

The logo for CEMACON, featuring the company name in white capital letters on a dark grey rectangular background. The 'M' is stylized with an orange triangle pointing upwards.

CEMACON

BSE REPORT

CLUJ-NAPOCA

**PRELIMINARY
RESULTS**

2023

12 Month Performance 2023 – Preliminary Results

- ☑ **46.6 million lei operational profit (EBITDA)**
- ☑ **Net turnover: 177.2 million lei**
- ☑ **85.2 million Cash at the end of the period**

General Manager Statement

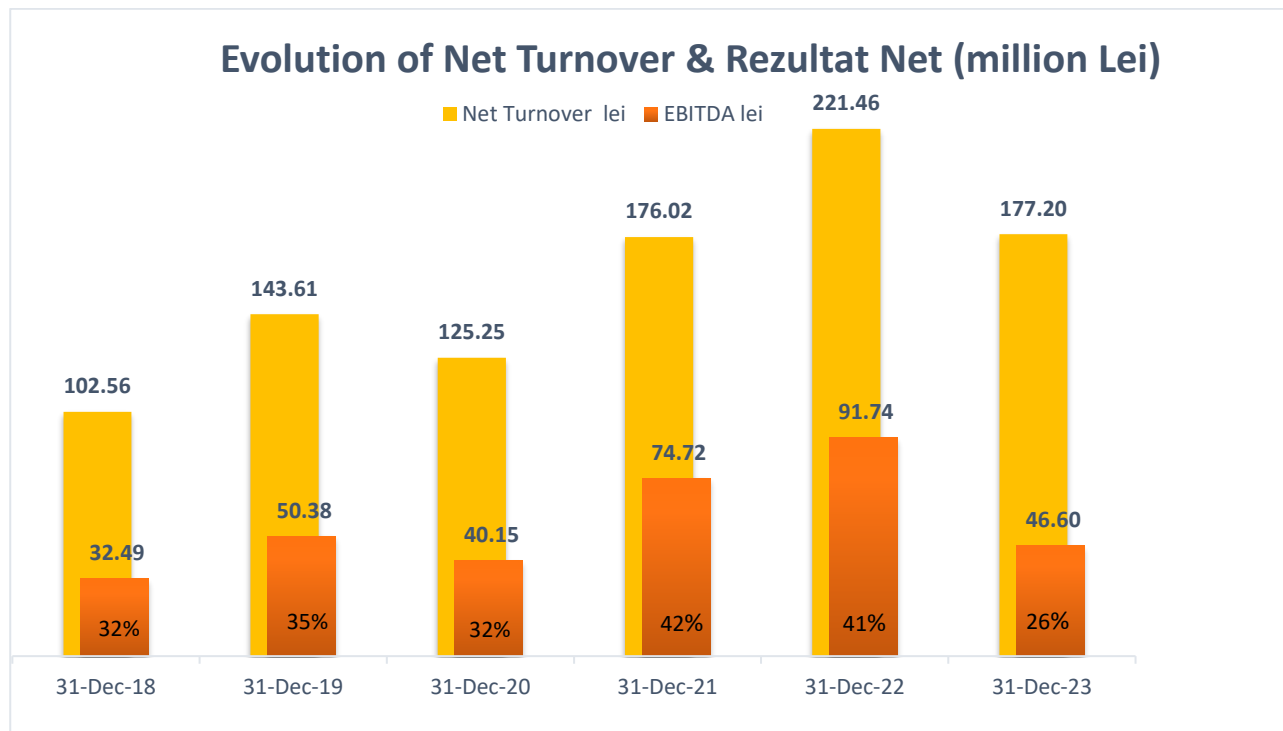
After an intense year with multiple challenges, CEMACON's results at the end of 2023 are the best possible in the negative context. We have consistently implemented the development strategy, we have reached a new milestone by acquiring and integrating the competing company Euro Carămida SA. We have diversified the range of products from the CEMACON portfolio by opening a Brick Slips Production facility, the only one of its kind in Romania, and we have carried out massive refurbishments to the existing production lines.

