

2023 Q1 financial result & development strategy

Agenda

- Romcarbon Group & activities
- Key figure of consolidated financial statement
- Evolution of the business by profit center & Contribution of individual profit center
- Business focus – Plastic recycling , PET tray, PP Jumbo bag.
- Investment in green energy
- ESG
- Q&A



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Romcarbon Group & activities



PP woven bags in different sizes for packaging products used in chemical agriculture, food and chemical industry and other application

PE packaging (little bags, bags, pouches by extrusion, printing, welding), general purpose film, foil for greenhouse, thermo foil, PLA vegetable & fruit bag for the supermarket, Yellow bag for separation collection



Plastic recycle and compound plastic regranulate made of PP / PE / PS / ABS post industry or consumed plastic waste Custom made plastic compound



PET tray rigid film and tray for food packaging application
9 layers coextruded multilayer film for top sealing / thermoforming / lamination and others

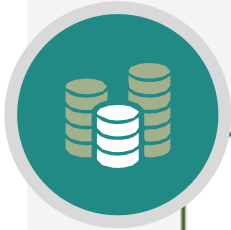


Extruded **PS** tray for food industry
XPS floor underlayment for construction ,
home improvement
Biodegradable catering tray



Filter for different application
Protection mask , active carbon
PVC base for road sign; PP packaging strap

Q1 key financial figure 2023 VS 2022



SALES '000 ron	Q1 2023	2023 vs 2022	
ROMCARBON	61,570	-6,721	-10%
LIVINGJUMBO INDUSTRY	31,844	-8,115	-20%
ROMCARBON GROUP	89,873	-5,492	-6%



EBITDA OPERATIONAL '000 ron	Q1 2023	2023 vs 2022	
ROMCARBON	2,050	-1,376	-40%
LIVINGJUMBO INDUSTRY	286	-1,470	-84%
ROMCARBON GROUP	2,825	-3,747	-57%



PROFIT - OPERATIONS '000 ron	Q1 2023	2023 vs 2022	
ROMCARBON	4,182	2,679	178%
LIVINGJUMBO INDUSTRY	-494	-1,406	n/a
ROMCARBON GROUP	4,211	416	11%



