



LION CAPITAL

QUARTERLY REPORT

— PREPARED AS OF MARCH 31, 2023 —

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

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<ul style="list-style-type: none"> ▪ Annex 1 - Condensed interim standalone financial statements as of March 31, 2023, prepared pursuant to the Financial Supervisory Authority Rule no. 39/2015 for the approval of accounting regulations in accordance with the International Financial Reporting Standards applicable to entities authorised, regulated, and supervised by the Financial Supervisory Authority, operating in the Financial Instruments and Investments Sector - unaudited 	
<ul style="list-style-type: none"> ▪ Annex 2 - Net asset statement as of March 31, 2023, prepared pursuant to Annex 10 of Regulation no. 7/2020 	
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1. GENERAL INFORMATION

CORPORATE NAME	Lion Capital S.A. (hereinafter referred to as "Lion Capital", "the Fund" or "the Company") <i>the new corporate name starting March 24, 2023, of SIF Banat-Crișana S.A.</i>
COMPANY TYPE	<ul style="list-style-type: none"> ▪ joint stock company, Romanian legal entity with entire private capital ▪ established as a self-managed investment company, authorized by the Financial Supervisory Authority as Alternative Investment Fund Manager (AIFM) - Authorization no. 78 / 09.03.2018, and as closed-ended alternative investment fund, diversified, addressed to retail investors (AIFRI) - Authorization no. 130 / 01.07.2021
SHARE CAPITAL	<ul style="list-style-type: none"> ▪ RON 50,751,005.60 – subscribed and paid-up capital ▪ 507,510,056 shares issued; 506,520,056 outstanding as of 31.03.2023 ▪ RON 0.10 per share nominal value
REGISTRATIONS	<ul style="list-style-type: none"> ▪ Number in Trade Register J02/1898/1992 ▪ Tax Identification Code RO 2761040 ▪ Number in ASF AFIAA Register PJR07.1AFIAA / 020007 / 09.03.2018 ▪ Number in ASF FIAIR Register PJR09FIAIR / 020004 / 01.07.2021 ▪ Legal Entity Identifier (LEI) 254900GAQ2XT8DPA7274
MAIN ACTIVITY	<p>Main activity is, as per the classification of economic activities in the national economy (CAEN): financial intermediation, except for insurance and pension funds (CAEN code 64), and the main object of activity: Other financial intermediation n.c.a. (CAEN code 6499):</p> <ul style="list-style-type: none"> ▪ portfolio management ▪ risk management ▪ other activities carried out within the collective management of an investment fund, allowed by the legislation in force
TRADING MARKET	The company is listed since November 1, 1999 on the regulated market of Bucharest Stock Exchange (BVB) – Premium category - ticker SIF1
FINANCIAL AUDITOR	Deloitte Audit S.R.L.
DEPOSITARY BANK	Banca Comercială Română (BCR)
SHARES AND SHAREHOLDERS' REGISTRY	Depozitarul Central S.A. Bucharest
HEADQUARTERS	Arad , 35A Calea Victoriei 310158, Romania TEL +40257 304 438 FAX +40257 250 165 EMAIL sifbc@sif1.ro WEB www.sif1.ro
BRANCH OFFICE	SIF Banat-Crișana SA Arad-Bucharest Branch-Rahmaninov 46-48 S. V. Rahmaninov Str., 3rd floor, sector 2, 020199, Bucharest

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2. MAIN FINANCIAL AND OPERATIONAL INFORMATION

MAIN BALANCE SHEET ITEMS [RONm]		
	31.12.2022	31.03.2023
Total assets, of which	3,405.26	3,465.80
Total financial assets	3,374.95	3,439.39
Equity (own capital)	3,242.85	3,307.01
Total liabilities	162.41	158.79

FINANCIAL PERFORMANCE [RONm]		
	31.03.2022	31.03.2023
Operating income	33.74	3.04
Gain/(Loss) on investment	(63.95)	33.98
Operating expenses	4.67	4.88
Gross profit / (Loss)	(34.88)	32.14
Net profit / (Loss)	(36.25)	32.14

PERFORMANCE OF SHARES AND NET ASSET		
	31.12.2022	31.03.2023
Share price (end of period, RON)	2.4300	2.4600
NAV/S* (RON)	6.3817	6.5237
Accounting net asset / share (RON)	6.3897	6.5162
Nominal value of share (RON)	0.1	0.1
Number of shares issued	507,510,056	507,510,056
Number of outstanding shares	507,510,056	506,520,056

* calculated acc. to ASF regulations

** calculated excluding the shares repurchased by the Company

OPERATIONAL DATA		
	31.12.2022	31.03.2023
Number of permanent employees	32	31
Branch offices	1	1

SHAREHOLDING STRUCTURE as of March 31, 2023		
	number of shareholders	holdings
Romanian individuals	5,738,043	40.24%
Non-resident individuals	2,128	0.33%
Romanian legal entities	112	43.43%
Lion Capital*	1	0.20%
Non-resident legal entities	22	15.80%
TOTAL	5,740,306	100%

* treasury shares, repurchased in 2023

3. PORTFOLIO AS OF MARCH 31, 2023

Investment objective and policy

Lion Capital's investment strategy aims to maximize the portfolio performance to increase the value of the assets under management and the investment income.

The financial objective is to reap an aggregate return on the portfolio generated from dividend and capital gains.

Lion Capital has as investment objective is the efficient management of a diversified portfolio comprised of high-quality assets, capable of providing a steady flow of revenues, the preservation and medium-long term capital growth, to increase the value for shareholders and obtain as high yields for the invested capital.

The strategic allocations by asset classes and within each class are based on the assessments of the individual attractiveness of investment opportunities, under the conditions of the macroeconomic and market environment at the time.

Lion Capital's investments, as AIFRI, are made exclusively in the assets and within the limits regulated by *Law no. 243/2019 on the regulation of alternative investment funds and for the amendment and completion of some normative acts*.

Investments are performed over a certain period, complying to the regulated prudential terms, under appropriate risk monitoring and control, to ensure a steady balance of risk and expected return. The investment decision-making process is formalized through internal procedures and the levels of competence approved by the company's Board of Directors.

The company applies an exit strategy tailored to the specifics of each investment, defined based on the applied strategy, the investment objectives, the conditions of the exit transaction.

The execution of various exit strategies is tailored and correlated with various internal and external factors, such as: the general economic outlook; the evolution of financial markets; liquidity of listed securities and daily trading volumes; the regionality of small businesses; access barriers (interest), depending on the shareholding structure; the liquidity requirement of Lion Capital.

As of March 31, 2023, Lion Capital has under management a complex portfolio of financial instruments, consisting of (i) capital instruments: listed shares, unlisted shares; (ii) debt instruments: corporate bonds, bank deposits, fund units issued by AIF.

Lines of action in portfolio management:

- calibration of the portfolio on financial assets / instruments that benefit from an inflationary context
- continuing portfolio restructuring by reducing minority interests that do not fit the Company's investment strategy
- consolidation of strategic interest portfolio
- maintaining a diversified portfolio of assets under management
- implementing SFDR (Sustainable Finance Disclosure Regulation)
- strengthening the risk management system.

