

# QUARTERLY REPORT

## Q3 2024



din 1997

# **SIPEX**

Soluții în construcții

## **IDENTIFICATION DATA**

Quarterly Report Q3 - 2024 in accordance with the provisions of **Law no. 24/2017** and **Financial Supervisory Authority Regulation no. 5/2018**

Publication date: **18.11.2024**

Issuer's name: **SIPEX COMPANY S.A.**

Registered office: **Com. Ariceștii Rahtivani, Parc Industrial Crangul lui Bot, DN 72, KM8, Jud. Prahova, România**

Mailing address / Working point: **Com. Ariceștii Rahtivani, Parc Industrial Crangul lui Bot, DN 72, KM8, Jud. Prahova, România**

Phone/Fax Number: **+40 244 434 039/ +40 244 434 038**

E-mail for Investor Information: **investors@sipex.ro**

Unique registration code at the Trade Registry Office: **RO 981342**

Trade Register number: **J29/1802/2007**

Number of Issued Shares and Characteristics: **399,893,481 shares with a nominal value of RON 0.1.**

The Market on which the issued securities are traded: **MTS AeRO Premium**

Subscribed and paid-up capital: **RON 39,989,348.10**

Main features of the securities issued: **399,893,481 shares at the nominal price of RON 0.10 per share**

Symbol: **SPX**

LEI Code: **787200HYX0GJQ2PE7065**

## **CONTENTS**

CEO MESSAGE	4
ABOUT SIPEX	6
KEY EVENTS DURING THE REPORTING PERIOD	10
PERSPECTIVES	10
ANALYSIS OF THE FINANCIAL RESULTS	12
ANALYSIS OF THE ISSUER'S ACTIVITY	15
MANAGEMENT STATEMENT	16

**Dear Shareholders,**



“The year 2024 brought a series of challenges and the results obtained in the first 9 months confirm that the adopted strategy paid off. We have further strengthened our market position by focusing on the B2B distribution channel. Operationally, we have adapted, and the actions undertaken have led to efficiencies reflected in the increase of the turnover and of the operational profit. In the third quarter, we made a new step in our growth strategy through the partnership with Menlo Electric, which opened the way for us into the renewable energy market. Thus, we provide a full package of solutions for photovoltaic projects in Romania, supporting the transition to sustainable energy.”

SIPEX recorded a turnover of over RON 252 million, a 7% increase compared to the same period in 2023, mainly supported by a 17% increase in sales in the B2B channel. The operational profit recorded by the company in the first 9 months rose by 20%. The company's net profit in the first 9 months of 2024 was RON 1.44 million, a decrease of 52% compared to the similar period in 2023, primarily due to the new minimum turnover tax, amounting to RON 2.56 million.

The growth of SIPEX's business is supported by careful inventory management, accurate sales forecasting, and diligent management of expenses and credit limits granted to partners. All three distribution channels experienced positive sales developments. In the revenue structure, sales recorded in the B2B channel increased by 16.58%, those in the retail channel by 1.50%, and those through store and online by 22.60%.

**TABLE 1. THE EVOLUTION OF SALES BY DIVISIONS 9M 2024 vs. 9M 2023 (RON)**

Segment	Sales 9M 2023	Sales 9M 2024	Variation (%) 9M 2024/9M 2023
Retail	142,727,929	144,866,830	1.50%
B2B	87,672,265	102,204,526	16.58%
Store & Online	898,457	1,101,468	22.60%
<b>Total sales</b>	<b>231,298,651</b>	<b>248,172,824</b>	<b>7.30%</b>

**TABLE 2. THE EVOLUTION OF THE PROFIT AND LOSS ACCOUNT IN 9 MONTHS (RON)**

Indicator	9M 2022	9M 2023	9M 2024
Turnover	227,552,562	236,134,128	252,126,730
Gross profit	13,541,885	3,566,558	4,015,536
Net profit	11,565,530	3,013,578	1,440,321
Gross margin	5.95%	1.51%	1.59%