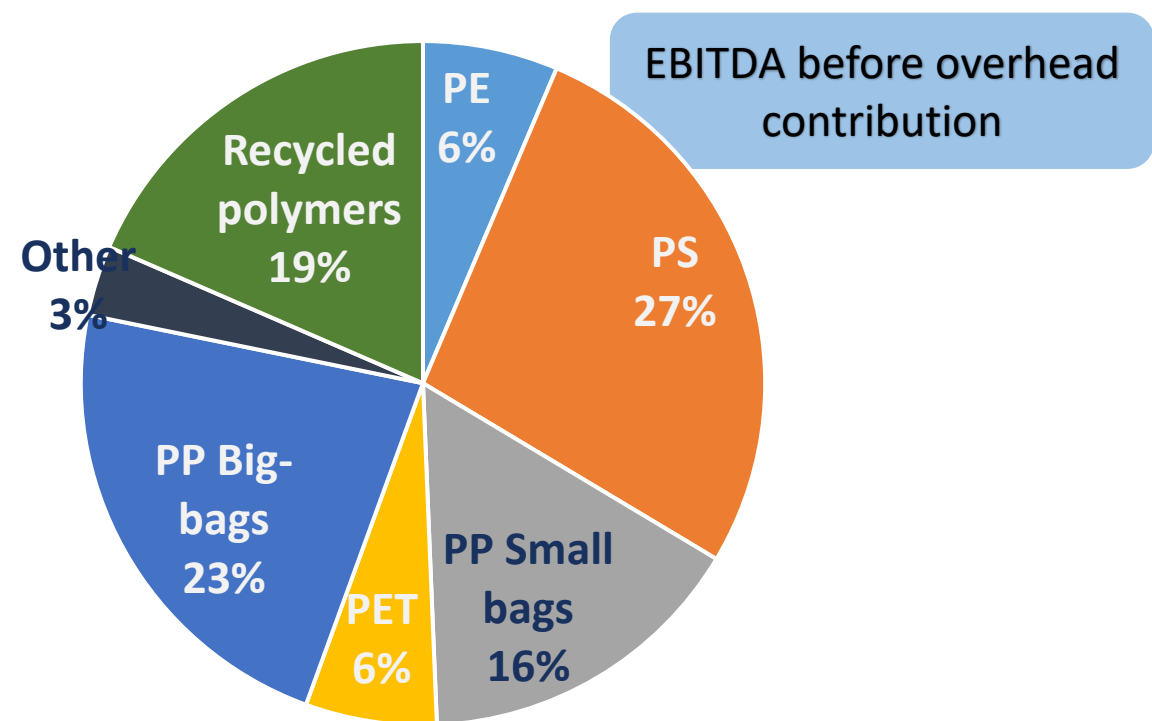
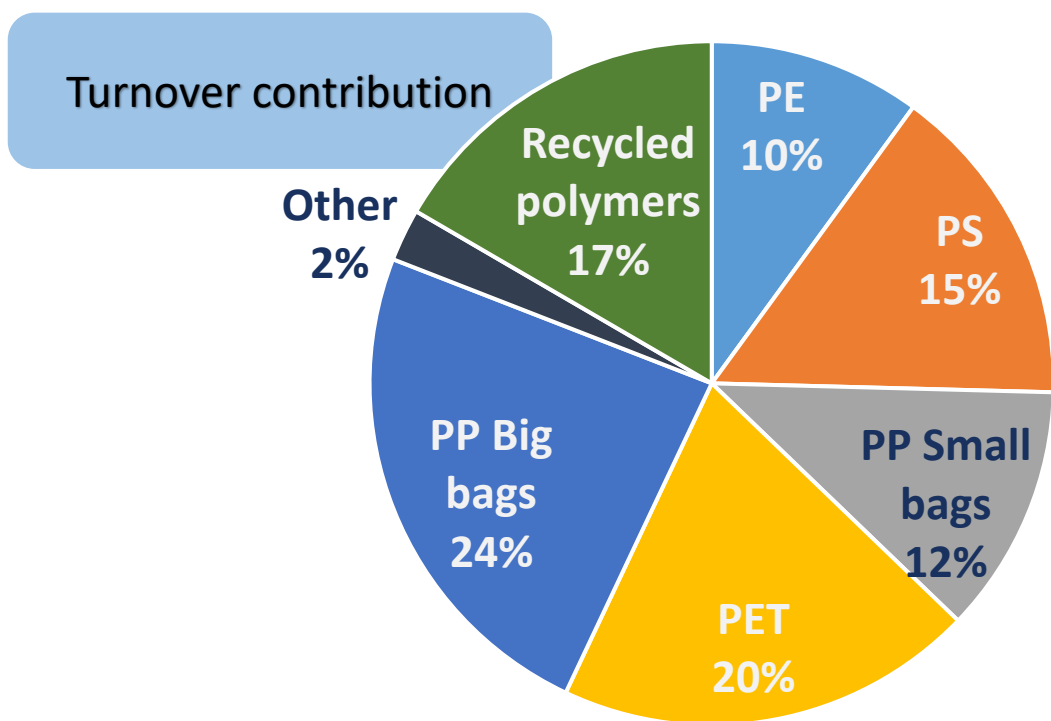
NET PROFIT '000 ron	Q1 2023	2023 vs 2022	
ROMCARBON	3,190	2,139	204%
LIVINGJUMBO INDUSTRY	-786	-1,497	n/a
ROMCARBON GROUP	2,837	-1,634	-37%

