

For Romcarbon standalone 2023 recorded a net profit of 3,313,809 lei, decreased by - 48.157.881 lei as compared to 2022. Out of this difference, 45,784,358 lei was the profit from selling of the financial investment in Green Group. From the core business point of view, the profit from operational activities decreased by -4,488,031 lei as compared to 2022.

Overall, the market situation started to recover in Q3, the Plastic Processing sector (polypropylene, polystyrene, polyethylene) registering better results in Q3 as compared to the previous periods of 2023. Polypropylene Processing and Polystyrene Processing sectors achieved better results than in the previous year, + 487,718 lei |+16% respectively 447,006 lei |+7%, while the Polyethylene Processing sector even though recorded less profit compared to 2022, - 236,175 lei | -14%, but increased significantly compared to H1 2023.

In the Recycled Polymers and Compounds sector we had several disruptions due to machine breakdowns. This was the main problem for Q2 with an impact on H2 results too.

#### **Other remark**

In July 2023, Romcarbon participated in the IPO of Hidroelectrica (H2O), buying a number of 28,086 shares, the total acquisition cost being 2,841,816 lei. At 31.12.2023 the company still held a number of 25,000 shares. The company keeps financial investments at acquisition cost. If this financial investment had been recorded at market value, the company would have had a profit on 31.12.2023 of 670,434 lei according to the number of shares held at the end of the year.

#### **The prospect for 2024**

In December 2023, we launched the sales of XPS laminated floor underlayment, this new product will increase the turnover and the profit of the company.

For the Polymers and Recycled Compounds sector, we have installed a new production line in Q4, which will increase production capacity. The new production line will also give us the ability to do maintenance work on the old production lines in advance, reducing the possibility of unexpected production interruptions.

#### **Budget for 2024**

For the year 2024, we estimated an increase in sales by 65,473,226 lei | +31% compared to 2023, a profit from operational activities increasing by 7,073,233 lei | +332% and a gross profit increasing by 1,925,061 lei | +55%

#### **The investment plan for the year 2024**

##### **Major investments are directed towards production:**

Approximately 10 million euros is the project for which we would like to access EU funding (PNRR). The investment includes a plastic recycling facility and targets downstream activities that can use the obtained regranulated as a raw material for plastic packaging. This investment will increase the capacity of the plastic recycling sector by around 25-30%. At the same time, the introduction of regranulated in the plastic packaging produced by us, will be the answer to the requirements regarding sustainability. The EU funding, if approved, will cover 60% of the investment. Considering the duration of the process of obtaining financing from EU funds, the implementation of the investment will most likely start at the end of 2024 and finish in the second half of 2025 at the earliest.

For the polystyrene extrusion (XPS) activity, we are planning an investment of 1.1 million euros. The existing installation is more than 20 years old and worn out, which caused several interruptions in 2023 and reduced capacity. With this old production line, we cannot cover all orders received from customers. Being the most profitable line of business, it is important for us to invest in a high performing production line to cover the demands of the customers. The capacity we lost in 2023 was about 20% during peak season.

##### **Investments in Romcarbon platform infrastructure**

These investments mainly target the production of green energy.

Infrastructure investments also include the replacement of the platform's water network, which is outdated, some water pipes having problems with flow and pressure losses, the company having the obligation to ensure a certain water pressure in the hydrant network according to ISU regulations. However, in 2023, we have reduced our water consumption by about 88,000 m<sup>3</sup> (-30%) by monitoring consumption and repairing the water network, and there is still room for improvement.

## Financial investments

We are in the process of developing a collaboration for carbon fiber recycling activity. This investment will expand our position in the field of recycling.

At the same time, until the start of the investment, part of the available funds will be directed to short-term financial investments, if this opportunity arises. The management team will manage this type of investment with caution and under the supervision of the board of directors.

The year 2023 was a very difficult year for the company's activity. And we will remain cautious for 2024 as the economic environment is still full of challenges. Despite all these challenges, the management team has taken measures to solve the main problem we faced in 2023, namely the decrease in production capacity, measures that will continue in 2024 and which, we expect, will lead to a gradual improvement in the company's results, especially in the second half of 2024.

