

RMCARBON

since 1952



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ROMCARBON GROUP



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

771
employees



Plastic processing : PP / PET / PE

537
employees



Plumbing, heat and air
conditioning installation

62
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



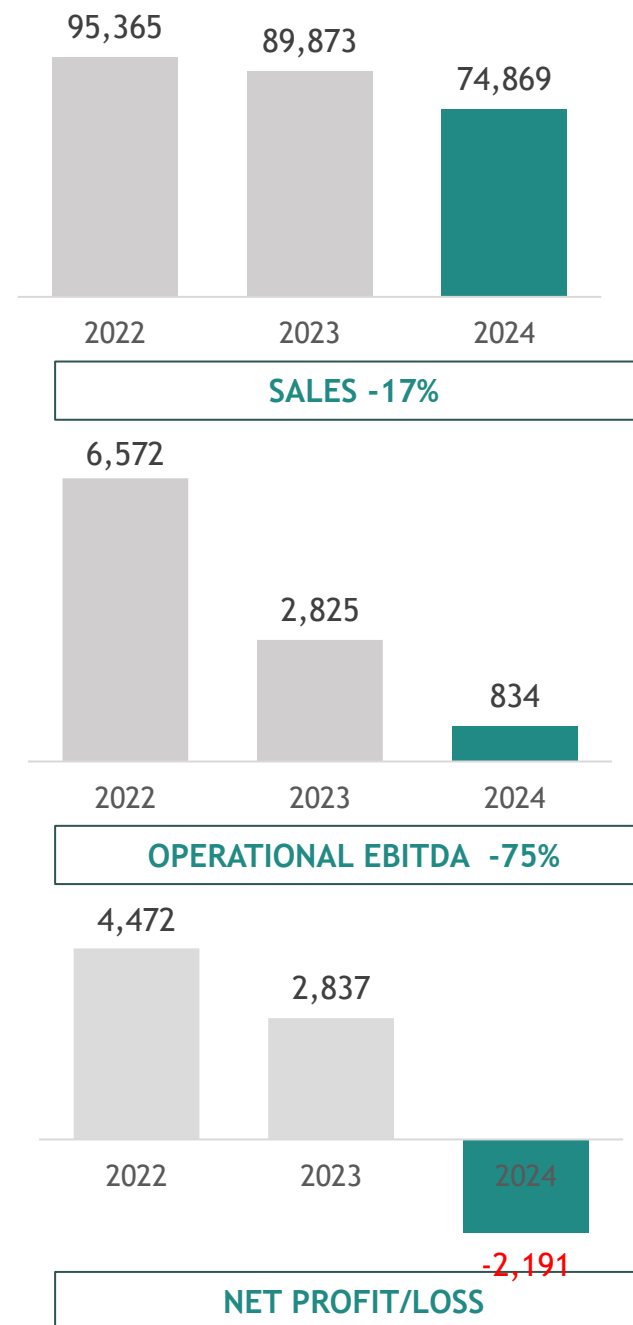
Extruded **PS** tray for food industry, XPS floor underlayment for construction, home improvement
 Biodegradable catering tray