Consolidated financial statements key figure 000 LEI		Q1 2021	Q1 2022	Q1 2023	2023 vs 2022
Income statement	Revenue	73,844	95,365	89,873	-5,492
	Other income	1,071	1,074	1,032	-42
	Share of P/L of associates	740	1,583	0	-1,583
	EBITDA	3,963	8,089	6,880	-1,209
	EBITDA operational	3,902	6,572	2,825	-3,747
	Profit from operations	1,080	3,795	4,211	416
	Net profit	602	4,472	2,837	-1,634
	Net profit without Green Group profit share	-138	2,888	2,837	-51
Balance sheet	Non-current assets	179,382	166,351	132,568	-33,783
	Current assets	115,868	148,387	170,485	22,098
	Total assets	295,250	314,738	303,053	-11,685
	Total Equity	140,352	143,438	172,676	29,238
	Total liabilities	154,898	171,300	130,377	-40,922
	Debt ratio	52%	54%	43%	
	Current liquidity ratio	104%	105%	162%	
Bank credit	Overdraft and short term loan	48,827	60,105	46,768	-13,337
	Investment loan	20,398	15,555	9,497	-6,058
	Total bank credit	69,225	75,660	56,265	-19,395
	Bank debt service	3,095	2,748	2,026	-722

EVOLUTION OF THE BUSINESS BY ACTIVITIES

Activity	key figure - 000 LEI	Q1 2021	Q1 2022	Q1 2023	2023 vs 2022
PE bag, film and bio degradable bag	Turnover	8.635	9.655	7.309	-2.346
	EBITDA before overhead	60	646	372	-274
	Profit before overhead	-142	458	186	-272
PS food package and underlay	Turnover	10.931	12.768	11.208	-1.560
	EBITDA before overhead	2.316	1.481	1.584	103
	Profit before overhead	1.949	1.165	1.276	112
PP small woven bag	Turnover	9.641	10.658	8.584	-2.074
	EBITDA before overhead	1.142	822	918	96
	Profit before overhead	1.060	742	829	87
Plastic recycle and plastic compound	Turnover	8.254	13.901	12.102	-1.799
	EBITDA before overhead	1.174	2.240	1.076	-1.163
	Profit before overhead	228	1.239	160	-1.079
PET food package and flexible film	Turnover	12.748	18.575	14.440	-4.135
	EBITDA before overhead	577	938	361	-577
	Profit before overhead	-49	295	-314	-609

Activity	key figure - 000 LEI	Q1 2021	Q1 2022	Q1 2023	2023 vs 2022
PP jumbo bag FIBC	Turnover	16.635	21.384	17.404	-3.980
	EBITDA before overhead	999	1.905	1.319	-586
	Profit before overhead	818	1.721	1.144	-577
Filter, gas mask and others	Turnover	1.404	1.786	1.805	19
	EBITDA before overhead	168	380	193	-187
	Profit before overhead	87	303	110	-193



Business Focus – plastic recycling



Low market demand and production interruption



Low market demand in general lead to the price decrease for virgin polymer material. This means either lower price for recycled plastic in general or switch to the virgin polymer for some clients. On the other hand, the stock of plastic waste was mainly purchased in last year when the price was high. Besides, the energy cost increases significantly. All lead to less sale and smaller margin. Due to the age, some machines had technical defects and caused a loss of 16% capacity.

Future outlook



European taxation for virgin plastic will be extended to more European countries. European commission is preparing to impose minimum content of recycled material in the automotive industry and home stuffs (appliances, etc) too, expectation is before summer holiday. Eco-modulation is a measure EU Commission is counting to increase recyclability of the packaging placed in the market. More corporates are implementing already a recycled content in the new products.

Strategy



Replacing the old machine with the new one and increase the capacity. Focusing on high added value compounds (automotive, home appliances), high quality re-granulated material. Investing in new equipment for high quality sorting, washing and pelletizing.

Business Focus – PET tray



Very low demand on the markets , both on domestic market and for export



The uncertainty of both micro and macro economy turn the consumer to be more attentive for spending. In an inflationary environment, unevenly rising prices inevitably reduce the purchasing power of consumers. The food prices rose by 21.56% YoY in March 2023 in Romania. Having the food industry as our main market, above mentioned issues lead to a reducing demand by approx. 30% compared to the same period of 2022.

Future outlook



- At this moment, we don't have the clear sign of the recovery.
- We start to benefit some orders from clients that used to buy from our competitor. Due to the same difficulty as we are facing, our only local competitor for PET tray and rigid film already closed their production line.

Strategy

We make the plan to optimize the organization activity by reducing around 13% of the working force, mainly the production team. This optimization process is not just because of the reduction or the orders, but also aim to increase the production efficiency.



Strengthen the relationship with those new clients who used to buy from our competitor.

