



LION CAPITAL

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CONSOLIDATED HALF YEAR REPORT

JANUARY 1 – JUNE 30, 2023

prepared pursuant to Law no. 24/2017, Law no. 74/2015,
Law. no. 243/2019, ASF Regulation no. 5/2018, ASF Regulation no. 10/2015,
ASF Regulation no. 7/2020, and ASF Norm no. 39/2015

this report is provided as a free translation from Romanian, which is the official and binding version

CONTENTS

1. GENERAL INFORMATION ON LION CAPITAL GROUP	
1.1 Presentation of the Group	3
1.2 Entities Included in the Consolidation	3
2. PRESENTATION OF THE ENTITIES WITHIN THE GROUP	
2.1 Information on the Activity of Lion Capital	5
2.2 Information on the Entities Included in the Consolidation	9
3. SUMMARY OF CONSOLIDATED FINANCIAL DATA FOR THE GROUP AS OF 30.06.2023	
3.1 Bases of Presentation of Consolidated Statements	12
3.2 Consolidated Profit and Loss and Other Comprehensive Income	12
3.3 Consolidated Statement of Financial Position	13
3.4 Presentation on Segment	14
4. DESCRIPTION OF MAIN RISKS FOR THE GROUP	
	15
5. THE MARKET OF SECURITIES ISSUED BY THE GROUP	
	19
6. CORPORATE GOVERNANCE	
	22
7. OTHER INFORMATION	
Events After the Reporting Period	32
ANNEXES	
ANNEX 1	Condensed interim consolidated financial statements as of June 30, 2023, prepared pursuant to Norm no. 39/2015 for the approval of the Accounting Regulations compliant to the International Financial Reporting Standards, applicable to entities authorized, regulated, and supervised by the Financial Supervisory Authority (ASF) – Financial Instruments and Investments Sector – unaudited

1. GENERAL INFORMATION ON LION CAPITAL GROUP

1.1 PRESENTATION OF THE GROUP

This report presents Lion Capital's consolidated financial results as of the end of 1H 2023, prepared in accordance with the International Financial Reporting Standards adopted by the European Union, and ASF Norm no. 39/2015 for the approval of the Accounting Regulations compliant with the International Financial Reporting Standards, applicable to entities authorized, regulated, and supervised by ASF from the Financial Instruments and Investments Sector.

Lion Capital's consolidated financial statements prepared for 1H 2023 include the Company and its subsidiaries (hereinafter referred to as "Group"). For 1H 2023, the Group comprises Lion Capital S.A. (parent company), SAI Muntenia Invest S.A. and Administrare Imobiliare S.A.

1.2 ENTITIES INCLUDED IN THE CONSOLIDATION

Subsidiaries

Subsidiaries are entities controlled by the Company. The control exists when the Company is exposed to or has rights over the variable return based on its participation in the investee entity and could influence those revenues through its authority over the entity in which it invested. When assessing control, potential voting rights that are exercisable or convertible at that time are considered.

The financial statements of the subsidiaries are included in the consolidated financial statements from the moment the exertion of control begins and until its termination. Accounting policies of subsidiaries have been changed to align them with those of the Group.

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

No.	Company name	Stake 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	75.06
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

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

**Bankruptcy*

*** the companies SIFI Uniteh SA (in voluntary liquidation) and SIF CJ Logistic are subsidiaries by the direct control and indirectly through SIF Imobiliare Plc Nicosia*

The subsidiaries shown in brackets in the table above were excluded from the consolidation following the application of IFRS 10 provisions concerning the investment entities.

The companies Ario SA Bistrița and Silvana SA Cehu Silvaniei undergo bankruptcy proceedings, so the voting rights held by Lion Capital do not give authority over the investee entity and were therefore excluded from the consolidation.

Associated Entities

Associated entities are those companies in which the Company can exercise significant influence, but not the control on the financial and operating policies.

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:

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

Transactions Excluded on Consolidation

Settlements and transactions within the Group, and unrealized profits arising from intragroup transactions, are fully eliminated from the consolidated financial statements.

The accounting policies disclosed in the consolidated financial statements as of December 31, 2022, (and in condensed form in the consolidated financial statements as of June 30, 2023) have been consistently used over all the periods presented in the consolidated financial statements and have been consistently applied by all entities within the Group.

