

PRELIMINARY FINANCIAL RESULTS 2023



din 1997

SIPEX

Soluții în construcții

ISSUER INFORMATION

Preliminary financial report for 2023 - in accordance with the provisions of Law 24/2017 and ASF Regulation 5/2018

Publication date of the report: 18.03.2024

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

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

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Unique registration code at the Trade Registry Office: **RO 9813422**

Registration number in the Trade Registry: **J29/1802/2007**

Number of shares issued and characteristics: **399,893,481 shares with a nominal value of 0.1 RON**

The regulated market where the securities issued are traded: **AeRO ATS Premium**

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

Trading symbol: **SPX**

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The preliminary financial statements for the year 2023 presented in the following pages are individual, for SIPEX COMPANY S.A., and are unaudited.

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CEO STATEMENT

Dear investors,

The year 2023, marked by significant challenges in the global and local economic context, meant adaptation and openness for the **SIPEX** team. We focused our attention and efforts on remaining a profitable business, an objective we achieved regardless of the economic, social crises, or pandemics, in the past 26 years we have been active in the construction materials market.

For the construction sector in Romania, 2023 was a complex year characterized by inflation, disruptions in the global supply chain, utility price hikes, and geopolitical instability. These factors led to a significant increase in prices for essential construction materials and influenced our operations. Additional factors such as high summer temperatures slowing down the outdoor works and credit restrictions contributed to a slowdown in the construction sector activity.



Nevertheless, thanks to our adaptability, we managed to maintain a growth trend in the turnover. While we experienced a decrease in the profit margins, we compensated for this by strengthening the B2B segment, which now represents approximately 40% of our turnover. We expanded our product portfolio through strategic partnerships and acquired land for a future production unit for which we are evaluating financing options.

The financial results for 2023 reflect our commitment and the sustainable development strategy. We recorded operating revenues of RON 320.6 million, a turnover of RON 313.4 million, and a net profit of RON 11.1 million. In May 2023, we distributed dividends of RON 6 million. We are optimistic about our growth prospects, anticipating better results in 2024.

Our inclusion in the main AeRO market index strengthened our partnership with the capital market and supported our enthusiasm to continue the development efforts. We are focusing on transitioning to financial reporting in accordance with IFRS standards, with the goal of transferring to the Main Market of the Bucharest Stock Exchange in the upcoming years.

We are a company focused on long-term partnerships. We have adapted our offerings to market realities, consolidated investments, and acted prudently. Despite having well-defined strategies, unexpected changes can significantly influence plans. It is recognized that Romania offers numerous opportunities in the construction sector, but at the same time, we, as companies active in this market, have faced and continue to face significant challenges such as tax changes and labor shortages. Adaptability and strong relationships with partners remain key factors for success in this context.

The company's development strategy has continued in the assumed directions, and we will continue to expand and diversify our activities, with a focus on the B2B channel.

I am grateful for the **SIPEX** team, which has made sustained efforts in a challenging year. We continue to be flexible, adaptable, and focused on the long-term success of our company.

We invite you to read the report for further details about SIPEX's activities in 2023.

For questions or clarifications, please contact us at the email address investitori@sipex.ro

Thank you,

Constantin Irinel Gheorghe,

CEO SIPEX COMPANY

ABOUT SIPEX COMPANY S.A.

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

Currently, the company benefits from national representation and distribution through a network of 12 logistics centers in different regions of the country, which operate as working and distribution points. The company's headquarters, located in Ariceștii Rahtivani commune, Prahova county, has direct access to the national road DN7, covering a total area of 21,000 square meters, hosting a showroom, offices, storage spaces, platforms, equipment, and machinery.