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

Indicators	12 Months of 2021	12 Months of 2022	12 Months of 2023	2023 vs. 2022	
<b>Revenues (Net sales)</b>	264,737,647	262,801,054	<b>214,230,854</b>	▼ (48,570,200)	-18%
<b>Other Income</b>	4,459,406	4,454,249	<b>4,303,986</b>	▼ (150,263)	-3%
<b>EBITDA</b>	8,112,816	61,072,654	<b>12,582,621</b>	▼ (48,490,033)	-79%
<b>EBITDA Operational</b>	13,987,048	15,025,300	<b>4,873,276</b>	▼ (10,152,024)	-68%
<b>Profit(loss) from operations</b>	7,560,431	6,621,228	<b>2,133,197</b>	▼ (4,488,031)	-68%
<b>Net profit (loss)</b>	(1,447,458)	51,471,690	<b>3,313,809</b>	▼ (48,157,881)	-94%
Revenues from dividends	-	46,745,700	-	▼ (46,745,700)	n/a
Expenses related to the sales of Green-group shares	-	(989,160)	-	▼ 989,160	n/a
<b>Net profit w/o the impact of the sales of Green-Group shares</b>	(1,447,458)	5,715,150	<b>3,313,809</b>	▼ (2,401,341)	n/a
<b>Non-Current assets</b>	138,364,501	133,313,884	<b>118,936,705</b>	▼ (14,377,179)	-11%
<b>Current assets</b>	105,658,369	146,753,533	<b>122,197,548</b>	▼ (24,555,985)	-17%
<b>Total Equity</b>	134,144,882	160,222,957	<b>150,816,142</b>	▼ (9,406,815)	-6%
<b>Total Liabilities</b>	109,877,988	119,844,460	<b>90,318,111</b>	▼ (29,526,349)	-25%
<b>Debt ratio</b>	45%	43%	<b>37%</b>	▼ (0)	-12%
<b>Current liquidity</b>	119%	147%	<b>177%</b>	▲ 0	20%

<sup>1</sup> 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

The consolidated result in 2023 is a loss of -5,135,847 lei, being mainly influenced by:

➤ Livingjumbo Industry SA – registered a loss of – 6,045,845 lei, while in 2022 it was registered a net profit of 3,477,122 lei.

Livingjumbo had faced 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 positive aspect was observed in the Polypropylene Big Bags Sector, where, starting with June, a positive result was recorded, and this trend continued in H2 2023.

➤ RC Energo Install SRL – registered a net profit of 289,398 lei, decreased by -872,732 lei as compared to 2022. The variation is mainly from the Christmas festive lighting projects. The variation is due to the timing of invoicing.

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

Indicator	12 Months of 2021	12 Months of 2022	12 Months of 2023	2023 vs 2022	
Revenue (Sales)	341,319,436	381,985,677	304,683,985	▼	(77,301,692) -20%
Other income	4,291,042	4,287,141	4,103,607	▼	(183,534) -4%
Share of profit / loss of associates	(1,144,985)	2,402,565	-	▼	(2,402,565) -100%
EBITDA	15,528,594	70,401,193	8,949,657	▼	(61,451,536) -87%
<b>EBITDA Operational</b>	<b>16,824,568</b>	<b>24,700,499</b>	<b>5,210,408</b>	▼	<b>(19,490,091) -79%</b>
<b>Profit(loss) from operations</b>	<b>6,833,937</b>	<b>12,867,795</b>	<b>(1,534,380)</b>	▼	<b>(14,402,175) -112%</b>
<b>Net profit/loss <sup>1</sup></b>	<b>1,790,613</b>	<b>56,124,755</b>	<b>(5,135,847)</b>	▼	<b>(61,260,602) -109%</b>
<b>Net profit without the impact of Share of profit / loss of associates [Green-Group] and sales of the financial investment</b>	<b>2,935,598</b>	<b>9,196,295</b>	<b>(5,135,847)</b>	▼	<b>(14,332,142) -156%</b>
Non-Current assets	167,356,018	134,542,936	134,774,315	▲	231,379 0%
Current assets	134,454,393	209,568,594	157,796,518	▼	(51,772,076) -25%
Total Equity	138,920,166	169,680,251	152,044,804	▼	(17,635,447) -10%
Total Liabilities	162,890,245	174,431,279	140,526,029	▼	(33,905,250) -19%
Debt ratio	54%	51%	48%	▼	(0) -5%
Current liquidity	103%	142%	138%	▼	(0) -2%

<sup>1</sup> The contribution of the company to the profit of the Group:

Company	12 Months of 2022	12 Months of 2023	2023 vs 2022
Romcarbon SA (without impact of the GreenGroup Share transaction)	5,687,332	3,313,809	(2,373,523)
<b>Profit from Green-Group share tranzactions after adjustments*</b>	45,784,358	-	(45,784,358)
Living Jumbo Industry SA	3,477,122	(6,045,845)	(9,522,967)
RC Energo Install SRL	1,162,130	289,398	(872,732)
Infotech Solutions SRL	116,305	283,646	167,341
Recyplat Ltd Cipru	-	(2,856,302)	(2,856,302)
Eco Pack Management SA	(14,914)	(2,540)	12,374
Elimination of the unrealized profit related to the raw material inventories and fixed assets from the Group companies	(115,397)	(85,444)	29,953
Other consolidation adjustments	27,818	(32,568)	(60,386)
<b>Total</b>	<b>56,124,755</b>	<b>(5,135,847)</b>	<b>(61,260,602)</b>

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

## 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 13% of the total fixed assets.

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

- plastics processing (polyethylene, polystyrene, polypropylene, PET): 73% (75% in 2022);
- regenerated polymers and compounds: 13% (13% in 2022);



- other productive activities (production of filters for motor vehicles and industrial filters, production of respiratory protection masks, PVC traffic base): 2% (3% in 2022);
- other activities: 12% (9% in 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](http://www.romcarbon.com), **Investors, Reports and information, Financial Information/Presentations.**

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