2. PRESENTATION OF THE ENTITIES WITHIN THE GROUP

2.1 INFORMATION ON LION CAPITAL

CORPORATE NAME	Lion Capital S.A. (hereinafter referred to as “Lion Capital” or “the Company”), <i>the new corporate name starting March 24, 2023, of SIF Banat-Crișana</i>
COMPANY TYPE	<ul style="list-style-type: none"> ▪ joint stock company, Romanian legal entity ▪ established as self-managed investment company, authorized by the Financial Supervisory Authority as Alternative Investment Fund Manager (AIFM; ro: AFIA) – Authorization no. 78/09.03.2018, classified as per the provisions of Law no. 243/2019 as a closed-ended alternative investment fund, diversified, addressed to retail investors (AIFRI; ro: FIAIR)
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 shares as of 30.06.2023 ▪ RON 0.10 per share nominal value
REGISTRATIONS	<ul style="list-style-type: none"> ▪ J02/1898/1992 at Trade Registry ▪ Unique Registration Code 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 Code) 254900GAQ2XT8DPA7274
MAIN ACTIVITY	<p>Main activity is, as per the classification of economic activities in the national economy (NACE, ro: CAEN): financial intermediation, except for insurance and pension funds (CAEN code 64), and the main object of activity: Other financial intermediation n.e.c. (CAEN code 6499):</p> <ul style="list-style-type: none"> ▪ portfolio management ▪ risk management; ▪ other activities carried out within the collective management of an investment fund, allowed by the legislation in force.
TRADING MARKET	The company is listed since November 1, 1999 on the regulated market of Bucharest Stock Exchange (BVB) – Premium category - symbol LION (since May 15, 2023, prior: SIF1)
FINANCIAL AUDITOR	Deloitte Audit S.R.L.
DEPOSITARY BANK	Banca Comercială Română (BCR)
SHARES AND SHAREHOLDERS' REGISTRY	Depozitarul Central S.A. Bucharest
HEADQUARTERS	Arad , 35A Calea Victoriei 310158, Romania TEL +40257 304 438 FAX +40257 250 165 EMAIL office@lion-capital.ro WEB www.lion-capital.ro
BRANCH OFFICE	Lion Capital SA Arad-Bucharest Branch-Rahmaninov 46-48 S. V. Rahmaninov Str., 3rd floor, sector 2, 020199, Bucharest

KEY FINANCIAL AND OPERATIONAL INFORMATION FOR LION CAPITAL

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

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

FINANCIAL INDICATORS [%]			
	30.06.2022	31.12.2022	30.06.2023
ROE (net profit / equity)	0.39	2.94	3.43
ROA (net profit / total assets)	0.37	2.80	3.28
Gross profit margin (gross profit / total revenues)	10.7	27.43	60.75

PERFORMANCE OF SHARES AND NET ASSET			
	30.06.2022	31.12.2022	30.06.2023
Share price (end of period, RON)	2.4500	2.4300	2.3500
NAV/S* (RON)	6.2238	6.3817	6.8227
Accounting net asset / share (RON)	6.2348	6.3897	6.8020
Nominal value of share (RON)	0.1000	0.1000	0.1000
Number of shares issued	515,422,363	507,510,056	507,510,056
Number of outstanding shares	507,510,056	507,510,056	506,520,056

* calculated acc. to ASF regulations

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

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

* repurchased in 2023

REFERENCE POINTS IN LION CAPITAL'S ACTIVITY IN 1H 2023

Portfolio Management

Investment objective and policy

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

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

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

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

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

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

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

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

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

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

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

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

The Progress of Net Asset Value

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

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). During 1H 2023, the valuation of assets for the calculation of Lion Capital's net asset value was carried out in full compliance with the regulations issued by the Financial Supervisory Authority.

The monthly reports on NAV have been communicated to the Bucharest Stock Exchange and the Financial Supervisory Authority - Financial Instruments and Investments Sector, and published on the Lion Capital's website, www.lion-capital.ro, within the regulated terms (15 days from the end of the reporting period).

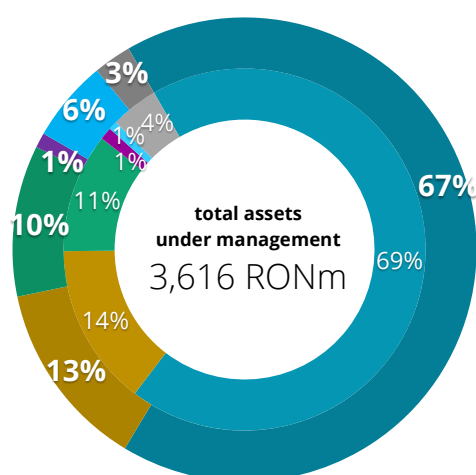
During 1H 2023, the calculation of net asset value was made in accordance with the provisions of regulations issued by ASF, complying with ASF Regulation no. 10/2020, and ASF Regulation no. 9/2014 (art. 113 – 122) with subsequent amendments and additions.

In the matter of investment policy, during the reporting period, for the company are incidental the provisions of Law no. 243/2019 on the regulation of alternative investment funds, applicable to Lion Capital classified as a closed, diversified Alternative Investment Fund, addressed to retail investors (AIFRI, ro: FIAIR).

During the first half of 2023, the regulated prudential investment limits were observed.

ASSETS UNDER MANAGEMENT as of June 30, 2023

breakdown on classes (weight on total assets)



- **listed shares**
value **2,420.84 RONm**
(31.12.2022: 2,336.59 RONm)
- **unlisted shares**
value **474.25 RONm**
(31.12.2022: 492.84 RONm)
- **unlisted fund units**
value **381.34 RONm**
(31.12.2022: 362.94 RONm)
- **corporate bonds**
value **37.47 RONm**
(31.12.2022: 37.58 RONm)
- **bank deposits + cash available**
value **205.96 RONm**
(31.12.2022: 26.61 RONm)
- **receivables and other assets**
value **95,70 RONm**
(31.12.2022: 144.62 RONm)

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

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

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

Detailed information on Lion Capital's activity in H1 2023 is presented in the company's report for the period January 1 – June 30, 2023, and in the Condensed Interim Separate Financial Statements as of June 30, 2023, available on the Company's website at www.lion-capital.ro.

