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Key figure of consolidated financial statement

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Business focus - Plastic recycling , PET tray, PS trays, PP bags.

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ROMCARBON GROUP



Plastic processing : PE / PS / PP / PVC
Recycled polymers and compounds
Filter and Active carbon

756
employees



Plastic processing : PP / PET / PE

529
employees



Plumbing, heat and air
conditioning installation

60
employees



IT services

8
employees



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 compounds plastic regranulate made of PP / PE / PS / ABS post industry or consume plastic waste, Custom made plastic compound



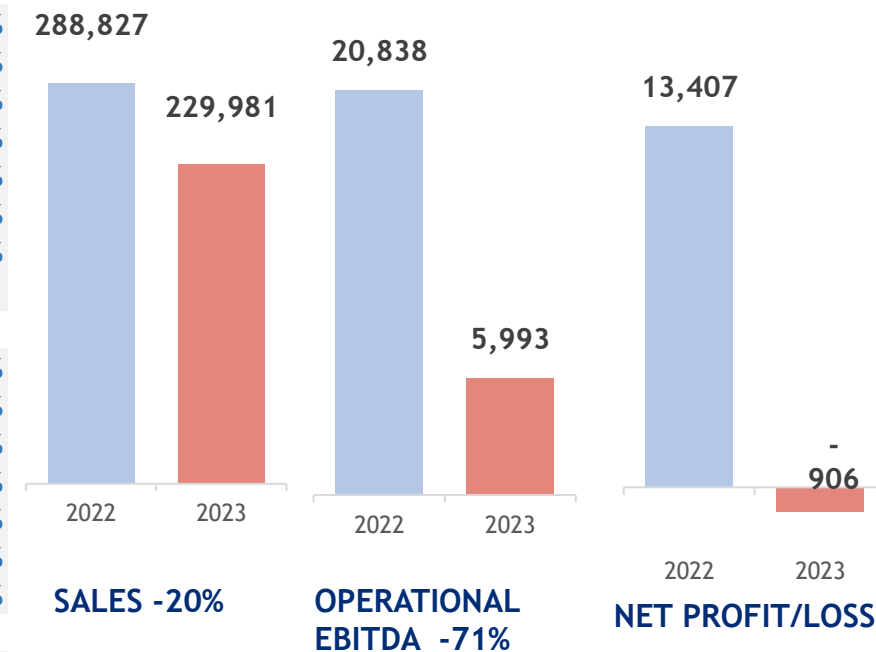
Extruded **PS** tray for food industry, XPS floor underlayment for construction, home improvement
 Biodegradable catering tray

