

Q1 2023 in brief

Q1 2023 for Romcarbon Standalone means a net profit of 3,189,528 lei, increased by 2,138,909 lei (+204%).

However, out of this net profit the amount of 3,992,451 lei is from selling assets, which means the result of the core activity registered a loss of 802,923 lei.

In Q1 2023, due to very low market demand, the total sales are around 62 million lei, 6.7 million lei less than in Q1 2022, meaning -10%.

Beside low market demand, energy cost is another critical issue for the company business. In Q1 2023, the energy cost was around 0.76 million lei, higher compared to Q1 2022, due to the increase in energy price, and it's rather difficult to reflect this cost increase to the selling price in these market conditions.

Another problem we confronted in Q1 2023 was the technical defects of some equipment in the Recycled polymers & Compounds sector, which caused a decrease in productivity of around 16%.

The evolution of the company main indicators is shown in the following table:

Indicator	3 Months 2021	3 Months 2022	3 Months 2023		2023 vs. 2022	
Revenues (Net sales)	61,224,757	68,291,731	61,570,251	▼	(6,721,480)	-10%
Other Income	1,108,970	1,116,613	1,079,991	▼	(36,622)	-3%
EBITDA	2,578,603	3,408,727	5,879,987	▲	2,471,260	72%
EBITDA Operational	3,073,331	3,425,842	2,050,044	▼	(1,375,798)	-40%
Profit(loss) from operations	1,090,410	1,503,444	4,182,441	▲	2,678,997	178%
Net profit (loss)	296,248	1,050,619	3,189,528	▲	2,138,909	204%
Profit on fixed assets sale	(267)	9,000	3,992,451	▲	3,983,451	44261%
Net profit (loss) w/o the influence of the profit on fixed assets sale	296,515	1,041,619	(802,923)	▼	(1,844,542)	-177%
Non-Current assets	150,847,181	136,227,247	131,323,226	▼	(4,904,021)	-4%
Current assets	98,773,817	120,937,426	122,294,165	▲	1,356,739	1%
Total Equity	138,508,792	135,195,499	163,412,485	▲	28,216,986	21%
Total Liabilities	111,112,206	121,969,172	90,204,906	▼	(31,764,266)	-26%
Debt ratio	45%	47%	36%	▼	(0)	-25%
Current liquidity	113%	119%	173%	▲	1	46%

¹ EBITDA Operational was calculated taking into account only the exploitation activity, excluding financial activity, sales of assets, depreciation and any other non-recurring items. From the point of view of evaluating the main activity of the company, this indicator is the most relevant.

The prospect for the rest of the year

We observe the signals of recovery for some profit centers, and we start to receive orders for Q2 2023. In regard of the energy cost this year we plan to install around 1.4MW/h of photovoltaic panels for our own

consumption, which may generate around 1.6 GW of electricity per year, bringing an estimate saving of 1.18 million lei /year, at the average price of electricity paid in Q1 2023.

The new equipment for Recycled polymers & Compounds Sector is expected to be delivered this in May and by Jun 2023 we scheduled to be able to start the production with this new equipment.

Meanwhile, we start to replace the old water network and close the loop for the technological wastewater, aiming to reduce the water consumption.

Thus, continuing the efforts started last year, beginning from March 2023 we have succeeded in reducing the water consumption by 7,000 m3/month.

The consolidated result of Romcarbon Group

The consolidated net profit of Q1 2023 is 2,837,416 lei, without the impact of Green-Group share of profit, registering a small decrease, of - 50,809 lei, as compared with Q1 2022.

In addition to Romcarbon's standalone result, the consolidated result of Q1 2023 was mainly influenced by:

- Livingjumbo Industry SA – registered a loss of -786,458 lei, while in Q1 2022 it was registered a net profit of 710,386 lei. Livingjumbo is facing the same difficulties as Romcarbon, respective the big decrease of the market demand and the increase in energy cost. Constantly following the market, we

know, for example, that due to lacking orders, the only local competitor of Livingjumbo PET trays is forced to stop production.

The management team took measures, including optimising the number of employees, in order to reduce the costs.

