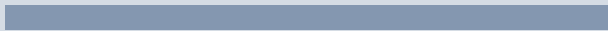


**S.C. ROMCARBON S.A.**

Annual report for the period ended  
December 31,2019

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Preliminary Separate Financial  
Statements, unaudited



**REPORT REGARDING THE PRELIMINARY SEPARATE FINANCIAL STATEMENTS FOR 2019**

STATEMENT OF THE FINANCIAL POSITION (COMPARISON AND EVOLUTIONS)	Page.1-7
STATEMENT OF THE COMPREHENSIVE RESULTS (COMPARISON AND EVOLUTIONS)	Page.8-10
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## S.C. ROMCARBON S.A.

### Annual report – preliminary results – according to FSA regulation no. 5/2018

**Date of release:** 14.02.2020

**Reporting date:** 31.12.2019

**Name of the Company:** SC ROMCARBON SA

**Headquarters:** Buzau , 132, Transilvaniei street

**Tel / fax:** 0238/711155; 0238/710697

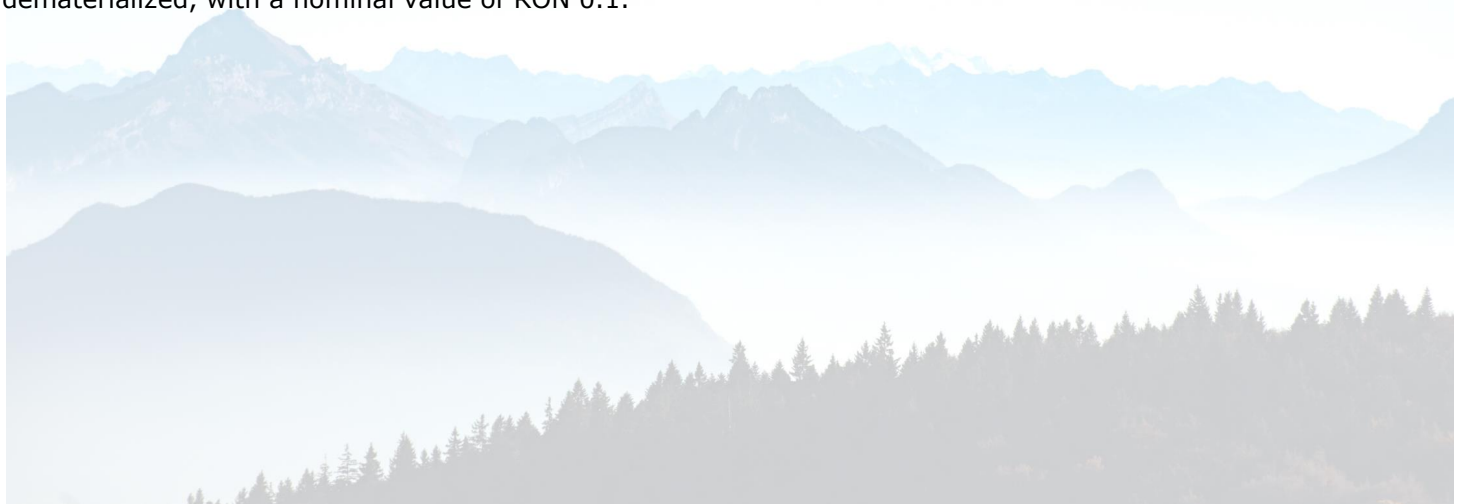
**Sole registration code:** RO 1158050

**Registered business number:** J10 / 83/1991

**Subscribed and paid up share capital:** RON 26,412,209.60

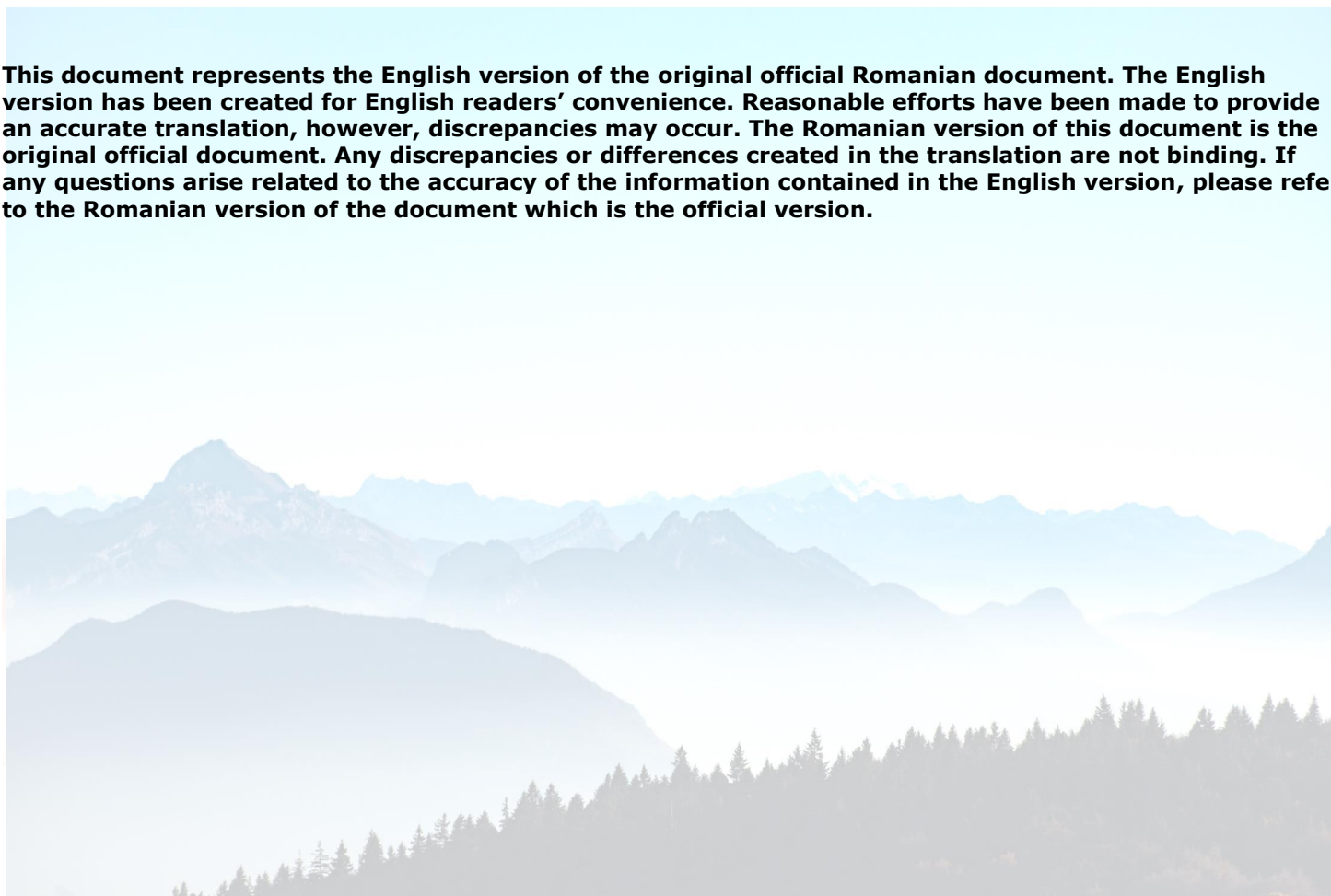
**Regulated market where the issued securities are traded:** Bucharest Stock Exchange, Standard category,  
**Symbol ROCE**

**The main characteristics of the securities issued by the company:** 264,122,096 registered shares,  
dematerialized, with a nominal value of RON 0.1.