2.2 INFORMATION ON THE ENTITIES INCLUDED IN THE CONSOLIDATION

SAI MUNTENIA INVEST SA Bucharest

Lion Capital's stake as at 30.06.2023: 99.98%

IFRS indicators (in RON)	1H 2023	2022	1H 2022
Total assets	20,885,967	42,353,778	34,717,105
Equity	18,355,835	38,596,382	31,616,066
Total Income	18,061,209	33,125,240	17,110,143
Net Profit / (Loss)	9,759,453	16,072,047	8,762,532

Societatea de Administrare a Investițiilor (Investment Management Company) Muntenia Invest S.A. ("SAI Muntenia Invest") was established in 1997, as a joint stock company, and entered in Lion Capital's portfolio in 2013. SAI Muntenia Invest has no subsidiaries, branches, or workplaces.

The company's main activity (NACE code 6499: Other financial intermediation n.e.c. is the management of collective investment undertakings in transferable securities (UCITS, ro: OPCVM) established in Romania or in another Member State, and the activity of management of alternative investment funds (AIF), in compliance with the provisions of the relevant legislation, holding the ASF authorization to operate as investment management company (ro: SAI). The activity of SAI Muntenia Invest is regulated and supervised by the Financial Supervisory Authority.

Beginning 21.12.2017, SAI Muntenia Invest was registered as an alternative investment fund manager) AIFM, ro: AFIA) and was registered in the ASF Register as a registered AIFM. Thus, SAI Muntenia Invest can carry out both management activities of undertakings for collective investment in securities (UCITS, ro: OPCVM) and activities of alternative funds management (AIF), with reference to portfolio management and risk management.

In 1H 2023, the activity of SAI Muntenia Invest was carried out in compliance with the relevant legal provisions, its constitutive act, and its own internal regulations. The current activity carried out by SAI Muntenia Invest in 1H 2023 was the management of SIF Muntenia S.A., FDI PLUS Invest and FIA Muntenia Trust.

By ASF Authorization no. 151 / 09.07.2021 SIF Muntenia was authorized as an Alternative Investment Fund addressed to Retail Investors (AIFRI, ro: FIAIR), having as depositary bank BRD - Groupe Société Générale S.A., The documents related to the AIFRI (ro: FIAIR) category are available on the website of SIF Muntenia, www.sifmuntenia.ro, in the dedicated section. The EGM of 21.06.2023 approved, among others, the change of the corporate name of SIF Muntenia S.A. to Bedrock Investment Group S.A. and the resultant amendment of art. 1 paragraph (1) - (6) of the company's Articles of Association.

FDI Plus Invest operates under the authorization no. A/09.04.2014, issued by ASF and it is registered in the ASF Registry under no, CSC06FDIR/120092. FDI Plus Invest's objective is to invest the financial resources in such a way as to provide investors with the protection of invested capitals from the erosion effect induced by long-term inflation and to obtain higher returns than they would obtain if they individually placed the amounts in bank deposits. In 2022, the Fund's administration was carried out under conditions of continuity, in compliance with the Fund's documents and the legal regulations in force.

FIA Muntenia Trust belongs to the category of Alternative Investment Funds (AIF, ro: FIA) of contractual type with private capital (ro: FIAIPCP) addressed to professional investors, proposing to identify opportunities that offer superior risk-adjusted returns, with a view to the long-term increase of the invested capital . FIA Muntenia Trust was authorized as FIAIPCP by ASF authorization no. 147/13.10.2022 and is registered in the ASF Register under no. CSC09FIAIPCP/400001. The objective of the Fund is to mobilize the financial resources attracted from its investors, in order to invest them, in general, in shares and bonds issued by Romanian companies. The Fund is aimed at professional investors with an above-average risk appetite, who agree with, and adopt the Fund's investment policy.

The auditor of SAI Muntenia Invest is Deloitte Audit S.R.L.

SAI Muntenia Invest does not meet the criteria for classification as an investment entity in accordance with IFRS 10.

Administrare Imobiliare SA Bucharest

Lion Capital's stake as at 30.06.2023: 97.40%

IFRS indicators* (in RON)	1H 2023	2022	1H 2022
Total assets	58,097,896	90,960,764	90,533,133
Equity	56,053,352	42,682,434	42,282,501
Total Revenues	67,589,527	4,379,283	1,622,470
Net Profit / (Loss)	8,663,680	1,871	(268,201)

**restated under IFRS for consolidation purposes*

Administrare Imobiliare SA Bucharest was established in 2007 under the name of "Dacia Meridian Expres", having a portfolio of assets with which Lion Capital withdrew its contribution from various trading companies located in the counties of Arad and Bihor.

In 2013, the company changed its corporate name to Administrare Imobiliare SA ("AISA") and its headquarters was relocated to Bucharest, and the company was incorporated into the holding SIF Imobiliare Plc., that was holding a stake of 98.9% of AISA share capital.

The main activity of AISA is the business and management consulting activity, providing investment management services to all SIFI group companies: investment management, investment opportunities consultancy, management, and administrative consultancy services.

As per its Articles of Incorporation, besides its main activity, AISA could provide other secondary activities, such as: real estate development (promotion), purchase and sale of own real estate properties, renting and sub-renting own or rented real estate properties.