The 12 logistics 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), 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 branch in Bucharest opens, located at Timișoara Blvd. No. 100, Sector 6, Bucharest;
- ◆ **2002** The first warehouse in Ploiești opens, located at 27 Vestului Highway, Ploiești, Prahova county;
- ◆ **2005** The Focșani branch opens 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 branch opens on Traian Vuia Boulevard, No. 206, Cluj-Napoca, Cluj county;
- ◆ **2012** The Craiova branch opens in Cârcea village, Crângului Street, No. 2, Dolj county, and the Piatra Neamț branch opens in Izvoare village, Dumbrava Roșie commune, Serei Street, No. 7, Neamț county;
- ◆ **2015** The Iași branch opens on Chimiei Boulevard, No. 12, Iași, Iași county, and the Suceava branch opens in Bosanci village, Sucevei Street, No. 81, Suceava county;
- ◆ **2017** The Timișoara branch opens on Buziașului Avenue, No. 162, Timișoara, Timiș county, and the Râmnicu Vâlcea branch opens in Racovița village, Budești commune, No. 284, Vâlcea county;
- ◆ **2018** The Pantelimon branch opens on Biruinței Boulevard, No. 189, Pantelimon, Ilfov, with 5.000 sqm of storage and office space. The branches in Brașov also open, in Prejmer village, Brașovului Street, No. 162, Brașov county, and in Ploiești, Laboratorului Street, No. 10, Prahova county.

The **SIPEX** team, structured into specialized departments, coordinates projects from start to finish, with a full range of resources and product packages to support continuous activity. The company's main activities include selling products and solutions distributed by **SIPEX** and providing technical advice for selecting and implementing products.

The Sales Department's main objective is to develop business relationships and strengthen **SIPEX COMPANY's** position as a national leader in the Romanian construction materials market. The **SIPEX** Sales Department operates through 3 channels:

- ◆ **Online:** **SIPEX** is present in the e-commerce segment through its owned Online store. The application directs orders to the nearest branches so that delivery can be made as quickly as possible. The store provides access to various campaigns that **SIPEX** launches at different time intervals. The 12 **SIPEX** logistics centers are equipped with the necessary equipment to ensure fast deliveries to each location from which orders are received.
- ◆ **Retail:** Traditional retail, consisting of stores of various sizes other than DIY (Do It Yourself) ones. Sales to these stores are made through dedicated agents, coordinated by regional managers and the National Sales Director. They have access to an SFA system (tablets connected to the ERP system with real-time inventory access), ensuring that orders taken quickly enter the ERP system.
- ◆ **B2B – This market segment is composed of the following partners:**

1. **Construction companies** (that carry out construction works for various investors or develop their own residential or industrial projects). These partners are assigned to a dedicated team for this market segment and also have access to an order platform, „sipexcomenzi.ro”, created specifically for them. The same platform provides them with information about stocks, balances, order statuses, prices set for various projects, etc.

2. **Developers** (investors who choose to negotiate material and construction system prices directly with a distributor). They are allocated to a dedicated team, which together with supplier representatives, provides them with 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 that **SIPEX** sells.

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

The distribution and sales activity of construction materials takes place in all 12 branch offices (warehouses).

The Sales Department is led by two National Directors, one for each sales channel: Retail and B2B. In their role, the National Sales Directors oversee the dedicated sales teams, Retail or B2B, in each **SIPEX** branch office.

The Logistics Department

From its early years of activity, **SIPEX** has experienced significant development, which supports 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.

The main objective of **the technical department** is to provide technical advice to clients in choosing the materials needed for their projects, focusing on both quality and quantity aspects, through:

- ◆ contacting and maintaining collaborative relationships with clients in their operational area, staying updated on ongoing projects in the area, regardless of their size;

- ◆ promoting the products and systems marketed by the company to specialized designers, contractors, and ultimately to end-users;
- ◆ elaborating technical and commercial offers for the **SIPEX** product package;
- ◆ providing the best technical solutions for each project by creating personalized offers;

The procurement department ensures the optimal supply of specific products in the company's field of activity across all locations. It maintains an optimal level of stocks with the best products, solutions, and prices, covering all customer requirements. It maintains constant contact with manufacturers to stay updated on the latest industry developments in terms of products and specific technologies.

