, in the case of debt instruments;
- are transferred to retained earnings, in case of equity instruments (shares).

When the financial assets are impaired or derecognized and the financial liabilities are accounted for at amortized cost, and through their amortization process, the Group recognizes the gains or the loss in the income statement (profit and loss account).

As regards the recognized financial assets using the settlement date accounting, no change of the fair value of the asset to be received during the period between the trading date and the settlement date is recognized for the assets carried at cost or at amortized cost (except for impairment losses). But for the assets accounted for at fair value, the change in fair value must be recognized in profit or loss or in equity, as the case may be.

e) Other financial assets and liabilities

Other financial assets and liabilities are evaluated at amortized cost using the effective interest method.

6. Management of significant risks

The risk management activity can be found in the organizational structure of the Group and covers both general and specific risks, as provided by applicable national and European legislation and regulations.

The most important financial risks to which the Group is exposed are credit risk, liquidity risk and market risk. Market risk includes currency risk, interest rate risk and price risk of equity instruments. This note presents information regarding the Group's exposure to each of the aforementioned risks, the Group's objectives and policies, and the risk assessment and risk management processes.

The Group uses a variety of policies and procedures for managing and evaluating the types of risk to which it is exposed. These policies and procedures are presented in each subchapter for each risk type.

6.1 Financial risk

(a) Market risk

Market risk is the current or future risk of recording losses on balance sheet and off-balance sheet positions due to adverse market fluctuations in prices (such as, for example, stock prices, interest rates, exchange rates). The management of the Company sets the limits of risk that can be accepted, limits that are regularly monitored. However, the use of this approach does not prevent losses outside the limits set in the event of a significant market fluctuation.

The position risk is related to the portfolio of financial instruments held by the Group with the intention of benefiting from the favourable progress of the price of the respective financial assets or the possible dividends / coupons granted by the issuers. The Group is exposed to the risk of position, both to the general and to the specific one, due to the short-term investments in bonds, shares, and fund units.

The management has always pursued and aims to minimize possible adverse effects associated with this financial risk, through an active policy of prudential diversification of the portfolio, as well as using one or more risk mitigation techniques depending on the evolution of prices on the market related to the financial instruments owned by the Group.

Concentration risk

The concentration risk concerns all the assets held by the Group, irrespective of their holding period, and by means of mitigating this type of risk, the aim is to avoid recording an exposure too large on a single debtor / issuer at Group level.

The policy of the management on diversification of exposures is applied on the structure of the portfolio, on the structure of the business model, as well as on the structure of exposures to financial risks. Thus, this diversification policy implies: diversifying the portfolio by avoiding excessive exposure to a debtor, issuer, country or geographical region; the diversification of the structure of the business plan aims at the Group level to avoid excessive exposure to a certain line of business / sector of activity; the diversification of the financial risk structure aims to avoid excessive exposure to a certain type of financial risk.

The market risk of equity instruments mainly results from the shares valued at fair value through other elements of the global result and through the profit or loss account. The entities in which the Group holds stakes (shareholdings) operate in various industries.

The objective of market risk management is to control and manage market risk exposures within acceptable parameters, to optimize profitability.

The Group's strategy for managing market risk is driven by its investment objective, and market risk is managed in accordance with the policies and procedures used.

The Group is exposed to the following categories of market risks:

(i) Equity (own capital) price risk

Price risk is the risk of incurring losses from both balance sheet and off-balance sheet positions due to asset price developments.

(all amounts presented in RON)

The Group is exposed to the risk that the fair value of the financial instruments it holds fluctuates following the changes in market prices, either due to factors specific to the activity of its issuer or factors affecting all instruments traded on the market.

The Board of Directors monitors how the market risk is managed, and the internal procedures provide that when the price risks are not in line with the investment policy and the Group's principles, the portfolio must be re-balanced.

A positive 10% change in the price of financial assets at fair value through profit and loss account (subsidiary shares, associates, fund units, corporate bonds) would lead to an increase in profit after tax, with RON 156,926,469 (December 31, 2022: RON 154,224,584), a negative change of 10% having an equal net impact and with opposite sign.

A positive change of 10% in the prices of financial assets valued at fair value through other comprehensive income, investments in shares and corporate bonds would lead to an increase in equity, net of corporate income tax, with RON 133,738,044 (December 31, 2022: RON 125,507,709), a negative change of 10% having an equal net impact and with opposite sign.

The Group holds shares in companies that operate in various economic sectors. As can be seen from the table below, on June 30, 2023, the Group held mainly shares in companies active in the financial-banking and insurance sector, with a weight of 45.4% in the total portfolio, close to the level as of December 31, 2022, viz. 45.7%.

in RON	**June 30, 2023**	**%**	**December 31, 2022**	**%**
Financial intermediation and insurance	1,252,622,570	45.4%	1,231,384,286	45.7%
Manufacturing industry	758,969,297	27.5%	706,130,898	26.2%
Hotels and restaurants	166,673,194	6.0%	133,536,179	5.0%
Wholesale and retail trade, repair of motor vehicles	182,970	0.0%	39,160,957	1.5%
Extractive industry	177,540,603	6.4%	149,134,107	5.5%
Other activities	0	0.0%	701,349	0.0%
Financial services applicable to real estate	352,516,273	12.8%	376,214,889	14.0%
Constructions	3,528,290	0.1%	3,277,721	0.1%
Transportation and storage	40,967,472	1.5%	38,232,508	1.4%
Rental of real estate	8,783,290	0.3%	14,282,752	0.5%
Agriculture, forestry, and fishing	3,851	0.0%	151,925	0.0%
TOTAL	**2,761,787,811**	**100%**	**2,692,207,570**	**100%**

As of June 30, 2023, the Group holds fund units amounting to RON 381,501,533 (December 31, 2022: RON 363,088,921) in Closed-ended Investment Funds Active Plus, Star Value, Optim Invest, Certinvest Shares, Romania Strategy Fund and Open Investment Fund Plus Invest - Muntenia.

The Group is exposed to price risk in terms of placements made with a different degree of risk by these investment funds (listed shares, bonds, bank deposits).

ii) Interest rate risk

The interest rate risk represents the risk that the income or expenses, or the value of the Group's assets or liabilities fluctuate following the change of the interest rates on the market.

