

Financial Statements for the Fiscal Year **2024**



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A. Management Report

1. Company Identification

SIDMA ROMANIA SRL was incorporated in 2005 as SID-PAC Steel & Construction Products SRL, which was later renamed, in 2008, to SIDMA ROMANIA SRL. SIDMA ROMANIA SRL is 100% controlled by SIDMA S.A. SIDMA ROMANIA SRL operates a new, modern Steel Service Center in Bucharest, which covers a total extent of approximately 6,500 square meters in premises of approximately 35,000 square meters, which are in the industrial area of Bucharest and are fully owned by the company. It also operated -until 2023 - a leased warehouse in Timisoara of approximately 1,800 square meters which covered the sales to the western part of Romania. This premise ceased operation in December 2023.

The main activities of SIDMA ROMANIA SRL are the production and processing of steel products in a modern steel service center, which has lines of cutting and has the possibility to satisfy a wide range of needs. SIDMA ROMANIA SRL offers a wide range of steel products from various qualities and uses.

The target of SIDMA ROMANIA SRL is to supply the Romanian market with high quality steel products, by offering to its customers added value steel products, which aim at customers, such as metal manufacturers, end users and metal traders. SIDMA ROMANIA SRL operates in the industrial area of Bucharest and Timisoara and has managed to become a significant service center in the steel business.

2. Economic Performance in 2024

In 2024, Romania's real GDP growth decelerated to approximately 1.2%, reflecting a slowdown from previous years. This moderation was influenced by subdued external demand and fiscal consolidation efforts. Nonetheless, private consumption remained a key driver of growth, bolstered by wage increases and fiscal measures.

Construction Sector: The construction industry faced notable challenges in 2024, with output contracting by 4% compared to the previous year. This decline was primarily due to a significant 22.1% drop in residential construction activities. Factors such as high inflation, elevated interest rates, and rising construction costs contributed to the sector's downturn. Despite these challenges, certain segments like infrastructure and energy projects provided some resilience, supported by EU funding and national investment plans.

Steel Industry: The steel industry in Romania experienced a downturn in 2024, with the market size declining at a compound annual growth rate (CAGR) of 9.1% between 2019 and 2024. Major producers, including ArcelorMittal Hunedoara, reduced production due to weak demand. The contraction in the construction sector directly impacted steel demand, particularly in the residential segment. However, ongoing infrastructure projects and anticipated investments in renewable energy are expected to support steel demand in the medium term.

Within this macroeconomic context, **SIDMA Steel Group** reported a consolidated turnover of **€186.3 million in 2024**, down from **€202.3 million in 2023**, reflecting a **7.9% decrease** due to lower average selling prices. Including agency sales, turnover reached **€221.6 million in 2024**, compared to **€243.1 million** in the previous year, an **8.8% decline**. However, EBITDA increased by **15.1%**, reaching **€6.0 million** compared to **€5.2 million in 2023**, due to a **24.7% increase in gross profit** (€15.6 million in 2024 vs. €12.5 million in 2023), following a significant improvement in gross margin.

As for **SIDMA Romania**, the sale of **100% of the subsidiary** to the Turkish-affiliated company **AGIR** was completed on **September 30, 2024**, with the final price amounting to **€8.5 million**, which was used

to repay the subsidiary's loans and certain parent company loans that were secured by its participation in the subsidiary. The parent company consolidated the Romanian subsidiary until **September 30, 2024** (Discontinued Operations).

3. EU steel market overview

The steel market continues to face significant challenges, with ongoing economic uncertainty, weak demand, high inflation, geopolitical tensions and uncertainty on the global industrial outlook and energy prices. Although some sectors showed resilience, the overall outlook remains cautious, with limited growth anticipated.

2024 Performance: Real consumption growth was negative in 2024. A modest recovery is expected in 2025 and 2026, in line with SWIP developments.