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

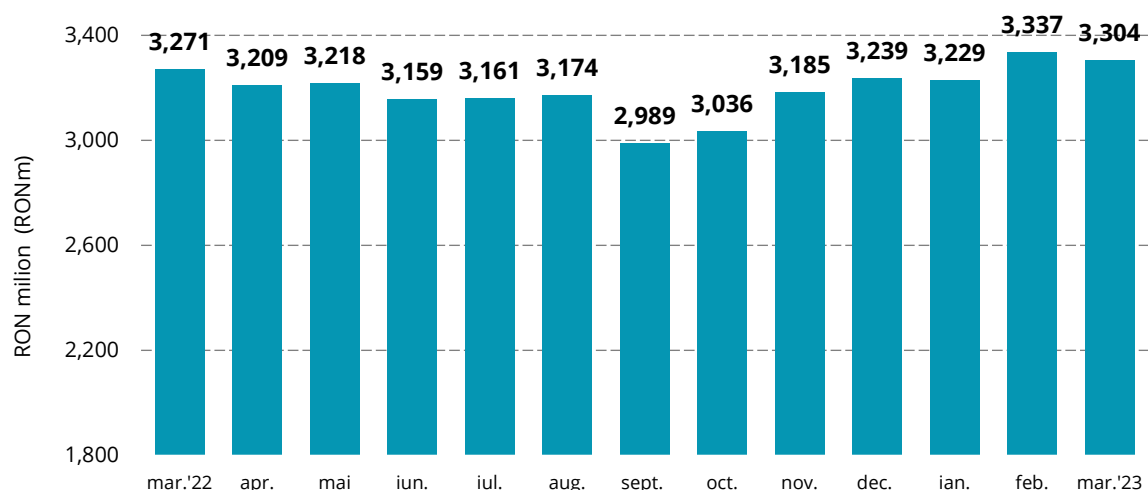
Both the *Policy on integrating ESG risks in the investment decision-making process* as well as the *Statement prepared in accordance with the provisions of art. 4 (1) of Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial*

services sector are available for consultation on Company's website, www.lion-capital.ro, in the Corporate Governance section.

Net Asset Value

Lion Capital's net asset value (NAV) was of **RON 3,304.37m** as of March 31, 2023, up 2.025% vs. RON 3,238.77m, the value recorded as of December 31, 2022, and 1.026% higher vs. March 31, 2022 (RON 3,270.80m). Net asset value per share (NAV/S) was of **RON 6.5237** as of March 31, 2023 (December 31, 2022: RON 6.3178/share and March 31, 2022: RON 6.4448/share).

NET ASSET VALUE MARCH 2022 - MARCH 2023



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

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

The methodology for calculating the net asset value

During the reporting period, the calculation of net asset value was made in accordance with the provisions of *Law no. 243/2019 on alternative investment funds, amending and supplementing certain normative acts* and of the *ASF Regulation no. 7/2020 on the authorization and operation of alternative investment funds* with subsequent amendments and additions. The reporting formats of the *statement of assets and liabilities*, and the *detailed statement of investments*, related to the reporting period comply with the content established by annex no. 10, respectively annex no. 11 to ASF Regulation no. 7/2020, with subsequent amendments and additions.

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

The statement of Lion Capital's assets and liabilities as of March 31, 2023, prepared as per the provisions of annex 10 to Regulation no. 7/202 is presented as annex to this report.

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

As per these regulations:

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

- a) At the closing price of the market segment considered as the main market or the reference price provided in trading systems other than regulated markets including alternative systems by the operator of that trading system for the day for which the calculation is made;
- b) By way of exception from the provisions of letter a) above, in the case of joint stock companies admitted to trading on a regulated market or a multilateral trading system with a liquidity considered by Lion Capital, based on a judgment of prudential value in relation to the active market defined by International Financial Reporting Standard 13 - Fair value measurement (IFRS 13), as irrelevant for the application of the marking to market valuation method, the shares of those companies will be measured in the assets of Lion Capital in accordance with the evaluation standards in force, according to the law, based on an evaluation report.
- c) The Company maintained in 2022 this valuation method for the following portfolio companies: SIF Imobiliare PLC (symbol SIFI), SIF Hoteluri SA (symbol CAOR), and IAMU SA (symbol IAMU). The analysis carried out by the company revealed that for the issuers SIF Imobiliare, SIF Hoteluri and IAMU, the active market criteria are not met, as during 2022 transactions representing less than 1% of the issuer's share capital were recorded, the total number of transactions being less than 50 (in the last 12 months), their frequency being insufficient to meet the criterion of providing reliable price information on an ongoing basis.

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

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

- Fixed income financial instruments are measured using the method based on the daily recognition of interest and amortization of the discount / premium for the period passed from the date of the investment.

- The shares of companies in insolvency, judicial liquidation or reorganization proceedings are valued at zero until the procedure is completed.

- The values of non-portfolio items taken into account in the calculation of net assets are in accordance with International Financial Reporting Standards ("IFRS").

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

Portfolio structure

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

The investment limits and restrictions incidental to the operations carried out by Lion Capital during Q1 2023 complied with the applicable legal provisions, established by Law no. 243/2019 on the regulation of alternative investment funds, given that in accordance with the provisions of this law Lion Capital is classified as a Closed, Diversified Alternative Investment Fund addressed to retail investors (AIFRI).

During Q1 2023, no violations of the regulated prudential investment limits were recorded.

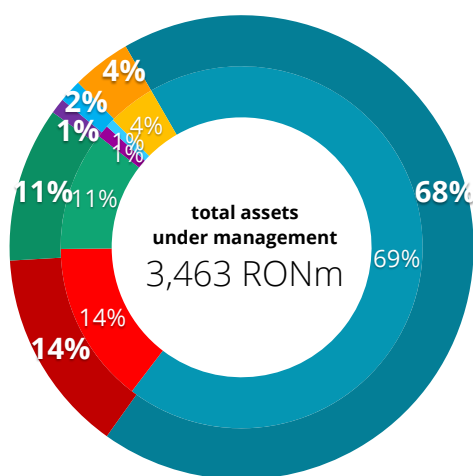
The detailed statement of Lion Capital's investments as of March 31, 2023, prepared pursuant to Annex 11 of Regulation no. 7/2020, is presented as annex to this report.

Total value of assets under Lion Capital's management as of March 31, 2023, was of **RON 3,463m**, 1.823% higher than the value recorded as of December 31, 2023, viz. RON 3.401m.

The value of the stock portfolio (listed and unlisted shares) accounted for **82%** of Lion Capital's total assets as of March 31, 2023, amounting to **RON 2,854.36m**. At the end of Q1 2023, Lion Capital held *majority stakes* - over 50% of the issuer's share capital - in 13 companies, with a total value of RON 1,132.43m, representing 40% of stock portfolio value.