As concerns the interest-bearing financial instruments: the interest rate risk is composed of the fluctuation risk registered in the value of certain financial instruments following the variation of the interest rates and from the risk of the differences between the due date of the interest-bearing financial assets and the interest-bearing liabilities. But the interest rate risk can also influence the value of the interest-bearing assets (for example: bonds), so that an increase of the interest rate on the market will determine the reduction of the future cash flows and can result in the reduction of their price, if they determine the increase of the investor's preference to place their funds in bank deposits or other instruments whose interest increased, and vice-versa – a reduction of the interest rate on the market can determine the increase of the price of shares and bonds and will determine an increase of the fair value of the future cash flows.

Concerning the Group's interest-bearing financial instruments, the policy is to invest in profitable financial instruments with a maturity of more than one year. Regarding the fixed interest-bearing assets or marketable assets, the Group is exposed to the risk that the fair value of future cash flows related to financial instruments will fluctuate because of changes in market interest rates. However, most of the Group's financial assets are in stable currencies, whose interest rates are unlikely to vary significantly.

Thus, the Group will be subject to limited exposure to the risk of the fair value rate or future cash flows due to fluctuations in the prevailing interest rates on the market.

The Group does not use derivative financial instruments to protect against the interest rate fluctuations.

The table below shows the annual interest rates obtained by the Group for interest-bearing assets during 1H 2023:

	RON range %		**EUR range %**	
Financial assets	**min**	**max**	**min**	**max**
Bank deposits	0.00	9.50	1.9	2.4
Financial assets at fair value through profit and loss*	8.75	10.2	-	-
Loans granted to affiliated parties**	-	-	5.63	6.54
Loans from affiliated parties	2.00	3.50	1.00	1.00

** in the financial assets at fair value through profit and loss are included the bonds, denominated in RON and foreign currency, issued by Lion Capital's subsidiaries (not included in the scope of consolidation)*
*** Euribor 3M+3.5%*

The table below shows the annual interest rates obtained by the Group for interest-bearing assets during 1H 2022:

	RON range %		**EUR range %**	
Financial assets	**min**	**max**	**min**	**max**
Bank deposits	0.00	6.50	0.06	0.12
Financial assets at fair value through profit and loss*	4.30	6.73	-	-
Financial assets at fair value through other items of comprehensive income**	-	-	5.75	5.75
Loans granted to affiliated parties***	-	-	-	3.31
Loans from affiliated parties	2.00	3.50	1.00	1.00

** in the financial assets at fair value through profit and loss are included the bonds, denominated in RON and foreign currency, issued by a subsidiary (not included in the scope of consolidation)*
*** in financial assets at fair value through other comprehensive income the corporate bonds are included*
**** Euribor 3M+3.5%*

The table below contains a summary of the Group's exposure to interest rate risks. The table includes the assets and liabilities of the Group at the accounting (book) values, classified according to the most recent date between the interest rate change date and the maturity date.

in RON	**June 30, 2023**	**December 31, 2022**
Cash and cash equivalents*	136,931,227	9,625,793
Bank deposits	13,478,741	30,530,436
Financial assets measured at FVTPL - corporate bonds	37,612,296	37,612,296
Financial assets measured at FVTPL – loans granted	91,455,037	133,915,653
Financial assets measured at FVTOCI - corporate bonds	-	(14,531,581)
Loans from affiliates		
TOTAL	**279,477,301**	**197,152,598**

** short-term investments in bank deposits (maturity of less than 3 months) are included in cash equivalents.*

The impact over the net profit of the Group (interest revenues/expenses) of a change of ± 1,00% of the interest rate corresponding to the floating interest-bearing assets and liabilities denominated in other currencies, together with a change of ± 1.00% of the interest rate for floating interest-bearing assets and liabilities denominated in RON is of RON 2,347,609 (December 31, 2022: RON 1,656,082).

In the case of the bonds held recorded at fair value (level 1), a change of +/- 5% of their market price determines a net impact in the amount of +/-1,579,616 RON (December 31, 2022: +/-1,579,616 RON) in the profit and loss account.

iii) Currency risk

The currency risk is the risk of recording some losses or not achieving the estimated profit following the non-favourable changes of the exchange rate. The Group invests in financial instruments and incurs transactions that are denominated in foreign currency, other than the functional currency, so that, it is exposed to the risks that the exchange rate of the national currency related to other foreign currency has adverse effects over the fair value or future cash flows of that part of the financial assets and liabilities denominated in another foreign currency.

The Group carried-out transactions during the reporting periods both in the Romanian currency (Leu), and in foreign currency. The Romanian currency fluctuated compared to the foreign currencies, EURO, and USD.

The financial instruments used give the possibility to keep the value of the monetary assets held in RON, by making investments, and cashing the interests depending on the maturity date.

The Group did not carry out any transaction with derivatives on the exchange rate during the financial years presented.

The Group's financial assets and liabilities in foreign currencies as of June 30, 2023, and December 31, 2022, may be analysed as follows:

Financial assets and liabilities exposed to exchange rate risk (in RON)

	June 30, 2023	**December 31, 2022**
Cash and cash equivalents	68,360,614	19,805,929
Bank deposits	4,022,528	3,968,576
Financial assets at fair value through profit and loss (including assets held by investment funds) *	95,473,767	145,226,312
Financial assets at fair value through other comprehensive income **	115,688,490	147,927,260
TOTAL	**283,545,399**	**316,928,078**
Loans	-	(1,154,778)
Liabilities from leasing agreements	-	(5,250)
Total liabilities	**-**	**(1,160,028)**
Net financial assets	**283,545,399**	**315,768,050**

* *financial assets at fair value through profit or loss include the loan denominated in euro and the foreign currency holdings of closed-end investment funds, in proportion to the share of net assets held by the Group*
** *financial assets at fair value through other comprehensive income in EUR include stakes abroad, namely Austria – Erste Bank*

The following table presents the profit or loss sensitivity as well as the sensitivity of equity to potential change at the end of the reporting period of the foreign currency exchange rates related to the reporting currency, while maintaining constant all the other variables:

	June 30, 2023		**December 31, 2022**	
	Impact over profit and loss account	**Impact over other comprehensive income**	**Impact over profit and loss account**	**Impact over other comprehensive income**
Increase EUR with 5% (2022: 5%)	7.049.990	4.858.917	7.049.313	6.212.945
Decrease EUR with 5% (2022: 5%)	(7.049.990)	(4.858.917)	(7.049.313)	(6.212.945)
Total	**-**	**-**	**-**	**-**

(b) Credit risk

The credit risk is the risk that a counterparty of a financial instrument fails to fulfil an obligation or a financial commitment in which it entered in relation with the Group, resulting a loss for the Group. The Group is exposed to the credit risk following the investments in bonds issued by trading companies or the Romanian State, the current accounts and the bank deposits and other receivables. The Group management closely and constantly monitors the exposure to the credit risk so that it does not incur losses following the concentration of the credit in certain sector or field of activity.