EU Market Overview: In 2024, against expectations of more favorable developments in the industrial outlook and improvement in steel demand earlier this year, apparent steel consumption experienced another drop, more severe than previously foreseen (-2.3%, formerly -1.8%). In 2025, apparent steel consumption is projected to recover at a slower pace than our previous outlook (+2.2% vs. +3.8%), conditional on a positive evolution of the industrial outlook and easing global tensions, which are unpredictable at the moment.

EU steel-using sectors: The deterioration of the economic and industrial outlook in the EU – particularly due to high inflation and the subsequent interest rate hike by the European Central Bank (ECB) – had only a limited impact on steel-using sectors' output up to the end of 2023, except for the construction sector. As the industrial and economic landscape has turned even gloomier in the EU during 2024, developments of the SWIP index were driven by a continued downturn in the construction, mechanical engineering, domestic appliances and metalware sectors, as well as in the automotive sector. While in 2024, growth in steel-using sectors declined due to the recession in the two major steel-consuming sectors, namely construction and automotive, moderate growth is expected in 2025 (+0,9%, revised downwards from +1.6%), with some acceleration in 2026 (+2.1%).

2025 Outlook: The overall evolution of steel demand remains subject to very high uncertainty. No improvement in apparent steel consumption is expected before the first quarter of 2025, and consumption volumes are expected to remain far below pre-pandemic levels.

B. Financial Statements

SIDMA ROMANIA Balance Sheet for the period 01 January 2024 to 30 September 2024			
Amounts in Euros	30.09.2024	31.12.2023	31.12.2022
Non Current Assets			
Tangible Assets	4.579.409	4.919.966	5.201.459
Intangible Assets	18.710	24.198	28.440
Investments in Subsidiaries			
Investments in Associates			
Other Non-Current Assets (deferred tax)	367.628	367.702	369.724
Other Non-Current Assets (guaranties on long term)	8.780	8.782	8.830
	4.974.527	5.320.648	5.608.453
Current Assets			
Inventories	3.122.905	4.140.700	6.706.388
Trade Receivables	3.463.750	3.671.707	4.835.630
Other Receivables	65.942	187.998	430.630
Cash and Cash Equivalents	288.541	752.327	1.015.495
Non-Current Assets Held for Sale			
	6.941.138	8.752.732	12.988.143
Total Assets	11.915.665	14.073.380	18.596.596
EQUITY			
Share Capital	13.963.679	13.966.486	14.043.271
Share Premium			
Reserves	188.790	188.828	189.866
Differences from the revaluation of assets in fair values	2.243.689	2.244.140	2.256.478
Retained Earnings	(14.380.250)	(13.881.107)	(12.684.922)
	2.015.908	2.518.347	3.804.693
Non Current Liabilities			
Long-term Bank Loans and Leasing	5.200.622	5.583.317	6.171.541
Payables to companies of the group	-	-	-
Deferred Tax Liabilities	223.310	223.354	224.582
Retirement Benefit Obligation			
	5.423.932	5.806.671	6.396.123
Current Liabilities			
Short-term Bank Loans and Leasing	1.292.502	1.347.010	1.347.104
Trade Payables	2.955.793	4.227.471	6.877.478
Other provisions	20.496	33.335	65.000
Other Payables	47.343	16.618	43.159
Income tax and duties	159.689	123.927	63.039
	4.475.824	5.748.361	8.395.780
Total Equity and Liabilities	11.915.665	14.073.380	18.596.596

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SIDMA ROMANIA Profit & Loss Statement 01 January 2024 to 30 September 2024			
Amounts in Euros	30.09.2024	31.12.2023	31.12.2022
Turnover (sales)	19.024.279	28.568.848	37.829.368
Cost of goods Sold	(17.623.921)	(27.400.385)	(34.574.513)
Gross Profit	1.400.358	1.168.463	3.254.855
Other income	182.476	20.480	34.106
Administrative & Services Expenses	(707.026)	(764.594)	(732.134)
Distribution/Selling Expenses	(671.900)	(965.607)	(932.092)
Other expenses	(137.767)	(94.074)	(20.174)
Operating Profit (EBIT)	66.141	(635.332)	1.604.561
Financial Income	50.312	204.919	489.587
Finance Expenses	(439.763)	(815.199)	(689.061)
Income from dividends			
Profit/Loss from sales of fixed assets			
Profit/Loss from Subsidiaries/Associates			
Profit before taxation	(323.310)	(1.245.612)	1.405.087
Income Tax Expense	-	-	-
Profit after taxation	(323.310)	(1.245.612)	1.405.087
Earnings per share			
Dividend per share			
Depreciation & Amortization Expenses	175.181	318.101	306.707
EBITDA	241.322	(317.231)	1.911.268