**TABLE 3. THE EVOLUTION OF THE PROFIT AND LOSS ACCOUNT QUARTERLY (RON)**

<i>Indicator</i>	<i>Q2 2024</i>	<i>Q3 2024</i>	<i>Variation (%) Q3 2024 /Q2 2024</i>
Turnover	88,748,120	94,088,460	6.02%
Gross profit	5,153,760	(700,455)	(113.59)%
Net profit	4,246,059	(1,660,374)	(139.10)%
Gross margin	5.81%	(0.74)%	(112.82)%

Although 2024 remains a challenging year for many sectors, compounded by rising inflation, SIPEX has adapted. Looking at the outlook for the entire year of 2024, we expect to maintain the growth trend in turnover and estimate a 30-35% decrease in net profit compared to the previous year. We remain agile, adapting to the developments in the construction materials market and responding promptly to changes. Together with the SIPEX team and the experience accumulated in over 26 years in business, we have successfully managed all challenges encountered, aiming for healthy growth. In 2024, we anticipate price stabilization in the market. Our goal remains to sustain profitability and grow the business on solid foundations.

Thank you all for your trust!

**GHEORGHE CONSTANTIN IRINEL**  
**CEO and Chairman of the Board of Directors**

## ABOUT SIPEX

From its early years of activity, **SIPEX** has experienced significant growth, which has supported the company's efforts to open regional logistics centers, aiming for strategic regional and national representation, as well as rapid delivery of **SIPEX** products and services throughout Romania.

Currently, the company benefits from national representation and distribution through a network of 12 logistic centers located in various regions of the country, functioning as both workplaces and sales points. The company's headquarters, located in Prahova County, in the commune of Ariceștii Rahtivani, has access to the national road DN7, has a total area of 21,000 square meters, and is hosting a showroom, offices, storage spaces, platforms, as well as equipment, and machinery.

The 12 logistic centers are situated in: Ariceștii Rahtivani (Prahova), Bucharest, Pantelimon (Ilfov), Focșani (Vrancea), Bosanci (Suceava), Carcea (Dolj), Budești (Vâlcea), Cluj, Dumbrava Roșie (Piatra Neamț), Iași (Iași), Timișoara (Timiș), and Prejmer (Brașov), and were opened in the following order:

- ◆ **1997 SIPEX COMPANY** starts its activity with the first storage and office space in Ploiești, Gh. Doja 138 (operating until 2007).
- ◆ **2000** The worksite in Bucharest is opened, located in Timișoara Blvd., No. 100, Sector 6, Bucharest.
- ◆ **2002** The first warehouse in Ploiești is opened, located in Vestului Highway 27, Ploiești, Prahova County.
- ◆ **2005** The Focșani worksite is opened on Munteniei Road, T83P435, Focșani, Vrancea county.
- ◆ **2007** The new headquarters with the "Ceresit" showroom is inaugurated in Ariceștii Rahtivani, DN 72, km 8, Prahova County.
- ◆ **2011** The Cluj worksite is opened on Traian Vuia Boulevard, No. 206, Cluj-Napoca, Cluj County.
- ◆ **2012** The Craiova worksite is opened in Cârcea village, Crângului Street, No. 2, Dolj county, and the Piatra Neamț worksite opens in Izvoare village, Dumbrava Roșie commune, Serei Street, No. 7, Neamț county.
- ◆ **2015** The Iași worksite is opened on Chimiei Boulevard, No. 12, Iași, Iași county, and the Suceava worksite opens in Bosanci village, Sucevei Street, No. 81, Suceava county.
- ◆ **2017** The Timișoara worksite is opened on Buziașului Avenue, No. 162, Timișoara, Timiș county, and the Râmnicu Vâlcea worksite is opened in Racovița village, Budești commune, No. 284, Vâlcea county.
- ◆ **2018** The Pantelimon worksite is opened on Biruinței Boulevard, No. 189, Pantelimon, Ilfov, with 5,000 sqm of storage and office space. The worksites in Brașov in Ploiești are also opened, in Prejmer village, Brașovului Street, No. 162, Brașov county, and in Laboratorului Street, No. 10, Ploiești, Prahova County.