SIPEX has attracted and selected internationally recognized companies from the beginning, with whom 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, Holzer, Kronospan Trading, Romstal, Policolor, TeraPlast). **SIPEX** also holds licenses for Düfa and Profitec and sells washable paints, primers, and undercoats under these brands in the Romanian and Bulgarian markets, following a 10-year exclusive agreement with the German group Meffert AG in 2017. Products from the **SIPEX** portfolio are manufactured in several factories, depending on their offerings, capacities, and services.

The range of products distributed by SIPEX:

- ◆ Washable paint - dispersions: Ceresit, Profitec, düfa, Mesterică, 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, Mesterică, Kraft, Spor, Deko;
- ◆ Products for masonry: Leier, Cemrom, Structo, Tenco, Porotherm;
- ◆ Roofs: Tondach;
- ◆ Thermal insulation system: Ceresit, Mesterică;
- ◆ Thermal insulation with mineral wool: Isover, Rockwool;
- ◆ Thermal insulation materials made of polystyrene: Swisspor, Austrotherm, Hirsch, düfa, Meșterică;
- ◆ Decorative plaster: Ceresit, Meșterică, Kraft, Vinarom, Deko;
- ◆ Suspended ceilings, moldings: Rigips, Meșterică Décor;
- ◆ Metal profiles and accessories: Rigips, Meșterică;
- ◆ Polyurethane foam, silicones: Ceresit, TTK;
- ◆ Floor screeds: Ceresit, Meșterică, Baumit;
- ◆ Waterproofing systems: Ceresit, Mesterică, Baumit, General Membrane;
- ◆ Fillers: Ceresit, Meșterică, Rigips, Baumit, Weber;
- ◆ Grout: Ceresit, Baumit;
- ◆ Standard and flexible adhesives: Ceresit, Meșterică, Baumit, Weber;
- ◆ Ceramic products - tiles and ceramic tiles: Cesarom;

- ◆ Thermo-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;

THE MANAGEMENT TEAM

The leadership of the company is carried out by Mr. Constantin Irinel Gheorghe, Chairman of the Board of Directors of SIPEX, and General Director of **SIPEX** since 1997. He graduated from the Faculty of Material Science and Engineering at the Polytechnic University of Bucharest and from the National Institute of Administration (INA) Bucharest. He was an assistant professor at the faculty he graduated from between 1992 and 1994. Constantin Irinel Gheorghe also serves as Vice President of the Federation of Construction Society Employers, a representative organization in the Romanian construction market.

The other 2 members of the Board of Directors are:

- ◆ Constantin Gheorghe – member of the **SIPEX** Board of Directors since 2021, since 2004 Economic Director of the Company, 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 a Non-Executive Director, graduated from the Law Faculty at the University of Bucharest.

The Board of Directors and the General Manager of **SIPEX** are supported in their leadership activities by a management team consisting of the Chief Financial Officer, Marketing Director, National Sales Director for the Retail Channel, and National Sales Director for the B2B Channel, as follows:

- ◆ Constantin Gheorghe – CEO 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 Authorized Accountants of Romania since 2012.
- ◆ Sorina Macsen – Director of Marketing 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 (Marketing specialization) at Spiru Haret University Bucharest in 2010. She is also a Quality and Environmental Auditor.
- ◆ Marian Ghiță – National Sales Director for the B2B Channel 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 B2B clients in the construction industry. He graduated from the Faculty of Management at the Petroleum and Gas University in Ploiești.
- ◆ Cristian Burtea – National Sales Director for the Retail Channel since 2017;

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 and has held various positions in sales throughout his career.

TARGET MARKET OF THE COMPANY

The company's sales and distribution activities are carried out through 3 channels:

Retail

Traditional retail consists 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 access to an SFA system (tablets connected to the ERP system with real-time inventory access), ensuring that orders taken are quickly integrated into the ERP system.