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

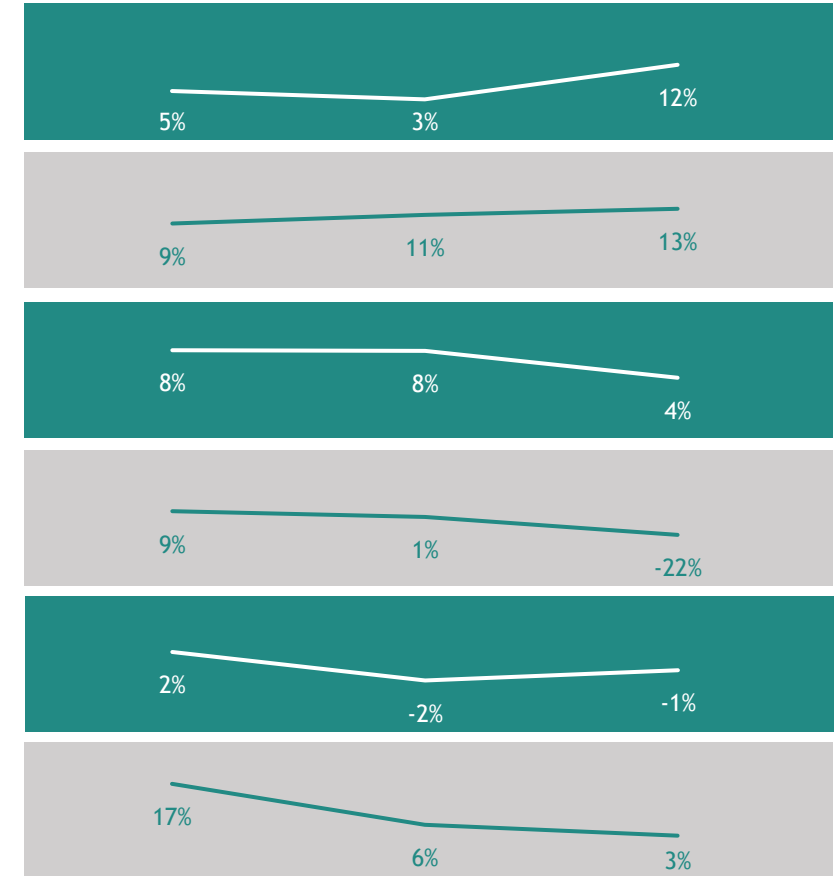
Consolidated Financial statements - key figures '000 LEI		3M 2022	3M 2023	3M 2024	2024 vs 2023	
Income statement	Revenue	95,365	89,873	74,869	-15,003	-17%
	Other income	1,074	1,032	1,036	4	0%
	Share of P/L of associates	1,583	0	0	0	
	EBITDA	8,089	6,880	1,741	-5,139	-75%
	EBITDA operational	6,572	2,825	834	-1,991	-70%
	Profit from operations	3,795	4,211	-1,997	-6,207	-147%
	Net profit	4,472	2,837	-2,191	-5,028	-177%
	Net profit without Green Group profit share	2,888	2,837	-2,191	-5,028	
Balance sheet	Non-current assets	166,351	132,568	134,431	1,863	1%
	Current assets	148,387	170,485	144,758	-25,727	-15%
	Total assets	314,738	303,053	279,189	-23,864	-8%
	Total Equity	143,438	172,676	149,908	-22,768	-13%
	Total liabilities	171,300	130,377	129,282	-1,096	-1%
	Debt ratio	54%	43%	46%	8%	
	Current liquidity ratio	105%	162%	138%	-15%	
Bank credit	Overdraft and short term loan	60,105	46,768	53,691	6,922	15%
	Investment loan	15,555	9,497	9,690	193	2%
	Total bank credit	75,660	56,265	63,380	7,115	13%
	Bank debt service	2,748	2,026	1,789	-237	-12%