In December 2018, as an investment opportunity in the real estate field emerged, a capital increase of AISA was operated, with cash contribution. Lion Capital (then SIF Banat-Crişana) is co-opted as shareholder, the cash contribution being of RON 40.12m. Following this operation, SIF Banat-Crişana (now Lion Capital – *the new corporate name starting March 24, 2023*) becomes majority shareholder with a stake of 97.4% in the share capital of AISA while the stake of SIF Imobiliare Plc decreases to 2.6%.

For the financial years 2016 – 2020, the financial auditor for AISA was the firm JPA Audit și Consultanță SRL. Starting with financial year 2021, the financial auditor is the firm ARYA Consulting SRL.

AISA does not meet the criteria for classification as an investment entity under IFRS 10.

3. SUMMARY OF CONSOLIDATED FINANCIAL DATA FOR THE GROUP AS OF 30.06.2023

The condensed interim consolidated financial statements as of June 30, 2023, enclosed, were prepared pursuant to ASF Norm no. 39/2015 for the approval of Accounting Regulations applicable to entities authorized, regulated, and supervised by the Financial Supervisory Authority (ASF) in the Sector of Financial and Investment Instruments, and are not audited.

3.1 BASES OF PRESENTATION OF CONSOLIDATED STATEMENTS

The Group has adopted a presentation based on liquidity in the consolidated statement of financial position and a presentation of revenues and expenses by their nature in the consolidated statement of comprehensive income.

As per IFRS 9 and IFRS 10, starting with financial year 2018, the Company measures all its subsidiaries at fair value through profit or loss, except for the subsidiaries providing investment-related services, that are consolidated by global integration method.

3.2 CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

(extract from the accompanying consolidated financial statements)

[in RON]	June 30, 2023	June 30, 2022
Revenues		
Dividend income	26,899,964	109,015,457
Interest income	8,458,811	3,384,306
Other operating revenues	15,870,152	16,439,867
Gain/(Loss) on investment		
Gain / Loss) on investment property	13,921,352	-
Gain / Loss) on foreign exchange differences	749,335	(303,883)
Gain / Loss) on financial assets at FVTPL	70,287,422	(99,005,512)
Expenses		
Reversals / (adjustments) of provisions and impairment adjustments	1,860,890	2,118,383
Interest expenses	(210,369)	(215,672)
Commissions expenses	(2,304,198)	(2,146,619)
Other operating expenses	(16,555,580)	(15,660,941)
Profit before tax	118,977,779	13,625,386
Income tax	(12,268,604)	(10,745,868)
Net profit 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	111,035,543	(224,615,543)
Total comprehensive income for the period	217,744,718	(221,736,025)

Significant changes in revenues, expenses, and other comprehensive income vs. the same period of the previous year are mainly due to events that had a mixed impact on the financial performance of the parent company, namely:

- a lower volume of dividend income, mainly due to the fact that at the annual general meetings held in April 2023, the management of the banks BRD and Banca Transilvania did not propose the distribution of dividends related to the financial year 2022, considering the recommendations of the National Bank of Romania (BNR);
- a favourable impact on *Gain/Loss on Investment* in the first part of 2023 from the fair value measurement of assets classified as *fair value through profit and loss* (shares in deconsolidated subsidiaries and associates, units in closed-end and open-end alternative funds), amounting to RON 70.3m, compared to a negative change of the fair value in this category in the comparative period of the previous year, amounting to RON 99m.

Structurally, the revenues of the Group in H1 2023 are the result of dividends collected from the shareholdings of the parent company (53% of total operating income), respectively of the revenues of the subsidiaries from the investment management activity (31%, representing management fees).

In 1H 2023, the Group recorded a gain on investment property from real estate investments amounting to RON 13.9m, as a result of selling a plot of land in Bucharest.

Operating expenses comprise the total operating expenses incurred by the investment management activity carried out by the Group. Their level is about 8.2% higher vs. 1H 2022, an increase below the inflation for the period. The structure and details of the operating expenses are presented the specific notes to the consolidated financial statements that accompany this report.

The category *Other comprehensive income* contains both the gain on transaction recognized directly in equity (retained earnings) and the effect of the fair value measurement of the Group's portfolio of financial securities. Both the result of transactions and the *Change in the fair value of financial assets* are largely attributable to the parent company. The favourable change of this component compared to the previous year is the effect of including in other comprehensive income the amounts resulting from the fair value measurement of the portfolio, classified as *Assets at fair value through other comprehensive income*, during the first 6 months of 2023.

3.3 CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(extract from the accompanying consolidated financial statements)

[in RON]

	June 30, 2023	December 31, 2022
Assets		
Cash and cash equivalents	212,634,712	38,538,814
Bank deposits	13,576,589	30,786,239
Other financial assets	22,499,758	16,079,974
Other assets	504,640	456,795
Assets held for sale	-	46,792,387
Financial assets at fair value through profit and loss	1,732,150,269	1,742,399,219
Financial assets at fair value through other comprehensive income	1,544,578,740	1,486,550,751
Investment property	31,212,182	31,210,877
Tangible assets	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	6,730,684	46,700,851
Other liabilities (including deferred income and leasing liabilities)	10,895	251,757
Loans and leasing liabilities	-	16,317,028
Provisions for risks and expenses	922,065	2,840,997
Deferred income tax liabilities	145,770,235	137,029,193
Total liabilities	163,390,625	213,182,136
Equity		
Share capital	50,751,006	50,751,006
Treasury shares, including losses from repurchase	(2,526,773)	-
Benefits granted in equity instruments	808,500	2,000,537
Other reserves	1,699,567,035	1,615,687,058
Reserves from revaluation of tangible assets	1,176,569	1,176,569
Legal reserves	10,410,602	10,410,602
Differences form changes of fair value of financial assets measured through OCI	738,823,709	662,131,924
Retained earnings	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 equity and liabilities	3,563,740,036	3,399,510,296