B2B, which includes:

1. Construction companies (which carry out construction works for various investors or develop their own residential or industrial projects). These partners are allocated to a dedicated team for this market segment and, at the same time, have access to an ordering platform called „**sipexcomenzi.ro**” created specifically for them. The same platform provides them with information about stocks, balances, order statuses, prices set for various projects, etc.
2. Developers (investors who choose to negotiate prices for materials and construction systems directly with a distributor). They are assigned to a dedicated team, which together with the supplier's representative, provides them with the best technical and commercial solutions.
3. Teams of small craftsmen - the same **SIPEX** sales representatives try to propose the best solutions and services to them (transportation, coloring, technical solutions) so that they become promoters of the product packages that **SIPEX** sells.
4. Individuals (who build on their own or are renovating their own properties). The dedicated sales teams propose to them the purchase of various products from the **SIPEX** package.

Online

SIPEX is present in the e-commerce segment through its own online store, which is currently undergoing updates to be accessible from various devices (laptop, phone, tablet). The application will allocate orders to the nearest working points, ensuring fast delivery times. The store provides access to various campaigns that **SIPEX** launches at different intervals. The 12 **SIPEX** logistics centers are equipped with the necessary equipment to ensure fast deliveries to each location from which orders are received.

IMPORTANT EVENTS IN 2023

- Starting from March 20, 2023, **SIPEX** is included in the BETAeRO index, 9 months after being listed on the Bucharest Stock Exchange on the AeRO market (stock symbol SPX). The BETAeRO index includes the most traded companies from the Multilateral Trading System - SMT. **SIPEX** has a weight of 1.12% in the index basket, at a reference price of RON 0.30 per share and a free-float of 0.1, according to the latest available index structure.

- ✦ On April 26, 2023, **SIPEX** announced the partnership concluded with TeraPlast, which supports the company's development direction by expanding the range of products distributed through our 12 logistics centers nationwide. **SIPEX** has thus introduced a complete floor heating system into its portfolio, calibrated to meet current consumer needs, developed by TeraPlast under the NeoTer brand.
- ✦ On May 26, 2023, the first **SIPEX** Investor Day event took place at the company's first logistics center opened in Ariceștii Rahtivani. During the event, the **SIPEX** management team presented the company's activities, development strategy, and plans in the capital market. Participants had the opportunity to see the operations at the logistics center and the distribution of construction materials, as well as to visit the color laboratory within the center. Additionally, together with **SIPEX** partners, the company organized workshops with practical demonstrations of distributed products.
- ✦ On June 30, 2023, the company was awarded at the Forbes Champions League Gala for outstanding performance over the past 10 years, where we were recognized among companies that have consistently grown their businesses and remained profitable over the last decade.
- ✦ On August 23, 2023, the General Meeting of Shareholders took place and unanimously approved the appointment of the new Board of Directors for a period of 4 years.
- ✦ On November 16, 2023, the company received the Champions in Business award for the Muntenia region at the Gala organized by Ziarul Financiar.

Strengthening relationships with our customers

Promoting strong connections with customers and increasing their market value (retaining old customers) through organizing a campaign throughout August and September, concluded with a raffle where prizes were offered. The campaign, which ended at the end of September, continued those organized in the last 16 years and created opportunities for informal meetings with participating customers.

Marketing Campaigns

The marketing strategies adopted by SIPEX aimed to attract customers. We created a new brand image with the desire to remain competitive in the market and adopted new web strategies, all different approaches for different customers. We are a company for which traditional marketing is relevant, but the challenges of recent years present the internet as an increasingly important tool for a growing online audience.

Over time, our efforts have focused on current sales, on our products and services. We have carried out campaigns specific to each channel, retail, and business-to-business, campaigns that have brought us closer to our corporate clients. The campaigns conducted over the past 16 years have created the opportunity for biannual meetings (spring and autumn) with participating clients, in an informal setting, alongside their families, and strengthening partnership relations with them has become our main objective. Together is the experience lived with enthusiasm among employees, those who choose our products every day, and especially with those who help bring our projects to life, our partners. We have communicated this aspect over time through outdoor campaigns.