It has been an important year in terms of Investments and in terms of green energy projects, which will generate important savings in the spending budget, as well as reducing the carbon footprint. Thus we successfully completed the implementation of the "CEMACON Green Energy Farm" project through which a photovoltaic power plant was built with an installed power of over 1MWh. The produced energy available for consumption is an average of 976 MWh/year, thus covering together with the cogeneration plant implemented 4 years ago. Most of the electricity needed from the Recea industrial park and the emission reduction is almost 300 tons of CO2/year. We also increased the efficiency of Euro Carămida SA through a project financed under the POC- Competitiveness Operational Program 2014-2020 with a total value of 4.467.970.28 lei. Through this project a photovoltaic park with an installed power of 275.6 KWp was installed and a number of mobile machines including electric ones were also purchased.

The war in proximity, the increase in interest rates, inflation, the new fiscal-budgetary measures, the general mistrust of consumers in making long-term investments are just some of the factors that have generated declines in the construction market as well, but even in such a context, we developed as an organization and consolidated our position in the market, managing to offer customers and beneficiaries the optimal masonry solutions. The financial results suffered, however, with the declines in turnover and profit being significant and bringing the business to the level of the pre-pandemic years. This contracting reality of business will continue into 2024 and will be reflected in the new budget. We operate in a highly cyclical market, and the increased level of competition causes steep price drops during periods of low demand, which we experienced in 2023.

A signal of recognition and confidence in Cemacon came from Deloitte, EBRD and BT, who awarded us the certification for excellence in management, "Best Managed Companies 2023" following a complex process, based on an international methodology and evaluated by a jury of independent experts.

Profit and loss Account – Preliminary 12 Months Results 2023



In an unstable macroeconomic context the turnover for 2023 registered a 20% decrease compared to 2022.

Under other operating income, are highlighted the income related to the received EUA certificates, and the amounts related to other gains and losses highlight the cancellation of the provisions established in the previous year and the establishment of provisions in the reporting period.

In an inflationary context, the expenditure on raw materials and materials registered an increase compared to the same period of 2022.

Personnel expenses have increased due to fiscal changes in the construction sector during 2023.

Depreciation expenses have increased compared to 2022 as a result of the investments made in 2023.

For the period ending on December 31 2023, the CEMACON company records an operational profit of 46.598.381 lei and a net profit of 32.481.730 lei.

Profit and loss Account – Preliminary 12 Months Results 2023

	31-Dec-23 LEI	31-Dec-22 LEI	2023 vs 2022 LEI	2023 vs 2022 %
Gross Turnover	200.508.001	246.187.970	(45.679.970)	-19%
Net Turnover	177.204.394	221.456.096	(44.251.702)	-20%
Sales revenues	177.166.071	221.435.406	(44.269.334)	-20%
Other operating revenues	16.573.455	11.489.841	5.083.614	44%
Other gains and losses	(910.702)	348.255	(1.258.957)	-362%
Change in inventories of FG & WIP	11.542.597	10.962.415	580.182	5%
Raw materials and consumables	(43.539.714)	(40.303.581)	(3.236.134)	8%
Personnel expenses	(44.713.055)	(38.846.840)	(5.866.216)	15%
Other operating expenses	(69.520.097)	(76.123.732)	6.603.635	-9%
		-		
EBITDA	46.598.381	91.740.331	(45.141.950)	-49%
Depreciation and amortization expenses	(17.200.883)	(14.488.179)	(2.712.704)	19%
EBIT	29.397.672	74.473.585	(45.075.913)	-61%
Financial Income	7.080.516	5.080.371	2.000.144	39%
Financial Expenses	(4.469.545)	(1.590.951)	(2.878.594)	181%
Financial result	2.610.970	3.489.420	(878.450)	-25%
Profit before tax*	32.008.643	77.963.005	(45.954.362)	-59%
Income tax expenses	473.087	(6.104.868)	6.577.955	-108%
Profit after tax	32.481.730	71.858.135	(39.376.405)	-55%
Total other elements of other Comprehensive income	-	(95.048)	95.048	-100%
Comprehensive income total	32.481.730	71.763.086	(39.281.356)	-55%

* EBITDA = Operating profit + Expenses with depreciation + Financial discounts granted - Income impairment of non-current assets