As of June 30, 2023, and December 31, 2022, the Group did not have security interests as insurance nor other credit rating improvements. As of June 30, 2023, and December 31, 2022, the Group did not record any outstanding financial assets, for which it had not recorded any impairment adjustments.

Below are presented the financial assets with exposure to credit risk:

June 30, 2023	**Current accounts**	**Bank deposits**	**Corporate bonds (FVTPL)**	**Loan granted (FVTPL)**	**Other financial assets**	**Total**
Rating AAA to A-						
BBB+	68,286,402	11,931,007				80,217,410
BBB	2,840,856	-				2,840,856
BBB-	2,798	9,477,220				9,480,018
BB+	645,792	125,000,000				125,645,792
BB	3,805	4,001,741				4,005,547
BB-	3,508,254					3,508,254
Baa1	199,118					199,118
NR	89,706		38,204,566	95,235,101	22,499,758	156,029,131
TOTAL	**75,576,732**	**150,409,968**	**38,204,566**	**95,235,101**	**22,499,758**	**381,926,126**

(all amounts presented in RON)

December 31, 2022	Current accounts	Bank deposits	Loan granted (FVTPL)	Corporate bonds (FVTPL)	Other financial assets	Total
Rating AAA to A-						
BBB+	19,748,766	1,045,573				20,794,339
BBB	3,304,865	9,359,000				12,663,865
BBB-	3,514	12,015,220				12,018,734
BB+	208,844	5,580,000				5,788,844
BB	6,631	9,156,436				9,163,067
BB-	978					978
B+	8,405,422	-				8,405,422
Baa1	68,983					68,983
NR	90,045		135,340,462	38,313,018	16,079,974	189,823,499
TOTAL	**31,838,048**	**37,156,229**	**135,340,462**	**38,313,018**	**16,079,974**	**258,727,731**

The Group's maximum exposure to credit risk is of RON 381,926,126 as of June 30, 2023 (December 31, 2022: RON 258,727,731) and can be analysed as follows:

Exposure from current accounts and bank deposits

	Credit rating			June 30, 2023	December 31, 2022
BRD - Groupe Société Générale	BBB+	BRD - Groupe Société Générale	Fitch	14,401,807	14,403,814
Banca Transilvania	BB+	Banca Transilvania	Fitch	125,645,792	5,788,844
Banca Comercială Română	BBB+	Banca Comercială Română	Fitch	65,815,602	6,390,525
CEC Bank	BB	CEC Bank	Fitch	4,005,547	9,163,067
Exim Banca Românească	BBB-	Exim Banca Românească	Fitch	6,479,084	6,232,956
Intesa Sanpaolo Romania*	BBB	Intesa Sanpaolo Italia	Fitch	21,219	9,380,149
Procredit	BBB-	Procredit	Fitch	3,000,934	5,785,778
Raiffeisen Bank Romania	Baa1	Raiffeisen Bank Romania	Moody's	199,118	68,983
Credit Europe Bank	B+	Credit Europe Bank	Fitch	3,507,425	8,405,422
UniCredit Tiriac	BBB	UniCredit Tiriac	Fitch	2,819,637	3,283,716
Libra Bank	BB-	Libra Bank	Moody's	829	978
Techventures Bank	NR			89,706	89,851
Other banks	NR			-	194
TOTAL				**225,986,700**	**68,994,277**

*For banks for which there is no rating, we considered the parent company's rating

Cash and cash equivalents and bank deposits are not outstanding and are not impaired. Corporate bonds are not outstanding and are not impaired.

The Group's exposure to credit and counterparty risk through corporate bonds held as of June 30, 2023, is presented in the following table:

Issuer		Quantity	Nominal value	Interest rate	Value as of June 30, 2023, in RON	Maturity
Vrancart SA*	RON	368,748	100.00	8.75%	37,612,296	2024
Total					**37,612,296**	

** floating interest rate (related to the latest coupon)*

The Group's exposure to credit and counterparty risk through corporate bonds held as of December 31, 2022 is presented in the following table:

Issuer		Quantity	Nominal value	Interest rate	Value as of December 31, 2022, in RON	Maturity
Vrancart SA*	RON	368,748	100.00	10.20%	37,612,296	2024
TOTAL					**37,612,296**	

** floating interest rate (related to the latest coupon)*

(c) Liquidity risk

Liquidity risk is the risk that the Group encounters difficulties in meeting obligations associated with short-term financial liabilities, that are extinguished by the cash payment or by other financial means, or such obligations should be extinguished under an unfavourable manner for the Group. The Groups monitors the evolution of the liquidity level to be able to pay the obligations on the date when these ones become due and permanently analyses the assets and liabilities, depending on the period remaining until the contractual due dates.

(all amounts presented in RON)

The structure of the assets and liabilities was analysed based on the period remaining as of the balance sheet date until the contractual date of the due date, both as of June 30, 2023, and as December 31, 2022, as follows:

in RON	**Carrying amount**	**Less than 3 months**	**Between 3 and 12 months**	**Over 1 year**	**Without pre-established maturity**
June 30, 2023					
Financial assets					
Cash and cash equivalents	**212,634,712**	212,634,712	-	-	-
Bank deposits	**13,576,589**	13,576,589	-	-	-
Financial assets at FVTPL	**1,732,150,269**	592,270	132,847,397		1,598,710,601
Financial assets at FVTOCI	**1,544,578,740**				1,544,578,740
Other financial assets	**23,917,629**	23,917,629	-	-	-
Total financial assets	**3,526,857,939**	**250,721,200**	**132,847,397**	**-**	**3,143,289,341**
Financial liabilities					
Dividends payable	**9,956,746**	9,956,746			
Other financial liabilities	**6,730,684**	6,730,684	-		
Total financial liabilities	**16,687,430**	**16,687,430**	**-**	**-**	**-**
Liquidity surplus	**3,510,170,509**	**234,033,770**	**132,847,397**	**-**	**3,143,289,341**