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



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

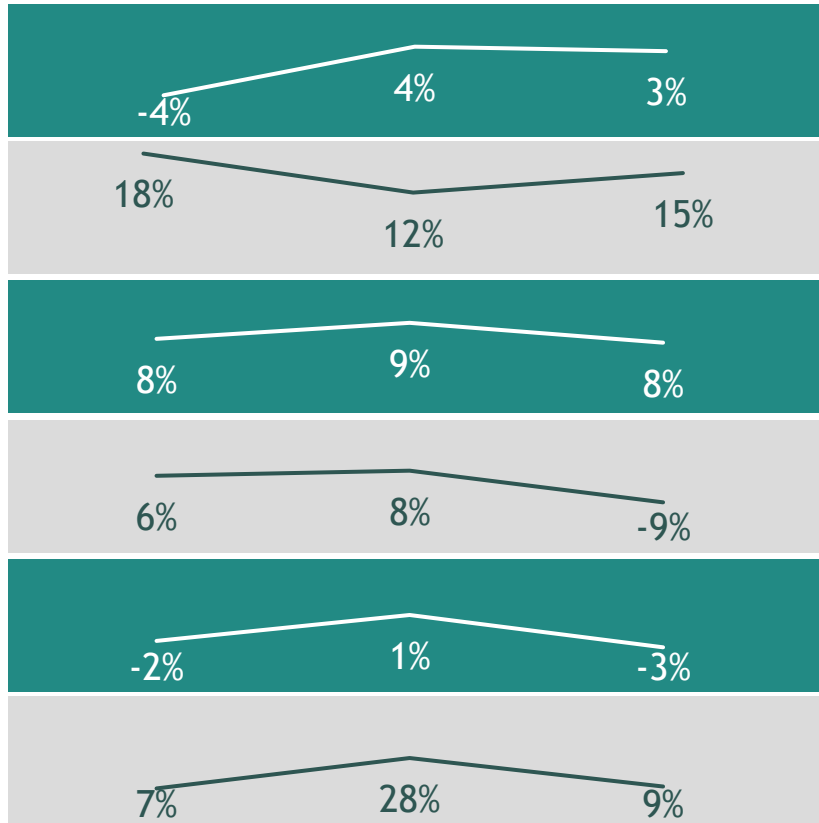
Consolidated Financial statements ~ key figures '000 LEI		9M 2021	9M 2022	9M 2023	2023 vs 2022	
Income statement	Revenue	247,776	288,827	229,981	-58,846	-20%
	Other income	3,207	3,243	3,074	-169	-5%
	Share of P/L of associates	2,857	3,825	0	-3,825	-100%
	EBITDA	16,020	24,519	9,621	-14,898	-61%
	EBITDA operational	14,103	20,838	5,993	-14,845	-71%
	Profit from operations	5,875	12,934	1,894	-11,040	-85%
	Net profit	5,676	13,407	-906	-14,313	-107%
	Net profit without Green Group profit share	2,819	9,582	-906	-10,488	
Balance sheet	Non-current assets	173,961	165,632	135,237	-30,395	-18%
	Current assets	126,481	150,312	148,023	-2,289	-2%
	Total assets	300,442	315,944	283,260	-32,685	-10%
	Total Equity	142,785	149,715	155,789	6,074	4%
	Total liabilities	157,657	166,229	127,470	-38,759	-23%
	Debt ratio	52%	53%	45%	-14%	
	Current liquidity ratio	105%	109%	149%	36%	
Bank credit	Overdraft and short term loan	50,395	69,571	45,526	-24,045	-35%
	Investment loan	16,796	11,559	13,179	1,620	14%
	Total bank credit	67,191	81,130	58,705	-22,425	-28%
	Bank debt service	9,286	8,191	6,711	-1,480	-18%



EVOLUTION OF THE BUSINESS BY ACTIVITIES

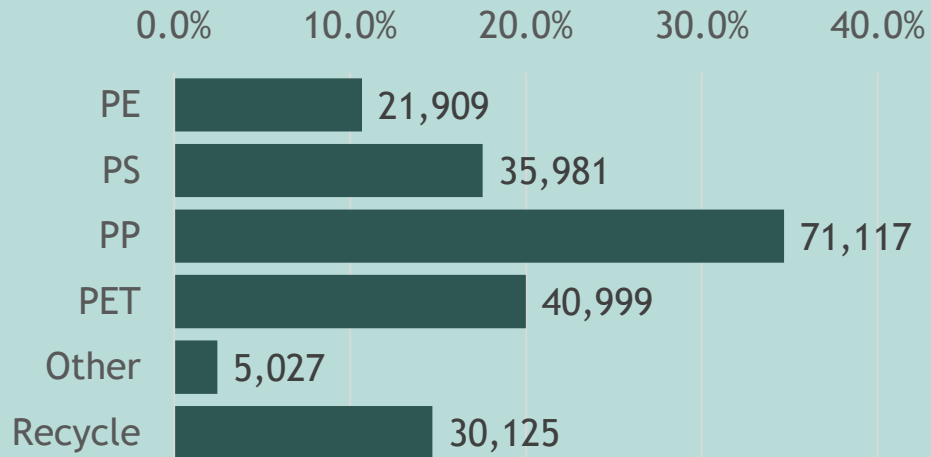
Activity	key figures - 000 LEI	9M 2021	9M 2022	9M 2023	2023 vs 2022
PE	Turnover	26,747	28,578	21,909	-6,669
	EBITDA before overhead	-372	1,671	1,259	-411
	Profit before overhead	-965	1,115	701	-414
PS	Turnover	40,803	42,713	35,981	-6,732
	EBITDA before overhead	8,464	6,069	6,399	330
	Profit before overhead	7,402	5,120	5,425	305
PP	Turnover	85,313	99,244	71,117	-28,127
	EBITDA before overhead	7,654	9,829	6,306	-3,524
	Profit before overhead	6,861	9,051	5,535	-3,516
Recycled polymers & compounds	Turnover	29,697	40,119	30,125	-9,994
	EBITDA before overhead	4,548	6,321	85	-6,237
	Profit before overhead	1,662	3,386	-2,669	-6,055
PET	Turnover	43,511	58,123	40,999	-17,124
	EBITDA before overhead	975	2,777	805	-1,971
	Profit before overhead	-916	818	-1,222	-2,040
Others	Turnover	4,448	7,038	5,027	-2,011
	EBITDA before overhead	569	2,191	679	-1,511
	Profit before overhead	328	1,958	434	-1,524