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SIDMA ROMANIA Cash Flow Statement for the period from 01 January 2024 to 30 September 2024			
amounts in euros	30.09.2024	31.12.2023	31.12.2022
<u>Operating Activities</u>			
Profit before taxation	(323.310)	(1.245.612)	1.405.087
Adjustments for:			
Depreciation & amortization	175.181	318.101	306.707
Provisions and write-offs	(12.839)	507.370	27.851
Exchange Differences net	10.545	47.802	(55.418)
Interest income	(13.900)		
Finance Costs	273.673	833.370	258.552
Adjustments for changes in working capital			
Decrease/(increase) in inventories	1.016.963	2.506.521	(882.543)
Decrease/(increase) in receivables	329.237	1.046.318	(769.836)
(Decrease)/increase in payables (except bank loans and overdrafts)	(1.647.468)	(2.797.830)	1.203.364
Less:			
Financial Costs paid	(273.673)	(792.697)	(230.186)
Taxes paid			
Total inflows / (outflows) from operating activities (a)	(465.591)	423.343	1.263.578
<u>Investing activities</u>			
Purchase of tangible and intangible assets	(22.240)	(14.758)	(34.257)
Proceeds on disposal of tangible and intangible assets	10.145		
Interest received	13.900		
Dividends received			
Total inflows / (outflows) from investing activities (b)	1.805	(14.758)	(34.257)
<u>Financing Activities</u>			
Repayments of loans	-	(556.500)	(479.000)
Repayments of financial leasing agreements	-	(115.253)	(156.350)
Funds received from shareholder	-	-	-
Total inflows / (outflows) from financing activities (c)	-	(671.753)	(635.350)
Net Increase/(Decrease) in cash and cash equivalents (a) + (b) + (c)	(463.786)	(263.168)	593.971
Cash and cash equivalents at the beginning of the period	752.327	1.015.495	421.524
Cash and cash equivalents at the end of the period	288.541	752.327	1.015.495



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SIDMA BULGARIA EAD Statement of changes in equity for the period 1 January 2024 to 30 September 2024								
	Share Capital	Share Premium	Legal Reserves	Extraordinary Reserves	Tax free reserves	Difference from the revaluation of assets in fair values	Retained Earnings	Total Equity
Amounts in Euros								
Balance as of 1 January 2023	3.062.798	3.997.955	0	2.928.872	10.173	0	-3.087.678	6.912.119
Changes to equity for the period								0
Adjustments charged directly to equity			234.166		-1.147		-234.166	-1.147
Dividends distributed								0
Share Capital Increase								0
Other (describe: Reserve for actuarial gains and losses)								0
Total adjustments to the Equity	0	0	234.166	0	-1.147	0	-234.166	-1.147
Profit after income tax							19.789	19.789
Balance as of 31 December 2023	3.062.797	3.997.955	234.166	2.928.872	9.026	0	-3.302.055	6.930.760
Balance as of 1 January 2024	3.062.797	3.997.955	234.166	2.928.872	9.026	0	-3.302.055	6.930.760
Changes to equity for the period								0
Adjustments charged directly to equity					-89		0	-89
Dividends distributed								0
Share Capital Increase								0
Other (describe: Revaluation reserve IAS 16; reserve for actuarial gains and losses - revised IAS 19, 2013)				1.194.935				1.194.935
Total adjustments to the Equity	0	0	0	1.194.935	-89	0	0	1.194.846
Profit after income tax							255.664	255.664
Balance as of 30 September 2024	3.062.797	3.997.955	234.166	4.123.807	8.937	0	-3.046.392	8.381.271

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