The goal pursued is increasing the percentage of sales coming from the online environment, enhancing brand awareness, improving social connectivity, and the target audience includes the following:

- retail: small retailers, warehouses;

- B2B: construction companies, project developers, teams of craftsmen, end customers who carry out works on their own;
- the government: renovations, and maintenance of public spaces (schools, kindergartens, hospitals, etc.).

Involvement in the community

In collaboration with the BookLand Association, our joint efforts have been focused on identifying schools and kindergartens with the greatest need for renovation and equipment. We have worked closely with local communities to ensure that the projects reflect the real needs of students and teachers.

Each of the educational institutions listed below has received the necessary attention to create a safe and stimulating learning environment. Renovation works have included repairing roofs, floors, thermal and acoustic insulation of walls, replacing old windows, and painting classrooms:

- Primary School Osiaca de Sus – Osiaca de Sus commune, Olt county
- Primary School George Tofam – Bilca village, Suceava county
- Kindergarten and Primary School Basești, Mureș county
- Middle School – Sat Brestovat, Timis county
- Middle School Mologești – Lalosu commune, Vâlcea county
- Middle School (Corp B) – Păunești commune, Vrancea county
- Kindergarten and School from Iedera de Jos, Dâmbovița county
- Middle School Răchitașu – Andreiașu de Jos commune, Vâlcea county
- Primary School and Kindergarten from Zăuan village, Sălaj county
- Middle School Giubega, Dolj county

Products provided by **SIPEX** include interior and exterior washable paint, decorative exterior plaster, tiles, ceramic tiles, tile profiles, parquet flooring, etc.

Motivated by the success of the projects in 2023, we plan to expand the initiative in the coming years, aiming to renovate and equip an even greater number of schools and kindergartens in rural areas. We are dedicated to continuing to contribute to creating a better future for the younger generation, ensuring access to quality education regardless of their location.

This initiative is evidence of our commitment, along with BookLand Association, to the community and education, reiterating the motto that guides our actions: "We are proud to contribute to quality education for the younger generation!".

FUTURE OUTLOOK

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

1. Diversification of the product portfolio:
 - Market Analysis: Conducting an in-depth analysis of the 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.

2. Development and expansion of working points:
 - Location Assessment: Strategically identifying locations for new distribution centers based on market demand analysis and logistical accessibility.
 - Infrastructure Investments: Allocating financial resources to modernize the infrastructure in existing working points and establish new centers.
 - Technology and Automation: Integrating advanced technologies and automation solutions to enhance operational efficiency in the distribution centers.
3. Adjustment of the personnel policy with a focus on employee retention:
 - Professional Development: Offering training and professional development programs to support employee growth and align their skills with company objectives.
 - Organizational Culture: Strengthening an organizational culture that promotes commitment, innovation, and job satisfaction. The effective implementation of these action plans requires a strategic approach, properly allocated resources, and commitment from the management team.

Taking into account 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 the product offering accordingly.
2. Improving the logistic 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 companies in the industry to increase B2B sales.
5. Replicating the good and excellent results achieved in certain working points across all 12 owned locations.
6. The current context requires us to adapt our development strategy, and in the coming period, we aim to supplement our product package with some new ones.
7. Investments in areas where we have our own logistics centers.
8. Scaling up the fleet of vehicles to cover as much of the national market as possible.
9. Focusing on the needs of small artisan teams.
10. Identifying and directly offering to construction companies of all sizes across the country.
11. Creating personalized offers for individuals who carry out construction and/or renovation works on their own.

12. **SIPEX** is considering opening a production unit with funding from European funds in Aricești Rahtivani commune for which it has taken the first steps by acquiring a plot of land with an area of 74,996 square meters.

PRELIMINARY FINANCIAL RESULTS ANALYSIS 2023

In 2023, SIPEX recorded a 7.43% increase in turnover, reaching RON 313,409,086, supported by the growth in the number of customers in both the B2B and retail channels. The net profit achieved by the company is RON 11,107,655.

