

QUARTERLY REPORT

Q1 2024



din 1997

SIPEX

Soluții în construcții

IDENTIFICATION DATA

Quarterly Report Q1 - 2024 in accordance with the provisions of **Law no. 24/2017** and **Financial Supervisory Authority Regulation no. 5/2018**

Publication date: **14.05.2024**

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

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

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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**

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CEO MESSAGE

Dear Shareholders,

The year 2024 brought a series of challenges and changes that we anticipated and began preparing for. We continued to strengthen our position in the market, with a focus on the B2B segment, which represents over 40% of our total sales. Our attention remains focused on actions that support profitability and sales growth in the coming quarters of 2024. We are constantly adapting to the developments in the construction materials market and will act promptly in the face of changes. In this regard, we estimate that the financial results for the second quarter will show an increase compared to the same period last year.

In the first quarter of 2024, the company recorded a turnover of RON 69.3 million, an increase of 9.8% compared to the same period in 2023, supported by the advance of sales in all three distribution channels. The activity in the B2B channel brought the largest contribution, with an increase in sales of 16.95%. There were registered increases of 9.40% in the sales through the Store & Online channel, respectively of 5.39% in the sales through the retail channel.

TABLE 1. THE EVOLUTION OF SALES BY DIVISIONS Q1 2024 VS. Q1 2023 (RON)

Segment	Sales Q1 2023	Sales Q1 2024	Variation (%) Q1 2024/ Q1 2023
Retail	36,027,708	37,970,954	5.39%
B2B	25,349,670	29,647,305	16.95%
Store & Online	215,174	235,399	9.40%
Total	61,592,552	67,853,658	10.17%

The net result recorded by the company in the first quarter of 2024 was negative, influenced by the increase in operating expenses, especially those related to the purchase of goods, salaries, and utilities, as well as the new minimum tax on turnover.

In addition, we increased our inventories due to the rise in the supply level, closely linked to the intensification of our sales activity.

The fiscal measures adopted through Decision No. 296/2023 had a significant impact on the company's economic activity. As a result, SIPEX paid a minimum tax on turnover of RON 707,595, which led to a significant decrease in the first-quarter result.

TABLE 2. THE EVOLUTION OF THE PROFIT AND LOSS ACCOUNT OF THE FIRST QUARTER, LAST 3 YEARS (RON)

Indicators	Q1 2022	Q1 2023	Q1 2024
Turnover	63,111,503	63,107,741	69,290,150
Gross profit	3,679,788	173,670	-437,769
Net profit	3,118,651	132,887	-1,145,364
Gross margin	5.83%	0.28%	-0.63%

TABLE 3. THE EVOLUTION OF THE PROFIT AND LOSS ACCOUNT Q1 2024 vs. Q1 2023 (RON)

<i>Indicators</i>	Q1 2023	Q1 2024	Variation (%) Q1 2024 /Q1 2023
Turnover	63,107,741	69,290,150	9.80%
Gross profit	173,670	-437,769	-352.07%
Net profit	132,887	-1,145,364	-961.91%
Gross margin	0.28%	-0.63%	-329.58%

Together with the **SIPEX** team, leveraging on the experience gained over the past 27 years in business, we have successfully managed all the challenges encountered, to grow sustainably and meet the profitability indicators we have set for ourselves.

I want to thank **SIPEX** shareholders, both those who have recently joined us and especially those who have believed in us from the beginning. I assure you that the entire team is dedicated to the company's mission, focusing on achieving growing results and generating value for the direct benefit of our shareholders.

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 branch 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 branch 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 branch is opened on Traian Vuia Boulevard, No. 206, Cluj-Napoca, Cluj county;
- ◆ **2012** The Craiova branch is opened 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 is opened 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 is opened on Buziașului Avenue, No. 162, Timișoara, Timiș county, and the Râmnicu Vâlcea branch is opened in Racovița village, Budești commune, No. 284, Vâlcea county;
- ◆ **2018** The Pantelimon branch is opened on Biruinței Boulevard, No. 189, Pantelimon, Ilfov, with 5,000 sqm of storage and office space. The branches 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”, 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's 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 COMPANY 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, Baumit;
- ◆ waterproofing systems: Ceresit, Meșterică, Baumit, General Membrane;
- ◆ fillers: Ceresit, Meșterică, Rigips, Baumit, Weber;
- ◆ grouts: Ceresit, Baumit;
- ◆ standard and flexible adhesives: Ceresit, Meșterică, Baumit, 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;

THE EXECUTIVE TEAM

The management of the company is carried out by Mr. Constantin Irinel Gheorghe, Chairman of the Board of Directors of **SIPEX** 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 General Director of **SIPEX** 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.