The **SIPEX** team, structured into specialized departments, coordinates projects from beginning to completion, leveraging on a comprehensive range of resources and product packages to support continuous activity. The main directions of the company's activity are represented by the sale of products and solutions distributed by **SIPEX**, and the provision of technical consultancy for the selection and implementation of products.

**The Sales Department's** main objective is to develop business relationships and strengthen **SIPEX**



**COMPANY's** position as a national leader in the construction materials market in Romania. The **SIPEX** Sales Department operates through 3 channels:

- ◆ **Online:** **SIPEX** is present in the e-commerce segment through its own online store. The application used distributes orders to the nearest work points, ensuring delivery in the shortest possible time. The store provides access to various campaigns launched by **SIPEX** at different time intervals. The 12 logistic centers are equipped with the necessary equipment to ensure fast deliveries at each location where orders are received.
- ◆ **Retail:** Traditional retail, consisting of stores of various sizes, other than DIY (Do It Yourself). Sales to these stores are made through dedicated agents, coordinated by area managers and the national sales director. They have at their disposal an SFA system (tablets connected to the ERP system with real-time access to stocks), so that orders taken can quickly reach the ERP system.
- ◆ **B2B – this market segment consists of the following partners:**

**1. Construction companies** (engaged in construction works for various investors or developing their own residential or industrial projects). These partners are assigned to a dedicated team for this market segment and have access to an ordering platform, [sipexcomenzi.ro](http://sipexcomenzi.ro), created especially for them. The same platform provides them with information about stocks, balances, order statuses, set prices for various projects, etc.

**2. Developers** (investors who choose to negotiate material and construction system prices directly with a distributor). They are assigned to a dedicated team, which along with supplier representatives, offers them the best technical and commercial solutions.

**3. Teams of small craftsmen** (the same **SIPEX** sales representatives try to offer them the best solutions and services (transportation, coloring, technical solutions) so that they become promoters of the product packages **SIPEX** sells.

**4. Individuals** (who build on their own or renovate their own properties). To them, dedicated sales teams propose the purchase of various products from the **SIPEX** package.

The distribution and sales activities of construction materials are carried out at all 12 working points (warehouses).

The Sales Department is led by two National Directors, one for each sales channel: Retail and B2B. In their activity, the National Sales Directors coordinate the dedicated sales teams, Retail or B2B, at each **SIPEX COMPANY** working point.

### The Logistic department

From its early years of activity, **SIPEX** has experienced significant growth, which supports the company's effort to open regional logistic centers, aiming at strategic regional and national representation, as well as the fast delivery of **SIPEX** products and services throughout Romania.

The Technical department main objective is to ensure technical consultancy for customers in choosing the materials needed for their projects, both in terms of quality and quantity, by:

- ◆ Contacting and maintaining collaborative relationships with customers in the area of activity, staying up to date with ongoing projects in the area, regardless of their size.
- ◆ Promoting the products and systems sold by the company to specialized designers, contractors, and ultimately to end users.

- ◆ Developing technical and commercial offers for the **SIPEX COMPANY** product package.
- ◆ Providing the best technical solutions for each project, creating personalized offers.

**The procurement department** ensures optimal provisioning of specific products in the field in which the Company operates, across all working points. It maintains an optimal level of stocks with the best products, solutions, and prices, covering all customer requirements. The department maintains constant contact with manufacturers to stay updated on the latest developments in terms of products and specific technologies.

**SIPEX** has attracted and selected since the beginning internationally recognized companies with which it has developed long-term partnerships (Henkel Romania - for over 20 years, Saint-Gobain Construction Products Romania - for over 15 years, Firos - for over 12 years, SANEX SA, Knauf, Austrotherm, Swisspor SA, Wienerberger, Tondach Romania, Brikston Construction Solutions SA, Holcim SA, ACO, Holver, Kronospan Trading, Romstal, Policolor, TeraPlast). **SIPEX** also holds licenses for Düfa and Profitec and markets washable paints, primers, and sealers under this brand in the Romanian and Bulgarian markets, following an exclusive 10-year agreement with the German group Meffert AG closed in 2017. The products included in **SIPEX**'s portfolio are produced in several factories, depending on their offerings, capacities, and services.