Profit before overhead to Turnover ratio

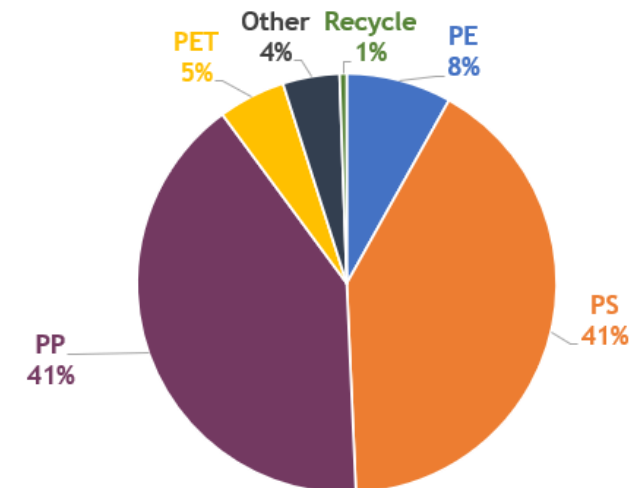
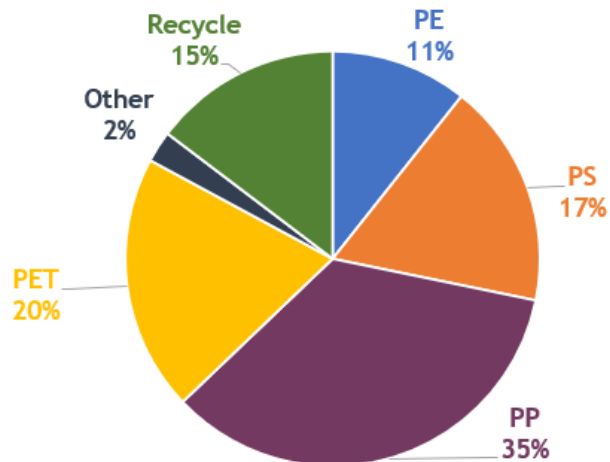
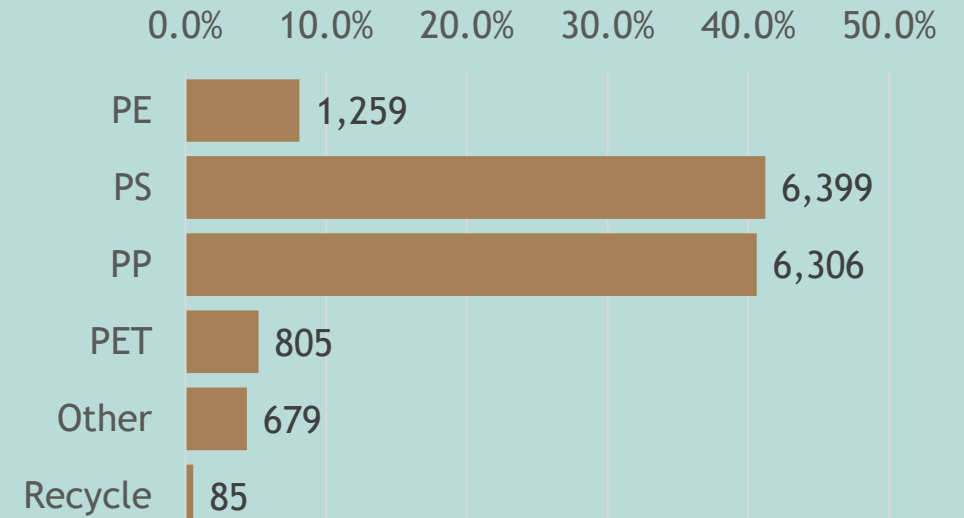