December 31, 2022	**Carrying amount**	**Less than 3 months**	**Between 3 and 12 months**	**Over 1 year**	**Without pre-established maturity**
Financial assets					
Cash and cash equivalents	**38,538,814**	38,538,814	-	-	-
Bank deposits	**30,786,239**	30,786,239		-	-
Financial assets at FVTPL	**1,742,399,219**	700,722	135,340,462	37,612,296	1,568,745,738
Financial assets at FVTOCI	**1,486,550,751**				1,486,550,751
Other financial assets	**17,439,803**	17,439,803	-	-	-
Total financial assets	**3,315,714,826**	**87,465,578**	**135,340,462**	**37,612,296**	**3,055,296,489**
Financial liabilities					
Dividends payable	**10,042,310**	10,042,310	-	-	-
Loans	**16,311,778**	-		16,311,778	-
Liabilities from leasing agreement	**5,250**	5,250			-
Other financial liabilities	**46,700,851**	46,700,851	-	-	-
Total financial liabilities	**73,060,189**	**56,748,411**	**-**	**16,311,778**	**-**
Liquidity surplus	**3,242,654,637**	**30,717,167**	**135,340,462**	**21,300,518**	**3,055,296,489**

6.2 Other risks

By the nature of the business object, the Group is exposed to various types associated to the financial instruments and to the market on which it invests. The main types of risks the Group is exposed to are:

- taxation risk;
- economic environment risk;
- operational risk.

Risk management considers the maximization of the Group profit related to the risk level it is exposed to.

The Group uses various management and measurement policies and procedures for the risk types it is exposed to. These policies and procedures are presented in the subchapter dedicated to each type of risk.

(a) Taxation risk

Starting with January 1st, 2007, following Romania's accession to the European Union, the Group had to comply with the regulations of the European Union, and therefore it prepared for the application of the changes brought by the European legislation. The Group implemented these changes, but the implementation modality remains open to the tax audit for 5 years.

The interpretation of the texts and the practical implementation of the procedures of the new applicable tax regulations could vary and there is the risk that under certain situations the tax authorities should adopt a different position from that of the Group.

From the profit tax point of view corresponding there is the risk of different interpretation by the tax organisms of the accounting treatment determined by the transition to IFRS as accounting basis.

Furthermore, the Romanian Government has various agencies authorized to carry-out the audit (control) of the companies operating within the territory of Romania. These controls are similar to the tax audits of other countries, and can cover only tax aspects, and other legal and regulatory aspects that present an interest for those agencies. It is possible that the Group be subject to the tax inspection while new tax regulations are issued.

(b) Economic environment risk

The Group management cannot predict all the effects of the financial crisis with an impact on the financial sector in Romania, but it believes that in the first 6 months of 2022 it adopted the necessary measures for the Group's sustainability and development under the present state of the financial market by monitoring its cash flows and adapting its investment policies.

Risk avoidance and mitigation of their effects is ensured by the company through an investment policy which complies with prudential rules imposed by the applicable laws and regulations in force.

At parent company level, risk management policies were adopted through which risks are managed actively, by implementing specific risk identification, evaluation, measurement, and control procedures meant to provide reasonable assurance with respect to the achievement of the Group's objectives, thus seeking a consistent balance between risk and expected profit.

The risk management aims at: (i) identifying and assessing significant risks with major impact in achieving the target investment and developing activities to counter the risk identified; (ii) adapting the risk management policies to the developments in the financial capital market, monitoring performance and improving risk management procedures; (iii) reviewing investment decisions in line with the development of the capital and money market; (iv) compliance with the legislation in force.

The geopolitical tensions of the past 12 months and the increasing uncertainty regarding the supply of energy products have led to significant increases in oil and natural gas prices in 2022. The aggressive measures adopted by major central banks (the Federal Reserve, the European Central Bank, etc.) to curb inflation and the short- and medium-term uncertainties about the impact of these measures on the macroeconomic landscape have resulted in high volatility in the major capital markets. The lack of visibility regarding the central banks' stance in the face of these externalities, the necessary level of successive interest rate hikes, and their impact on global demand are the main challenges for the management of the asset portfolio in 2023.

(c) Operational risk

Operational risk is the risk of direct or indirect loss resulting from deficiencies or weaknesses in procedures, personnel, the Group's internal systems or from external events that can have an impact over its operations. Operational risks arise from all the Group activities.

The Group's objective is to manage operational risk to the extent of limiting financial losses, safeguarding its reputation, and achieving its investment goal of generating returns for investors.

The primary responsibility for implementation and development of control over the operational risk lies with the Board of Directors. This responsibility is supported by the development of general standards of operational risk management, including controls and processes within service providers and service commitments with service providers.

(d) Capital adequacy

The policy of the management with respect to capital adequacy focuses on maintaining a sound capital base to support the ongoing development of the Group and attain the investment objectives.

The Group's equity (own capital) includes the share capital, various types of reserves and the retained earnings. Equity amounted to RON 3,400,349,411 as of June 30, 2023 (RON 3,186,328,160 as of December 31, 2022).

7. Dividend income

Please note that, in accordance with IFRS 9 and since the Group has opted to measure participations by other comprehensive income, dividends from these shareholdings are recognized as income, unless they are a substantially recovery of the cost of investment. Dividend income is recorded at gross value. The tax rates for dividends for 1H 2023 from resident and non-resident companies were 0%, 8% and 27.5% (2022: 0%, 5%, and 27.5%). The breakdown of dividend income on the main counterparties is shown in the table below:

Denominated in RON	**June 30, 2023**	**June 30, 2022**	**Measurement**
BRD	-	50,396,401	FVTOCI
Banca Transilvania	-	38,214,355	FVTOCI
Erste Bank	7,503,480	7,916,320	FVTOCI
SNP Petrom	13,315,545	6,679,024	FVTOCI
Conpet	3,868,165	4,098,765	FVTOCI
SIFI CJ Logistic	915,365	53,396	FVTPL
Azuga Turism	763,276	989,347	FVTPL
Bursa de Valori Bucuresti (Bucharest Stock Exchange)	530,461	393,883	FVTOCI
Others	3,672	273,966	FVTOCI
Total	**26,899,964**	**109,015,457**	
FVTOCI	25,221,323	107,972,714	
FVTPL	1,678,641	1,042,743	

FVTPL** *= financial assets at fair value through profit and loss /* ***FVTOCI *= financial assets at fair value through other comprehensive income*