Statement of financial position- Results 31 December 2023

	31-Dec-23	31-Dec-22	2023 vs 2022	2023 vs 2022
	LEI	LEI	LEI	%
NON-CURRENT ASSETS				
Property, plant and equipment	238.955.811	203.699.307	35.256.505	17%
Investment property	8.885.960	8.885.960	-	0%
Intangible	4.454.414	1.131.377	3.323.036	294%
Rights of use assets	15.607.366	17.026.366	(1.419.000)	-8%
Investments	127.489.922	1.000	127.488.922	
Other non-current assets	595.277	554.017	41.260	7%
NON-CURRENT ASSETS TOTAL	395.988.750	231.298.027	164.690.723	71%
CURRENT ASSETS				
Inventories	28.717.266	22.579.886	6.137.381	27%
Trade and other receivables	48.204.961	50.248.650	(2.043.689)	-4%
Other assets	21.935.009	16.612.591	5.322.418	32%
Cash and cash equivalents	85.260.298	133.909.885	(48.649.587)	-36%
CURRENT ASSETS TOTAL	184.117.535	223.351.011	39.233.476	-18%
TOTAL ASSETS	580.106.285	454.649.038	125.457.247	28%
CURRENT LIABILITIES				
Trade and other payables	43.899.413	47.212.962	(3.313.549)	-7%
Loans and borrowings	12.730.269	-	12.730.269	
Lease liabilities	816.258	702.461	113.797	16%
Obligations under finance leases	1.503.553	1.843.727	(340.174)	-18%
Grants received	1.072.629	766.040	306.589	40%
Provisions	10.348.286	10.045.567	302.719	3%
CURRENT LIABILITIES TOTAL	70.370.408	60.570.757	9.799.651	16%
NON-CURRENT LIABILITIES				
Other liabilities	6.402.290	-	6.402.290	
Loans	69.723.726	-	69.723.726	
Obligations under finance leases	4.491.370	4.937.224	(445.854)	-9%
Financial leasing obligations	1.056.467	2.555.458	(1.498.990)	-59%
Grants received	16.175.142	6.735.832	9.439.310	140%
Tax liability	2.437.896	3.004.628	(566.732)	-19%
Provisions	2.877.336	2.848.866	28.470	1%
NON-CURRENT LIABILITIES TOTAL	103.164.228	20.082.009	83.082.219	414%
TOTAL LIABILITIES	173.534.636	80.652.765	92.881.872	115%
NET ASSETS	406.571.648	373.996.272	32.575.376	9%
EQUITY				
Issued capital as per IFRS	102.745.391	102.745.391	-	0%
TOTAL EQUITY	406.571.648	373.996.272	32.575.375	9%

The fixed assets have registered changes as a result of the investments made in 2023, the depreciation recorded, as well as through the acquisition of the Euro Caramida company, thus CEMACON is consolidating its business on the Romanian ceramic block market and opening the export prospect for the company's products.

The transaction was approved by the Competition Council (Current Report no. 4738 dated 04.05.2023) and implies the assumption by CEMACON of a total cost of 30 million euros represented by the value of the transaction and the estimated investments for the next two years. The transaction is financed both from own sources. as well as by accessing some investment credits to ensure the necessary flow for the modernization and integration of the EURO CARAMIDA company into the CEMACON ecosystem. which currently has two brick factories. a lintel factory and a factory of special elements and decorative facade elements.

The changes in stocks and receivables are generated by the production and commercial activity related to the period, CEMACON SA's receivables are insured against the risk of non-payment, through a reputable insurer.

At the end of 2023, the net assets of the company register a growth of 28% compared to the end of 2022, exceeding the amount of 406 million lei, thus CEMACON strengthens its financial position by adding added value.

Main Financial Ratios

Main Financial Ratios	31-Dec-23	31 Dec 22
1. Current liquidity indicator	2.62	3.69
2. Leverage indicator	20%	0%
3. Turnover speed for client debit items (days)	90	50
4 Turnover speed for total assets	0.51	1.06

Statement of Changes in Equity- 31st December 2023 – Preliminary Results

	Issued capital and adjustments	Share premium	Reevaluation reserves	Legal reserves	Other reserves	Undistributed result	Other capital elements	1st application of IAS 29	Total
31-Dec-21	59.779.703	253.004	31.455.172	9.430.921	33.589.330	106.689.799	(3.603.372)		237.594.557
Current global result	-	-	-	-	-	71.858.135	-	-	71.858.135
Share Capital Increase	42.965.689	-	-	-	-	-	-	-	42.965.689
Share Premium Increase	-	21.482.844	-	-	-	-	-	-	21.482.844
Capitalised differences related to deferred tax	-	-	-	-	-	-	95.048	-	95.048
Legal Reserve	-	-	-	3.930.969	-	(3.930.969)	-	-	-
Other reserve	-	-	-	-	19.590.272	(19.590.272)	-	-	-
31-Dec-22	102.745.391	21.735.848	31.455.172	13.361.890	53.179.602	155.026.693	(3.508.324)	-	373.996.272
Current global result	-	-	-	-	-	32.481.730	-	-	32.481.730
Capitalised differences related to deferred tax	-	-	-	-	-	-	93.645	-	93.645
Legal Reserve	-	-	-	1.600.432	-	(1.600.432)	-	-	-
Other reserve	-	-	-	-	30.881.298	(30.881.298)	-	-	-
31-Dec-23	102.745.391	21.735.848	31.455.172	14.962.322	84.060.900	155.026.694	(3.414.679)	-	406.571.648