EVOLUTION OF THE BUSINESS BY ACTIVITIES

CONTRIBUTION IN TURNOVER



CONTRIBUTION IN EBITDA



Business Focus - plastic recycling



Difficulties and challenges

- Market demand decline since last autumn and continue to this year to whole sectors, including the automotive.
- Price for virgin polymers was dropping and it doesn't look to stabilize.
- Shipping cost from Asia to Europe is getting low and make competitive the imports again.
- Lacking direct measures to improve and increase the waste collection.
- Ordinance OUG 125/2022 discourage the small waste collector. The availability of the recyclable waste reduced.
- We lost capacity due to wearing of the old machines and require some investment.

Future outlook



In Oct. EU approved the new European Regulation for plastic and plastic waste. This regulation means to create a circular economy in the plastic domain like, design for recycling, to reduce the plastic waste, to reuse and refill the products and a certain recycling content :

- ❖ Starting 2030 all plastic packaging should contain minimum 30% recycled material. All sensitive packaging products (direct food contact) should contain minimum 10% except PET which is 30%.
- ❖ All plastic waste has to be recycled inside EU in order to be taken into consideration for achieving the targets.
- ❖ All packaging need to be recyclable by 2030.
- ❖ Recycling target should be minimum of 65 % by weight of all packaging waste generated by 2025 and 70% by 2030.
- ❖ EU imposed an antidumping duty for PET virgin material from China. We expect the same for other plastics.
- ❖ Imposing recycled content of min. 30% for automotive industry and home appliances industry.



Strategy

- Although with delay, we have started the new washing line and expect to achieve the optimum capacity in 3 months.
- work closely with customers to develop new products according to new EU Regulations. We will have new products approved for auto industry in the beginning of 2024.

Business Focus - PET and multilayer

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

- Consumer behavior has been changed profoundly, it being now triggered by caution and prudence.



We perceive a decrease in demand by approx. 30%, due to the reduction of purchasing power in the market.

- The conditions of reduced demand, resulted much more aggressive competition and gave the pressure to the selling price.

- From our point of view, the selling quantity has been decreased for around 21% (quantitatively) and value by 28% below the similar period of last year.

Future outlook



- the adaptation of the products to the new requirements and the stability of the suppliers of recycled raw materials, allow us to estimate the prospects for the next 6 months. This normalization of the market is taking place slowly and will probably be finalized in the second half of 2024.

Even in this situation, the evolution of sales and financial results are expected to be improved in Q4 of 2023 compared to the previous period of 2023. We consider that both at the end of the year and in the first part of 2024, the evolution of the business will be better compared to the same period of last year.

Strategy



We continue the actions of attracting new customers, to replace unprofitable customers and to complete the reduced quantities in deliveries.

Instead of competing with low price policy, we are offering the shortest possible delivery term, "just in time" and keep the offers in the market at a fair level. We would like to target on the clients who value also the flexibility then just the price.

Business Focus - PS

Business update :



- Lower turnover, around 16% less than 2022. But mainly due to the decrease of the raw material cost (GPPS), which is reflected at selling price.
- The actual selling quantity has been slightly decreased due to the market demand in first half of 2023. But starting from Jul., the capacity is fully covered.
- The management team made the efforts to improve the production efficiency.
- Small investment to reduce the labor cost for packing process.
- The 9 months financial result is better than 2022.



New development :

- the new thermoforming line for XPS panels was put into operation starting September and at this moment we are producing standard XPS panels without lamination because the old thermoforming machine is over capacity due to increased demand of the last months.
- we started all steps to obtain the mandatory certifications necessary to present the product of laminated underlay flooring on the market (technical approval). We will launch the new product in the beginning of December.