ASSETS UNDER MANAGEMENT as of March 31, 2023

breakdown on classes (weight on total assets)



■ listed shares

value **2,361,89 RONm**
(31,12,2022: 2,336,59 RONm)

■ unlisted shares

value **492,47 RONm**
(31,12,2022: 492,84 RONm)

■ unlisted fund units

value **373,64 RONm**
(31,12,2022: 362,94 RONm)

■ corporate bonds

value **37,58 RONm**
(31,12,2022: 37,58 RONm)

■ bank deposits + cash available

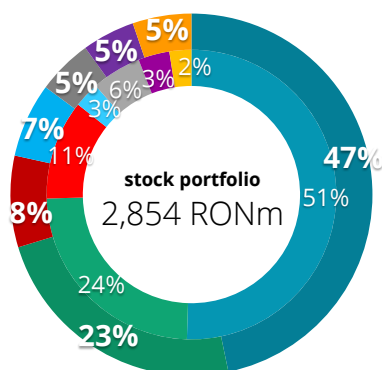
value **26,61 RONm**
(31,12,2022: 26,61 RONm)

■ receivables and other assets

value **142,37 RONm**
(31,12,2022: 144,62 RONm)

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

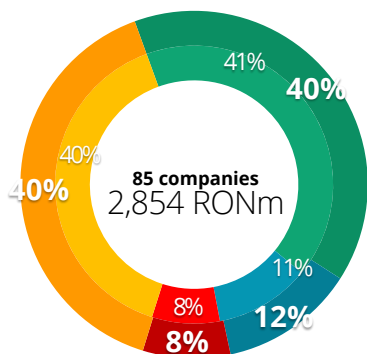
STOCK PORTFOLIO - breakdown by sector



- banking - financial**
 stakes in **12** companies, worth **1,265,96 RONm**
 (31,12,2022: 13 companies, worth 1,322 RONm)
- commerce - real-estate**
 stakes in **12** companies, worth **667,34 RONm**
 (31,12,2022: 12 companies, worth 667,07 RONm)
- pharmaceuticals**
 stakes in **2** companies, worth **240,31 RONm**
 (31,12,2022: 2 companies, worth 231,07 RONm)
- energy - utilities**
 stakes in **5** companies, worth **206,02 RONm**
 (31,12,2022: 6 companies, worth 187,75 RONm)
- cardboard and paper**
 stakes in **4** companies, worth **153,21 RONm**
 (31,12,2022: 4 companies, worth 139,47 RONm)
- hospitality (hotels and restaurants)**
 stakes in **4** companies, worth **175,77 RONm**
 (31,12,2022: 4 companies, worth 133,53 RONm)
- other industries and activities**
 stakes in **46** companies, worth **145,75 RONm**
 (31,12,2022: 52 companies, worth 148,55 RONm)

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

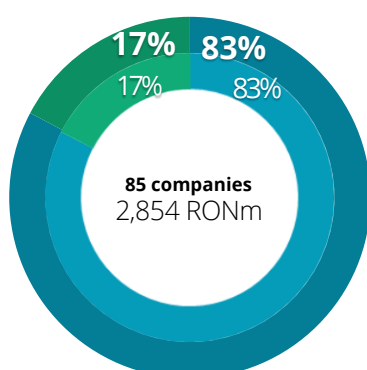
STOCK PORTFOLIO - breakdown by stake held



- up to 5%**
 stakes in **27** companies, worth **1,131,49 RONm**
 (31,12,2022: 29 companies, worth 1,173,25 RONm)
- 5-33%**
 stakes in **42** companies, worth **357,97 RONm**
 (31,12,2022: 47 companies, worth 314,33 RONm)
- 33-50%**
 stakes in **3** companies, worth **232,47 RONm**
 (31,12,2022: 3 companies, worth 223,05 RONm)
- over 50%**
 majority stakes in **13** companies, worth **1,132,43 RONm**
 (31,12,2022: 13 companies, worth 1,118,81 RONm)

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

STOCK PORTFOLIO - breakdown on liquidity

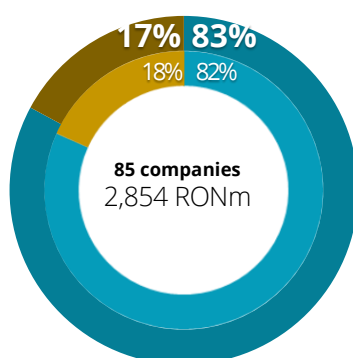


■ listed companies
2,361,89 RONm (31,12,2022: 2,336,59 RONm) value of shareholdings in **28** companies (31,12,2022: 32)

■ unlisted companies
492,47 RONm (31,12,2022: 492,84 RONm) value of shareholdings in **57** companies (31,12,2022: 60)

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

STOCK PORTFOLIO - geographical exposure



■ Romania
2,365,19 RONm (31,12,2022: 2,313,10 RONm) value of shareholdings in **83** companies (31,12,2022: 90)

■ foreign markets
489,16 RONm (31,12,2022: 516,23 RONm) value of shareholdings in **2** companies (31,12,2022: 2): Austria (1 company – Erste Bank), Cyprus (1 company – SIF Imobiliare)

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

TOP 10 COMPANIES IN LION CAPITAL PORTFOLIO as of March 31, 2023

Company (symbol)	Sector	Stake	Value of holding* [RON]	% of NAV
1 Banca Transilvania (TLV)	banking - financial	4,78%	659.165.891	19.95%
2 SIF Imobiliare Plc (SIFI)	real estate	99,99%	368.402.807	11.15%
3 SIF1 IMGB	real estate	99,92%	244.084.459	7.39%
4 Biofarm (BIO)	pharmaceuticals	36,75%	232.466.009	7.04%
5 SIF Muntenia (SIF4)	financial (AIF)	17,93%	164.576.383	4.98%
6 OMV Petrom (SNP)	energy - utilities	0,57%	163.514.895	4.95%
7 BRD Groupe Société Générale (BRD)	banking - financial	1,95%	161.752.104	4.90%
8 Vrancart (VNC)	cardboard and paper	75,50%	152.646.908	4.62%
9 Erste Group Bank AG (EBS)	banking - financial	0,19%	120.758.040	3.65%
10 SAI Muntenia Invest	financial (AIFM)	99,98%	88.902.216	2.69%
TOTAL			2,356,269,712	71.31%

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

4. THE SHARES ISSUED BY LION CAPITAL

CHARACTERISTICS OF THE SHARES ISSUED BY LION CAPITAL

Total number of issued shares (March 31, 2023)	507,510,056
Outstanding shares (March 31, 2023)	506,520,056
Nominal value	RON 0.1000 / share
Type of shares	common, ordinary, registered, dematerialized, indivisible
Trading market	Regulated spot market of Bucharest Stock Exchange (BVB or BSE), Premium category, listed since November 1, 1999
Trading venue (MIC)	XBSE
BVB (BSE) symbol (ticker)	SIF1
Bloomberg BBGID	BBG000BMN388 (SIF1:RO)
ISIN	ROSIFAACNOR2
Reuters	SIF1.BX
Part of indices	BVB (BSE) indices: BET-FI BET-XT BET-XT-TR BET-BK BET-XT-TRN

SIF1 shares on Bucharest Stock Exchange (BVB/BSE)

The liquidity of the SIF1 stock was much lower compared to the similar period of 2022, in Q1 2023 a total of 1,397,107 shares were traded, representing 0.275% of the total issued securities, the total value of traded shares being of RON 3,423,501.