MAJOR EVENTS DURING THE REPORTING PERIOD AND AFTER THE CLOSING OF THE REPORTING PERIOD

During the reporting period, no significant events occurred that required the presentation of information or had an impact on the company's activities. On April 22nd, the Ordinary General Meeting of Shareholders took place. The legal and statutory quorum for the meeting was established at the first call. The key points approved included the annual financial statements for the year 2023, the remuneration of the members of the Board of Directors, and the revenue and expenditure budget for the year 2024.

SHORT- AND MEDIUM-TERM 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 of the national market as possible.
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, for which it has taken the first steps by acquiring a plot of land with an area of 74,996 square meters.

ANALYSIS OF THE FINANCIAL RESULTS

Financial Performance

After the first three months of the current year, the company records a turnover of RON 69.2 million.

Income Statement (in RON)	March 31 st 2023	March 31 st 2024	Variation (%) 2024/2023	Share in the relevant category (31.03.2024)
Turnover	63,107,741	69,290,150	9.80%	100.00%
Sold production	1,858,468	2,038,276	9.68%	2.88%
Revenue from goods sold	61,249,273	67,251,874	9.80%	94.77%
Other operating income	1,520,579	1,377,801	-9.39%	2.35%
OPERATING INCOME - TOTAL	64,628,320	70,667,951	9.35%	100.00%
Raw materials and consumables expenses	1,445,994	1,800,566	24.52%	2.24%
Other material expenses	80,202	379,748	373.49%	0.12%
Other external expenses (for energy and water)	174,172	114,131	-34.47%	0.27%
Cost of goods sold	54,252,977	59,324,295	9.35%	84.06%
Personnel expenses	5,103,540	5,653,963	10.79%	7.91%
Impairment adjustments for tangible and intangible assets	828,432	809,320	-2.31%	1.28%
Other operating expenses, of which:	2,676,388	3,061,506	14.39%	4.15%
Costs related to external services	1,640,388	1,674,070	2.05%	61.29%
Expenses for taxes, duties, and similar levies	214,629	224,940	4.80%	8.02%
Other expenses	821,371	1,162,496	41.53%	30.69%
Adjustments to the carrying value of current assets	-17,308	-16,533	-4.48%	-0.03%
OPERATING EXPENSES - TOTAL	64,544,397	71,126,996	10.20%	100.00%
Operating profit or loss	83,923	-459,045	-646.98%	-
Interest income	103,635	145,934	40.82%	48.03%
Other financial income	112,146	2,589	-97.69%	51.97%
FINANCIAL INCOME – TOTAL	215,781	148,523	-31.17%	100.00%
Impairment adjustments for financial fixed assets and financial investments held as current assets	0	0	0%	0.00%
Interest expenses	122,904	119,828	-2.50%	97.52%
Other financial expenses	3,130	7,419	137.03%	2.48%
FINANCIAL EXPENSES – TOTAL	126,034	127,247	0.96%	100.00%
FINANCIAL PROFIT OR LOSS:	89,747	21,276	-76.29%	-
TOTAL INCOME	64,844,101	70,816,474	9.21%	-
TOTAL EXPENSES	64,670,431	71,254,243	10.18%	-

Income Statement (in RON)	March 31 st 2023	March 31 st 2024	Variation (%) 2024/2023	Share in the relevant category (31.03.2024)
GROSS PROFIT OR LOSS:	173,670	-437,769	-352.07%	-
Income tax	40,783	707,595	1,635.02%	-
NET PROFIT OR LOSS	132,887	-1,145,364	-961.91%	-

Operating revenues for the first three months of the current year are 9.35% higher than those recorded in the same period last year. Operating expenses for the first three months increased by 10.20% compared to the same period last year. The increase in operating expenses exceeded the increase in operating revenues, resulting in an operating profit of RON 459 thousand.

Given the nature of the activity, the main category of operating expenses is represented by merchandise expenses. Their share is 84.06% of the total operating expenses as of March 31, 2024.

The financial income decreased by 31.17% in the first three months of 2024 compared to the same period in 2023.

Financial Position

At the end of the first quarter of the 2024 financial year, current assets, the category with the highest share in the total assets held by the Company, recorded an increase of 6.26% compared to the beginning of the year.