Significant changes in the balance sheet items compared to the end of the previous year are primarily due to structural changes in the assets of the parent company, as a result of:

- Recognition of favourable value differences related to *Financial assets at fair value through profit and loss* (with an impact on equity within the *Retained earnings* position). The increase in value related to subsidiaries, affiliated entities, and fund units was offset by the removal from the books of a sold subsidiary and the repayment by a subsidiary of a portion of the loan granted (transactions that contributed to the increase in cash and cash equivalents).
- Recognition of fair value increments related to *Financial assets at fair value through other comprehensive income* (with an impact on equity within *Reserves from revaluation of financial assets designated at fair value through other comprehensive income*) and within the category of *Deferred income tax liabilities*. The increase in the value of shares was adjusted for the removal from the books of the interests sold in 1H 2023.

During the first half of 2023, a subsidiary sold a plot of land in Bucharest, resulting in the cancellation of *Assets held for sale*.

3.4 PRESENTATION ON SEGMENTS

In 1H 2023, and also during the year 2022, the Group operated on a single segment, namely the financial activity.

4. DESCRIPTION OF MAIN RISKS FOR THE GROUP

The most significant financial risks the Group is exposed to are credit risk, liquidity risk and market risk. Market risk includes currency risk, interest rate risk and the price risk of equity instruments.

The Group uses a variety of policies and procedures for managing and evaluating the types of risk to which it is exposed, both at the parent company and subsidiary levels. These policies and procedures are detailed in the sub-chapters dedicated to each type of risk under *Note 6* of the attached Consolidated Financial Statements as of June 30, 2023.

4.1 Financial Risks

Market Risk

Market risk is the risk that changes in market prices, such as price of shares, interest rates and exchange rates to impact Group's revenues or the value of financial instruments held. Market risk of (own) equity instruments represent the risk that the value of such instrument to vary following the changes of prices on the market, either due to factors specific to the issuer's activity or factors affecting all instruments traded on the market.

The market risk of (own) equity instruments arises from the Group's investments in shares classified as financial assets at fair value through other comprehensive income, and respectively financial assets at fair value through profit and loss, and from investments in units of closed-end funds (through their holdings in shares). The entities in which the Group holds shares operate in various industries. The objective of market risk management is to control and manage market risk exposures within acceptable parameters, while optimizing returns. The Group's market risk management strategy is driven by its investment objective, and the market risk is managed in accordance with its policies and procedures.

The Group is exposed to the following market risk categories:

Price risk is the risk of losses both on balance sheet and off-balance sheet positions due to asset price movements.

The Group is exposed to the risk that the fair value of the financial instruments held may fluctuate following the changes in market prices, whether due to factors specific to the issuer's activity or factors impacting all instruments traded on the market.

A positive 10% change in the price of financial assets at fair value through profit and loss (shares in subsidiaries, associates, corporate bonds, and fund units) would lead to an increase of profit after tax, by RON 156,926,469 (December 32, 2022: RON 154,224,584), a negative variation of 10% having an equal net impact of the opposite sign.

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

Interest rate risk is the risk that the Group's revenues or expenses, or the value of the Group's assets or liabilities, fluctuate following the changes in market interest rates.

Interest rate risk consists of the risk of fluctuations in the value of a particular financial instrument due to changes in interest rates and the risk of differences between the maturity of interest-bearing financial assets and that of the interest-bearing debt.

Regarding the fixed interest-bearing assets or tradable assets, the Group is exposed to the risk that fair value of future cash-flows related to financial instruments to fluctuate following the

changes in market interest rates. The Group does not use derivative financial instruments for hedging against interest rate fluctuations.

Impact on the Group's net profit (interest income/expenses) of a change of $\pm 1.00\%$ in the interest rate on variable-yield assets and liabilities denominated in other currencies corroborated by a change of $\pm 1.00\%$ in the interest rate related to assets and liabilities carrying variable interest rate and denominated in RON is of RON 2,347,609 (December 31, 2022: RON 1,656,082).

For the bonds recorded at fair value (level 1) held, a variation of $\pm 5\%$ of their market price determines a net impact in the amount of \pm RON 1,579,716 (December 31, 2022: \pm RON 1,579,616) in the profit and loss account.

Currency risk is the risk of loss or not achieving the expected profit due to unfavourable fluctuations in the exchange rate. The Group invests in financial instruments and performs transactions denominated in currencies other than its functional currency and is thus exposed to the risk that the exchange rate of the domestic currency in relation to another currency will have adverse effects on fair value or future cash flows of that portion of the financial assets and liabilities denominated in another currency.

The Group performed transactions in the reporting periods in both the Romanian currency (Leu) and in foreign currency.