A transaction with 2.18 million shares worth of RON 5.46m was carried out on the "DEAL" market.

Between February 16 and March 1, in the Public Tender Offer 1.87 million SIF1 shares were purchased, with a total value of RON 4.712m.

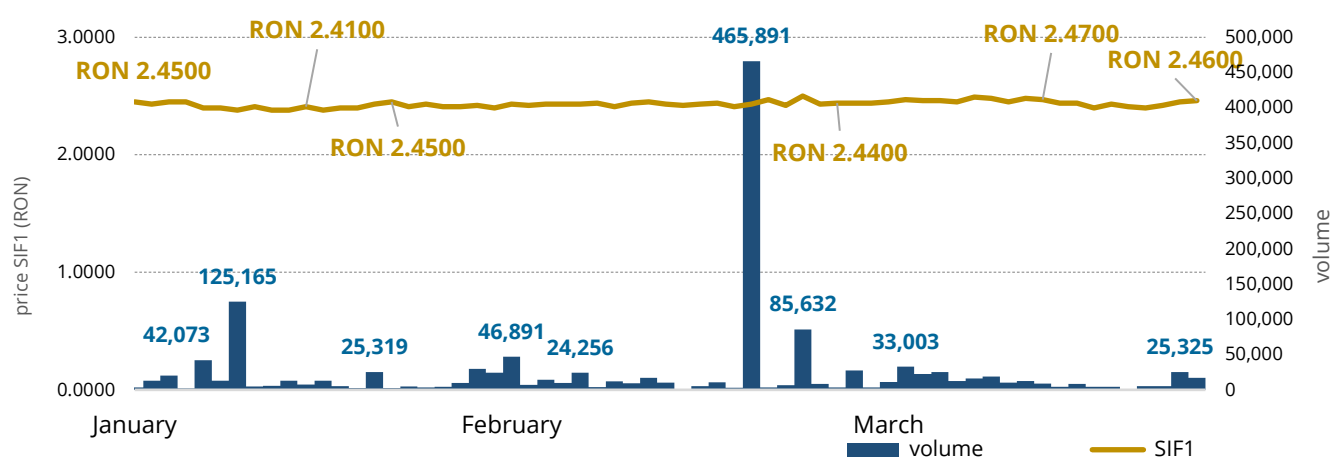
Of the 63 trading days, 28 days were with positive variations (maximum +3.31% on February 28) and 24 days with negative variations (minimum -2.8% on March 1).

The highest closing price the SIF1 share was traded during Q1 2023 was of RON 2.5000 per share, in the session of February 28, and the lowest closing price was of RON 2.3800 per share, in the session of January 13, the trading range between the highest and the lowest of the period being 5%. The average price of the period was of RON 2.4504 per share.

SIF1 share price advance was of 0.41% YtD, while of BET-BK index was 0.91%, and BET-FI index declined -1.38% in Q1 2023.

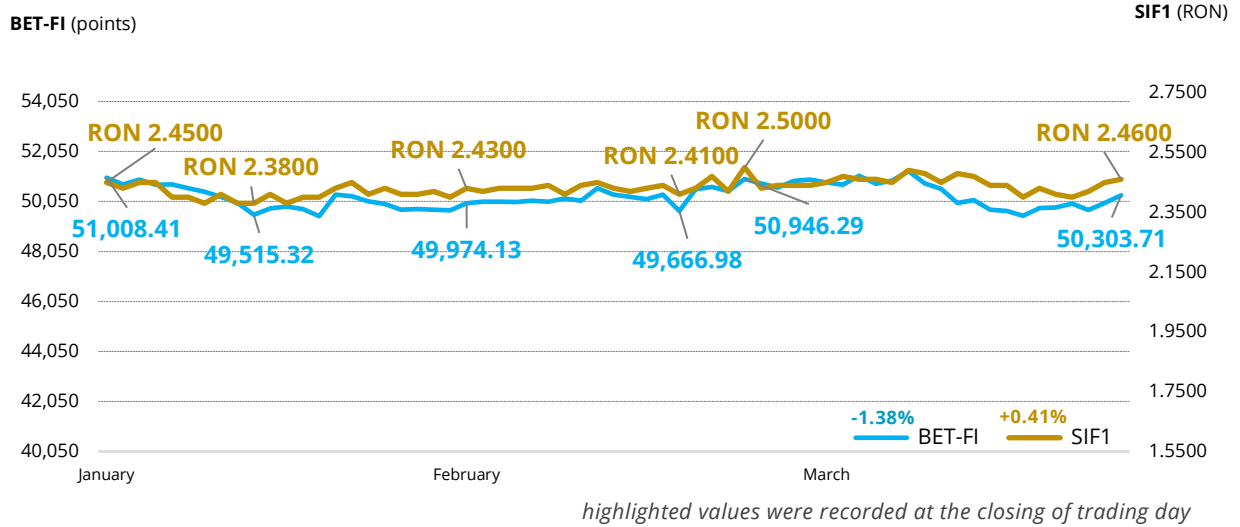
On March 31, 2023, the market capitalization for SIF1 was of RON 1,248.47m for the issued shares, while for the outstanding shares was of RON 1,246.04, calculated using the closing price.

SIF1 PRICE AND VOLUME IN 2023



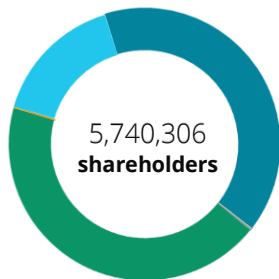
highlighted values for SIF1 price were recorded at the closing of trading day

SIF1 vs. BET-FI PERFORMANCE DURING 2023



As of March 31, 2023, Lion Capital has 5,740,306 shareholders, according to the data reported by Depozitarul Central SA Bucharest, the company keeping the shareholders registry. Lion Capital holds 990,000 treasury shares, acquired under the public tender offer carried out between February 16 and March 1, 2023, based on the buyback programs approved by EGM Resolutions no. 3 of October 11, 2021, and no. 5 of April 28, 2022.

SHAREHOLDERS' STRUCTURE
as pe holdings as of March 31, 2023



- 40,24% Romanian individuals (5,738,043 shareholders)
- 43,43% Romanian legal entities (112 shareholders)
- 0,20% Lion Capital (0,99 m treasury stock)
- 0,33% non-resident individuals (2,128 shareholders)
- 15,80% non-resident legal entities (22 shareholders)

5. THE MANAGEMENT OF SIGNIFICANT RISKS

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

The Board of Directors approves the Fund's appetite and risk tolerance limits, as well as the policies and procedures regarding the significant risks to which the Fund is or may be exposed, and together with the executive management makes sure of their application at the Lion Capital level by using techniques, tools, and appropriate mechanisms.