#### **The range of products distributed by SIPEX includes:**

- ◆ washable paint – dispersions: Ceresit, Profitec, düfa, Meșterică, Kraft, Spor, Deko;
- ◆ tools and accessories: Meșterică;
- ◆ products for roof and floor renovation: Ceresit, Meșterică, Tegola, General Membrane;
- ◆ varnishes and stains: Sadolin, Hammerite, Spor, Deko;
- ◆ primers: düfa, Profitec, Ceresit, Meșterică, Kraft, Spor, Deko;
- ◆ masonry products: Leier, Cemrom, Structo, Tenco, Porotherm;
- ◆ roofing: Tondach;
- ◆ thermal insulation systems: Ceresit, Meșterică;
- ◆ mineral wool thermal insulation materials: Isover, Rockwool;
- ◆ polystyrene thermal insulation materials: Swisspor, Austrotherm, Hirsch, düfa, Meșterică;
- ◆ decorative renders: Ceresit, Meșterică, Kraft, Vinarom, Deko;
- ◆ suspended ceilings, profiles: Rigips, Meșterică Décor;
- ◆ metal profiles and accessories: Rigips, Meșterică;
- ◆ polyurethane foams, silicones: Ceresit, TKK;
- ◆ screeds: Ceresit, Meșterică, Baunit;
- ◆ waterproofing systems: Ceresit, Meșterică, Baunit, General Membrane;
- ◆ fillers: Ceresit, Meșterică, Rigips, Baunit, Weber;
- ◆ grouts: Ceresit, Baunit;
- ◆ standard and flexible adhesives: Ceresit, Meșterică, Baunit, Weber;
- ◆ ceramic products, tiles and faience: Cesarom;
- ◆ thermal-hydro-sanitary products: Romstal;



- ◆ underfloor heating systems: NeoTer;
- ◆ OSB, Tego, parquet, and wooden panels: Holver;
- ◆ wastewater and rainwater retention and cleaning systems, drainage solutions: ACO;
- ◆ paving and curb systems: Elis Pavaje, Semmerlock;
- ◆ welded mesh, corrugated panels: Fier CTC, Intertranscom;
- ◆ concrete additives, sealants, repair mortars: Ceresit.

## MANAGEMENT TEAM

The management of the company is carried out by Mr. Constantin Irinel Gheorghe, Chairman of the Board of Directors and CEO of **SIPEX** since 1997. He graduated from the Faculty of Materials Science and Engineering at the Polytechnic University of Bucharest and the National Institute of Administration (INA) Bucharest. He was an assistant at the faculty he graduated from during the period 1992 – 1994. Constantin Irinel Gheorghe also serves as Vice President of the Federation of Construction Employers, a representative organization for the Romanian construction market.

The other two members of the Board of Directors are:

- ◆ Constantin Gheorghe - member of the **SIPEX** Board of Directors since 2021 and has been the Economic Director of the company since 2004. He graduated from the Faculty of Finance and Accounting at Artifex University in Bucharest.
- ◆ Lucian Azoitei - member of the **SIPEX** Board of Directors since 2021 and serves as a non-executive administrator. He graduated from the Faculty of Law at the University of Bucharest.

The Board of Directors and the CEO are supported in their roles by a management team consisting of the Economic Director, Marketing Director, National Retail Sales Director, and National B2B Sales Director, as follows:

- ◆ Constantin Gheorghe - Economic Director of **SIPEX** since 2004.  
Before joining the **SIPEX** team, he held the position of Financial Director at International Clothing Manufacturers SRL and has over 20 years of experience in the financial and accounting field. He is also a member of the Body of Expert Accountants and Certified Accountants in Romania since 2012.
- ◆ Sorina Macsen - Marketing Director since 2004.  
After 12 years of experience in multinational companies such as Shell Romania and Metro Cash & Carry, Ms. Macsen joined the **SIPEX** team and is currently the Marketing Director. She studied Materials Science and Engineering at the Polytechnic University of Bucharest and graduated from the Faculty of Marketing and International Business (specialization – Marketing) at Spiru Haret University in Bucharest (2010). She is also a Quality Auditor and Environmental Auditor.
- ◆ Marian Ghiță - National B2B Sales Director since 2015.  
Marian Ghiță joined the **SIPEX** team in September 2004 and has held various positions within the company, including sales representative and B2B division manager. Since 2015, he has been the National Director for the channel dedicated to clients operating in the construction industry. He graduated from the Faculty of Management at the Petroleum and Gas University in Ploiești.