8. Interest income

Interest income (assets at amortized cost, assets at fair value through other comprehensive income)

denominated in RON	**June 30, 2023**	**June 30, 2022**
Interest income on deposits and current bank accounts	2,218,794	1,224,270
Interest income on assets measured through other comprehensive income (corporate bonds)	-	147,998
	2,218,794	**1,372,268**

Interest income (assets at fair value through profit and loss)

denominated in RON	**June 30, 2023**	**June 30, 2022**
Interest income from bonds	1,682,450	1,060,342
Interest income from loans	4,008,618	-
Interest income related to sale of shares contract*	548,948	951,696
	6,240,017	**2,012,038**

** The amount represents the financing component extracted from the total value of the contracts for the transfer of stake held in Central S.A. according to the contractual clauses agreed between the parties*

9. Other operating revenues

denominated in RON	**June 30, 2023**	**June 30, 2022**
Income from management activities (SAI Muntenia Invest and Administrare Imobiliare)	15,708,408	16,411,824
Other operating revenues	161,743	28,043
	15,870,152	**16,439,867**

10. Profit/(Loss) from measurement of assets through profit and loss

denominated in RON	**June 30, 2023**	**June 30, 2022**
Profit / (Loss) from valuation / disposal of fund units	18,412,612	11,660,436
Profit / (Loss) from valuation of shares in subsidiaries and associates	51,874,811	(110,665,947)
Total	**70,287,422**	**(99,005,512)**

As of June 30, 2023, and June 30, 2022, the Group evaluated the participations held in fund units, the shares held in subsidiaries and associates and the bonds held, measured through the profit and loss account, resulting an increase of RON 70m (June 30, 2022: decrease amounting to RON 99m).

11. Fees and commissions expenses

denominated in RON	**June 30, 2023**	**June 30, 2022**
ASF commissions	1,562,932	1,546,090
Depository fees	456,262	471,035
Fees payable for transactions	91,850	6,545
Registry fees	160,968	93,200
Other fees and commissions	32,187	29,750
Total	**2,304,198**	**2,146,619**

12. Other operating expenses

denominated in RON	June 30, 2023	June 30, 2022
Expenses with other taxes and fees and assimilated payments	404,562	369,801
Expenses with salaries and other personnel expenses	12,612,016	11,687,612
Amortization expenses	489,194	478,232
Expenditure on third party services and other expenses	3,049,807	3,125,296
Total	**16,555,580**	**15,660,941**

In other operating expenses are included personnel expenses, expenditure with taxes and fees, amortization expenses and other expenses on external services.

In the period ended on June 30, 2023, the average number of employees was of 63 (June 30, 2022: 65), and the number of employees recorded at the end of the reporting period was of 72 (June 30, 2022: 72).

The Group makes payments to institutions of the Romanian state accounting for the pensions of its employees. All employees are members of the pension plan of the Romanian State. The Group does not operate any other pension scheme or post-retirement benefits and, consequently, has no other obligations concerning pensions. Furthermore, the companies in the Group are not bound to provide additional benefits to employees after their retirement.

13. Income tax

denominated in RON	June 30, 2023	June 30, 2022
Current income tax		
Current income tax (16%)	8,388,428	3,315,305
Tax on dividend (0%, 8%, 27.5%*)	3,554,114	7,174,983
Income tax (1%)	-	18,468
Deferred tax expense / (income)		
Financial assets at fair value through other comprehensive income	-	-
Financial assets at fair value through profit or loss	1,815	-
Tangible assets / Investment property	17,219	17,071
Provisions for risks and expenses and receivables impairment adjustments	307,029	220,042
Total income tax recognized in result of the period	**12,268,604**	**10,745,868**

** withheld at source according to Austrian tax rules, in the case of dividends distributed by Erste Bank. The actual tax is to be settled in future financial years on account of the avoidance double taxation convention between Romania and Austria.*

The effective tax rate used to calculate the deferred tax of the Group was of 16%.

Reconciliation of profit before tax with expense on income tax in the profit and loss account:

denominated in RON	June 30, 2023	June 30, 2022
Profit before tax	**118,977,779**	**13,625,386**
Tax under statutory tax rate of 16% (2022: 1 and 16%)	19,036,445	5,115,180
Income tax effect on:		
Tax on dividend (0%, 8%, 27.5%)	3,554,114	7,174,983
Non-deductible expenses and similar items	9,106,849	25,223,733
Non-taxable income	(20,385,508)	(26,500,027)
Elements similar to income	10,758,982	(169,045)
Elements similar to expenses	(950,834)	
Tax loss to be recovered	(1,614,775)	-
Amounts of sponsorship within legal limits and other deductions	(817,878)	(509,086)
Tax recognized in retained earnings	(6,744,853)	173,018
Deferred tax	326,063	237,113
Income tax	**12,268,604**	**10,745,868**

14. Cash and cash equivalents

denominated in RON	June 30, 2023	December 31, 2022
Petty cash and other valuables	5,825	9,686
Current accounts in banks	75,626,172	28,881,950
Deposits at banks with original maturity less than 3 months*	137,002,716	9,647,178
Cash and cash equivalents with maturity less than 3 months	**212,634,712**	**38,538,814**

** including attached interest*

Current bank accounts and bank deposits are permanently available to the Company and are not restricted.

15. Bank deposits

denominated in RON	June 30, 2023	December 31, 2022
Bank deposits with maturity greater than 3 months	13,478,741	30,530,436
Attached interest on deposits	97,848	255,804
Cash and cash equivalents with maturity greater than 3 months	**13,576,589**	**30,786,239**

16. Financial assets measured at fair value through profit and loss account

denominated in RON	June 30, 2023	December 31, 2022
Shares measured at fair value	1,217,209,069	1,205,656,817
Fund units measured at fair value	381,501,533	363,088,921
Loan granted to a subsidiary (including attached interest)	95,235,101	135,340,462
Corporate bonds (including attached interest)	38,204,566	38,313,018
Total	**1,732,150,269**	**1,742,399,219**

Following the application of IFRS 9 starting January 1, 2018, the shareholdings in associates, fund units and bonds held in related parties were reclassified in the category of assets measured at fair value through profit and loss.