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

The permanent risk management function has a leading role in defining the risk policy, in monitoring and measuring risks, ensuring the permanent compliance of the risk level with the risk profile of the Company assumed by the Board of Directors. The person responsible for risk management has access to all relevant information and provides senior management with up-to-date data on which to take prompt remedial action, if necessary.

Mrs. Hodăjeu Adina Eleonora holds the position of Person responsible for risk management starting from March 9, 2018, no. ASF register: PFR13.2FARA/020053.

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

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

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

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

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

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

Risk profile and risk limits

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

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

Risk limits and profile

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

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

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

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

Main risks the Fund is exposed to

The significant financial risks to which Lion Capital is exposed as AIFRI are **market risk** comprising the subcategories price/position risk, interest rate risk, currency risk and concentration risk, **liquidity risk, credit and counterparty risk, operational risk** comprising subcategories: risk related to technical resources / IT systems, professional risk, model / process risk, risk associated with outsourced activities, and **other risks** comprising subcategories: reputational risk, strategic risk, regulatory risk, tax-related risk, business-environment related risk.

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

a) Market risk

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

The market value of PROXI-85 increased in Q1 2023 by approx. RON 56m (+2.82%) while the portfolio risk decreased compared to the end of 2022, VaR as a percentage of the PROXI-85 portfolio exposure remaining above the 10% level. On 31.03.2023 VaR for the PROXI-85 portfolio was 10.36% of the market value of RON 2,045m. Tracking-error, which indicates active management and represents the risk for the part of the PROXI-85 portfolio different from the BET-BK reference index, was of 6.10% and the Expected shortfall (Conditional VaR), which indicates the potential loss of the portfolio in extreme cases of exceeding the 99% confidence level, was of 12.82%, down from the data at 2022 year end.

With respect to interest-bearing financial instruments, the Company's policy is to invest in short-term financial instruments in general, thus partially reducing both the risk of fluctuation and the risk of maturity differences (the Company has no liabilities with maturities over 1 year).

The fund is subject to an exposure to changes in fair value or future cash flows due to fluctuations in the prevailing levels of market interest rates (ROBOR 3M and EURIBOR 3M). The portfolio of assets and debt instruments includes the bonds issued by Vrancart SA in RON and the loan granted to SIF SPV TWO in EURO (financial asset), the weight of these exposures in the total assets being of 4.51%. Both the bonds and the loan granted fall within the remaining maturity range of up to 5 years.

No derivative financial instruments were used for hedging against interest rate fluctuations.

The value of the exposure of the Fund's portfolio to currency risk (financial instruments and assets denominated in euros: shares, loan granted to the subsidiary, as well as monetary instruments: deposits and current accounts) represents a weight of 20.01% of total assets as of March 2023, the exposure limit to currency risk, established by the global risk profile for a medium-high currency risk appetite, being respected.

No derivative transactions on the exchange rate were made during the period presented.

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

The first 3 sectors with important weights in the structure of total assets are the banking sector, investment management and the real estate sector and accumulate 65.57% of total assets. Exposure to the banking sector remains important, issuers from the banking sector and financial instruments issued (equity instruments, deposits, and current accounts) having a weight of 28.93% in TA as of 31.03.2023. Banks are the most exposed to systemic and contagion risk in crisis situations, a positive aspect of these holdings is the liquid nature of the investment.

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

b) Liquidity risk

The Fund maintains a level of liquidity adequate to its underlying obligations, based on an assessment of the relative liquidity of the assets on the market, prudently considering the period required for liquidation and the price or value at which those assets can be liquidated, as well as their sensitivity to market risks or other market factors. In the risk management process, the liquidity of the financial instruments portfolio is analysed separately from the liquidity risk related to payment obligations.

The liquidity profile of the stock portfolio is largely influenced by the liquidity of the market on which they are quoted, only 12 companies in the portfolio, quoted on the BSE meeting the liquidity criteria for daily transactions.

The liquidity risk related to the Fund's payment obligations is low, as current liabilities can be immediately covered by the balance of current accounts and short-term deposits. The assessment of the net LCR indicator as of March 31, 2023, is 62.37 which indicates a higher value of assets compared to the value of current liabilities.

In order to limit / avoid liquidity risk, the Company will adopt a prudential policy on cash outflow.

c) Credit risk

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

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

The evaluation of the counterparty's credit risk indicators according to the exposure to unlisted or unrated issuers, representing 4.51% of total assets, and according to the exposure to business sectors, representing 3.42% of total assets, reveals an expected loss of 2.1% of the exposure value.

No trades with derivative financial instruments (listed or OTC) were made, so the Fund is not subject to counterparty risk.

d) Operational risk

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

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

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

During the reporting period, there were no operational risk incidents generated by IT systems, and no expenses associated with operational risks were recorded at the company level.

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

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

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

e) Other risks the Company is exposed to

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

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

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

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

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

Internal mechanisms to ensure monitoring of exposure limits

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

Periodic monitoring and reporting

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

Prior verification at the time of investment

The person responsible for risk management analyses the investment proposals prepared by the Investment Managers to ensure that the risks associated with each investment position and their

overall effect on the portfolio correspond to the investment objectives and risk profile approved by the Board.

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

Exposures higher than 10% on instruments issued by the same issuer are on Banca Transilvania SA (largest weight TA of 19.03%) and SIF Imobiliare PLC (weight of 10.64% in TA). These holdings together represent an exposure of 29.67% of the TA, without exceeding the upper limit of 80%.

On 31.03.2023 Lion Capital holds 9,878,329 shares issued by Depozitarul Central, a stake of 3.9057% of the share capital of the issuer, and 142,500 shares issued by the Central Counterparty CCP.RO, a stake of 1.7857% in the share capital of the issuer.

As of 31.03.2023, Lion Capital holds 410,637 shares issued by the market operator Bucharest Stock Exchange, a stake of 5.1016% in the share capital of the issuer.

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

Leverage

By the Simplified Prospectus and the Rules of the Fund, Lion Capital assumed not using substantially (continuously and consistently) the leverage effect, defined as any method by which the AIFM increases the exposure of an AIF it manages either by loan of cash or securities, or by positions of derivative financial instruments or by any other means, in the process of portfolio management, respectively the methods used to increase the portfolio exposure will comply with the average risk profile decided.

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

During Q1 2023, Lion Capital has not used leverage for its portfolio under management, not having the tools to generate such an effect. As of March 31, 2023, the leverage indicator by the gross method had the value of 99.87%, and by the commitment method 100%.

Sustainability Risk – implementing SFDR

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

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

The Fund's strategy regarding the integration of sustainability risk in the investment decision-making process focuses on the objectives of sustainable development, the financial instruments of the issuers

for which there is exposure, or the investment is intended being subject to the sustainability testing process based on ESG criteria.

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

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

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

6. SIGNIFICANT EVENTS DURING Q1 2023

Notifications under art. 71 par. (1) of Law 24/2017

On January 5, 2023, the Company informed the shareholders upon the receiving on January 4, 2023, of Notifications of change in ownership threshold of 5% in SIF Banat-Crișana from the shareholder SIF Muntenia S.A. (5.0734%) and the shareholder Opus – Chartered Issuances S.A. (5,07717%).