Financial assets exposed to currency risk (in RON)

	June 30, 2023
Cash and cash equivalent	68,360,614
Bank deposits	4,022,528
Financial assets at fair value through profit and loss*	95,473,767
Financial assets at fair value through other comprehensive income**	115,688,490
TOTAL	283,545,399
Loans and other liabilities (leasing)	-
Total liabilities	-
Net financial assets	283,545,399

* Financial assets at fair value through profit and loss include the loan denominated in EUR and foreign currency holdings of closed-end investment funds, in proportion to the Group's holding in their net assets.

** Financial assets through other comprehensive income in EUR include investments held abroad, namely Austria - Erste Bank

Credit Risk

Credit risk is the risk that a counterparty of a financial instrument fails to meet an obligation or financial engagement in which it has entered into a relationship with the Group, resulting in a loss for the Group.

The Group is exposed to credit risk as a result of investments in bonds issued by trading companies, current accounts and bank deposits and other receivables. The management of the Group closely and consistently monitors the exposure to credit risk so that it does not suffer losses because of the concentration of credit in a particular sector or business.

Below we present the financial assets with exposure to credit risk:

<i>(in RON)</i>	June 30, 2023
Current bank accounts	75,576,732
Bank deposits	150,409,968
Bonds issued by companies (at FVTPL)	38,204,566
Loans granted (at FVTPL)	95,235,101
Other financial assets	22,499,758
TOTAL	381,926,126

Liquidity Risk

Liquidity risk is the risk that the Group encounters difficulties in meeting the obligations arising from short-term financial liabilities that fall due by cash or other financial means, or that such obligations are extinguished in an unfavourable manner for the Group.

The Group monitors the evolution of the liquidity level to be able to pay its obligations at the date when they become due and continuously analyses the assets and liabilities, depending on the remaining period up to the contractual maturities.

The structure of assets and liabilities was analysed based on the remaining period from the balance sheet date to the contractual maturity date as of June 30, 2023, and is presented in the table below:

<i>in RON</i>	Accounting value	Under 3 months	Between 3 and 12 months	Over 1 year	Without pre- established maturity
Total financial assets	3,526,857,939	250,721,200	132,847,397	-	3,143,289,341
Total financial liabilities	16,687,430	16,687,430	-	-	-
Liquidity excess	3,510,170,509	234,033,770	132,847,397	-	3,143,289,341

Other Risks

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

- taxation risk;
- business environment risk;
- operational risk.

Taxation Risks

The interpretation of the texts and the practical implementation of the procedures of the new applicable tax regulations may vary and there is a risk that in certain situations the tax authorities will adopt a different position from that of the Group. From the corporate tax point of view, there is a risk that the tax authorities will interpret the accounting treatment that is determined by the transition to IFRS as a basis for accounting.

In addition, the Romanian Government has various agencies authorized to carry out the audit (control) of companies operating in Romania. These controls are similar to tax audits in other countries and can cover not only tax issues but also other legal and regulatory issues of interest to these agencies. The Group may be subject to tax controls as new tax regulations are issued.

Business Environment Risks

Group's management cannot predict all the effects of the international economic developments impacting on the financial sector in Romania but considers that in the first six months of 2022 has adopted the necessary measures for the sustainability and development of the Company under the conditions existing on the financial market, by monitoring cash flows and suiting the investment policies.

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.

Operational Risk

Operational risk is the risk of incurring direct or indirect losses resulting from shortfalls or deficiencies in the Group's procedures, personnel, internal systems, or external events that may impact on its operations. Operational risks arise from all Group activities.

The Group's objective is to manage operational risk to limit its financial losses, not to damage its reputation and to achieve its investment objective to generate benefits for investors.

Capital Adequacy

The management's policy on capital adequacy focuses on maintaining a solid capital base to support the Group's continued development and investment objectives.

The Group's equity includes its share capital, various types of reserves and 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).

5. THE MARKET OF SECURITIES ISSUED BY THE GROUP

CHARACTERISTICS OF THE SHARES ISSUED BY LION CAPITAL

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

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

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

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

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

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

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

LION shares on Bucharest Stock Exchange (BVB/BSE)

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

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

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

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

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

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

Bucharest Stock Exchange (BVB) indices including LION stock

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

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

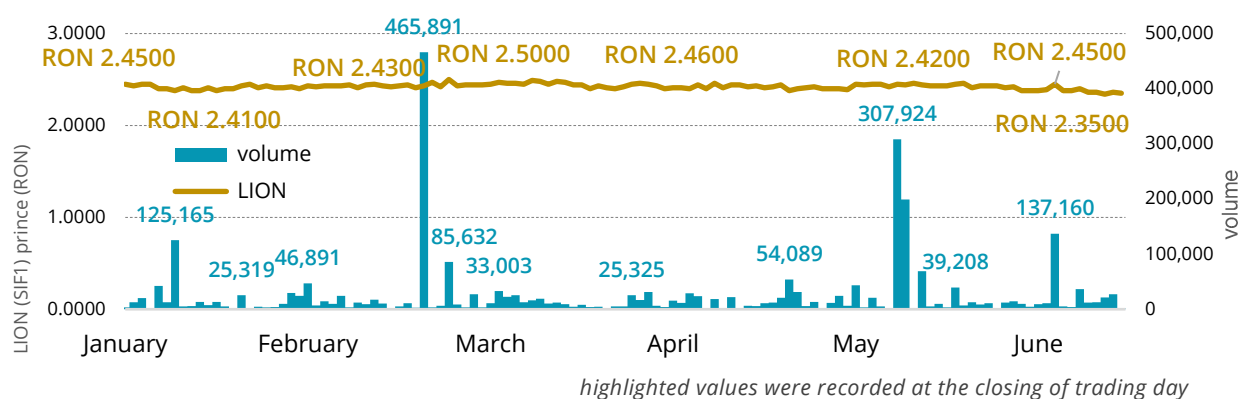
BET-BK (BUCHAREST EXCHANGE TRADING BENCHMARK INDEX) is a price index weighted by the free-float capitalization of the most liquid companies listed on the regulated market of BVB, which can be used as a benchmark by fund managers, and other institutional investors, the calculation methodology reflecting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