Business Focus – PP Jumbo bag



Very low demand on the markets , both on domestic market and for export



The chemical fertilizers market (a main sector for our business) decreased by more than 30%.

The sales of 1 loop big bags and PP fabric decreased by approx. 25% in Q1 2023 compared to 2022.

Due to the low demand, the non-European competitors (Asian, Indian, Turkish) practice with dumping price in European market. The lower energy price in those countries and the fall back of the logistic cost create the room for such aggressive approach.



Future outlook

- The market remain low for Q2.

- But starting from June it starts the season for agriculture market. This year, from the weather condition point of view, it seems to be a good year for Romania agriculture. We expect the demand starts to grow in Q3.

Strategy



The low demand puts all suppliers, both local production or import goods, in weak position. We turn this disadvantage as the opportunity to negotiate better commercial terms with our suppliers for trading items. We succeed to gain better payment terms then before.

Also, we start to import standardize PP fabric to replace our own production in order to reduce the cost.



Investment in green energy

The energy is an important cost for Romcarbon, considering our production is energy intensive, and taking around **12%** of the direct production cost.

On the other hand, the concern about carbon emission is getting greater every year.

In view of the abovementioned facts, it's company's interest to continue the investment in the Green Energy, mainly the solar energy.

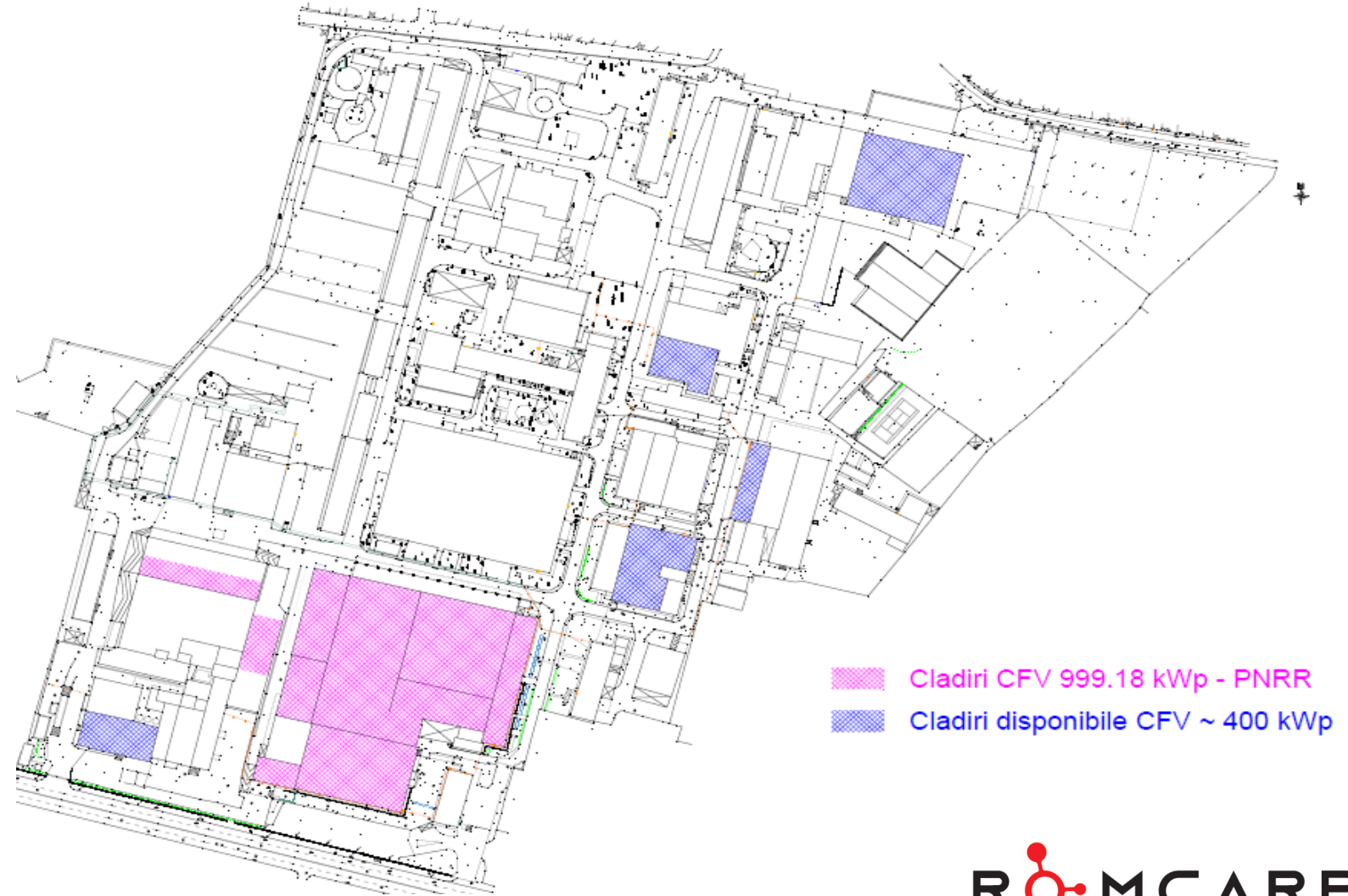
In 2022, we installed 60 KW of the photovoltaic panel on the rooftop. It generated in total **69 MWh** of electricity for our own consumption. In term of electricity price, it means **44K LEI**. And around **42 tons of carbon emission reduction**.