## LANGUAGE DISCLAIMER

**This document represents the English version of the original official Romanian document. The English version has been created for English readers' convenience. Reasonable efforts have been made to provide an accurate translation, however, discrepancies may occur. The Romanian version of this document is the original official document. Any discrepancies or differences created in the translation are not binding. If any questions arise related to the accuracy of the information contained in the English version, please refer to the Romanian version of the document which is the official version.**



## 1. GENERAL ASSESSMENT ITEMS

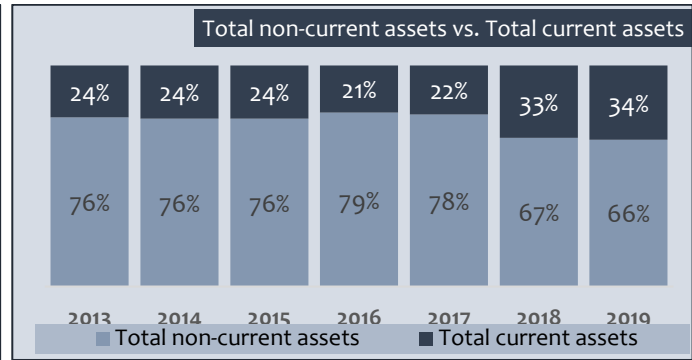
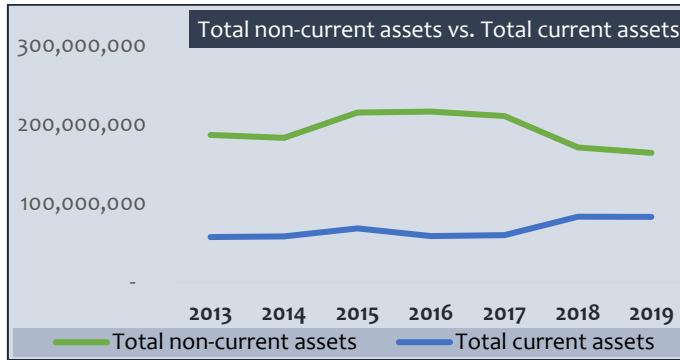
Indicator	2018	2019	2019 vs. 2018	
<b>Sales of finished goods</b>	<b>148,386,635</b>	<b>139,916,138</b>	<b>-8,470,497</b>	<b>-6%</b>
Total sales (Turnover)	200,716,405	185,722,304	-14,994,101	-7%
<b>Export</b>	<b>52,894,181</b>	<b>47,119,109</b>	<b>-5,775,072</b>	<b>-11%</b>
Total Revenues	225,187,158	210,853,298	-14,333,859	-6%
Total Expenses	220,721,100	210,265,757	-10,455,343	-5%
EBIT	6,168,891	2,060,150	-4,108,741	-67%
EBITDA	14,702,841	10,419,427	-4,283,414	-29%
<b>Profit/Loss of the exploitation activity</b>	<b>4,807,304</b>	<b>3,010,480</b>	<b>-1,796,824</b>	<b>-37%</b>
<b>EBITDA Operational <sup>1)</sup></b>	<b>11,384,242</b>	<b>12,316,630</b>	<b>932,387</b>	<b>8%</b>
Profit/Loss of the financial activity	-341,245	-2,422,939	-2,081,694	610%
Profit tax	-334,297	268,376	602,673	
Net Profit	4,800,354	319,165	-4,481,189	-93%
Cash and bank balances	3,331,011	5,549,444	2,218,434	67%

<sup>1)</sup> EBITDA operational is calculated only for operational activity, excluding the depreciation, sales of non-current assets, non-repeating elements and financial activity.

## 2. STATEMENT OF THE FINANCIAL POSITION

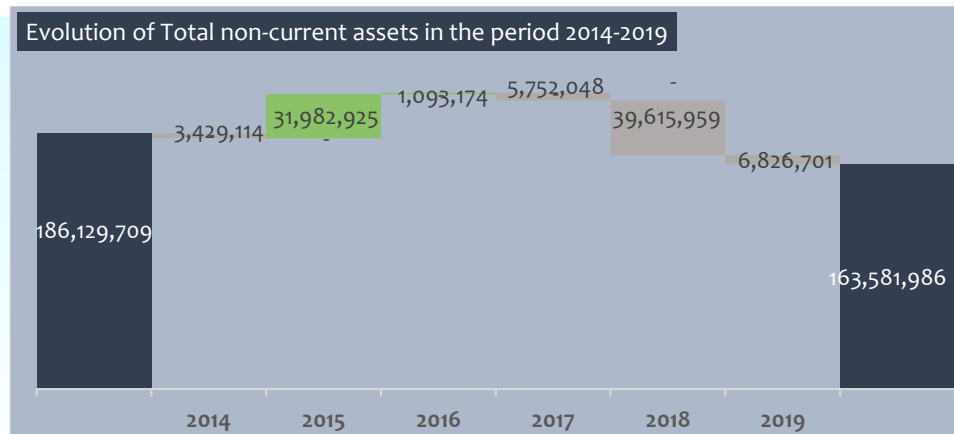
Indicator	31.12.2017	31.12.2018	31.12.2019	31.12.2019 vs. 31.12.2018	
Property, plant and equipment	137,757,935	130,049,723	122,749,823	-7,299,900	▼ -5.61%
Investment property	49,859,449	18,033,515	13,432,444	-4,601,071	▼ -25.51%
Intangible assets	160,081	78,269	314,138	235,869	▲ 301.36%
Financial assets	22,247,181	22,247,181	27,085,581	4,838,400	▲ 21.75%
<b>Total non-current assets</b>	<b>210,024,646</b>	<b>170,408,688</b>	<b>163,581,986</b>	<b>-6,826,702</b>	<b>▼ -4.01%</b>
Non-current assets held for sale	0	16,000,390	4,265,426	-11,734,964	▼ -73.34%
Inventories	23,824,914	20,695,918	25,346,350	4,650,432	▲ 22.47%
Trade and other receivables	32,493,266	35,722,416	45,865,815	10,143,399	▲ 28.40%
Amounts to receive from affiliates (financial)	0	6,174,452	335,912	-5,838,540	▼ -94.56%
Taxes receivables	0	0	5,981	5,981	▲
Other assets	820,245	1,007,913	1,249,971	242,058	▲ 24.02%
Cash and bank balances	2,529,017	3,331,011	5,549,444	2,218,433	▲ 66.60%
<b>Total current assets</b>	<b>59,667,443</b>	<b>82,932,100</b>	<b>82,618,899</b>	<b>-313,201</b>	<b>▼ -0.38%</b>
<b>Total assets</b>	<b>269,692,089</b>	<b>253,340,788</b>	<b>246,200,885</b>	<b>-7,139,903</b>	<b>▼ -2.82%</b>
Issued capital	26,412,210	26,412,210	26,412,210	0	— 0.00%
Share premium	2,182,283	2,182,283	2,182,283	0	— 0.00%
Reserves	53,222,860	58,492,792	58,491,096	-1,696	▼ 0.00%
Retained earnings	51,304,266	50,103,010	49,843,720	-259,290	▼ -0.52%
<b>Total equity</b>	<b>133,121,619</b>	<b>137,190,295</b>	<b>136,929,309</b>	<b>-260,986</b>	<b>▼ -0.19%</b>
Borrowings [Long-term]	32,911,592	22,666,822	12,705,851	-9,960,971	▼ -43.95%
Long term finance leases and other interest bearing obligations	0	0	0	0	—
Deferred tax liabilities	10,758,395	8,902,075	8,902,075	0	— 0.00%
Deferred income	17,676,474	15,413,305	13,138,559	-2,274,746	▼ -14.76%
<b>Total non-current liabilities</b>	<b>61,346,461</b>	<b>46,982,202</b>	<b>34,746,485</b>	<b>-12,235,717</b>	<b>▼ -26.04%</b>
Trade and other payables	28,571,443	24,537,065	23,643,049	-894,017	▼ -3.64%
Borrowings [Short – term]	41,726,661	39,935,674	46,071,940	6,136,266	▲ 15.37%
Short term finance leases and other interest bearing obligations	86,797	0	0	0	—
Deferred revenue	2,305,250	2,265,476	2,345,590	80,114	▲ 3.54%
Other liabilities	2,533,859	2,430,076	2,464,512	34,436	▲ 1.42%
<b>Total current liabilities</b>	<b>75,224,010</b>	<b>69,168,292</b>	<b>74,525,091</b>	<b>5,356,799</b>	<b>▲ 7.74%</b>
<b>Total liabilities</b>	<b>136,570,470</b>	<b>116,150,493</b>	<b>109,271,576</b>	<b>-6,878,918</b>	<b>▼ -5.92%</b>
<b>Total equity and liabilities</b>	<b>269,692,089</b>	<b>253,340,788</b>	<b>246,200,885</b>	<b>-7,139,904</b>	<b>▼ -2.82%</b>

ASSETS



NON-CURRENT ASSETS

In the 2019 **Non-currents assets** hold 66.44% of the company's assets, recording a decrease of RON 6,826,701, i.e. 4.01%, as compared with the beginning of the year.