TABLE 1. ANNUAL SALES EVOLUTION BY DIVISION (LEI)

Division	Sales value 2022	Sales value 2023	Variation (%) 2023/2022
Retail	179,099,995	183,924,033	2.69%
B2B	103,315,211	122,614,854	18.68%
Store & Online	2,318,132	1,199,521	-48.25%
Total sales	284,733,337	307,738,408	8.08%

In 2023, sales showed favorable growth. We strengthened the B2B division, where recorded sales increased by 18.68% compared to 2022 due to our increasingly active presence in major infrastructure and residential projects. In the Retail division, sales increased by 2.69%, supported by a good sales strategy.

TABLE 2. ANNUAL PROFIT AND LOSS ACCOUNT EVOLUTION (LEI)

Indicator	2022	2023	Variation (%)
Turnover	291,723,033	313,409,086	7.43%
Gross profit	23,208,839	12,772,608	-44.97%
Net profit	20,134,364	11,107,655	-44.83%
Gross margin	7.96%	4.08%	-48.77%

The turnover achieved in 2023 was RON 313,409,086, an increase of 7.43% compared to the previous year.

The gross result recorded by the company at the end of 2023 was RON 12,772,608, and the net profit for the year 2023 amounted to RON 11,107,655, a decrease compared to the net profit in 2022 due to the international and local economic context that impacted the construction sector.

FINANCIAL – ACCOUNTING SITUATION

BALANCE SHEET ANALYSIS

At the end of 2023, total assets amounted to RON 136,241,810, an increase of 21.56% compared to the previous year. Current assets reached RON 110,255,388, an increase of

20.13% compared to the previous year, mainly due to increased receivables, and cash availability.

In 2023, total liabilities amounted to RON 60,162,436, an increase of 46.36% compared to the previous year. The long-term liabilities of the company amounted to RON 3,412,461, a decrease of 49.94% compared to the previous year.

Shareholders' equity increased by 7.34% compared to the previous year, from RON 70,877,282 to RON 76,079,374. The increase in shareholders' equity was mainly contributed by the net profit obtained and legal reserves.

Balance sheet indicators (the values are expressed in lei)	2022(A)	2023(P)	Variation (%) 2023/2022
Fixed assets	19,595,989	25,227,983	28.74%
Current assets	91,777,428	110,255,388	20.13%
Prepayments	700,552	758,439	8.26%
TOTAL ASSETS	112,073,969	136,241,810	21.56%
Current liabilities	34,288,226	56,749,975	65.51%
Non-current liabilities	6,817,401	3,412,461	-49.94%
Provisions	91,060	0	-100.00%
Prepaid income	0	0	0.00%
Total debts	41,105,627	60,162,436	46.36%
Equity	70,877,282	76,079,374	7.34%
TOTAL LIABILITIES	112,073,969	136,241,810	21.56%
Net book value	70,877,282	76,079,374	7.34%

(A) = Audited

(P) = Preliminary

PROFIT AND LOSS ACCOUNT

	2022(A)	2023(P)	Variation (%) 2023/2022
Net turnover	291,723,033	313,409,086	7.43%
Other income	5,596,753	7,223,464	29.07%
TOTAL OPERATING INCOME	297,319,461	320,645,691	7.85%
Material costs	10,575,652	9,324,154	-11.83%
Net cost of goods	225,569,856	259,493,164	15.04%
Personnel costs	19,244,681	22,253,014	15.63%
Expenses related to the adjustment of the value of fixed assets	3,214,717	3,321,364	3.32%
Other operating expenses, of which:	15,515,816	14,070,535	-9.31%
Costs related to external services	6,728,384	6,905,876	2.64%
Expenses related to taxes and fees	901,395	880,742	-2.29%
Other expenses	5,048,847	5,579,453	10.51%
Expenses related to the adjustment of the value of current assets	2,746,130	795,524	-71.03
Provisions adjustments	91,060	-91,060	-200.00%
TOTAL OPERATING EXPENSES	274,120,722	308,462,231	12.53%
OPERATING INCOME	23,198,739	12,183,460	-47.48%
EBITDA	23,494,152	12,875,467	-45.20%
EBITDA %	8.05%	4.11%	-48.99%
Finance income	419,849	1,135,622	170.48%
Interest received	376,843	956,048	153.70%
Other finance income	43,006	179,574	317.56%
Finance costs	409,749	546,474	33.37%
Interest expenses	358,215	495,675	38.37%
Other financial expenses	51,534	50,799	-1.43%
FINANCE INCOME	10,100	589,148	5,733.15%
TOTAL INCOME	297,739,310	321,781,313	8.07%
TOTAL COSTS	274,530,471	309,008,705	12.56%
GROSS PROFIT	23,208,839	12,772,608	-44.97%
INCOME TAX	3,074,475	1,664,953	-45.85%