- ◆ Cristian Burtea - National Retail Sales Director since 2017. As a graduate of the Faculty of Management - Business Administration at U.P.G Ploiești, with 21 years of experience in sales, Cristian Burtea joined the **SIPEX** team in 2017. Over time, he has held various positions in the field of sales.

## KEY EVENTS DURING THE REPORTING PERIOD

- ◆ On **April 22**, the Ordinary General Meeting of Shareholders took place. The legal and statutory quorum for the meeting was established on the first call. Key items approved included the annual financial statements for 2023, the remuneration of the members of the Board of Directors, and the budget for revenues and expenses for 2024.
- ◆ On May **16-17, 2024**, two events took place: the Open Doors Days, a traditional event, and the **SIPEX Investors' Day** held for the second year at the logistics center in Ariceștii Rahtivani. During the event, the SIPEX management team presented the company's activities, development strategy, and plans in the capital market. Attendees had the opportunity to see the practical operations at the logistic center and visit the on-site coloring laboratory. Additionally, in collaboration with SIPEX's partners, the company organized workshops with practical demonstrations of the distributed products.
- ◆ In **June 2024**, the company was awarded for the second consecutive year by Forbes Magazine at the Forbes Gala - League of Champions event for exceptional performance over the past 10 years. We were recognized among the companies with consistent business growth and maintained profitability throughout the last decade.
- ◆ In **September 2024**, the company entered into a strategic partnership with Menlo Electric, one of the market leaders in providing components for photovoltaic power plants. Through this partnership, **SIPEX** aims to deliver a complete package for photovoltaic projects consisting of solar panels, storage batteries, inverters, and cables. **SIPEX** has a clear strategy for organic growth and development by expanding its range of complementary products and continuously adapting its portfolio to market opportunities.

## PERSPECTIVES

OUR SHORT- AND MEDIUM-TERM STRATEGY IS BUILT AROUND THE FOLLOWING DIRECTIONS:

- ◆ **Diversification of the product portfolio:**
  - Market analysis: Conducting an in-depth analysis of demand in the target market to identify opportunities for product diversification.
  - Partnerships with manufacturers: Establishing or expanding partnerships with new and existing manufacturers to include innovative and sustainable products in the company's offering.
  - Customer feedback: Implementing a feedback system to understand customer needs and adjust the product offering accordingly.
- ◆ **Development and expansion of working locations:**
  - Location assessment: Strategically identifying locations for new distribution centers based on market demand analysis and logistical accessibility.

- Infrastructure investments: Allocating financial resources to modernize infrastructure at existing work locations and set up new centers.
- Technology and automation: Integrating advanced technologies and automation solutions to improve operational efficiency at distribution centers.

🔹 **Adjusting the personnel policy with a focus on employee retention:**

- Professional development: Training and professional development programs to support employee growth and align their skills with company objectives.
- Organizational culture: Strengthening an organizational culture that promotes engagement, innovation, and job satisfaction. The efficient implementation of these action plans requires a strategic approach, appropriately allocated resources, and commitment from the management team.

Considering the established strategic directions, the company will focus on the following actions to achieve its short and medium-term objectives:

1. Constant monitoring of the competition to identify market trends and adjust product offerings accordingly.
2. Improving logistical processes to reduce delivery times and increase customer satisfaction.
3. Identifying and opening new distribution centers in strategic regions to cover a wider market area.
4. Developing strategic partnerships with major industry companies to increase B2B sales.
5. Replicating the successful results achieved in certain working locations across all 12 owned locations.
6. The current context requires us to adapt our development strategy, and in the upcoming period we aim to complement our product portfolio with some new offerings.
7. Investments in areas where we have our own logistics centers.
8. Sizing the fleet of vehicles to cover as much as possible of the national market.
9. Focusing on the needs of teams of small craftsmen.
10. Identifying and directly offering construction companies of any size across the entire country.
11. Creating personalized offers for individuals who undertake construction and/or renovation works on their own.
12. **SIPEX** is considering the opening of a production unit with funding from European funds in Ariceștii Rahtivani Commune. In this regard, initial steps have been taken, including the acquisition of a 74,996 sqm plot of land, and work is currently underway to prepare the necessary documentation for the development of the Zonal Urban Planning (PUZ) plan.