The Extraordinary General Meeting of Shareholders held on February 23, 2023

Gathered in the meeting held on January 17, 2023, the Board of Directors convened the Extraordinary General Meeting of Shareholders (EGMA) of SIF Banat-Crișana for February 23 (24) 2023. The EGM, held on February 23, 2023, at the first call, approved the change of the company's name from "Societatea de Investiții Financiare Banat-Crișana S.A." to "**Lion Capital S.A.**", as well as the corresponding amendment of art. 1 paragraph (1) of the company's Articles of Association, which will have the following content: The name of the company is "Lion Capital S.A.". The new name will be used in all documents, invoices, announcements, publications, and other such documents issued by the company only starting from the date of authorization/approval by the Financial Supervisory Authority (A.S.F.) of the new name.

At the same time, the shareholders also approved other amendments and additions to the company's Articles of Association, concerning:

- the introduction of an express clause, according to which "abstentions" will be considered as votes cast, with the consequence of taking them into account when establishing the majority required to approve the decisions of the general meetings of shareholders;
- elimination of the reference to the provisions of Law no. 24/2017 (which regulated the definition of "intermediaries") and the replacement with a general reference to the definition of intermediaries, provided by the applicable legal framework;
- the express regulation of the prerogative of the (executive) directors, to whom management powers have been delegated, to represent the Company in relations with third parties, within the limits of the attributions and powers provided by the internal regulations of the Company and the powers of decision and signature, approved by the Board of Directors administrators, in the absence of the Chairman-CEO and of the Vice-Chairman.

The company has filed with ASF the documentation for authorizing the amendments of the Articles of Association in accordance with Resolution no. 2/23.02.2023 and Resolution no. 3/23.02.2023 adopted by the EGM of February 23, 2023.

By Authorization no. 23/16.03.2023 issued by the Financial Supervisory Authority, the changes occurred in the Company's Articles of Association, including those regarding the change of fund's name, were authorized.

The Public Tender Offer for SIF1 shares

On January 20, 2023, the Company filed with the Financial Supervisory Authority the Public Tender Offer Document for the purchase of 1,870,000 own shares, together with the related documentation. SSIF SWISS CAPITAL S.A. was appointed as an intermediary in the Public Tender Offer. The offer, carried out between February 16 and March 1, 2023, intended the purchase of 1.87 million SIF1 shares, at a price of RON 2.52/share.

The public offer fulfilled the EGM resolutions no. 3 of October 11, 2021, and no. 5 of April 28, 2022, which approved the running of a buyback program ("Program 4") for 880,000 shares, respectively a buyback program ("Program 6"), for 990,000 shares, for their distribution free of charge to members of the company's management.

The results of the public tender offer were published on March 7, 2023, informing investors that 7,673,570 shares representing 1.5120% of the issuer's share capital (oversubscription more than four

times) were submitted within the offer, 1,870,000 shares being repurchased, the total amount paid being of RON 4,712,400. Following the closing of the offer, SIF Banat-Crişana was holding 1,870,000 own shares, representing 0.3685% of its share capital.

Publication of preliminary financial results for 2022

On February 28, 2023, the Company published the preliminary financial results for the year ended December 31, 2022, prepared in accordance with IFRS, through communication in the market (BSE) and posting on the Company's website, at www.lion-capital.ro.

Evaluation methods

As per the provisions of ASF Regulation no. 10/2015 (art. 19) and Regulation (EU) 231/2013 (art. 69-70), on February 28, 2023, Lion Capital informed the investors upon maintaining the evaluation policies and methods used for the measurement of the financial assets in the company's portfolio presented on the company's website, at www.lion-capital.ro, in the section *Investments › Net Asset › Net asset value calculation methodology*.

Fine levied by ASF

The Financial Supervisory Authority communicated to the company, on March 1, 2023, the Decision 199/01.03.2023, by which it fined Bogdan-Alexandru Drăgoi, Chairman – CEO of SIF Banat-Crişana, because the Company had not notified the issuer about exceeding, in March 2020, the threshold of 5% of voting rights together with SIF Muntenia on Bucharest Stock Exchange (BVB). ASF considers that the two funds are presumed to have acted in concert. The fine was paid within the stipulated time.

Disclosure document concerning the shares offered to the members of the management structure

On March 13, 2023, the Company informed the shareholders that, based on the resolutions adopted by the Extraordinary General Meeting of the Shareholders of the Company of April 28, 2022, as follows:

- EGM Resolution no. 5/28.04.2022 approving the execution of a buyback program for 990,000 shares (Program 6), to be distributed free of charge to members of Company's management (administrators, directors), in order to build their loyalty as well and to reward their activity within the Company;
- EGM Resolution no. 6/28.04.2022, approving: (i) the use of shares purchased under the Buyback Program 6 for their distribution free of charge to members of the company's management (administrators, directors), in a share-based payment plan of a "Stock Option Plan" type; (ii) the empowerment of the Board of Directors of the Company to take all necessary measures and to fulfil all the formalities required for the approval and implementation of the share-based payment plan of a "Stock Option Plan" type.

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

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

The disclosure document concerning the shares offered or allotted to members of SIF Banat-Crişana management, prepared as per EU Regulation no. 1129/2017 and ASF Regulation no. 5/2018, is available on company's website, www.sif1.ro, in the *Investor Relations › Continuous Disclosure › 2023*.

Completion of Share-based Payment Plan

On March 14, 2023, the Company informed the shareholders that by the Current Report of January 25, 2022, the public was informed upon the approval by the Board of Directors of the "Share-based payment plan" (Stock Option Plan), by which 880,000 SIF1 shares were offered to the members of Company's management, as per the resolutions no. 3 and no. 4 adopted by the Extraordinary General Meeting of Shareholders on October 11, 2021.

At the same time, with the same current report, it was published the "Disclosure document concerning the shares offered or allotted to members of SIF Banat-Crișana management" prepared as per Annex no. 4 to Regulation no. 5/2018.

The Company informed the shareholders that upon completing the term of 12 months from the signing of the share-based payment agreements, the members of the management structure exercised their right to receive a number of 880,000 SIF1 shares, representing 0.1734% of the current share capital.

On March 13, 2022, Depozitarul Central (Central Depository) carried out the direct transfer of shares in accordance with the regulations in force. The information provided in art. 19 of Regulation (EU) 596/2014 EU are available on company's website in the Investor Relation section.

As there were no changes in the "Disclosure document concerning the shares offered or allotted" initially published, the said current report represented the "Disclosure document concerning the allotted shares", within the meaning of the provisions of the ASF Regulation no. 5/2018.

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

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

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

Given that, as per the provisions of art. 34 of the ASF Regulation no. 7/2020 on the authorization and operation of alternative investment funds, the amendments made to the Company's Articles of Association enter into force after their authorization by ASF and after their registration at the Trade Register, the Company informed the shareholders and investors that, from the date of March 24, 2023, the date of completion of the mention and registration formalities with the Trade Register, the change of the Company's name from "Societatea de Investiții Financiare Banat-Crișana S.A." to "**Lion Capital S.A.**", as well as the other amendments to the Company's Articles of Association come into force.