Non-current assets (NCA)	31.12.2019	% in total NCA	% in total Assets	31.12.19 vs. 31.12.18
Property, plant and equipment	122,749,823	75.04%	49.86%	-5.61%
Investment property	13,432,444	8.21%	5.46%	-25.51%
Intangible assets	314,138	0.19%	0.13%	301.36%
Financial assets	27,085,581	16.56%	11.00%	21.75%
<b>Total non-current assets</b>	<b>163,581,986</b>	<b>100.00%</b>	<b>66.44%</b>	<b>-4.01%</b>

In the reporting period the entries of Non-current assets (except the investments in progress) are presented in the following table:

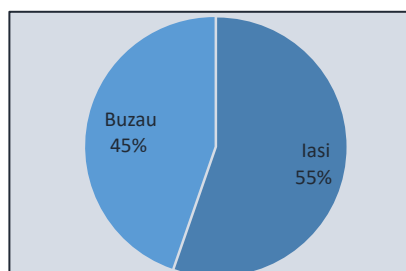
· Buildings (including rearrangements and improvement)	:	527,586 lei
· Equipment and installations	:	808,733 lei
· Furniture and office equipment	:	72,680 lei

The non-current assets entries in 2019 had the following destinations: CP7-Compounds : RON 661,416; CP5- PSE: RON 40,100; Administrative and other sectors: RON 730,516.

The outputs of Non-current assets in the reporting period were as per registration cost in amount of RON 1,018,537, out of which RON 971,043 sales and RON 47,494 dismantles/casation.

The Property investments (land & plants) have the following geographical distribution:

Property investment	Total
Iasi	7,430,161
Buzau	6,002,283
<b>Total</b>	<b>13,432,444</b>



As at December 31, 2019 the Company revaluated the Property investments held at the end of the financial year resulting a decrease in net value with RON 429,524, amount recognised in the Profit and Loss of the year.

**Financial Investments** hold 11% of Total Assets, and 16.56% of Non-current assets.

As at 31.12.2019, S.C. ROMCARBON S.A. held shares in other companies totalizing RON 30,449,725, as follows:

Company	Total no. of shares	Nominal value (lei)	Capital (lei)	Capital held (lei)	No. of shares held	Acquisition value of the shares (lei)	Participati on quota (%)
RECYPLAT LTD CIPRU	26,000	4.3521	113,154	113,154	26,000	20,261,120	100.00%
ROMCARBON DEUTSCHLAND GmbH			110,138	110,138		110,138	100.00%
RC ENERGO INSTALL SRL	200	10	2,000	2,000	200	15,112	100.00%
INFO TECH SOLUTIONS SRL	200	10	2,000	1,980	198	1,980	99.00%
LIVINGJUMBO INDUSTRY SA*	1,400	4,032	5,644,800	5,636,736	1,398	6,477,632	99.8571%
GRINFILD LLC UCRAINA						2,687,755	62.62%
YENKI SRL	32,800	10	328,000	109,340	10,934	100,000	33.34%
ASOCIATIA ECOLOGICA GREENLIFE (Non-Profit Organization)				0	1,200	400	33.33%
ECO PACK MANAGEMENT SA	144,600	10	1,446,000	366,700	36,670	586,625	25.36%
KANG YANG BIOTECHNOLOGY CO.LTD	2,889,993			0	139,000	203,963	1.95%
REGISTRUL MIORITA SA	10,500	10	105,000	3,980	398	5,000	3.79%
<b>TOTAL</b>						<b>30,449,725</b>	

\*On 01.06.2019, SC Romcarbon SA participated in the increase of the capital of the affiliate Livingjumbo Industry SA with an amount of RON 4,834,400 (1,200 shares \* 4,032 lei/share) representing the conversion in equity of the loan granted to the affiliate and partly of the related interest as follows:

- RON 4,740,000 (EUR 1,000,000 \* RON 4.74 /EUR) representing the balance of the loan;
- RON 94,800 (EUR 20,759.49 \* RON 4.74 /EUR) ) representing the interest related to the loan.

The impairment of financial investments are presented in the following table:

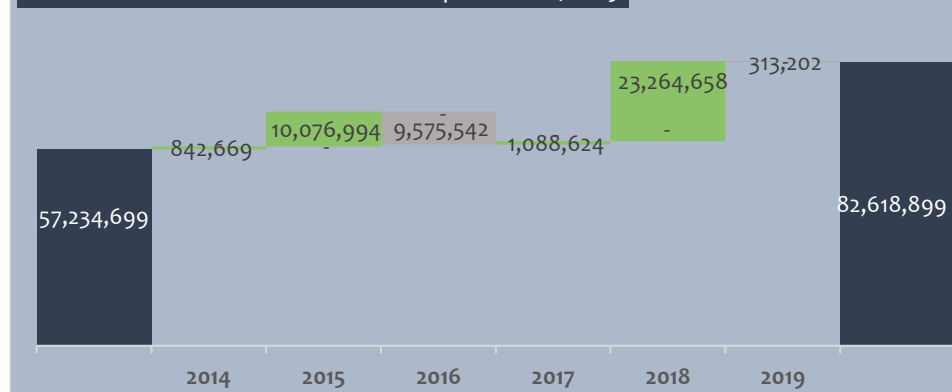
Company	Holdings (%)	Adjustments
ROMCARBON DEUTSCHLAND GmbH	100.00%	110,138
GRINFILD LLC UCRAINA	62.62%	2,687,755
YENKI SRL	33.34%	11,989
ECO PACK MANAGEMENT SA	25.36%	554,262
<b>Total</b>		<b>3,364,144</b>



## CURRENT ASSETS

**Current assets** hold 33.56% of total assets recording a decrease of RON 313,201, i.e. 0.38% as compared with the beginning of the year.

Evolution of Total current assets in the period 2014-2019



Current assets (CA)	31.12.2019	% in total CA	% in Total Assets	31.12.19 vs. 31.12.18
Non-current assets held for sale <sup>2 3 4 5 6</sup>	4,265,426	5.16%	1.73%	-73.34%
Inventories	25,346,350	30.68%	10.29%	22.47%
Trade and other receivables	45,865,815	55.51%	18.63%	28.40%
Amounts to receive from affiliates (financial) <sup>7</sup>	335,912	0.41%	0.14%	-94.56%
Taxes receivables	5,981	0.01%	0.00%	0.00%
Other assets	1,249,971	1.51%	0.51%	24.02%
Cash and bank balances	5,549,444	6.72%	2.25%	66.60%
<b>Total active curente</b>	<b>82,618,899</b>	<b>100.00%</b>	<b>33.56%</b>	<b>-0.38%</b>

\*In December 2018, according with IFRS5, it was reclassified an Iasi asset, consisting in a land with an area of 35,192.48 sq m located in Iasi, no.29 Chisinaului Way, Iasi County and of the buildings built on this land, asset which is the object of the 2<sup>nd</sup> buying selling precontract, from the category « Property investments » in « Non-current assets held for sale ». The asset (land and buildings) who made the object of this reclassification has a book value of RON 16,757,112. On this occasion by applying IFRS 5 was recognised a loss in the amount of RON 756,722.