➤ RC Energo Install SRL – registered a net profit of 396,201 lei, decreased by - 799,525 lei as compared with Q1 2022. The variation is mainly from the Christmas festive lighting projects. For 2021 Christmas projects, most of income was registered in 2022 Q1. But for 2022 Christmas project the big part of revenue was already registered in December 2022. This variation depends on the timing of invoicing requested by the project beneficiary who are the local authorities.

The evolution of the Group main indicators is shown in the following table:

Indicator	3 Months 2021	3 Months 2022	3 Months 2023		2023 vs. 2022	
Revenue (Sales)	73,843,981	95,365,144	89,872,751	▼	(5,492,393)	-6%
Other income	1,070,759	1,073,659	1,031,513	▼	(42,146)	-4%
Share of profit / loss of associates	739,876	1,583,476	-	▼	(1,583,476)	-100%
EBITDA	3,962,850	8,089,482	6,880,433	▼	(1,209,049)	-15%
EBITDA Operational	3,901,985	6,572,211	2,824,875	▼	(3,747,336)	-57%
Profit(loss) from operations	1,079,519	3,794,534	4,210,509	▲	415,975	11%
Net profit ¹	602,169	4,471,702	2,837,416	▼	(1,634,285)	-37%
Net profit without the impact of Share of profit / loss of associates [Green-Group]	(137,707)	2,888,226	2,837,416	▼	(50,809)	-2%
Non-Current assets	179,381,875	166,350,918	132,568,036	▼	(33,782,883)	-20%
Current assets	115,868,481	148,386,732	170,485,095	▲	22,098,363	15%
Total Equity	140,351,897	143,437,963	172,675,744	▲	29,237,780	20%
Total Liabilities	154,898,460	171,299,688	130,377,388	▼	(40,922,300)	-24%
Debt ratio	52%	54%	43%	▼	(0)	-21%
Current liquidity	104%	105%	162%	▲	1	55%

¹ The contribution of the company to the profit of the Group:

Company	Result 3 Months 2022 (in lei)	Result 3 Months 2023 (in lei)	2023 vs 2022
Romcarbon SA	1,050,619	3,189,528	2,138,909
Living Jumbo Industry SA	710,386	(786,458)	(1,496,843)
RC Energo Install SRL	1,195,726	396,201	(799,525)
Infotech Solutions SRL	68,177	35,822	(32,355)
Recyplat Ltd Cipru	(101)	25,775	25,876
Eco Pack Management SA	(7)	(75)	(68)
Consolidation adjustments (Share of the profit of the associate Romgreen Universal LTD (Green-Group))*	1,583,476	-	(1,583,476)
Intercompany eliminations and other consolidation adjustments	(136,574)	(23,377)	113,197
Total profit	4,471,702	2,837,416	(1,634,286)

*In December 2022 the Group sold its holding in Romgreen Universal LTD (Green-Group)

Overall, the economic downturn is, in general, the main challenge for Romcarbon Group. The management team is fully aware that improving the results depends on many key factors. While waiting for the recovery of market demand, we will continue to optimize the costs, to be more energy independent and to continue the new investments.

About the Group

Romcarbon Group consists of companies that produce: (i) plastic packaging products and other plastic profiles (Romcarbon SA and Livingjumbo Industry SA), (ii) regenerated polymers and compounds (Romcarbon SA), (iii) other productive activities (Romcarbon SA) and (iv) other activities (RC Energo Install SRL, Infotech Solutions SRL, Recyplat Ltd Cipru, Eco Pack Management SA).

The main companies of the Group with production activities are Romcarbon SA and Livingjumbo Industry SA, owning 83% and 14% of the total fixed assets.

The revenue distribution by field of activity in 2023 was as follows:

- plastics processing (polyethylene, polystyrene, polypropylene, PET): 64% (74% in Q1 2022);
- regenerated polymers and compounds: 13% (15% in Q1 2022);
- other productive activities (production of filters for motor vehicles and industrial filters, production of respiratory protection masks, PVC traffic base): 2% (2% in Q1 2022);
- other activities: 21% (9% in Q1 2022).

We also inform that the main financial information comprised in the report are available, for download, in excel format, on the company's website - www.romcarbon.com, **Investors, Reports and information, Financial Information/Presentations**.

Chairman of the Board and General Manager,

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