The movement of the financial assets measured at fair value through profit and loss account as of June 30, 2023, is presented in the table below:

denominated in RON	Shares	Fund units	Loans granted	Corporate bonds in subsidiaries	Total
January 1, 2023	**1,205,656,817**	**363,088,921**	**135,340,462**	**38,313,019**	**1,742,399,219**
Acquisitions	234				234
Sales	(40,322,793)		(42,826,295)		(83,149,088)
Change in interest to be collected	-		2,340,112	(108,452)	2,231,660
Change in fair value (including exchange rate differences)	51,874,811	18,412,612	380,822		70,668,244
June 30, 2023	**1,217,209,069**	**381,501,533**	**95,235,101**	**8,204,567**	**1,732,150,269**

The sale of shares for a sum of RON 40.3m represents the completion of the sale transaction of the stake held in Central SA Cluj.

As of June 30, 2023, the equity interests held in subsidiaries and associated entities were measured at fair value, resulting in a favourable difference of RON 51.88m (compared to the value as of December 31, 2022).

The fair value assessment of fund units as of June 30, 2023, resulted in a favourable difference of RON 18.4m (vs. the value as of December 31, 2022).

During the first half of 2023, a portion of the loan granted (including related interest) to a subsidiary was repaid.

The movement of the financial assets measured at fair value through profit and loss account in 2022 is presented in the table below:

denominated in RON	Shares	Fund units	Loans granted	Corporate bonds in subsidiaries	Total
January 1, 2022	**1.273.328.059**	**369.329.872**	**-**	**37.907.699**	**1.680.565.630**
Acquisitions	687.468	-	133.000.000	-	133.687.468
Sales	(27.193.910)	-			(27.193.910)
Change in interest to be collected	-	-	1.421.122	405.320	1.826.442
Change in fair value (including exchange rate differences)	(41.164.800)	(6.240.951)	919.339	-	(46.486.412)
December 31, 2022	**1.205.656.817**	**363.088.921**	**135.340.462**	**38.313.019**	**1.742.399.219**

(all amounts presented in RON)

The stock acquisitions made during the year 2022 include shares in Vrancart SA, acquired through participation in the increase of share capital with cash contribution and purchases on the Bucharest Stock Exchange (BVB).

The sales of shares represent the value of the stake held in Gaz Vest SA, sold in its entirety.

The amount of RON 133m represents the loan granted in the year 2022 to SIF SPV Two SA, for the purpose of settling the auction price for the acquisition of the "Belvedere Cigarette Factory" through asset transfer, in the auction organized as part of the insolvency proceedings of Interagro S.A.

17. Financial assets measured at fair value through other comprehensive income

The movement of financial assets measured at fair value through other comprehensive income during 1H 2023 is presented in the following table:

in RON	**Shares***
January 1, 2023	**1,486,550,751**
Acquisitions	195,886
Sales	(64,198,783)
Change of interest to be collected	-
Change of fair value (including exchange rate difference)	122,030,887
June 30, 2023	**1,544,578,740**

** the option to measure at fair value through other comprehensive income was exercised at the initial recognition*

The acquisitions of shares totalling RON 0.2m represent shares in Grand Hotel Bucharest.

The sales of shares totalling RON 64.2m primarily include the sale of Erste Bank shares and the stakes held in Antibiotice, Argus, Comelf, Urbana, Anteco, IFB Finwest, and others. The amount transferred to the retained earnings related to these sales is of RON 35.9m.

The movement of financial assets measured at fair value through other items of comprehensive income in 2022 is presented in the following table:

in RON	**Shares***	**Corporate bonds ** **
January 1, 2022	**1,421,724,976**	**5,283,259**
Acquisitions	357,288,563	
Sales	(3,213,710)	(5,164,320)
Change of interest to be collected	-	(9,822)
Change of fair value (including exchange rate difference)	(289,249,077)	(109,118)
December 31, 2022	**1,486,550,751**	**-**

** the option to measure at fair value through other comprehensive income was exercised at the initial recognition or at the date of transition to IFRS 9*
*** SPPI tested and recognized as held for collection and sale*

The share acquisitions in the year 2022, totalling RON 357.3m, primarily include the purchase of shares in SIF Muntenia, OMV Petrom, CH Intercontinental SA Bucharest, SIF Oltenia, and Impact SA.

The share sales amounting to RON 3.2m primarily relate to the exits from Reva, Transgex, and Prospecțiuni. The net result realized from these transactions, totalling RON 2.1m, was transferred to retained earnings.

The bond exits include the value of Impact bonds redeemed at maturity (December 2022).

The Company uses the following hierarchy of methods to measure fair value:

- Level 1: quoted market price in an active market for an identical instrument.
- Level 2: Valuation techniques based on observable inputs: quoted market prices in active markets for similar instruments; valuation techniques where all significant inputs are directly or indirectly observable from market data.
- Level 3: Valuation techniques largely based on unobservable input.

The fair value of financial assets and liabilities that are traded in active markets are based on quoted market prices or on prices quoted by intermediaries (brokers).

The fair value of the financial instruments for which there is no active market (Level 2 and 3) and those that are not traded is determined by external evaluators and authorized evaluators within the Valuation department operating in the Group, using the strategy set by the management of the issuer and valuation techniques including techniques based on the present net value, the discounted cash flow method, the method of comparisons with similar instruments for which there is an observable market price.

Valuation techniques are used consistently, there are no changes in their application.

An analysis of the financial instruments and investment property recognized at fair value according to the valuation method is presented in the table below:

June 30, 2023

denominated in RON	**Level 1**	**Level 3**	**Total**
Financial assets at FVTPL - shares	385,820,825	831,388,244	1,217,209,070
Financial assets at FVTPL - fund units	381,501,533	-	381,501,533
Financial assets at FVTPL - bonds	38,204,566		38,204,566
Financial assets at FVTPL - loan granted		95,235,101	95,235,101
Financial assets at FVTOCI - shares	1,526,837,120	17,741,622	1,544,578,741
Investment property		31,212,182	31,212,182
Assets held for sale			
Land and buildings		3,278,322	3,278,322
TOTAL	**2,332,364,043**	**978,855,472**	**3,311,219,515**

December 31, 2022

denominated in RON	**Level 1**	**Level 3**	**Total**
Financial assets at FVTPL – shares	362,069,218	843,587,601	1,205,656,818
Financial assets at FVTPL – fund units	363,088,921	-	363,088,921
Financial assets at FVTPL - loans granted		135,340,462	135,340,462
Financial assets at FVTTPL - corporate bonds	38,313,018	-	38,313,018
Financial assets at FVTOCI - shares	1,468,597,487	17,953,265	1,486,550,752
Investment property	-	31,210,877	31,210,877
Assets held for sale		46,792,387	46,792,387
Land and buildings	-	3,342,887	3,342,887
TOTAL	**2,232,068,644**	**1,078,227,479**	**3,310,296,123**

During the first 6 months of 2023, no transfers between levels of fair value were performed.