# ANALYSIS OF THE FINANCIAL RESULTS

## Financial Performance

In the first nine months of the current year, the company recorded a **turnover** of RON 252.1 million, maintaining its upward trend during the reporting period. The business growth of 6.8% compared to the same period in 2023 is mainly supported by the 17% sales advance in the B2B channel.

Income Statement (in RON)	September 30 <sup>th</sup> , 2023	September 30 <sup>th</sup> , 2024	Variation (%) 2024/2023	Share in the relevant category (30.09.2024)
<b>Turnover</b>	<b>236,134,128</b>	<b>252,126,730</b>	<b>6.77%</b>	<b>100.00%</b>
Sold production	6,865,603	6,823,010	(0.62)%	2.65%
Revenue from goods sold	229,290,232	245,336,461	7.00%	95.26%
Other operating income	5,387,685	5,378,229	(0.18)%	2.09%
<b>OPERATING INCOME - TOTAL</b>	<b>241,543,520</b>	<b>257,537,700</b>	<b>6.62%</b>	<b>100.00%</b>
Raw materials and consumables expenses	5,907,410	6,952,959	17.70%	2.74%
Other material expenses	480,957	969,797	101.64%	0.38%
Other external expenses (for energy and water)	404,201	283,489	(29.86)%	0.11%
Cost of goods sold	203,207,443	212,708,269	4.68%	83.85%
Personnel expenses	16,323,473	18,471,461	13.16%	7.28%
Impairment adjustments for tangible and intangible assets	2,494,795	2,625,468	5.24%	1.03%
Other operating expenses, of which:	9,549,891	11,590,461	21.37%	4.57%
Costs related to external services	4,935,808	5,527,000	11.98%	47.69%
Expenses for taxes, duties, and similar levies	646,892	728,053	12.55%	6.28%
Other expenses	3,967,191	5,335,408	34.49%	46.03%
Adjustments to the carrying value of current assets	39,436	73,307	85.89%	0.03%
Provision adjustments	(91,060)	0	(100.00)%	0.00%
<b>OPERATING EXPENSES - TOTAL</b>	<b>238,316,546</b>	<b>253,675,211</b>	<b>6.44%</b>	<b>100.00%</b>
<b>Operating profit or loss</b>	<b>3,226,974</b>	<b>3,862,489</b>	<b>19.69%</b>	
Interest income	588,520	414,262	(29.61)%	96.73%
Other financial income	170,626	14,022	(91.78)%	3.27%
<b>FINANCIAL INCOME – TOTAL</b>	<b>759,146</b>	<b>428,284</b>	<b>(43.58)%</b>	<b>100.00%</b>
Impairment adjustments for financial fixed assets and	0	0	-	0.00%

Income Statement (in RON)	September 30 <sup>th</sup> , 2023	September 30 <sup>th</sup> , 2024	Variation (%) 2024/2023	Share in the relevant category (30.09.2024)
financial investments held as current assets				
Interest expenses	377,304	262,216	(30.50)%	95.27%
Other financial expenses	42,258	13,021	(69.19)%	4.73%
<b>FINANCIAL EXPENSES – TOTAL</b>	<b>419,562</b>	<b>275,237</b>	<b>(34.40)%</b>	<b>100.00%</b>
<b>FINANCIAL LOSS:</b>			<b>0.00%</b>	
<b>FINANCIAL PROFIT:</b>	<b>339,584</b>	<b>153,047</b>	<b>(54.93)%</b>	
<b>TOTAL INCOME</b>	<b>242,302,666</b>	<b>257,965,984</b>	<b>6.46%</b>	
<b>TOTAL EXPENSES</b>	<b>238,736,108</b>	<b>253,950,448</b>	<b>6.37%</b>	
<b>GROSS PROFIT OR LOSS:</b>	<b>3,566,558</b>	<b>4,015,536</b>	<b>12.59%</b>	
Profit tax	552,980	0	(100.00)%	
Expenses for profit tax at the minimum tax level based on turnover	0	2,575,215	0.00%	
<b>NET PROFIT OR LOSS</b>	<b>3,013,578</b>	<b>1,440,321</b>	<b>(52.21)%</b>	