Balance sheet indicators (RON)	March 31 st 2023	January 1 st 2024	March 31 st 2024	Relative variation (31.03.2024 /01.01.2024)	Share in Total Assets / Liabilities 2024
FIXED ASSETS, of which:	19,520,649	25,227,983	26,328,112	4.36%	18.23%
Intangible assets	118,414	85,534	71,700	-16.17%	0.05%
Tangible assets	19,393,235	25,142,449	26,256,412	4.43%	18.18%
Financial assets	9,000	0	0	0.00%	0.00%
CURRENT ASSETS, of which:	115,047,918	110,255,388	117,151,891	6.26%	81.11%
Inventories	45,401,600	33,343,657	43,301,995	29.87%	29.98%
Receivables	52,109,368	52,851,686	62,787,769	18.80%	43.47%
Short-term investments	12,000,000	2,000,000	8,000,000	300.00%	0.00%
Cash and cash equivalents	5,536,950	22,060,045	3,062,127	-86.12%	2.12%
Prepayments	874,316	758,439	950,531	25.33%	0.66%
TOTAL ASSETS	135,442,883	136,241,810	144,430,534	6.01%	100.00%
Short-term liabilities	57,699,253	56,749,975	66,219,031	16.69%	45.85%
Long-term liabilities	6,642,401	3,412,461	3,277,494	-3.96%	2.27%
TOTAL LIABILITIES	64,341,654	60,162,436	69,496,525	15.51%	48.12%

Balance sheet indicators (RON)	March 31 st 2023	January 1 st 2024	March 31 st 2024	Relative variation (31.03.2024 /01.01.2024)	Share in Total Assets / Liabilities 2024
Provisions	91,060	0	0	0.00%	0.00%
Deferred revenues	0	0	0	0.00%	0.00%
Treasury shares	31,250	19,177	19,177	0.00%	0.03%
Losses related to equity instruments	-6,250	0	0	0.00%	0.00%
Share capital	39,989,348	39,989,348	39,989,348	0.00%	27.69%
Share premiums	7,480,655	7,480,655	7,480,655	0.00%	5.18%
Reserves	3,594,824	4,248,839	4,228,596	-0.48%	2.93%
Profit or loss carried forward	19,849,955	13,910,684	24,399,951	75.40%	16.89%
Profit (or loss) for the financial exercise	132,887	11,107,655	1,145,364	-89.69%	0.79%
Profit distribution	0	638,630	0	-100.00%	0.00%
EQUITY - TOTAL	71,010,169	76,079,374	74,934,009	-1.51%	51.88%

The dynamics of current assets are determined by the increase in the value of inventories by 29.87% and receivables by 18.80% compared to the beginning of the current year. The increase in inventories is recorded due to the growth in the procurement levels, closely linked to the intensification of sales activities.

As of March 31, 2024, the value of fixed assets increased by 4.36% compared to the beginning of the year, due to their adjustment with depreciation for the reporting period and asset disposals.

The increase in the value of current assets is mainly due to the growth in inventories, receivables, and bank balances.

As of March 31, 2024, the total liabilities of the company increased by 15.51% compared to the beginning of the current year, primarily due to merchandise procurement.

ANALYSIS OF THE ISSUER'S ACTIVITY

Economic and Financial Indicators

Liquidity, Solvency and Risk Indicators	OPTIMAL INTERVAL	March 31 st 2023	January 1 st 2024	March 31 st 2024
Current Liquidity	1-2	1.99	1.94	1.77
Immediate Liquidity	>0.8	1.21	1.36	1.12
Financial Solvency	>1	2.11	2.26	2.08
Equity Solvency	> 30%	52.46%	55.84%	51.88%
Indebtedness Ratio	< 50%	9.35%	4.49%	4.37%
Debt Ratio (total debt / total liabilities)	< 80%	47.50%	44.16%	48.12%

Other Indicators	March 31 st 2023	March 31 st 2024
Fixed assets turnover (turnover/ fixed assets)	3.23	2.75
Accounts receivable turnover (average accounts receivable / turnover) * 90 days	58	74
Inventory turnover (cost of inventory / average inventory)	1.33	1.69
Accounts payable turnover ((average accounts payable / purchases of goods - without services) * 90 days)	46	61

The current liquidity ratio, which reflects the company's ability to meet short-term financial obligations from its current assets, maintains its values within the optimal range in the first three months of 2024. The current liquidity ratio (current assets divided by current liabilities) is 1.77, indicating that the company has sufficient current assets to cover short-term liabilities with a comfortable margin. A current liquidity ratio greater than 1 suggests that the company can meet short-term obligations and may indicate a stable financial position.

A financial solvency ratio of 2.08 suggests that the company has the ability to cover total liabilities with its total assets, indicating a solid financial position. In line with business development, the immediate liquidity indicator also maintains its values within the optimal range.

The company's ability to meet all payment obligations, as expressed by the financial solvency ratio and equity solvency ratio, falls within the reference ranges considered optimal. The evolution of the indebtedness level reflects the implementation of a management policy focused on strengthening self-financing capacity.

The interim financial statements prepared as of March 31, 2024, which formed the basis of this quarterly 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 March 31, 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: 14.05.2024

Gheorghe Constantin Irinel
CEO and Chairman of the Board of Directors