Starting from March 24, 2023, the new corporate name - **Lion Capital S.A.** - is used in all documents originating from the company, including those used in the general meetings of shareholders of April 27, 2023.

The Convening of the Ordinary and the Extraordinary General Meeting of Shareholders of April 27 (28), 2023

The Board of Directors of the Company, gathered in the meeting of March 23, 2023, convened, pursuant to art. 117 of Law no. 31/1990, the ordinary general meeting of shareholders ("OGM") for April 27 (28), 2023, 10:00 a.m. and the extraordinary general meeting of shareholders ("EGM"), for April 27 (28) 2023, 12:00, at the company headquarters in Arad, 35A Calea Victoriei.

Starting from March 27, 2023, all informative materials related to the topics included on the agenda and the draft resolutions subject to the approval of the general meeting, were made available to the shareholders, being published on the Company's website, at www.lion-capital.ro, in the *Investor Relations* section.

7. FINANCIAL POSITION AND RESULTS AS OF MARCH 31, 2023

Lion Capital has prepared the financial statements as of March 31, 2023, pursuant to Rule no. 39/2015 for the approval of accounting regulations in accordance with the International Financial Reporting Standards applicable to entities authorised, regulated, and supervised by the Financial Supervisory Authority, operating in the Financial Instruments and Investments Sector.

The interim condensed financial statements as of March 31, 2023, are not audited, as there is no legal or statutory requirement.

The following present information the main elements of the financial position and results of the Company as of March 31, 2022:

Condensed standalone statement of financial position

Standalone statement of financial position - extract		
<i>denominated in RON</i>	31/03/2023	31/12/2022
Cash and cash equivalents, bank deposits	55,300,416	26,615,152
Financial assets at fair value through profit and loss (FVTPL)	1,759,121,827	1,723,810,844
Financial assets at fair value through other comprehensive income (FVTOCI)	1,624,964,308	1,624,523,020
Investment property and tangible assets (property, plant, and equipment)	16,603,995	16,674,856
Other assets	9,809,802	13,639,280
Total assets	3,465,800,349	3,405,263,152
Liabilities	158,786,744	162,409,967
Equity (own capital)	3,307,013,605	3,242,853,185
Total liabilities	3,465,800,349	3,405,263,152

Total assets value held as of March 31, 2023, was of RON 3,465.8m, 1.8% higher vs. the value of assets at the end of 2022.

The main patrimonial elements changed compared to the beginning of the period as follows:

- **Cash and cash equivalents** are up vs. 2022-year end, following the sales made during the first three months of 2023.
- **Financial assets at fair value through profit and loss (FVTPL)**, amounting to RON 1,759.1m, with RON 35.3m higher vs. December 31, 2022, due to the effect of recording differences in fair value for fund units and unlisted companies – subsidiaries and associates (with active market) as of March 31, 2023.
- **Financial assets at fair value through other comprehensive income (FVTOCI)**, amounting to RON 1,624m, are at the level recorded on December 31, 2022, as an effect of the compensation of the favourable differences in the fair value of the portfolio of financial assets (quoted shares) recorded on March 31, 2023, with the exits of shares (sales) in the first 3 months of 2023.
- The **Other assets** category decreased compared to the beginning of the period, mainly influenced by the reduction of the profit tax claim on March 31, 2023.
- **Liabilities** present a slightly decrease, mainly because of the payment during the Q1 2023 of the current liabilities existing on December 31, 2022.
- The volume of **equity** (own capital) increased vs. December 31, 2022, mainly on account of the favourable fair value differences related to the portfolio of securities, recorded both within the elements of gain/loss on investments and within other comprehensive income as of March 31, 2023.

Condensed statement of profit and loss and other comprehensive income

Standalone statement of profit or loss and other comprehensive income - extract		
<i>denominated in RON</i>	31/03/2023	31/03/2022
Income		
Dividend income	-	32,900,487
Interest income	2,963,194	829,784
Other operating revenues	76,733	7,573
Gain / (Loss) on investment		
Gain/(loss) from foreign exchange differences	235,890	(261,846)
Gain / (Loss) on financial assets at fair value through profit and loss	33,744,676	(63,686,667)
Expenses		
Commissions expenses	(1,085,885)	(1,029,007)
Other operating expenses	(3,791,880)	(3,641,144)
Profit / (Loss) before tax	32,142,729	(34,880,820)
Income tax	(1,582)	(1,372,701)
Net Profit/(Loss) for the period	32,141,147	(36,253,521)
Other comprehensive income	36,344,458	(103,829,026)
Total comprehensive income for the period	68,485,605	(140,082,547)

Progress of **income** with significant weight was as follows:

- No **dividend income** was recorded as of March 31, 2023

- **Interest income** is significantly higher vs. the same period of the previous year, their higher volume being due both to the higher level of the interest rate and as an effect of recording the interest due for the loan granted to a subsidiary.

Gain / (loss) on investment had the following progress:

- **The net result from exchange rate differences** recorded as of March 31, 2021, is favourable, mainly related to cash in foreign currency held.

- **Gain / (Loss) on financial assets at fair value through profit and loss (FVTPL)** is favourable, amounting to RON 33.7m, vs. a loss of RON 63.6m as of March 31, 2022. The net gain is the result of fair value measurement as of March 31, 2023, of listed shares (subsidiaries and associates) and of fund units.

Expenses as of March 31, 2023, are slightly higher vs. the corresponding period of 2022, as increases were recorded both in commission and operational expenses.

Net Profit as of March 31, 2023, amounting to RON 32.1m, is mainly the effect of result from the measurement at fair value of the abovementioned interests.

Total comprehensive income as of March 31, 2023, is positive, amounting to RON 68.5m, and it is the effect of recognizing in other comprehensive income of the fair value increase, vs. 2022-year end, of the portfolio of financial assets classified in FVTOCI (assets at fair value assets through other comprehensive income - mainly interests in the hospitality sector and extractive industry).

Financial ratios as of March 31, 2023

Ratio	Calculation method	Result as of 31.03.2023
1. Current liquidity ratio ¹⁾	Current assets/Current liabilities	2.82
	Debt / Equity x 100	not the case
2. Debt to equity ratio ²⁾	Debt / Capital employed x 100	not the case
3. Accounts receivables turnover ³⁾	Average clients' accounts / Turnover x 90	27
4. Non-current assets turnover ⁴⁾	Turnover / Non-current assets	0.0109

¹⁾ **Current liquidity ratio** provides the guarantee of covering current liabilities from current assets. The acceptable recommended value is approximately 2, and the recorded value at the end of the first three months of 2023 was of 2.82. This is due to the high level of current assets as of March 31, 2023, as there were significant amounts of liquidity in bank accounts and deposits.