Operating revenues for the first 9 months of the current year are 6.62% higher compared to the same period of the previous year. Operating expenses for the first 9 months increased by 6.44% compared to the same period of the previous year.

The increase in the value of operating expenses was lower than the increase in operating income. The company's operating profit increased by 19.69%, up to RON 3.86 million.

Given the nature of the business, the main category of operating expenses is represented by merchandise costs, which accounted for 83.85% of total operating expenses as of 30.09.2024.

Financial revenues decreased by 43.58% in the first 9 months of 2024 compared to the same period in 2023, due to the reduction in interest rates on deposits, a decrease in the value of deposits made, and the timing of interest receipts based on maturity. The financial activity at the end of the reporting period shows a profit of RON 153 thousand.

Out of the total of RON 11.59 million in the "other operating expenses" category as of 30.09.2024, 47.69% was generated by expenses related to external services, with the remainder attributed to tax payments (6.28%) and other operating expenses (46.03%).

As of 30.09.2024, the surplus from the operating and financial activities results in a gross profit of RON 4.01 million.

## Financial Position

At the end of the third quarter of the 2024 financial year, **current assets**, the category with the highest share in the Company's total assets, recorded a 6.19% increase compared to the beginning of the year.

Balance sheet indicators (RON)	September 30 <sup>th</sup> , 2023	January 1 <sup>st</sup> 2024	September 30 <sup>th</sup> , 2024	Relative variation (30.09.2024 /01.01.2024)	Share in Total Assets / Liabilities 2024
<b>FIXED ASSETS, of which:</b>	<b>19,723,469</b>	<b>25,227,983</b>	<b>25,924,648</b>	<b>2.76%</b>	<b>18.02%</b>
Intangible assets	98,205	85,534	43,271	(49.41)%	0.03%
Tangible assets	19,625,264	25,142,449	25,881,377	2.94%	17.99%
Financial assets	0	0	0	0.00%	0.00%
<b>CURRENT ASSETS, of which:</b>	<b>118,579,146</b>	<b>110,255,388</b>	<b>117,083,226</b>	<b>6.19%</b>	<b>81.40%</b>
Inventories	37,431,373	33,343,657	39,618,258	18.82%	27.54%
Receivables	59,802,938	52,851,686	64,888,061	22.77%	45.11%
Short-term investments	19,000,000	2,000,000	0	(100.00)%	0.00%
<b>Cash and cash equivalents</b>	<b>2,344,835</b>	<b>22,060,045</b>	<b>12,576,907</b>	<b>(42.99)%</b>	<b>8.74%</b>
Prepayments	808,882	758,439	830,987	9.57%	0.58%
<b>TOTAL ASSETS</b>	<b>139,111,497</b>	<b>136,241,810</b>	<b>143,838,861</b>	<b>5.58%</b>	<b>100.00%</b>
Short-term liabilities	64,687,806	56,749,975	63,652,659	12.16%	44.25%
Long-term liabilities	6,438,394	3,412,461	2,666,508	(21.86)%	1.85%
<b>TOTAL LIABILITIES</b>	<b>71,126,200</b>	<b>60,162,436</b>	<b>66,319,167</b>	<b>10.23%</b>	<b>46.11%</b>
Provisions	0	0	0	0.00%	0.00%
Deferred revenues	0	0	0	0.00%	0.00%
Treasury shares	19,177	19,177	19,177	0.00%	0.00%
Losses related to equity instruments	0	0	0	0.00%	0.00%
Share capital	39,989,348	39,989,348	39,989,348	0.00%	27.80%
Share premiums	7,480,655	7,480,655	7,480,655	0.00%	5.20%
Revaluation reserves	774,335	754,092	693,363	(8.05)%	0.48%
Reserves	2,856,117	4,248,839	3,494,747	0.00%	2.43%
Profit or loss carried forward	13,890,441	13,910,684	24,440,437	75.70%	16.99%
Profit (or loss) for the financial exercise	3,013,578	11,107,655	1,440,321	(87.03)%	1.00%
Profit distribution	0	638,630	0	(100.00)%	0.00%
<b>EQUITY - TOTAL</b>	<b>67,985,297</b>	<b>76,079,374</b>	<b>77,519,694</b>	<b>1.89%</b>	<b>53.89%</b>