18. Other financial assets

denominated in RON	**June 30, 2023**	**December 31, 2022**
Trade receivables - net	16,349,079	2,546,511
VAT receivable	1,017,417	1,086,970
Prepayments to suppliers	9,881	131,237
Other receivables - net	5,123,380	12,315,255
Total	**22,499,758**	**16,079,974**

19. Investment property

denominated in RON	**June 30, 2023**	**December 31, 2022**
Balance as of January 1	**31,210,877**	**30,840,716**
Inflows, of which	1,305	17,815
- Acquisitions	-	17,815
- In progress	1,305	
Transferred from assets in progress		
Exits	-	-
Effect of changes in fair value	-	352,346
Balance at the end of period	**31,212,182**	**31,210,877**

20. Assets held for sale

denominated in RON	**June 30, 2023**	**December 31, 2022**
Balance at the beginning of the period	**46,792,387**	**45,522,520**
Inflows, of which	-	1,269,867
- Acquisitions / Overhauls	-	1,269,867
In progress		
Exits	50,958,220	
Changes in fair value	4,165,833	-
Balance at the end of period	**-**	**46,792,387**

During 1H 2023, a subsidiary within the Group entered into a sales contract for a land owned in Bucharest.

21. Other financial liabilities

denominated in RON	**June 30, 2023**	**December 31, 2022**
Trade liabilities	261,868	1,200,954
Amounts owed to employees and related contributions	1,343,476	3,433,640
Taxes and duties	5,061,272	414,346
Other liabilities – short term	64,068	41,651,911
Total	**6,730,684**	**46,700,851**

22. Loans

denominated in RON	**June 30, 2023**	**December 31, 2022**
Long-term		
Loans	-	16,311,778
Total long-term loans	**-**	**16,311,778**

During the first half of 2023, loans of a subsidiary within the Group, obtained from an affiliated party, were repaid.

23. Deferred tax liabilities

Deferred tax assets and liabilities as of June 30, 2023, and December 31, 2022, are generated by the elements detailed in the following tables:

1H 2023

denominated in RON	**Assets**	**Liabilities**	**Net**
Financial assets at FVTPL	-	-	-
Financial assets at FVTOCI	-	895,822,017	(895,822,017)
Tangible assets and investment property	-	16,156,991	(16,156,991)
Value adjustments of assets	-	7,028	(7,028)
Provisions for risks and expenses	-	(922,065)	922,065
Total	**-**	**911,063,971**	**(911,063,971)**
Net temporary differences - 16% rate			(145,770,236)
Deferred tax liabilities			**(145,770,236)**

2022

denominated in RON	**Assets**	**Liabilities**	**Net**
Financial assets at FVTPL	-	-	-
Financial assets at FVTOCI	-	839,844,596	(839,844,596)
Tangible assets and investment property	-	19,444,030	(19,444,030)
Value adjustments of assets	-	(15,179)	15,179
Provisions for risks and expenses	-	(2,840,997)	2,840,997
Total	-	**856,432,450**	**(856,432,450)**
Net temporary differences – rate of 16%			(137,029,193)
Deferred tax liabilities			**(137,029,193)**

The deferred income tax liabilities as of June 30, 2023, amounting to RON 145,770,236 (2022: RON 137,029,193) include:

- The deferred income tax recognized directly through the decrease in equity, amounting to RON 139,750,904 (2022: RON 130,389,332), generated by reserves related to financial assets measured at fair value through other comprehensive income (FVTOCI).

- Deferred tax related mainly to differences in the inflation of financial assets and impairment adjustments, totalling RON 6,019,332, recognized in retained earnings.

24. Capital and reserves

(a) Share capital

As of June 30, 2023, the share capital of Lion Capital amounts to RON 50,751,006, divided into 507,510,056 shares with the nominal value of RON 0.1 and it is the result of direct subscriptions to the share capital of the company, by the conversion into shares of the amounts due as dividends under Law no. 55/1995 and pursuant to Law no. 133/1996. As of June 30, 2023, the number of shareholders was of 5,739,519 (December 31, 2022: 5,741,164).

The shares issued by Lion Capital are traded on the Bucharest Stock Exchange since November 1999. The records of shares and shareholders is kept by Depozitarul Central S.A. Bucharest.

All shares are ordinary shares, were subscribed and fully paid as of June 30, 2023, and December 31, 2022. All shares have equal voting rights and a nominal value of RON 0.1/share. The number of shares authorized to be issued is equal to the shares issued.

The EGM of November 2, 2020, approved:
- the partial revocation of the Resolution of the Extraordinary General Meeting of Shareholders of April 22, 2019, published in the Official Gazette of Romania, Part IV, no. 2154 / 23.05.2019, namely of article 1 of this resolution, which approved the execution of a buyback program for a maximum of 15,000,000 shares;
- the execution of a Buyback (“Program 3”) by the Company to reduce its share capital. The maximum number of shares that could be repurchased: 15,000,000 shares at most.

The EGM of October 11, 2021, approved:
- the execution of a buyback program ("Program 4"), for their distribution free of charge to the members of the Company’s management (administrators, directors), to build their loyalty as well as to reward them for the activity carried out within the Company, according to the performance criteria to be determined by the Board of Directors. The maximum number of shares that could be repurchased: 880,000 shares at most. The distribution of shares is to be made under a “Share-based Payment Plan” of Stock Option Type, complying with the legal requirements in force. The Board of Directors of the Company approved in January 2022 the “Share-based Payment Plan”, which was completed in March 2023.

The EGM of November 25, 2021, approved:
- the method of allocating the 8,792,307 treasury shares repurchased by the Company under the buyback programs previously approved by the general meeting of shareholders to reduce the share capital and for free distribution to members of the Company's management, programs carried out under a Public Tender Offer approved by the Financial Supervisory Authority by Decision no. 1166 / 22.09.2021, in the following variant: allocation of a number of 7,912,307 shares to reduce the Company’s share capital and allocation of a number of 880,000 shares to be distributed free of charge to the members of the Company's management.