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

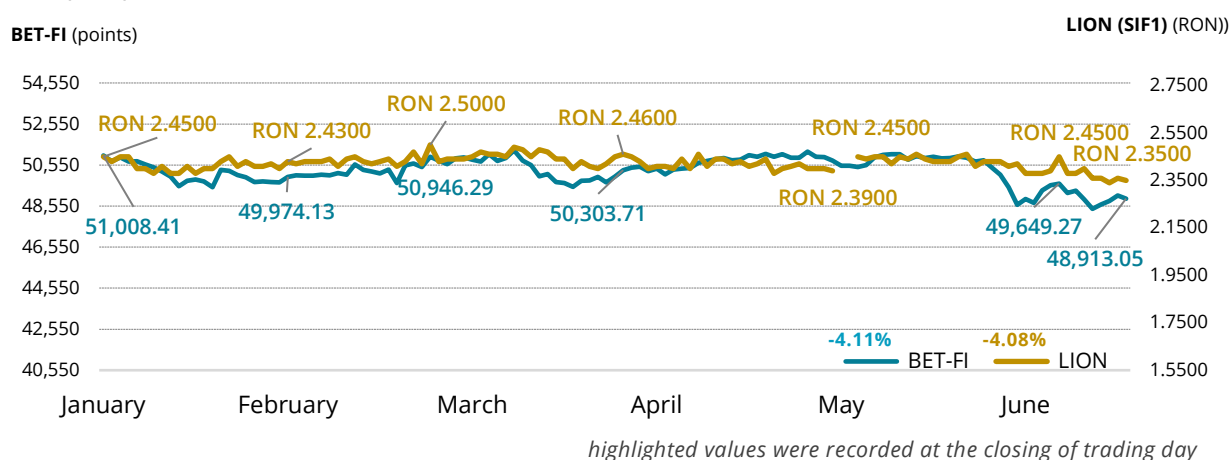
BET-XT-TR (BUCHAREST EXCHANGE TRADING EXTENDED TOTAL RETURN) is the total return version of BET-XT index, which includes the 25 most traded Romanian companies listed on BVB, tracking the price changes of its constituent companies, and is adjusted to also reflect the dividends paid by them. Performance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

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

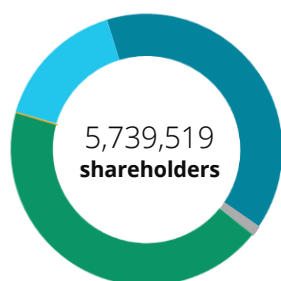
LION (SIF1) PRICE AND VOLUME IN 2023



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



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

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

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

The two subsidiaries included in the scope of consolidation, SAI Muntenia Invest SA and Administrare Imobiliare SA, are not listed on an organized capital market or an alternative trading system.

6. CORPORATE GOVERNANCE

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

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

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

Company's Management and Leadership

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

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

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

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

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

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

The General Meeting of Shareholders

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

- The Extraordinary General Meeting of Shareholders held on February 23, 2023, approved: changing the name of the company from "Societatea de Investiții Financiare Banat-Crișana S.A." to "Lion Capital S.A.", as well as the corresponding amendment to Article 1, paragraph (1) of the Company's Articles of Association regarding the company's name, and other modifications and amendments to the Articles of Association of the company.

- The Ordinary General Meeting of Lion Capital Shareholders held on April 27, 2023, approved: (i) the standalone and consolidated financial statements for the financial year 2022, including the remuneration report of SIF Banat-Crișana for the year 2022, in accordance with the provisions of Article 107, paragraph (6) of Law no. 24/2017 republished, attached to the annual report of the Board of Directors; (ii) the allocation of the net profit for the financial year 2022, amounting to 95,467,148 lei, to Other reserves as own sources of funding; (iii) the discharge of liability of the administrators for the activity carried out in the financial year 2022; (iv) the Budget of Revenues and Expenses and the Activity Program for the year 2023; (v) the remuneration due to the members of the board of directors for the financial year 2023; (vi) the general limits of all additional remunerations of the board of directors' members and the general limits of directors' remuneration for the financial year 2023.