Statement of Cash Flow- Results for 31st December 2023- Preliminary Results

<i>Cash flow from operating activities</i>	31-Dec-23	31-Dec-22
		LEI
Customer encashments	210.467.227	251.585.867
Supplier payments	(114.251.636)	(123.734.501)
Payments to employees	(30.463.566)	(26.213.071)
Tax Payments	(19.330.750)	(33.673.033)
Income Tax Paid	(710.710)	(12.823.463)
Insurance encashments	61.891	-
Insurance payments	(999.952)	(678.693)
Interest Paid	(2.227.772)	-
Other Encashments	21.514	103.434
Payments for short-term leasing and low-value assets	(546.618)	(114.716)
<i>Cash from operating activities</i>	42.019.628	54.451.824
<i>Cash flow from investing activities</i>		
Payments for acquiring shares	(121.294.043)	-
Payments for acquiring assets	(47.425.909)	(70.557.316)
Encashments from sold assets	414.085	377.520
Encashments from interest	4.745.528	4.060.528
Other receipts-subsidies for investments	11.429.781	596.478
<i>Cash from investing activities</i>	(152.130.558)	(65.522.790)
<i>Cash flow from financing activities</i>		
Encashments from share capital increase	-	64.448.533
Encashments from loans	88.511.010	-
Loans to affiliated parties	(17.565.503)	-
Payment of debts related to financial leasing-capital	(2.831.431)	(3.547.974)
Payment of debts related to financial leasing-interest	(472.183)	(238.231)
Credit repayments	(6.324.829)	-
Guaranteed payment	(91.069)	-
<i>Cash from financing activities</i>	61.225.995	60.662.328
<i>Effect of exchange rate changes</i>	235.348	95.172
<i>Net increase/decrease in cash and cash equivalents</i>	(48.649.587)	49.686.534
<i>Cash and cash equivalents at beginning of period</i>	133.909.885	84.223.350
<i>Cash and cash equivalents at end of period</i>	85.260.298	133.909.885

Consolidated Results of the CEMACON Group

Information on the presentation of the CEMACON SA Group:

CEMACON SA is a Romanian legal entity, with its registered office in Cluj-Napoca. Calea Turzii str.. no. 178K Hexagon Offices building. floor 1. Cluj county. ROMANIA. The company's main object of activity is "Manufacture of bricks, tiles and other products for construction from burnt clay", according to CAEN code 2332.

In 2023, CEMACON SA acquired 100% of the share capital of EURO CARAMIDA S.A. a ceramic block factory with main object of activity according to CAEN code 2332, located in Bihor county, Biharia commune, ROMANIA. The acquisition was reported to the investing public through Current Reports no. 6165/19.06.2023 and no. 7416/27.07.2023, published on the website of the Bucharest Stock Exchange and on the website of CEMACON SA.

As a result of the acquisition, the company EURO CARAMIDA S.A, became an affiliated part of CEMACON SA. currently the process of integrating the factory in Biharia into the CEMACON ecosystem is underway. The individual financial statements of EURO CARAMIDA SA are drawn up in accordance with OMFP 1802/2012.

The financial statements of the controlled subsidiary were drawn up for the same reporting period as those of the parent company, using the same accounting policies. Even if the financial statements of SC EURO CARAMIDA were prepared according to OMFP 1802/2012, in order to consolidate, the necessary adjustments were made to be able to reflect the accounting policies of the parent company.

The International Financial Reporting Standards (IFRS) have been applied when preparing the consolidated financial statements.