<sup>2</sup> In May 2019 took place an intermediary stage of the selling-buying antecontract signed with Office&Logistic SRL which has the object the selling of a land in a total area of 1,289 sq m for which it was cashed the price of RON 600,566 (EUR 126,322).

<sup>3</sup> On 13.08.2019 it was completed the stage agreed according to the 2<sup>nd</sup> Presale contract concluded with OFFICE & LOGISTIC S.R.L. (as buyer) representing the countervalue of an asset (land and buildings) located in Iasi, Calea Chisinaului, nr.29 having a total area of 17,569 sq m, out of which 1,906 sq m built area, according with the selling-buying contract no. 2917 signed on 13.08.2019. According to the selling-buying contract it was cashed the price of RON 5,435,475 (equivalent of EUR 1,150,000).

<sup>4</sup> On 28.11.2019 it was completed the 2<sup>nd</sup> stage agreed according to the 2<sup>nd</sup> Presale contract concluded with OFFICE & LOGISTIC S.R.L. (as buyer) representing the countervalue of an asset (land and buildings) located in Iasi, Calea Chisinaului, nr.29 having a total area of 11,061 sq m, out of which 5,830 sq m built area, according with the selling-buying contracts no. 4364 and 4365 signed on 28.11.2019. According to the selling-buying contract it was cashed the price of RON 5,496,080 (equivalent of EUR 1,150,000).

<sup>5</sup> On 28.11.2019 it was completed before term (the initial term was 30.03.2020) the 3<sup>rd</sup> stage agreed according to the 2<sup>nd</sup> Presale contract concluded with OFFICE & LOGISTIC S.R.L. (as buyer) representing the countervalue of an asset (land and buildings) located in Iasi, Calea Chisinaului, nr.29 having a total area of 5,340.48 sq m, out of which 1,609.85 sq m built area, according with the selling-buying contract no. 4366 signed on 28.11.2019. According to the selling-buying contract it was cashed the price of RON 4,654,029 (equivalent of EUR 977,666.59).

<sup>6</sup> As at December 31, 2019 the Stefanesti Asset (land and buildings) having a value of RON 4,194,581 was reclassified from Property investment to „Non-current assets held for sale”.

**Subsequent events**

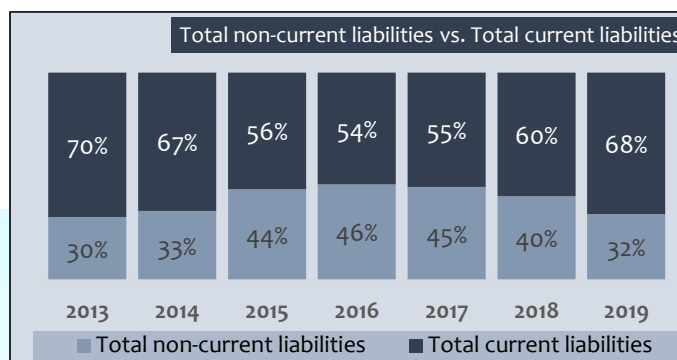
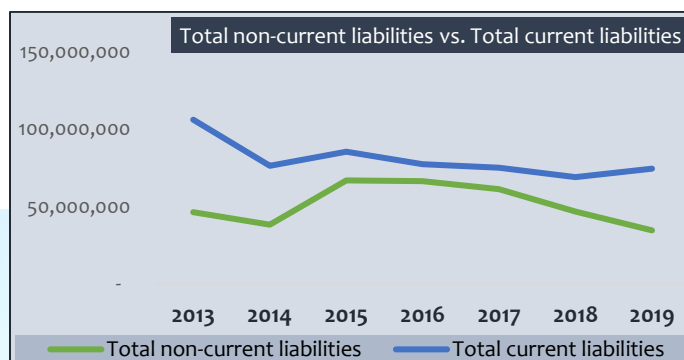
On 31.01.2020 it was completed the sales agreed according to the Presale agreement no.1830 dated 18.12.2019 concluded with GREEN PC AMBALAJE S.R.L (as buyer) representing the countervalue of an asset (land and buildings) located in Ilfov, Stefanestii de Jos, Str. Sinaia nr.15 having a total area of 12,774 sq m, out of which 4,928 sq m built area, according with the selling-buying contract no. 183 signed on 31.01.2020. According to the selling-buying contract it was cashed the price of RON 3,987,387.32 (equivalent of EUR 834,356).



<sup>7</sup> Loan granted to affiliates

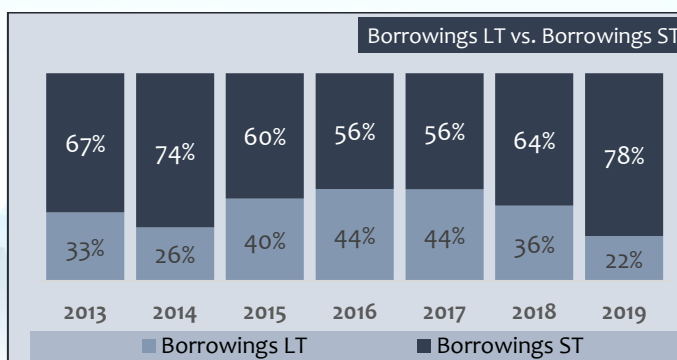
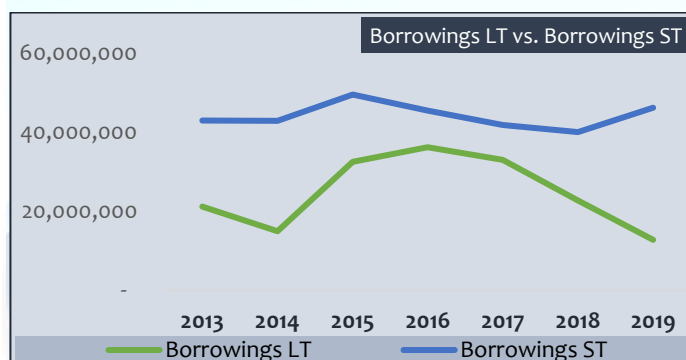
Affiliate	Contract value	Loan balance as at 31.12.2019		Interest	Total
RC Energo Install SRL	€ 250,000	€ 70,000	334,551 lei	1,361 lei	335,912 lei
<b>Total</b>	<b>€ 250,000</b>	<b>€ 70,000</b>	<b>334,551 lei</b>	<b>1,361 lei</b>	<b>335,912 lei</b>

## LIABILITIES



**Total Liabilities** hold 44.38% of the company's Equity&Liabilities recording an decrease of RON 6,878,918, i.e. 5.92%, as compared with the beginning of the year

## BORROWINGS



As at 31.12.2019 the loans contracted by S.C. ROMCARBON S.A. have the following structure :