NET PROFIT	20,134,364	11,107,655	-44.83%
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(A) = Audited
(P) = Preliminary

INDIVIDUAL BALANCE SHEET

	2022(A)	2023(P)
Intangible assets	132,622	85,534
Patents, Licenses, Trademarks, etc.	114,567	81,317
Advance payments	18,055	4,217
Property, plant and equipment	19,454,367	25,142,449
Land and buildings	12,795,227	16,630,401
Technical installations and machinery	5,664,928	5,475,423
Other installations, equipment, and furniture	366,481	473,838
Real Estate investments	0	527,541
Tangible assets under construction	283,558	301,675
Advance payments	344,173	1,733,571
Financial assets	9,000	0
Shares held in subsidiaries	9,000	0
Total fixed assets	19,595,989	25,227,983
Inventories	41,733,019	33,343,657
Raw materials and consumables	1,005,155	1,983,531
Finished products and goods	38,329,483	29,989,420
Advance payments	2,398,381	1,370,706
Receivables	40,322,012	52,851,686
Trade receivables	33,838,104	47,540,769
Receivables from affiliated entities	6,240,560	0
Other receivables	243,348	5,310,917
Short-term investments	7,000,000	2,000,000
Other investments	7,000,000	2,000,000
Cash and bank accounts	2,722,397	22,060,045
Total current assets	91,777,428	110,255,388
Prepayments	700,552	758,439
Total assets	112,073,969	136,241,810
Short-term liabilities	34,288,226	56,749,975
Amounts owed to credit institutions	0	8,599,999
Advances received on orders	2,264,248	918,453
Trade payables - suppliers	19,333,669	29,749,486
Trade bills payable	7,852,376	11,561,863
Other liabilities, including social insurance liabilities	4,837,933	5,920,174

Long-term liabilities	6,817,401	3,412,461
Amounts owed to credit institutions	0	0
Other liabilities, including social insurance liabilities	6,817,401	3,412,461
Total debts	41,105,627	60,162,436
Other provisions	91,060	0
Advance payments received	0	0
Subsidies for investments	0	0
Revenues recognized in advance	0	0
Equity	70,877,282	76,079,374
Subscribed and Paid-in Capital	39,989,348	39,989,348
Capital premium	7,480,655	7,480,655
Revaluation reserves	835,064	754,092
Legal reserves	2,497,623	3,136,253
Other reserves	282,380	358,494
Treasury stock	31,250	19,177
Losses on equity instruments	-6,250	0
Profit or loss reported	855,790	13,910,684
Profit or loss for the financial period	20,134,364	11,107,655
Profit distribution	1,160,442	638,630
Total liabilities	112,073,969	136,241,810

(A) = Audited

(P) = Preliminary

MANAGEMENT STATEMENT

The management of the company confirms that the preliminary financial results for the period 01.01.2023 - 31.12.2023 accurately reflect the assets, liabilities, income, and expenses of **SIPEX COMPANY S.A.** The administrator's report also provides an accurate and true picture of the events that occurred in 2023 and their impact on the financial statements.

Gheorghe Constantin Irinel
Chairman of the Board of Directors