Consolidated Statement of Financial Position – Preliminary Results 31st of December 2023

	31-Dec-23	31-Dec-22	2023 vs 2022 LEI	2023 vs 2022 %
NON-CURRENT ASSETS				
Property, plant and equipment	367.435.054	203.699.307	163.735.747	80%
Investment property	8.885.960	8.885.960	-	0%
Intangible	18.463.910	1.131.377	17.332.533	1532%
Goodwill	4.865.558			
Rights of use assets	15.607.366	17.026.366	(1.419.000)	-8%
Investments	1.000	1.000	(0)	
Other non-current assets	822.662	554.017	268.645	48%
NON-CURRENT ASSETS TOTAL	416.081.510	231.298.027	184.783.483	80%
CURRENT ASSETS				
Inventories	37.406.837	22.579.886	14.826.951	66%
Trade and other receivables	39.407.393	50.248.650	(10.841.257)	-22%
Other assets	27.335.449	16.612.591	10.722.858	65%
Cash and cash equivalents	88.044.885	133.909.885	(45.865.000)	-34%
CURRENT ASSETS TOTAL	192.194.564	223.351.011	(31.156.447)	-14%
TOTAL ASSETS	608.276.073	454.649.038	153.627.035	34%
CURRENT LIABILITIES				
Trade and other payables	51.764.048	47.212.962	4.551.086	10%
Loans and borrowings	12.757.025	-	12.757.025	0%
Lease liabilities	816.258	702.461	113.797	16%
Obligations under finance leases	1.503.553	1.843.727	(340.174)	-18%
Grants received	3.460.812	766.040	2.694.772	352%
Provisions	10.802.015	10.045.567	756.448	8%
CURRENT LIABILITIES TOTAL	81.103.711	60.570.757	20.532.954	34%
NON-CURRENT LIABILITIES				
Other liabilities	6.402.290	-	6.402.290	0%
Loans	69.723.726	-	69.723.726	0%
Obligations under finance leases	4.491.370	4.937.224	(445.854)	-9%
Financial leasing obligations	1.056.467	2.555.458	(1.498.990)	-59%
Grants received	16.175.142	6.735.832	9.439.310	140%
Tax liability	18.807.092	3.004.628	15.802.464	526%
Provisions	2.877.336	2.848.866	28.470	1%
NON-CURRENT LIABILITIES TOTAL	119.533.424	20.082.009	99.451.415	495%
TOTAL LIABILITIES	200.637.134	80.652.765	119.984.369	149%
NET ASSETS	407.638.940	373.996.272	33.642.668	9%
EQUITY				
Issued capital as per IFRS	102.745.391	102.745.391	-	0%
TOTAL EQUITY	407.638.938	373.996.272	33.642.666	9%

Consolidated Profit and Loss Account – Preliminary Results 12 Months 2023

	31-Dec-23	31-Dec-22	2023 vs 2022 LEI	2023 vs 2022 %
Sales revenues	185.433.724	221.435.406	(36.001.681)	-16%
Other operating revenues	21.237.035	11.489.841	9.747.194	85%
Other gains and losses	(4.476.772)	348.255	(4.825.027)	-1385%
Change in inventories of FG & WIP	10.086.005	10.962.415	(876.409)	-8%
Raw materials and consumables	(32.848.859)	(40.303.581)	7.454.722	-18%
Personnel expenses	(48.053.921)	(38.846.840)	(9.207.082)	24%
Other operating expenses	(84.003.419)	(76.123.732)	(7.879.687)	10%
		-		
EBITDA	47.373.619	91.740.331	(44.366.712)	-48%
Depreciation and amortization expenses	(22.719.907)	(14.488.179)	(8.231.728)	57%
EBIT	24.653.886	74.473.585	(49.819.699)	-67%
Financial Income	6.498.958	5.080.371	1.418.587	28%
Financial Expenses	(4.678.461)	(1.590.951)	(3.087.510)	194%
Financial result	1.820.497	3.489.420	(1.668.923)	-48%
Profit before tax*	26.474.384	77.963.005	(51.488.621)	-66%
Income tax expenses	1.191.146	(6.104.868)	7.296.014	-120%
Profit after tax	27.665.530	71.858.135	(44.192.605)	-61%
Total other elements of other Comprehensive income	-	(95.048)	95.048	-100%
Comprehensive income total	27.665.530	71.763.086	(44.097.556)	-61%

** EBITDA = Operating profit + Expenses with depreciation + Financial discounts granted - Income impairment of non-current assets

Consolidated Statement of Changes in Equity – Preliminary Results for 31st December 2023