The EGM of April 28, 2022, approved:
- the reduction of Company's share capital from RON 51,542,236.3 to RON 50,751,005.6 following the cancellation of 7,912,307 treasury shares acquired by the company, in the buyback programs.
- the execution of a share buyback program ("Program 6") for the distribution free of charge to the members of the Company's management (administrators, directors), in order to gain their loyalty, as well as to reward them for the activity carried out within the Company, according to the performance criteria to be determined by the Board of Directors. The maximum number of shares that can purchased in the buyback program is no more than 990,000 shares. The shares will be distributed within a “Share-based Payment Plan” of Stock Option Type, in compliance with the legislation in force. The Board of Directors of the Company approved in March 2023 the “Share-based Payment Plan”, which is ongoing.

The EGM held on April 27, 2023, approved:
- a share buyback program ("Program 7") for the purpose of granting shares free of charge to members of the Company's management (administrators, directors) to enhance their commitment and reward their contributions to the Company, based on performance criteria to be determined by the Board of Directors. The maximum number of shares that can be repurchased is up to 990,000 shares. The shares will be granted under a “Stock Option Plan”, in compliance with applicable laws and regulations.

denominated in RON	**June 30, 2023**	**December 31, 2022**
Share capital*	50,751,006	50,751,006
Total	**50,751,006**	**50,751,006**

** The effect of hyperinflation on share capital is presented in section (g)*

(b) Retained earnings

in RON	**June 30, 2023**	**December 31, 2022**
Retained earnings from transition to IAS and IFRS	422,323,709	422,323,709
Retained earnings from applying IFRS 9 (including gain on transactions)	342,474,379	312,836,518
Result for the period	106,704,755	93,539,352
Other amounts recognized in retained earnings (legal reserves, revaluation of tangible assets, etc.)	29,816,280	27,038,177
Total	**901,319,123**	**855,737,756**

(c) Other reserves

in RON	**June 30, 2023**	**December 31, 2022**
Reserves allocated from net profit	1,445,827,091	1,350,359,944
Reserves set-up under Law no. 133/1996	145,486,088	145,486,088
Reserves from lapsed dividends	88,420,910	88,420,910
Reserves from exchange rate differences and investment facilities	19,832,946	19,832,946
Total	**1,699,567,035**	**1,604,099,887**

The reserve for the initial portfolio was set up under the application of Law no. 133/1996, as the difference between the portfolio value and the subscribed capital contribution to the company. Thus, these reserves are treated as share premium and are not used when selling the (fixed) financial assets.

(d) Legal reserves

Pursuant to the legal requirements, the Group set-up legal reserves in the amount of 5% of recorded profit according to applicable accounting standards up to 20% of the share capital as per the Articles of Association. The legal reserve as of June 30, 2023, amounts to RON 10,410,602 (December 31, 2022: RON 10,410,602).

Legal reserves cannot be distributed to shareholders.

(e) Differences from changes in fair value of financial assets measured through other comprehensive income

This reserve comprises cumulative net changes in the fair values of financial assets measured through other comprehensive income from the date of their classification in this category to the date they have been derecognized or impaired.

Reserves are recorded net of related deferred tax. The amount of deferred tax recognized directly through impairment of equity is presented in Note 23.

The following table shows the reconciliation of net differences in the change in fair value for financial assets measured through other comprehensive income:

In RON	**June 30, 2023**	**December 31, 2022**
Differences in changes in fair value for financial assets measured through other comprehensive income (shares)	738,823,709	662,131,924
Total	**738,823,709**	**662,131,924**

(f) Dividends

During the first six months of 2023, there was no approval for a dividend distribution. In 2022 the shareholders approved a distribution of a gross dividend of RON 0.06/share from the profit of the financial year 2021.

(all amounts presented in RON)

25. Contingent assets and liabilities

(a) Litigations

The Group is the subject of some litigations resulting in the normal course of business. The management believes that these actions will not have a significant effect on the economic results and the consolidated financial position.

(b) Other liabilities

not the case

26. Related parties

The parties are considered related if one party has the capability to control the other party or to exercise a significant influence over this in taking financial and operational decision.

The Company has identified the following related parties in the course of business:

Key management personnel

June 30, 2023

- As of June 30, 2023, the Board of Directors of Lion Capital was comprised of 5 members: Bogdan-Alexandru Drăgoi - Chairman, Radu Răzvan Străuț - Vice-Chairman, Sorin Marica, Marcel Pfister, and Ionel Marian Ciucioi.
- As of June 30, 2023, the members of the executive team of Lion Capital: Bogdan-Alexandru Drăgoi – CEO (General Director), Radu Răzvan Străuț - Deputy General Director, Teodora Sferdian - Deputy General Director, Laurențiu Riviș – Director.

December 31, 2022

- As of December 31, 2022, the Board of Directors of Lion Capital (then SIF Banat-Crișana) was comprised of 5 members: Bogdan-Alexandru Drăgoi - Chairman, Radu Răzvan Străuț - Vice-Chairman, Sorin Marica, Marcel Pfister, and Ionel Marian Ciucioi.
- As of December 31, 2022, the members of the executive team of Lion Capital (then SIF Banat-Crișana): Bogdan-Alexandru Drăgoi – CEO (General Director), Radu Răzvan Străuț - Deputy General Director, Teodora Sferdian - Deputy General Director, Laurențiu Riviș – Director.

During the period of the interim reporting, there were no transactions carried out and no advances and loans were granted to managers and administrators of the Company, except for work related travel advances.

The Company has not received and has not given guarantees in favour of any related party.

Transactions with related parties during the interim reporting period:

During 1H 2023, the following transactions with affiliates were performed:

(a) Dividend income

	June 30, 2023	**June 30, 2022**
Azuga Turism	763,276	989,347
SIFI CJ Logistic	915,365	53,396
Total	**1,678,641**	**1,042,743**

(b) Interest income

	June 30, 2023	**June 30, 2022**
VRANCART ADJUD – bonds	1,682,450	1,018,970
SIF SPV TWO - loan	4,008,618	-
Total	**5,691,068**	**1,018,970**

(c) End-of-period liabilities balances

	June 30, 2023	**June 30, 2022**
Debts to affiliates	-	-
Loans	-	(16,311,778)
Total	**-**	**(16,311,778)**

(all amounts presented in RON)

(d) Receivable balance

	June 30, 2023	December 31, 2022
Vrancart - bonds	37,612,296	37,612,296
Vrancart – due interest	592,270	700,722
Azuga Turism – due dividends	763,276	-
SIF SPV TWO – loan principal	91,455,037	133,915,653
SIF SPV TWO – due interest	3,780,065	1,424,809
Total	**134,202,943**	**173,653,481**

27. Events after the interim period

Not the case.