Bank	Type	Initial amount/ceiling	Balance as at 31.12.2019		Tenor
			in euro	in lei	
UniCredit Bank	Linie de credit	€ 5,450,000	€ 5,293,173	25,297,660 lei	10/04/2020
BRD GSG	Linie de credit	€ 2,550,000	€ 2,529,273	12,088,156 lei	29/10/2020
UniCredit Bank	Investment loan III	€ 442,500	€ 197,765	945,178 lei	19/09/2021
BRD GSG	Investment loan II	€ 1,000,000	€ 354,037	1,692,049 lei	03/09/2022
BRD GSG	Investment loan III	€ 3,153,160	€ 328,684	1,570,879 lei	03/02/2022
UniCredit Bank	Investment loan - CCE 2015	€ 3,042,240	€ 1,862,420	8,901,064 lei	04/12/2023
<b>Total credits in euro</b>		<b>€ 15,637,900</b>	<b>€ 10,565,352</b>	<b>50,494,987 lei</b>	
Eximbank SA	Investment loan I	6,142,500 lei		2,559,375 lei	20/06/2022
Eximbank SA	Investment loan II	2,432,500 lei		1,790,498 lei	16/12/2022
UniCredit Bank	Investment loan I <sup>8</sup>	3,200,000 lei		- lei	11/07/2023
UniCredit Bank	Investment loan II	2,500,000 lei		535,961 lei	19/09/2021
UniCredit Bank	Investment loan IV <sup>9</sup>	5,400,000 lei		2,155,758 lei	01/12/2021
UniCredit Bank	Investment loan V <sup>10</sup>	2,250,000 lei		1,241,212 lei	06/04/2022
<b>Total credits in lei</b>		<b>21,925,000 lei</b>		<b>8,282,802 lei</b>	
<b>Total bank exposure</b>				<b>58,777,790 lei</b>	

<sup>8</sup> In december 2019, the balance of the Investment loan I in amount of RON 1,831,789, having an initial amount of RON 3,200,000, was reimbursed before term. The credit had been contracted for financing the acquisition of a part of the Iasi asset.

Short-term loans have the following structure :

Banca	Type	CCY	Initial amount	Balance as at 31.12.2019	
				in euro	in lei
UniCredit Bank SA	Linie de credit	euro	€ 5,450,000	€ 5,293,173	25,297,660 lei
BRD GSG	Linie de credit	euro	€ 2,550,000	€ 2,529,273	12,088,156 lei
<b>Total</b>				<b>€ 7,822,446</b>	<b>37,385,815 lei</b>

Long-term loans have the following structure :

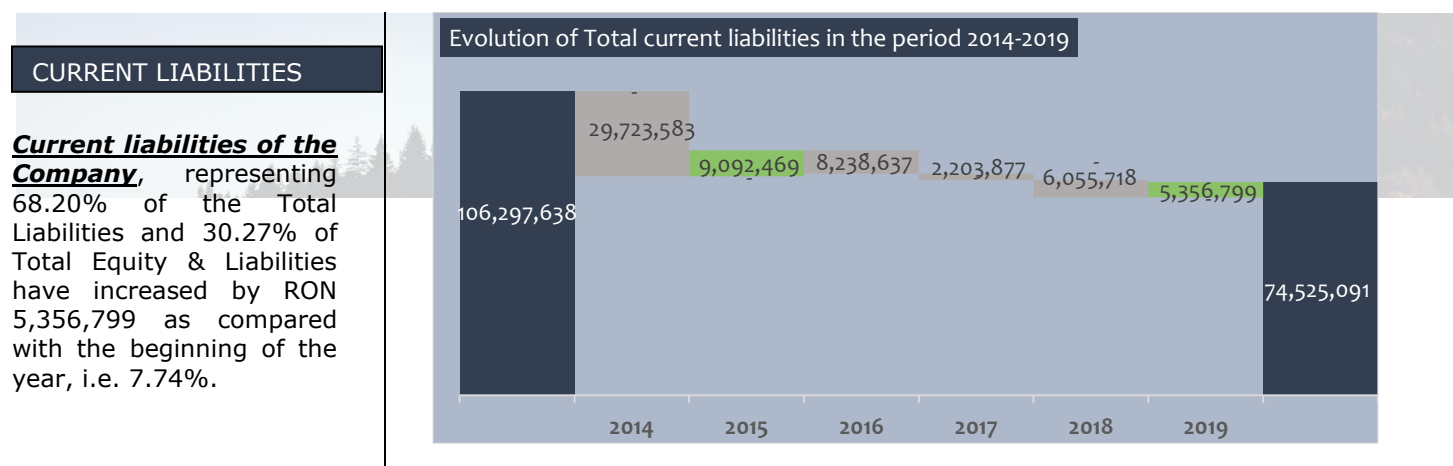
Bank	Type	Balance as at 31.12.2019		< 1 year	> 1 year
		in euro	in lei		
UniCredit Bank	Investment loan III	€ 197,765	945,179 lei	540,102 lei	405,077 lei
BRD GSG	Investment loan II	€ 354,037	1,692,048 lei	597,194 lei	1,094,854 lei
BRD GSG	Investment loan III	€ 328,684	1,570,881 lei	754,023 lei	816,859 lei
UniCredit Bank	Investment loan - CCE 2015	€ 1,862,420	8,901,063 lei	2,078,996 lei	6,822,067 lei
<b>Total credits in euro</b>		<b>€ 2,742,906</b>	<b>13,109,172 lei</b>	<b>3,970,315 lei</b>	<b>9,138,857 lei</b>
Eximbank SA	Investment loan I		2,559,375 lei	1,023,750 lei	1,535,625 lei
Eximbank SA	Investment loan II		1,790,498 lei	596,833 lei	1,193,665 lei
UniCredit Bank	Investment loan II		535,961 lei	306,263 lei	229,698 lei
UniCredit Bank	Investment loan IV <sup>9</sup>		2,155,758 lei	1,547,751 lei	608,007 lei
UniCredit Bank	Investment loan V <sup>10</sup>		1,241,212 lei	1,241,212 lei	0 lei
<b>Total credits in lei</b>			<b>8,282,802 lei</b>	<b>4,715,808 lei</b>	<b>3,566,995 lei</b>
<b>Total bank exposure</b>			<b>21,391,974 lei</b>	<b>8,686,123 lei</b>	<b>12,705,852 lei</b>

These loans are guaranteed by mortgages on land and plants, pledges on equipment and stocks, security mortgage on current bank accounts, receivables assignments.

### Subsequent events

<sup>9</sup> In February 2020 it was reimbursed before term the amount of RON 861,432. After reimbursement the balance of the loan became RON 1,114,679, payable in 22 equal monthly installments.

<sup>10</sup> In February 2020 it was reimbursed before term the entire balance of the loan, RON 1,196,882.

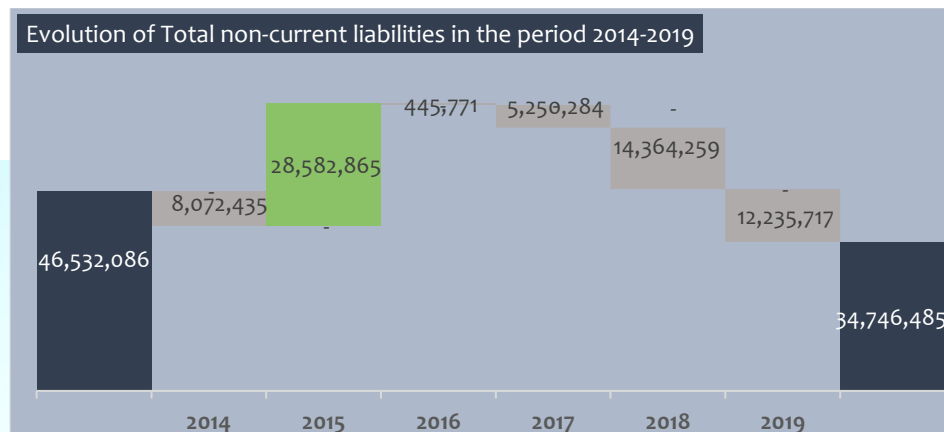


Current liabilities	31.12.2019	% in total liabilities	% in Total current liabilities	% in Total Equity and Liabilities	31.12.19 vs. 31.12.18
Trade and other payables	23,643,049	21.64%	31.72%	9.60%	-3.64%
Borrowings [Short – term]	46,071,940	42.16%	61.82%	18.71%	15.37%
Deferred revenue	2,345,590	2.15%	3.15%	0.95%	3.54%
Other liabilities	2,464,512	2.26%	3.31%	1.00%	1.42%
<b>Total current liabilities</b>	<b>74,525,091</b>	<b>68.20%</b>	<b>100.00%</b>	<b>30.27%</b>	<b>7.74%</b>