²⁾ **Debt to equity ratio** indicates the effectiveness of the credit risk management, revealing potential financing or liquidity issues, with impact on fulfilling the assumed commitments. The Company had no loans as of March 31, 2023, and therefore this indicator is zero.

³⁾ **The accounts-receivable turnover** indicates the effectiveness of the company in collecting its receivables, respectively the number of days until the debtors pay their debt to the company.

For the turnover, the company's total income as of March 31, 2023, was used.

Turnover ratio calculated as of March 31, 2023, was of 27 days.

⁴⁾ **Non-current assets turnover** measures the efficiency of management of the non-current assets, by examining the value of the turnover (value of income and gains) generated by a certain portion of non-current assets. In determining the ratio, the gross value of financial assets was considered. As of March 31, 2023, this ratio has a value of 0.0109.

8. EVENTS AFTER THE REPORTING PERIOD

The Ordinary and the Extraordinary General Meeting of Lion Capital's Shareholders of April 27, 2023

The ordinary and the extraordinary general meeting of Lion Capital's shareholders were held on April 27, 2023, starting at 10:00 a.m. (Romanian time), and respectively at 12:00 p.m. (Romanian time), at the first call.

The ordinary general meeting of shareholders approved:

- the standalone financial statements for 2022 FY, based on the discussions and reports presented by the Board of Directors and the financial auditor, including the remuneration report of SIF Banat-Crișana for the year 2022, in accordance with the provisions of art. 107, par. (6) from Law no. 24/2017 republished, annex to the annual report of the Board of Directors;
- allocation of the net profit for 2022 FY, in the amount of RON 95,467,148, to Other reserves, as own financing sources;
- the consolidated financial statements prepared for the year ending on December 31, 2022, based on the discussions and reports presented by the Board of Directors and the financial auditor;
- the discharge of administrators for the activity carried out in 2022 FY;
- the income and expenses budget and the Activity Program for 2023 FY;
- the remuneration due to the members of the Board of Directors for 2023 FY, at the level established by the OGM Resolution of April 26, 2016;
- the general limits of all the additional remuneration of the members of the Board of Directors and the general limits of the directors' remuneration for 2023 FY at the level established by OGM Resolution no. 7 of April 27, 2020.

The extraordinary general meeting of shareholders approved the following main topics agenda:

• **the amendments to the Company's Articles of Association, as follows:**

- art. 6 par (6) is amended and shall read as follows:

The General Meeting of Shareholders shall empower the Board of Directors to buyback the shares of Lion Capital S.A. at the prices set by the Board of Directors, in accordance with the applicable legal regulations and within the limits approved by the general meeting of shareholders.

- art. 7 par. (5) is amended and shall read as follows:

The Board of Directors elects a chairman and a vice-chairman from among its members. The Chairman of the Board of Directors will also perform the function of CEO (chief executive officer) of the company. The Vice-Chairman of the Board of Directors may also perform the function of Deputy General Director.

- art. 7 par. (14) is amended and shall read as follows:

The Board of Directors delegates the management of the Company to the directors, at the same time determining their remuneration, within the general limits approved by the General Meeting of Shareholders. The directors of the company shall meet the minimum requirements regarding integrity, qualification and professional experience provided by the applicable regulations and legal provisions in force. The duties and powers of decision and signature, as well as the way of organizing the activities of the directors, are provided in the internal regulations of the Company, approved by the Board of Directors.

- art. 7 par. (15) is amended and shall read as follows:

The Chairman-CEO or, in his/her absence, the vice-chairman, if he/she holds the position of deputy general director or, in the absence of the latter, the other directors to whom management has been delegated, represents the company in relations with third parties, within the limits of the duties and powers provided by the internal regulations of the Company and the powers of decision and signature, approved by the Board of Directors.

- **the execution of a buyback program (“Program 7”) in compliance with applicable legal provisions and having the following main features:**

- (i) The purpose of Program 7: The Company will repurchase shares under the Program 7 for the distribution free of charge to members of the Company’s management (administrators, executive directors) in order to build their loyalty and to reward their activity in the Company, according to performance criteria to be determined by the Board of Directors.
- (ii) The maximum number of shares that may be repurchased: 990,000 shares at most;
- (iii) The minimum price per share: RON 0.1;
- (iv) The maximum price per share: RON 6.5747;
- (v) Duration of Program 7: a maximum of 18 months after publication of the decision in the Official Gazette of Romania, Part IV;
- (vi) The shares acquired under the Program 7 will be paid from sources permitted by law.

Besides its main characteristics, Program 7 will also include other requirements provided by law and which are not listed above. The acquisition of shares under Program 7 will be done through all market operations allowed by law, which may include public tender offers initiated by the Company, in accordance with the law. To implement the Program 7, the Board will be empowered to take all necessary measures and fulfil all formalities required, in compliance with the above-mentioned requirements.

- **the use of the shares purchased under Buyback Program 7 for their distribution free of charge to members of the company’s management (administrators, executive directors) in a share-based payment plan of “Stock Option Plan” type, in compliance with applicable legislation. The Board of Directors of the company is empowered to take all necessary measures and to fulfil all the formalities required for the approval and implementation of the share-based payment plan of “Stock Option Plan” type.**

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

Changing the corporate name of the Fund to Lion Capital SA and the stock symbol to LION

By Authorization no. 23/16.03.2023, the Financial Supervisory Authority authorized the changes made to the Company’s Articles of Association, in accordance with EGM Resolution no. 2 of February 23, 2023, regarding the change of the corporate name of the company from S.I.F. Banat-Crisana S.A. to Lion Capital S.A., as well as the corresponding amendment to the articles of association.

The fund has carried out all the operations necessary to change the corporate name, both at the administrative, fiscal, and capital market institutions, as well as in the relationship with partners and collaborators.

The new corporate name was registered with the Trade Register Office attached to the Tribunal of Arad through Certificate of recorded amendments no. 8861/20.03.2023 issued on March 24, 2023.

From March 30, 2023, Depozitarul Central SA and the Bucharest Stock Exchange updated the new corporate name in the records under their management.

On May 15, 2023, there will be a ticker change / settlement symbol change from the old stock symbol “SIF1” to the stock symbol “LION”. The event will be highlighted by the official opening of the stock exchange session by representatives of BVB, Lion Capital and other guests, thus celebrating a new stage in the existence of the Fund.

9. ANNEXES

- Annex 1** **Condensed interim standalone financial statements** as of March 31, 2023, prepared pursuant to the ASF Rule no. 39/2015 for the approval of accounting regulations in accordance with the International Financial Reporting Standards applicable to entities authorised, regulated, and supervised by the Financial Supervisory Authority, operating in the Financial Instruments and Investments Sector – unaudited
- Annex 2** **Net asset statement** as of March 31, 2023, prepared pursuant to Annex 10 of Regulation no. 7/2020
- Annex 3** **Detailed statement of investments** as of March 31, 2023, pursuant to Annex 11 of Regulation no. 7/2020

The quarterly report prepared as of March 31, 2023, was approved by the Board of Directors of Lion Capital in the meeting held on May 12, 2023.

Bogdan-Alexandru DRĂGOI
Chairman and CEO