	Capital subscris si ajustari	Prime de emisiune	Rezerve din reevaluare	Rezerve legale	Alte rezerve	Rezultat nedistribuit	Alte elemente ale capitalurilor proprii	Prima aplicare a IAS29	Total
31-Dec-21	59.779.703	253.004	31.455.172	9.430.921	33.589.330	106.689.799	(3.603.372)		237.594.557
Current global result	-	-	-	-	-	71.858.135	-	-	71.858.135
Share Capital Increase	42.965.689	-	-	-	-	-	-	-	42.965.689
Share Premium Increase	-	21.482.844	-	-	-	-	-	-	21.482.844
Capitalised differences related to deferred tax	-	-	-	-	-	-	95.048	-	95.048
Legal Reserve	-	-	-	3.930.969	-	(3.930.969)	-	-	-
Other reserve	-	-	-	-	19.590.272	(19.590.272)	-	-	-
31-Dec-22	102.745.391	21.735.848	31.455.172	13.361.890	53.179.602	155.026.693	(3.508.324)	-	373.996.272
Current global result	-	-	-	-	-	23.824.029	-	-	23.824.029
Capitalised differences related to deferred tax	-	-	-	-	-	-	(1.703.575)	-	(1.703.575)
Rezerva din reevaluare	-	-	11.522.211	-	-	-	-	-	11.522.211
Legal Reserve	-	-	-	1.600.432	-	(1.600.432)	-	-	-
Other reserve	-	-	-	-	30.881.298	(30.881.298)	-	-	-
31-Dec-23	102.745.391	21.735.848	42.977.383	14.962.322	84.060.900	146.368.993	(5.211.899)	-	407.638.938

Consolidated Statement of Cash Flow – Preliminary Results for 31st December 2023

<i>Cash flow from operating activities</i>	31-Dec-23	31-Dec-22
	LEI	LEI
Customer encashments	236.410.376	251.585.867
Supplier payments	(134.376.352)	(123.734.501)
Payments to employees	(33.361.038)	(26.213.071)
Tax Payments	(21.349.776)	(33.673.033)
Income Tax Paid	(1.177.460)	(12.823.463)
Insurance encashments	61.891	-
Insurance payments	(1.131.822)	(678.693)
Interest Paid	(2.284.394)	-
Other Encashments	21.514	103.434
Payments for short-term leasing and low-value assets	(546.618)	(114.716)
<i>Cash from operating activities</i>	42.266.321	54.451.824
<i>Cash flow from investing activities</i>		
Payments for acquiring shares	(107.078.005)	-
Payments for acquiring assets	(59.289.505)	(70.557.316)
Encashments from sold assets	415.561	377.520
Encashments from interest	4.912.360	4.060.528
Other Encashments	11.429.781	596.478
<i>Cash from investing activities</i>	(149.609.808)	(65.522.790)
<i>Cash flow from financing activities</i>		
Encashments from share capital increase	-	64.448.533
Encashments from loans	88.511.010	-
Loans to affiliated parties	(17.565.503)	-
Payment of debts related to financial leasing-capital	(2.831.431)	(3.547.974)
Payment of debts related to financial leasing-interest	(472.183)	(238.231)
Credit repayments	(6.324.829)	-
Guaranteed payment	(91.069)	-
<i>Cash from financing activities</i>	61.225.995	60.662.328
<i>Effect of exchange rate changes</i>	252.492	95.172
<i>Net increase/decrease in cash and cash equivalents</i>	(45.865.000)	49.686.534
<i>Cash and cash equivalents at beginning of period</i>	133.909.885	84.223.350
<i>Cash and cash equivalents at end of period</i>	88.044.885	133.909.885

The report, together with the related documents, can be consulted starting with **29 February 2024 at 18:00** at the company headquarters on Calea Turzii Street, no. 178K, Hexagon Offices, Cluj-Napoca or electronically on the company's website: www.cemacon.ro and on the Bucharest Stock Exchange website: www.bvb.ro

The results presented are prepared in accordance with IFRS and have a preliminary nature, and will be subject to financial auditing in accordance with legal provisions.

CEMACON SA ranks second in the top of masonry manufacturers in Romania and is the market leader in Transylvania.

The company operates the most modern and largest manufacturing capacity in Romania with innovative, differentiated products that bring added value to users, at very competitive production costs. CEMACON SA is a company listed on the Bucharest Stock Exchange; the company management is professional, independent, having strong sector expertise.