#### NON-CURRENT LIABILITIES

##### **Non-current Liabilities**

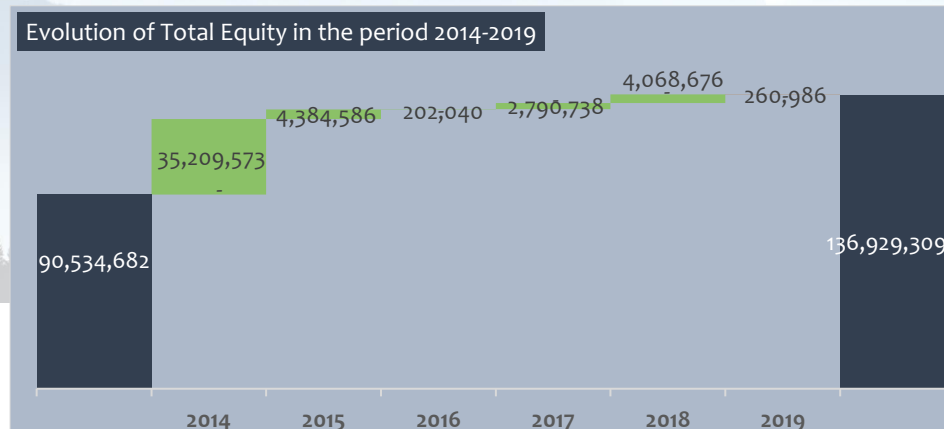
representing 14.11% of the company's Equity & Liabilities recording in the reporting period a decrease of RON 12,235,717, i.e. 26.04%, as compared with the beginning of the year.



Non-current liabilities	31.12.2019	% in total liabilities	% in Total non-current liabilities	% in Total Equity and Liabilities	31.12.19 vs. 31.12.18
Borrowings [Long-term]	12,705,851	11.63%	36.57%	5.16%	-43.95%
Deferred tax liabilities	8,902,075	8.15%	25.62%	3.62%	0.00%
Deferred income	13,138,559	12.02%	37.81%	5.34%	-14.76%
<b>Total non-current liabilities</b>	<b>34,746,485</b>	<b>31.80%</b>	<b>100.00%</b>	<b>14.11%</b>	<b>-26.04%</b>

#### EQUITY

**Total Equity** holds **55.62%** of Total Equity & Liabilities, recording in the reporting period a decrease of RON 260,986, as compared with the beginning of the year.



Equity	31.12.2019	% in Total Equity and liabilities
Issued capital (264,122,096 shares at RON 0.10/share)	26,412,210	10.73%
Share premium	2,182,283	0.89%
Reserves	58,491,096	23.76%
Retained earnings	49,843,720	20.25%
<b>Total Equity</b>	<b>136,929,309</b>	<b>55.62%</b>

## 2. STATEMENT OF THE COMPREHENSIVE INCOME

Indicator	31.12.2017	31.12.2018	31.12.2019	31.12.2019 vs. 31.12.2018	
Net sales	195,140,695	198,460,719	183,857,280	▼	(14,603,439) -7%
Investment income <sup>11</sup>	3,987,533	3,464,433	1,951,422	▼	(1,513,011) -44%
Other gains and losses <sup>12</sup>	2,796,780	3,388,764	(1,334,935)	▼	(4,723,698) -139%
Changes in inventories of finished goods and work in progress	2,304,367	372,436	3,560,612	▲	3,188,176 856%
Raw materials and consumables used	(139,437,993)	(136,656,677)	(123,157,911)	▼	13,498,766 -10%
Depreciation and amortization expenses	(10,706,926)	(11,553,840)	(10,634,489)	▼	919,351 -8%
Employee salaries and benefits	(28,174,199)	(35,940,642)	(37,440,065)	▲	(1,499,423) 4%
Social security expenses	(6,608,431)	(1,139,629)	(1,153,670)	▲	(14,041) 1%
Net finance costs	(1,728,613)	(1,945,033)	(1,853,730)	▼	91,303 -5%
Income from subsidies	2,264,436	2,263,169	2,275,213	▲	12,044 1%
Other expenses	(14,099,311)	(16,247,641)	(15,482,185)	▼	765,456 -5%
<b>Profit (loss) before taxation</b>	<b>5,738,338</b>	<b>4,466,057</b>	<b>587,543</b>	▼	<b>(3,878,514)</b> -87%
Profit tax	(940,272)	334,297	(268,376)	▼	(602,673) n/a
<b>Profit (loss) of the year</b>	<b>4,798,066</b>	<b>4,800,354</b>	<b>319,167</b>	▼	<b>(4,481,187)</b> -93%
Deferred tax adjustment related to non-tax deductible revaluation reserves	0	1,275,648	0	▼	(1,275,648)
<b>Total comprehensive income</b>	<b>4,798,066</b>	<b>6,076,002</b>	<b>319,167</b>	▼	<b>(5,756,835)</b> -95%
<b>EBITDA Operational</b>	<b>12,182,514</b>	<b>11,384,243</b>	<b>12,316,630</b>	▲	<b>932,387</b> 8%

<sup>11</sup> Investment income – details:

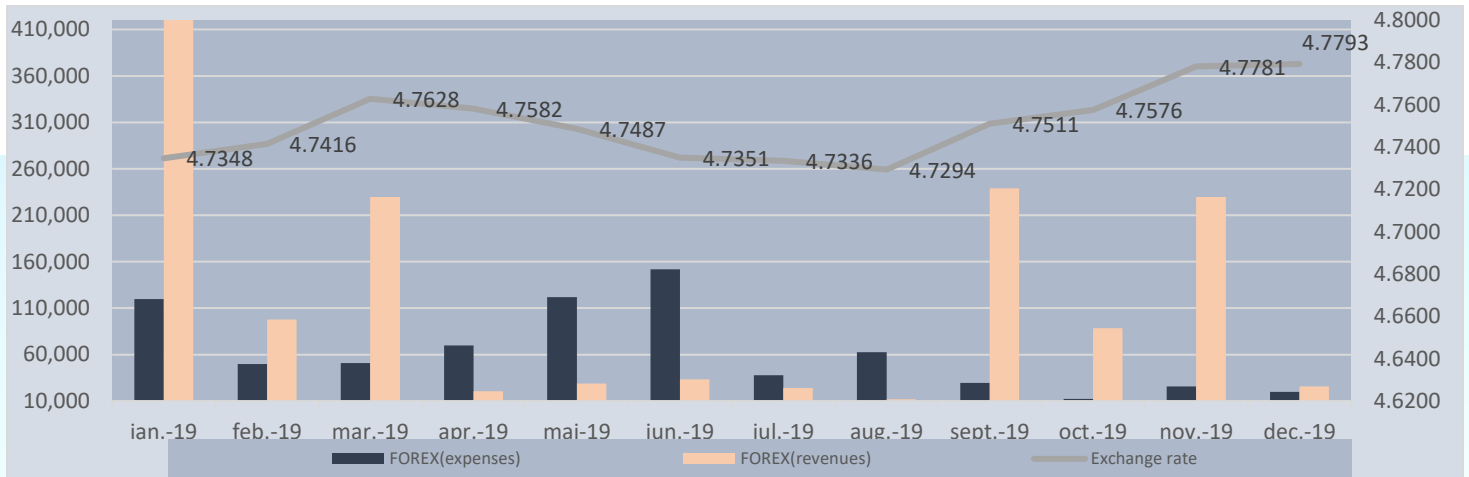
Indicator	31.12.2017	31.12.2018	31.12.2019	31.12.2019 vs. 31.12.2018	
Rental and royalty income	2,825,883	2,255,686	1,865,024	▼	(390,662) -17%
Interest income	3,653	91,387	86,398	▼	(4,989) -5%
Investment income (dividends) - Infotech Solutions	157,997	117,360	0	▼	(117,360) -100%
Investment income (dividends) - RC Energo Install	1,000,000	1,000,000	0	▼	(1,000,000) -
<b>Total</b>	<b>3,987,533</b>	<b>3,464,433</b>	<b>1,951,422</b>	▼	<b>(1,513,011)</b> -44%