This year, we will continue the investment of another 1.4 MW, which may generate around **1.61 GWh/year** of electricity. Meaning a saving of **1.18 million LEI** and **988 tons of carbon emission reduction**.

Apart from the investment for own consumption, we are also exploring now the business opportunity in investing the PV park for selling the energy.



Investment in green energy



SUSTAINABILITY REPORT 2022

- Sustainability Report for 2022 is in progress, it will be published by the end of June

CIRCULAR ECONOMY AND RESOURCES SAVING, figures of Q1 -2023

Materials/energy/water

- **3,600 tons of plastic wastes** taken from market for recycling
- **34.1% proportion of recycled materials in total used raw materials for production** in plastic processing sectors of Romcarbon. In the sector Recycled polymers & Compounds – 92.4%. In Livingjumbo Industry the proportion of recycled materials was 22.6%, from which: PET sector – increase at 41.4%, PP sector – 3.1%.
- **0.8% reduction of energy consumption/ton of production in plastic processing sectors of Romcarbon (comparing to level of 2022, already lower 4% than 2021)**
- **9.17 MWh** production of green energy
- **7,000 m3/month reduction in water consumption, starting from March 2023, by continuing the actions to improve the efficiency of technological water recirculation and by replacing some sections of old pipes**

SUPPORT ACTIVITIES

- external surveillance audits for Management Systems according to ISO 9001,14001, 45001 in Romcarbon and ISO 9001, 14001 and 22000 in Livingjumbo Industry – PP sector
- preparation for audit BRC Packaging in Livingjumbo Industry - PET sector
- as a member of PETCORE Europe, in 2023 Livingjumbo Industry was registered at the European and national level, in the framework of the procedure connected to the technologies of obtaining PET foils and casseroles that use the functional barriers (according to EU Regulation 1616/2022) as recycler who used a new technology.

SOCIAL

- 1,405 employees in the Romcarbon Group at the end of Q1-2023;
- we supported the local communities granting sponsorships amounting 22,000 lei;
- **over 150 middle school and high school students** visited our recycling and packaging production sectors in March, during the week “Saptamana altfel” and the week “Saptamana verde” and learned about how to recycle plastic;
- In March 2023 we organized in partnership with Buzau Blood Transfusion Center the 14th blood donation campaign.



Question : I am interested in the development of business lines, the plans for the next year and how do you intend to use the funds from the reduction of Recyplat's share capital?

Answer : The direction for the future investment production activity – the plastic recycle and compounding. Introducing more recycled plastic material into our product. We are waiting for the launch of PRNN program in order to apply the grant for those investment. Green energy – 1.4 MW for our own consumption; other project for selling the green energy to the end user directly.

Question : Do you have in plan to acquire other companies? Or, other company from the same field of activity, i.e. Green-group, could acquire Romcarbon?

Answer : For the time being we don't have such plan.



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