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

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

The Board of Directors

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

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

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

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

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

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

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

- 21 decisions had well defined objective, requiring its fulfilment,
- 39 were resolutions for the approval of procedures, mandatory reports, and activity reports:
 - 11 decisions for the approval of internal regulations and working procedures,

- 28 decisions for the approval of the mandatory periodical reports: annual, half-yearly and quarterly periodic reports submitted to ASF, BVB, MFP and for the approval of activity reports of administrators, departments, directions, and offices.

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

Advisory Committees

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

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

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

The Executive Management

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

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

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

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

Risk management system

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

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

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

The permanent risk management function has a key role in defining the risk policy, monitoring, and measuring risks, ensuring ongoing compliance of the level of risk with the Company's risk profile assumed by the Board of Directors. The person in charge of the administration has access

to all relevant information and provides to senior management up-to-date information on the basis of which prompt remedial actions could be taken, if necessary.

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

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

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

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

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

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

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

Risk profile and risk limits

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

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

Limits and risk profile

The risk management policy is based on a system of limits used to monitor and control significant risks, according to the risk profile and the approved investment strategy. At the level of the Fund's portfolio, the risk limits cover the following risks: market risk, liquidity risk, credit and counterparty risk and operational risks and other types of risk, these being evaluated through the risk profile.

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

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

Compliance Check Function

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

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

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

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

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

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

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

Resolution of Petitions

The shareholders might, in case they have any dissatisfaction with the activity of the company, provided based on the legislation in force or the information provided by the company following their requests, to address Lion Capital through a petition. The method of solving the petitions submitted by the shareholders is the one established by the ASF Regulation no. 9/2015, and the procedure to be followed is published on company's website. In accordance with the provisions of the regulation, the unique register of petitions in secure electronic format was set up, in which the transmitted petitions, the problems addressed, and the way of solving are registered. The register of petitions is managed by the representative of the office. During 1H 2023, there were no petitions recorded.

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

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

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

Internal Audit

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

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

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

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

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

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

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

Conflict of interests, transactions of insiders and corporate information regime

Conflict of interests

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

The members of the Board of Directors must meet the conditions set out in the republished Law no. 31/1990 and the capital market legislation and may not be members of the board of directors

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

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

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

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

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

Privileged Information Regime

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

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

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

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

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

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

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

Transactions of the Management

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

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

The transactions with shares issued by the Company carried out by the management during 1H 2023 were reported in accordance with the legal provisions and are available for consultation on

the company's website, www.lion-capital.ro, in the section dedicated to *Investor Relations*, subsection *Continuous Disclosure*, year 2023.

Treatment applicable to transactions with affiliated entities

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

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

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

Protection of personal data

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

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

Anti-corruption measures

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

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

Internal reporting (whistleblower)

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

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

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

Engagement policy

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

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

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

Social responsibility

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

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

The Group does not have a formalized integrated procedure on the diversity policy.

However, at group level there is a commitment to maintaining the highest ethical standards, promoting a culture of respect, collaboration, and performance, in which all employees can perform and develop, under conditions of equality in terms of gender, ethnicity, age, etc. The individual needs and skills of employees are promoted and encouraged to turn them into added value for the organization, at the level of human capital.

Assessment of matters concerning the employees

The central social objective of the group consists in establishing a positive organizational culture, aiming at providing good working conditions for employees, pay and motivating motivation systems, correct systems and evaluation criteria, efficient information and control systems, full use and efficient of working hours, availability for change, commitment, good communication.

The evolution of the Group's number of employees is presented in the table below:

Company name	Average number of employees		
	2021	2022	June 30, 2023
Lion Capital	34	32	31
SAI Muntenia Invest	30	33	27
Administrare Imobiliare	6	5	5
TOTAL	70	70	63

Throughout H1 2023 there were no conflicting matters in the relations between management and employees, neither in Lion Capital nor in the companies in the consolidation.

All companies in the consolidation have organizational and operational regulations approved by the Boards of Directors, describing how they are organized and regulating the operation of their compartments, setting competences for each compartment, their duties, and responsibilities.

7. OTHER INFORMATION

Events after the reporting period

Convening Notice for the OGM of October 26 (27), 2023

Lion Capital informed investors that, on September 18, 2023, the company's Board of Directors convened, pursuant to art. 117 of Law no. 31/1990, the **ordinary general meeting of shareholders** ("OGM") for October 26 (27), 2023, at the company's headquarters in Arad.

The main topic on the agenda of the meeting is *the appointment of the financial auditor, setting the duration of the financial audit contract and empowering the board of directors to negotiate and conclude the audit contract.*

Starting from September 26, 2023, the informative materials related to the topics on the agenda, the draft resolutions subject to the approval of the general meeting, and voting forms are available to shareholders. These materials can be accessed online at www.lion-capital.ro, and are also available at the Lion Capital S.A. headquarters in Arad and the branch office in Bucharest.

This report is accompanied by the following annex:

ANNEX 1 Condensed interim consolidated financial statements as of June 30, 2023, prepared pursuant to Norm no. 39/2015 for the approval of the Accounting Regulations compliant to the International Financial Reporting Standards, applicable to entities authorized, regulated, and supervised by the ASF – Financial Instruments and Investments Sector – **unaudited**

The version prepared in Romanian of the consolidated report of the Board of Directors (which is the official and binding version) was approved by the Board of Directors of Lion Capital in the meeting held on September 29, 2023.

Bogdan-Alexandru DRĂGOI

Chairman of the Board of Directors and CEO