<sup>12</sup> Other gains and losses – details :

Indicator	31.12.2017	31.12.2018	31.12.2019	31.12.2019 vs. 31.12.2018	
Gain/loss on disposal of non-current assets held for sale	-	-	256,605	▲	256,605 0%
Gain/ Loss arising on changes in fair value of investment property	1,490,374	307,659	(429,524)	▲	(737,183) -240%
Gain/loss on disposal of investments property	2,385,785	2,709,699	-	▼	(2,709,699) -100%
Revenues from compensation, fines and penalties	668,728	86,671	10,395	▼	(76,276) -88%
Gain/loss on fixed assets disposal	(424,790)	11,254	(223,239)	▲	(234,493) -2084%
Other exploitation revenues	137,362	123,175	140,829	▲	17,654 14%
Loss from financial investments	(1,020)	-	-	—	- 0%
Gain/loss from forex	59,713	25,454	(19,851)	▼	(45,304) -178%
Revenues from discounts received	-	-	11,065	▲	11,065 0%
Gain/loss from forex (End of month evaluation)	(1,502,395)	88,767	(1,061,801)	▲	(1,150,568) -1296%
Gains / losses from adjustments for impairment of current assets	(16,976)	36,085	(19,414)	▼	(55,499) -154%
<b>Total</b>	<b>2,796,780</b>	<b>3,388,764</b>	<b>(1,334,935)</b>	▼	<b>(4,723,698)</b> -139%

In accordance with Order no. 1286/2012 the company bank availabilities, the receivables and the liabilities expressed in a foreign currency are evaluated each month at the closing exchange rate comunicated by NBR. From this evaluation for 2019 the company registered revenues in amount of RON 752,073 and expenses in amount of RON 1,813,866, resulting a loss of RON 1,061,793.

In the same period of last year by re-valuating the company bank availabilities, the receivables and the liabilities expressed in a foreign currency it was registered a profit of RON 88,767.



Statement of the comprehensive income by quarters:

Indicator	QI 2019	QII 2019	QIII 2019	QIV 2019	QI 2019 vs. QI 2018	QII 2019 vs. QII 2018	QIII 2019 vs. QIII 2018	QIV 2019 vs. QIV 2018
Net sales	47,862,182	47,857,112	46,653,598	41,484,388	(288,340)	(4,358,851)	(5,739,611)	(4,216,637)
Investment income	501,221	466,962	490,883	492,356	(1,340,620)	(98,365)	(23,346)	(50,680)
Other gains and losses	(1,089,777)	505,462	(142,532)	(608,088)	(1,140,105)	(3,051,395)	576,393	(1,108,591)
Changes in inventories of finished goods and work in progress	982,707	25,650	895,480	1,656,775	(152,776)	1,185,692	413,686	1,741,574
Raw materials and consumables used	(33,093,151)	(31,902,022)	(30,877,181)	(27,285,557)	1,396,967	3,056,209	6,134,197	2,911,393
Depreciation and amortization expenses	(2,669,122)	(2,656,531)	(2,654,978)	(2,653,858)	41,780	98,902	10,724	767,945
Employee salaries and benefits	(9,257,232)	(9,478,255)	(9,284,787)	(9,419,791)	(253,309)	(411,132)	(311,713)	(523,269)
Social security expenses	(218,175)	(355,187)	(218,101)	(362,207)	(1,578)	(1,244)	(5,904)	(5,315)
Net finance costs	(529,241)	(443,675)	(401,195)	(479,619)	(67,801)	48,063	100,141	10,900
Income from subsidies	578,187	654,944	476,406	565,676	12,395	89,152	(89,387)	(116)
Other expenses	(3,694,361)	(3,941,096)	(3,874,327)	(3,972,401)	22,584	63,703	177,605	501,564
<b>Profit (loss) before taxation</b>	<b>(626,762)</b>	<b>733,364</b>	<b>1,063,266</b>	<b>(582,327)</b>	<b>(1,770,803)</b>	<b>(3,379,266)</b>	<b>1,242,785</b>	<b>28,768</b>
Profit tax		(81,175)	(193,182)	5,981	-	(64,124)	(210,233)	(328,316)
<b>Profit (loss) of the year</b>	<b>(626,762)</b>	<b>652,189</b>	<b>870,084</b>	<b>(576,346)</b>	<b>(1,770,803)</b>	<b>(3,443,390)</b>	<b>1,032,552</b>	<b>(299,548)</b>
<b>EBITDA Operational</b>	<b>3,027,163</b>	<b>2,663,063</b>	<b>3,802,861</b>	<b>2,823,543</b>	<b>455,928</b>	<b>(565,836)</b>	<b>695,121</b>	<b>347,173</b>



#### 4. NET SALES

The item "Net Sales" had the following evolution:

	12 months of 2017	12 months of 2018	12 months of 2019		2019 vs. 2018	
<b>- Sales of finished goods, Total, out of which:</b>	<b>140,128,883</b>	<b>148,386,635</b>	<b>139,916,138</b>	▼	<b>(8,470,497)</b>	<b>-6%</b>
CP1~ Auto and industrial filters	3,830,438	2,623,159	2,579,380	▼	(43,779)	-2%
CP2~ Respiratory protective equipment and Active Carbon	2,514,286	1,994,419	2,111,661	▲	117,242	6%
CP3~ Polyethylene products	27,326,932	32,556,680	27,058,540	▼	(5,498,140)	-17%
CP4~ PVC products	582,367	784,529	916,070	▲	131,541	17%
CP5~ Polystyrene products	36,420,305	37,832,816	40,214,038	▲	2,381,222	6%
CP6~ Polypropylene products	37,408,712	38,163,803	36,075,081	▼	(2,088,722)	-5%
CP7~Compounds	32,045,842	34,431,228	30,961,367	▼	(3,469,861)	-10%
<b>- Sales of intermediary goods</b>	<b>48,146</b>	<b>10,205</b>	<b>18,643</b>	▲	<b>8,438</b>	<b>83%</b>
<b>- Services rendered</b>	<b>293,439</b>	<b>226,336</b>	<b>286,433</b>	▲	<b>60,097</b>	<b>27%</b>
<b>- Sales of commodities</b>	<b>51,024,724</b>	<b>45,297,333</b>	<b>38,612,118</b>	▼	<b>(6,685,215)</b>	<b>-15%</b>
<b>- Other sales</b>	<b>3,645,505</b>	<b>4,540,210</b>	<b>5,023,948</b>	▲	<b>483,738</b>	<b>11%</b>
<b>Total Net sales</b>	<b>195,140,696</b>	<b>198,460,719</b>	<b>183,857,280</b>	▼	<b>(14,603,439)</b>	<b>-7%</b>

Grouped on segments of activity, the Net sales are presented in the below table:

	12 months of 2017	12 months of 2018	12 months of 2019		2019 vs. 2018	
Plastic processing sector: polyethylene+polystyrene+polypropylene Regenerated polymers & Compounds	101,155,949	108,553,299	103,347,659	▼	(5,205,640)	-5%
Other production sectors (industrial and automotive filters, active carbon, breathing protective equipment, PVC traffic base)	6,927,091	5,402,107	5,607,112	▲	205,005	4%
Other activities	55,011,813	50,074,084	43,941,142	▼	(6,132,942)	-12%
<b>Total</b>	<b>195,140,696</b>	<b>198,460,719</b>	<b>183,857,280</b>	▼	<b>(14,603,439)</b>	<b>-7%</b>

	12 months of 2017	12 months of 2018	12 months of 2019		2019 vs. 2018	
Net sales	195,140,696	198,460,719	183,857,280	▼	(14,603,439)	-7%
Rental and royalty income	2,825,883	2,255,686	1,865,024	▼	(390,662)	-17%
<b>Turnover, out of which:</b>	<b>197,966,579</b>	<b>200,716,405</b>	<b>185,722,304</b>	▼	<b>(14,994,101)</b>	<b>-7%</b>
~domestic market	147,942,412	147,822,224	138,603,195	▼	(9,219,029)	-6%
~exports	50,024,168	52,894,181	47,119,109	▼	(5,775,072)	-11%

Note: *Turnover* comprises the item Net sales from Profit and Loss Account, plus Rental and royalty income which is comprised in the Investment income.

