

ROY ASSET HOLDING SE

INTERIM REPORT
Q3 / 2021



REAL ESTATE BUSINESS IS DEVELOPING

Hungen, November 30, 2021: ROY Asset Holding's business activities comprise the two operating segments Real Estate and Ceramics. The company acts as a real estate project developer in the U.S. and as a manufacturer of high-quality ceramic tiles in Germany.

Sales and Earnings

During the first 9 months of the current fiscal year 2021 ROY Asset Holding achieved net sales of EUR 4.5 million (9M/2020: EUR 5.7 million) in the ceramics business segment as well as EUR 0.1 million (9M/2020: EUR 6.8 million) in the real estate business.

Mainly due to the burden of depreciation on moveable assets and real estate we face a net loss of EUR 12.0 million, compared to EUR 10.5 million in the first nine months of 2020.

Real Estate Business

We currently focus our real estate activities on Los Angeles, respectively California, as well as the city of Houston, Texas. Houston has seen a lot of changes during the recent past, especially the increase of home buyers. Home sales in Houston, like the rest of the country, have significantly increased. According to recent research studies Houston home prices increased 9.5 percent within the last year. In the course of the first nine months of 2021, ROY Asset Holding has captured this opportunity with the successful sale of two single family homes in Houston. Both were sold over asking and had a short time on the market. This resulted in a small profit for Q3 /2021.

The largest project of our Group, The Travis at 3300 Main Street in Houston, Texas, is doing very well. The company's first midtown high-rise apartment building has been completed, and the current occupancy rate is growing with a target occupancy of 85% by the end of calendar year 2021. The total investment has extremely paid off compared to the current evaluation price. Therefore we are currently exploring the possibilities of doing a similar high-rise project.

In Q3/2021 the proceeds from sales in the real estate segment amounted to EUR 1.2 million, compared to EUR 2.0 million in the corresponding period of fiscal year 2020.

Ceramics Business

In the Ceramics business the restructuring process of the Ceramics business is ongoing and we are confident to find a proper solution.

Due to difficult market conditions, we face reduced sales in the first nine months of 2021 compared to the corresponding period in 2020. In Q3/2021 the ceramics segment generated EUR 1,4 million in sales (Q3/2020: EUR 1.9 million).

Financial Position

ROY Asset Holding's fixed assets amount to EUR 42.1 million at the end of the third quarter 2021 (December 31, 2020: EUR 60.4 million). Fixed assets are mainly composed of real estate and tangible assets. Current assets of EUR 18.1 million are mainly inventories and other receivables (December 31, 2020: EUR 13.5 million).

On September 30, 2021, the Group's cash position amounted to EUR 2.2 million (December 31, 2020: EUR 4.7 million). The change mainly results from the general costs and investments in the 3300 Main/Travis project.

Current liabilities are slightly reduced to EUR 4.5 million compared to EUR 4.8 million at end of fiscal year 2020. Due to the generated losses in 2021 the group equity is reduced to EUR 55.1 million as of September 30, 2021, compared to EUR 63.7 million on December 31, 2020.

Changes in the Management Team

In July 2021 Mr Siu Fung Siegfried Lee was appointed Managing Director and Chief Financial Officer (CFO) of ROY Asset Holding SE. Mr Lee, who was born in Thailand and holds UK nationality, is the former Chairman and CEO of ROY Ceramics Holding SE, now ROY Asset Holding SE. He holds a Master's degree in ceramic machinery from South China University of Technology. He has been an entrepreneur in Hong Kong since 1993 and has more than 35 years of extensive financial experience.

Effective 31 August 2021 Matthias Herrmann stepped down as Managing Director and as Deputy Chairman of the Board of Directors. Therefore Surasak Lelalertsuphakun, Chairman of the Board of Directors, assumed the additional position of Managing Director (CEO) from 1 September 2021.

The new management team thus consists of Surasak Lelalertsuphakun (CEO), Siu Fung Siegfried Lee (CFO) and Suriya Toaramrut (COO).

Outlook

The business segments of ROY Asset Holding are still affected by the Corona pandemic.

In the Ceramics business, which is performed in the German Klingenberg factory, we are in the process of transforming the tiles production business into a high-value-added production. This will be one of the main tasks in the near future.

However, we still assume that full-year 2021 sales revenues in the Ceramics division will be less than in 2020. Despite introduced measures to significantly reduce the cost base, we expect a loss for the year as a whole for Klingenberg Dekoramik GmbH.

In the real estate segment, ROY Asset Holding generates some rental income from rented properties in Houston and expects additional income from the sale of properties until end of the year. Furthermore, high start-up costs are expected for the further real estate projects currently under development, which will have a correspondingly negative impact on the earnings of the ROY Asset Holding in 2021.

The forecast is subject to a high degree of uncertainty, as the further course of business continues to depend largely on the further development of the corona pandemic.

Real Estate Business

ROY Asset Holding owns four lots very close to downtown Houston. We currently have successfully completed the design of these four single family homes. They were acquired at a very reasonable price. Now in the area builders and developers are building premium homes. This raises the value of these lots and provides the opportunity of capitalizing on the growing trend. Recently the plans have been approved by the city and a general contractor has been chosen. We look forward to a quick construction and a quick sell of the properties. Break ground on this project is scheduled in the beginning of 2022.

Plans for the multi-million-dollar luxury home in La Canada, California, have been completed. All plans have been submitted to the city with positive feedback from city officials and the planning department. We look to break ground on this project in 2022.

Additionally, we successfully sold the 215-unit development in Jurupa Valley, California. The result out of this transaction will be probably reflected in Q4/2021.

Legal Information

ROY Asset Holding SE, Munich, is the parent company of the Group. The Company is a European stock corporation (Aktiengesellschaft) founded on May 8, 2014 and registered in the Commercial Register of Munich (HRB 211752) with the administrative headquarters (business address) Gießener Straße 42, 35410 Hungen.

On April 30, 2015, the shares of ROY Ceramics SE were listed for the first time in the Prime Standard of the Frankfurt Stock Exchange (Germany) and at the same time on the unregulated market (Third Segment) of the Vienna Stock Exchange (Austria). The shares are traded under the securities identification number RYSE88 and ISIN DE000RYSE888.

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