

H1 2023 in brief

For Romcarbon standalone 2023 H1 recorded a net profit of 5,220,906 lei, increased with 1,162,231 lei (+29%) as compared with 2022 H1, but the profit from operations decreased by 1,083,435 lei.

The net profit of 2023 H1 was also influenced by the profit for selling assets (registered in Q1) and FOREX gain from the investment in Recyplat that was registered in LEI at historical cost (but has only a minor influence on the consolidated result).

As whole, the market situation for H1 was quite severe. The demand remained very low.

However, we do see the recovery in Q2 compared with Q1. For PP and PS sectors, we already performed better than in Q1.

In addition, we had several production interruptions for the Recycled polymers & Compounds sector due to the breakdown of the machines. This was the main problem for Q2. The evolution of the company main indicators is shown in the following table:

Indicator	6 Months 2021	6 Months 2022	6 Months 2023	2023 vs. 2022	
Revenues (Net sales)	123,293,002	134,652,067	112,276,281	▼	(22,375,786) -17%
Other Income	2,223,429	2,254,827	2,141,875	▼	(112,952) -5%
EBITDA	8,138,189	9,121,601	10,584,880	▲	1,463,279 16%
EBITDA Operational	8,650,965	9,117,851	3,986,629	▼	(5,131,222) -56%
Profit(loss) from operations	4,767,518	5,292,808	4,209,373	▼	(1,083,435) -20%
Net profit (loss) (1)	3,270,977	4,058,675	5,220,906	▲	1,162,231 29%
Profit on fixed assets sale (2)	(267)	9,006	3,992,451	▲	3,983,445 44231%
FOREX gain on diminishing the financial investment in Recyplat (3)	-	-	2,913,582	▲	2,913,582 -
Net profit (loss) adjusted (1 - 2 -3)	3,271,244	4,049,669	(1,685,127)	▼	(5,734,796) -142%
Non-Current assets	149,146,990	134,941,949	117,977,677	▼	(16,964,272) -13%
Current assets	92,321,417	113,611,789	108,516,463	▼	(5,095,326) -4%
Total Equity	138,842,299	135,562,335	152,237,758	▲	16,675,423 12%
Total Liabilities	102,626,108	112,991,403	74,256,382	▼	(38,735,021) -34%
Debt ratio	43%	45%	33%	▼	(0) -28%
Current liquidity	115%	121%	213%	▲	1 77%

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 consolidated result of Romcarbon Group

Unfortunately, we registered a loss of 34,143 lei for 2023 H1. The main influences were:

➤ Livingjumbo Industry SA – registered a loss of – 2,723,977 lei, while in 2022 H1 it was registered a net profit of 2,385,186 lei.

Livingjumbo is facing the same difficulties as Romcarbon in terms of low demand on the market, especially in the PET sector (food packaging), as consumers have steadily reduced spending due to inflation.

A good sign is that we started to have positive result for PP jumbo bags in June, and there are signs for better business in Q3.

➤ RC Energo Install SRL – registered a net profit of 253,363 lei, decreased by – 683,234 lei as compared with 2022 H1. 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.

As we mentioned in Q1 report the economic downturn impacted our business very much, it continues for Q2, although for some sectors the results were improved.

The management team will continue the efforts to optimize the costs, to be more energy independent and continue the new investments.

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

Indicator	6 Months 2021	6 Months 2022	6 Months 2023		2023 vs. 2022
Revenue (Sales)	155,704,391	193,051,431	158,872,867	▼	(34,178,564) -18%
Other income	2,141,033	2,169,081	2,043,657	▼	(125,424) -6%
Share of profit / loss of associates	2,366,339	2,957,723	-	▼	(2,957,723) -100%
EBITDA	11,455,925	17,741,057	7,683,227	▼	(10,057,830) -57%
EBITDA Operational	9,825,994	14,940,360	3,989,604	▼	(10,950,756) -73%
Profit(loss) from operations	4,306,603	9,554,930	2,659,575	▼	(6,895,354) -72%
Net profit ¹	4,503,358	10,329,684	(34,143)	▼	(10,363,826) -100%
Net profit without the impact of Share of profit / loss of associates [Green-Group]	2,137,019	7,371,960	(34,143)	▼	(7,406,103) -100%
Non-Current assets	178,046,798	164,935,342	137,753,660	▼	(27,181,682) -16%
Current assets	108,415,996	148,528,480	135,896,802	▼	(12,631,678) -9%
Total Equity	141,611,864	146,653,770	156,660,506	▲	10,006,736 7%
Total Liabilities	144,850,931	166,810,054	116,989,957	▼	(49,820,097) -30%
Debt ratio	51%	53%	43%	▼	(0) -20%
Current liquidity	102%	106%	154%	▲	0 45%

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

Company	Result 6 Months 2022 (in lei)	Result 6 Months 2023 (in lei)	2023 vs 2022
Romcarbon SA	4,058,675	5,220,906	1,162,231
Living Jumbo Industry SA	2,385,186	(2,723,977)	(5,109,163)
RC Energo Install SRL	936,597	253,363	(683,234)
Infotech Solutions SRL	71,026	150,551	79,525
Recyplat Ltd Cipru	(173)	(2,849,737)	(2,849,564)
Eco Pack Management SA	(1,407)	(2,390)	(983)
Consolidation adjustments (Share of the profit of the associate Romgreen Universal LTD (Green-Group))*	2,957,723	-	(2,957,723)
Other consolidation adjustments	(77,943)	(82,858)	(4,916)
Total profit	10,329,684	(34,143)	(10,363,827)

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

The prospect for the rest of the year

We have received from Ministry of Energy the offer to contract financing from RRNP program for EU funds of up to 465,000 EUR, for our investment in solar energy.

For PS sector, we completed in July 2023 the installation of the new production line – laminated floor underlay. We plan to start the sale by the end of August.

For the Recycled Polymers and Compounds sector, the installation of the new production line will be completed in August 2023 and we estimate that it will be about 1 month earlier than our original schedule. This will help us to solve the capacity problem caused by machines breakdown.

RC Energo Install SRL, as Romcarbon Group company contributing to the consolidated result, was selected to execute a project to install 600KW solar energy facility for one client.

To maximize the financial yield of the idle funds in the bank accounts, we directed a portion of the funds to participate the IPO of Hidroelectrica (H2O). The number of shares we purchased is 28,086 shares.

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 82% 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): 69% (77% in H1 2022);
- regenerated polymers and compounds: 14% (14% in H1 2022);
- other productive activities (production of filters for motor vehicles and industrial filters, production of respiratory protection masks, PVC traffic base): 2% (2% in H1 2022);
- other activities: 15% (7% in H1 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**.

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