#### 5. INDICATORI ECONOMICO-FINANCIARI:

Indicator	Formula	31.12.17	31.12.18	31.12.19
EBIT	Gross profit + Profit tax + Expenses with interest	7,325,990	6,168,891	2,060,150
EBITDA	EBIT + Depreciation - Subsidies for investments	15,768,480	14,702,841	10,419,427
Turnover	Net sales + rental and royalty income	197,966,578	200,716,405	185,722,304
EBITDA to sales ratio	EBITDA/Turnover	7.97%	7.33%	5.61%
EBITDA to Equity ratio	EBITDA/Equity	11.85%	10.72%	7.61%
Gross profit margin	Gross profit/Turnover	2.90%	2.23%	0.32%
Current ratio	Current assets/Current liabilities	0.79	1.20	1.11



Indicator	Formula	31.12.17	31.12.18	31.12.19
Quick ratio	(Current assets- Inventories)/Current liabilities	0.48	0.90	0.77
Non-current liabilities to Equity ratio	Non-current liabilities/Equity	0.46	0.34	0.25
Total liabilities to Assets ratio	Total liabilities/Total Assets	0.51	0.46	0.44
Interest coverage ratio	EBIT/Interest expenses	4.61	3.62	1.40
Account receivable turnover ratio	Average receivables/Sales	54	61	79
Account payable turnover ratio	Average payables/Sales	50	48	47
Non-current assets rotation	Non-current liabilities/Sales	0.94	1.18	1.14
Return on assets (ROA)	Net profit/Assets	1.78%	1.89%	0.13%
Return on equity (ROE)	Net profit/Equity	3.60%	3.50%	0.23%
Return on sales (ROS)	Net profit/Sales	2.42%	2.39%	0.17%

Indicator	31.12.2017	31.12.2018	31.12.2019
Average no. of employees	941	924	874
No. of employees as at 31th of December	1031	974	928

## 6. CASH-FLOW

Items	2017	2018	2019
<b>Net profit / (loss) after taxation</b>	<b>4,798,066</b>	<b>4,800,356</b>	<b>319,166</b>
Income tax expense	940,272	(1,609,945)	268,376
Depreciation	10,706,926	10,696,167	10,634,489
(Gain) / Loss on fixed assets disposal	424,790	(11,254)	223,239
(Gain) / Loss arising on changes in fair value of investment property	(1,490,374)	(307,659)	429,523
(Gain) / Loss arising on changes in fair value of Assets Held for Sale		756,722	-
(Gain) / Loss arising disposal of investment property	(2,385,785)	(2,709,699)	-
(Gain) / Loss arising disposal of Assets Held for Sale	-	-	(256,605)
Income from Construction of own Assets		(635,401)	(244,040)
Customers provisions	16,976	(36,085)	4,006
Write off of receivables	165,833	206,804	19,414
(Gains) / Losses with disposal of financial assets	-	-	-
Expenses / revenues with adjustments of financial assets	-	-	-
Interest expense	1,587,652	1,702,834	1,472,607
Interest income	(3,653)	(91,477)	(86,399)
Dividend income	(1,157,997)	(1,117,270)	-
Income from subsidies	(2,264,436)	(2,263,169)	(2,275,213)
Unrealised net forex result	1,528,593	(88,767)	1,081,651
			-
<b>Movements in working capital</b>			
(Increase) / Decrease in accounts receivable	(6,122,323)	(3,399,869)	(10,166,818)
(Increase) / Decrease in inventories	1,843,573	3,128,998	(4,650,433)
(Increase) / Decrease in other assets	447,239	-	(242,057)
Increase / (Decrease) in accounts payable	1,674,948	(4,034,378)	(894,016)
(Decrease) / Increase in deferred revenue	12,597	(39,774)	2,194,632
(Decrease)/increase in other liabilities	477,986	365,174	263,760
<b>Cash generated from operations</b>	<b>11,200,885</b>	<b>5,312,308</b>	<b>(1,904,718)</b>
Income taxes paid	(7,163)	(212,766)	(787,603)
Interest paid	(1,587,652)	(1,702,834)	(1,472,607)
<b>Net cash generated by operating activities</b>	<b>9,606,070</b>	<b>3,396,708</b>	<b>(4,164,928)</b>
<b>Cash flows from investing activities</b>			
Payments to acquire financial assets		-	(4,838,400)
Interest received	3,653	91,477	86,399
Dividends received	1,157,997	1,117,270	-
Payments for property, plant and equipment	(8,340,113)	(3,091,315)	(1,030,379)

<b>Items</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
Payments for investment property	-	-	-
Proceeds from disposal of investment property	3,575,112	18,086,180	-
Proceeds from disposal of property, plant and equipment	1,821,663	94,612	157,638
Proceeds from disposal of Assets Held for Sale	-	-	16,942,872
Proceeds from disposal of investments	597,187	-	-
Proceeds from loans granted to related parties	-	(6,174,452)	1,088,400
Payments for intangible assets	(33,918)	(19,139)	-
Payment of dividends	(2,037,153)	(1,961,297)	(1,032,280)
<b>Net cash (used in)/generated by investing activities</b>	<b>(3,255,571)</b>	<b>8,143,336</b>	<b>11,374,249</b>
<b>Cash flows from financing activities</b>			
Payments of lease liabilities	(1,105,061)	(86,797)	-
Proceeds from bank loans	5,202,494	2,602,061	4,778,586
Repayment of bank loans	(13,534,243)	(13,253,314)	(9,769,474)
Proceeds from subsidies	-	-	-
<b>Net cash used in financing activities</b>	<b>(9,436,810)</b>	<b>(10,738,050)</b>	<b>(4,990,888)</b>
<b>Net increase in cash and cash equivalents</b>	<b>(3,086,312)</b>	<b>801,994</b>	<b>2,218,433</b>
Cash and cash equivalents at the beginning of the year	5,615,328	2,529,016	3,331,010
Effects of exchange rate changes on the balance of cash held in foreign currencies	-	-	-
<b>Cash and cash equivalents at the end of the year</b>	<b>2,529,016</b>	<b>3,331,010</b>	<b>5,549,444</b>



## 7. SHAREHOLDERS' STRUCTURE

As at 31.12.2019 the SC Romcarbon SA shareholders' structure, according to Depozitarul Central SA was as follows:

Shareholder	No. of share	% ownership
LIVING PLASTIC INDUSTRY S.R.L. loc. BUZAU jud. BUZAU	86,774,508	32.85%
JOYFUL RIVER LIMITED loc. NICOSIA CYP	54,195,089	20.52%
OTHER LEGAL ENTITIES	19,038,452	7.21%
INDIVIDUALS	104,114,047	39.42%
<b>Total</b>	<b>264,122,096</b>	<b>100.00%</b>

Evolution of the price of Romcarbon SA shares during 2019.



**The Separate Financial Statements for the period ended December 31, 2019 have not been audited.**

**Chairman of the Board**  
**Huang Liang Neng**

**General Manager: ing.Andrei Radu**

**Operations Manager :ec. Manaila Carmen**

**Financial Manager :ec. Zainescu Viorica Ioana**

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