The dynamics of current assets are driven by an 18.82% increase in inventory and a 22.77% increase in receivables compared to the beginning of the current year, highlighting the adjustment of inventory to market demand.

Equity represents 53.89% of total liabilities, indicating a solid financing structure and a low dependence on external debt.

As of 30.09.2024, the value of non-current assets recorded an increase of 2.76% compared to the beginning of the year.

As of 30.09.2024, the company's total liabilities increased by 10.23% compared to the beginning of the current year, mainly due to merchandise procurement.

## ANALYSIS OF THE ISSUER'S ACTIVITY

### *Economic and Financial Indicators*

Liquidity, Solvency and Risk Indicators	OPTIMAL INTERVAL	September 30 <sup>th</sup> , 2023	January 1 <sup>st</sup> , 2024	September 30 <sup>th</sup> , 2024
Current Liquidity (AC/DC)	1-2	1.83	1.94	1.84
Immediate Liquidity (AC - Inventory) / Current Liabilities	>0.8	1.25	1.36	1.22
Financial Solvency (Total Assets / Total Debts)	>1	1.96	2.26	2.17
Equity Solvency (Equity / (Equity + Total Debts))	> 30%	48.87%	55.84%	53.89%
Indebtedness Ratio (Total Debts / Equity)	< 50%	9.47%	4.49%	3.44%
Debt Ratio (Total Debts / Total Liabilities)	< 80%	51.13%	44.16%	46.11%

The current liquidity ratio, which reflects the company's ability to meet its short-term financial obligations using its current assets, has remained within the optimal range during the first nine months of 2024. The current liquidity is within the optimal range, suggesting the company has a good ability to cover its current liabilities.

The quick liquidity ratio is slightly above the optimal limit, indicating that the company has sufficient liquid assets to meet its short-term obligations without relying on inventory. The company has twice as many assets as total liabilities, indicating a strong financial position and a good capacity to meet its debt obligations. The high percentage of equity relative to total capital indicates robust financial stability and a low dependence on external financing.

The company's ability to meet all payment obligations, as reflected in the financial solvency ratio and the equity solvency ratio, falls within the reference ranges considered optimal.

The trend in the debt ratio reflects the implementation of a management policy focused on strengthening self-financing capacity.

At the same time, the equity solvency ratio reconfirms the upward trend of the company's long-term creditworthiness.

The company is in a very strong financial position, with liquidity and solvency indicators above optimal levels and a low debt ratio. This indicates a solid capacity to meet both short-term and long-term financial obligations, with minimal exposure to financial risks.

The long-term balance between internal and external funding sources remains stable and within the reference indicator thresholds as of 30.09.2024.

The interim financial statements prepared as of September 30, 2024, which form the basis of this semiannual report, have not been audited.

**Chairman of the Board of Directors  
Constantin Irinel Gheorghe**

## **MANAGEMENT STATEMENT**

By the present, I, the undersigned Gheorghe Constantin Irinel, in my capacity as General Director and Chairman of the Board of Directors of **SIPEX COMPANY S.A.**, declare that, to the best of my knowledge, the financial statements of **SIPEX COMPANY S.A.**, prepared as of September 30, 2024, in accordance with the applied accounting standards, provide a true and fair view of the assets, liabilities, financial position, income and expenses of the company, and the information about the issuer in its essential aspects.

Date: 18.11.2024

**Gheorghe Constantin Irinel**  
**CEO and Chairman of the Board of Directors**