Difficulties and Challenges



- smaller and fluctuating orders from both internal and external markets. The most affected was the field of milling and baking industry for small PP bag; and agriculture / fertilizer industry for jumbo bag.
- especially for jumbo bag, the sales decreased by 44% for one loop bag ; 34% for fabric ; 50% for 4 loops bag (this item is mainly the trading item with good margin for us).
- lack of working force

Future outlook



- For 2024, we estimate a slight increase in demand and stabilization of the volume both on domestic and foreign markets.
- Especially for small PP bag, the animal food industry continues to develop and modernize, as well as the salt industry. Both need the laminated and customized bags, for which we are the most competitive supplier in the market.

Strategy



- continue to promote laminated and printed bags.
- strengthen the relationship with top clients to secure substantial and constant orders.
- acting aggressively for getting the new client, not just with competitive price but also fast delivery.
- continue to develop the trading activity that bring us high margin.
- for small bag, we are reorganizing the production line to increase the management efficiency and productivity.
- we continue to recruit foreign workers to cover the shortage of working force. We expect to receive a number of 20 foreign workers in early 2024.

New Investment and Business opportunity



Finally, we have received the confirmation for PNRR grant for the investment of 1MW in solar energy. PNRR will finance 50% of the eligible cost for this investment. As next step, we are now waiting to sign the contract with energy ministry. We expect to finish this investment in Q1 2024.



We intend to continue the investment in the plastic recycle sector. There will be first some small investments in 2024 to improve the quality and capacity of the production. Meanwhile, we are waiting for the PNRR funding opportunity for the much bigger investment that will include the production line for plastic recycle and the down stream that can use the recycled material produced by us in other sectors than PE where we are currently using it in a significant proportion.



We are in the stage of signing a Memorandum of Understanding with one strategic partner to have a joint venture for recycling the carbon fiber material in Europe. The strategic partner will bring the innovated technology and the production line will be in Romcarbon platform.



CIRCULAR ECONOMY AND RESOURCES SAVING, figures of 9 months 2023

MATERIALS/ENERGY/WATER

- 7,000 tons of plastic waste taken from market for recycling
- 35% proportion of recycled materials in total used raw materials for production in plastic processing sectors of Romcarbon; 87.5% in Recycled polymers & Compounds sector (the main raw material being plastic waste). In Livingjumbo Industry the proportion of recycled materials was 22.9%, from which: PET sector - 38%, PP sector - 2.5%.
- +9.63% increase of resulted waste/ton of production in Romcarbon (result of lower production lots, but also testing and commissioning new equipment in PS and recycling sectors).
- + 0.63% energy consumption/ton of production in 9 months 2023 in Romcarbon (comparable with the same time of 2022); energy audit carried out on the entire contour;
- 58 MWh production of green energy
- 63,957 m3 (29.92%) reduction in water consumption, compared with 9 months 2022, by actions of improving the efficiency of technological water recirculation and replacing certain sections of old pipes;

IN PROGRESS

- Feasibility study for rehabilitation of water supply and sewage systems on Romcarbon platform. In advance, implementation near completion:
- modernization of the general water pumping group and installation of a fire pumping station to ensure the necessary pressure in the hydrant network
- replacing of approx. 500 ml main water supply pipes;
- plan for arrangement of additional accommodation spaces for foreign workers
- organizing of a collection point for packaging in the return guarantee system (SGR)

Environment



Community

People



EuCertPlast



CIRCULAR ECONOMY AND RESOURCES SAVING, figures of 9 months 2023

COMPANY POLICIES

Updating and implementation the whistleblowing policy and procedures;
Issuing the anti-harassment policy and procedures and implementing it.

SOCIAL

- 1,353 employees in the Romcarbon Group at the end of Q3-2023;
- 19 foreign workers now - plans for increasing to around 100 next year;
- 6 scholarships for high school students in dual education partnership (mechanic and electrician specializations);
- we are part of Consortium for Dual Technical Pre-University and University Education Buzau (City Hall-Universit-Highschool-9 companies), which obtained approval for financing of 20 million EUR from PNNR;
- we supported the local communities granting sponsorships amounting 30,400 lei (social and sportive domains);
- initiatives of our colleagues to encourage reading inside of company (“The bookshelf”) and to support education (collection and donations for the renewal of books of library in school in Potoceni, Buzau county
- the 16th blood donation campaigns organized by Romcarbon in September.

Environment



Community

People





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