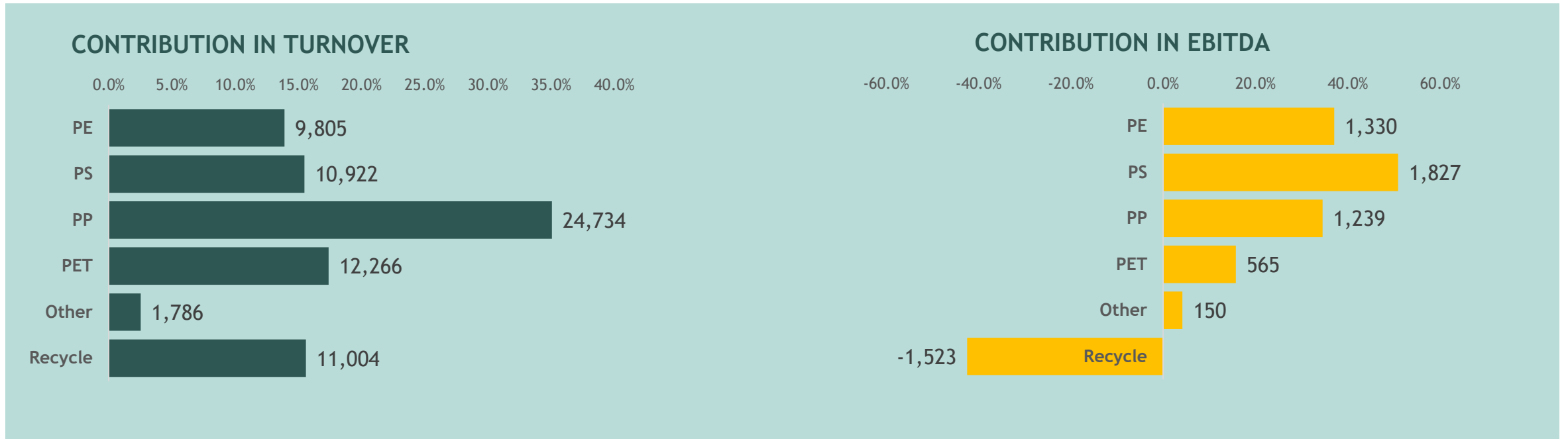
EVOLUTION OF THE BUSINESS BY ACTIVITIES

Activity	key figure - 000 LEI	3M 2022	3M 2023	3M 2024	2024 vs 2023
PE bag, film and bio degradable bag	Turnover	9,655	7,309	9,805	2,496
	EBITDA before overhead	646	372	1,330	958
	Profit before overhead	458	186	1,138	952
PS food package and underlay	Turnover	12,768	11,208	10,922	-286
	EBITDA before overhead	1,481	1,584	1,827	243
	Profit before overhead	1,165	1,276	1,419	142
PP small woven bag and big bag	Turnover	32,042	25,988	24,734	-1,255
	EBITDA before overhead	2,728	2,237	1,239	-998
	Profit before overhead	2,463	1,973	999	-975
Plastic recycle and plastic compound	Turnover	13,901	12,102	11,004	-1,099
	EBITDA before overhead	2,240	1,076	-1,523	-2,599
	Profit before overhead	1,239	160	-2,449	-2,609
PET food package and flexible film	Turnover	18,575	14,440	12,266	-2,174
	EBITDA before overhead	938	361	565	204
	Profit before overhead	295	-314	-99	215
Filter, gas mask and others	Turnover	1,786	1,805	1,786	-20
	EBITDA before overhead	380	193	150	-43
	Profit before overhead	303	110	59	-52

Profit before overhead to Turnover ratio



EVOLUTION OF THE BUSINESS BY ACTIVITIES



Business Focus - plastic recycling

Difficulties and challenges



- Low market demand drives the price down for virgin polymers, which impacts negatively the demand and the price for recycled polymers. In absence of a recycling content target there is no motivation for plastic converters to use recycled material when the virgin is cheaper;
- The average price of PE granules was about 32% lower in 2024 Q1 compared to 2023. This is the highest drop since 2008.
- All European recyclers face difficulties and some of them reduced or suspended the activity temporary;
- Large quantities of recycled material is imported into EU from countries Non-EU, mainly from Turkey and Asia.
- EU Parliament and Council delayed the approval of The Plastic Packaging Waste Regulation (PPWR). It was supposed to be approved in 2023;
- Production capacity decreased due to the poor conditions of old machine.

Future outlook



Finally, EU parliament approved the Plastic Packaging Waste Regulation in April 2024. This comprehensive law will reshape the plastic industry in the following years. Some provisions with direct impact to us:

- Starting 2030 all plastic packaging should contain min. 35% recycled material. And 65% from 2040.
- All plastic shall be collected and recycled into EU or in other countries which follow the EU Directives applicable.
- All packaging need to be recyclable by 2030. This will require a lot of changes in design.
- EU Industry associations requested the EU Commission to implement rules for protecting the EU industry.

We are expecting the EU Commission to impose recycled content of min. 30% for automotive industry and home appliances industry. An EU Regulation for these industries is under development these days.

Strategy



- Investing in equipment to increase the existing capacity and quality. In 2nd half of 2024 should come the results;
- Focusing on adapting our recycling business to the provisions of PPWR. This will require the recycled material to conquer more the virgin material market, by compatible specifications, than to the recycled market;
- Introducing more recycling content to Romcarbon's products and develop new products in line with PPWR.

Business Focus - PET and multilayer

Difficulties and challenges



- Very low market demand. Difficult to maintain the current client portfolio. Turnover has been decreased for approx. 15% compare with 2023 Q1.
- Western European competitors are pushing aggressively their leftover capacity to our main market due to low market demand in whole Europe. Their business scale are bigger and more cost effective and offer very low price.
- New restrictions that European legislation intend to impose to multi-material packaging.
- Found solution to cut fixed costs according to the new sales situation

Future outlook



- The market still very shady, though we estimate a slightly recovery in 2nd half of 2024. The clients are getting more price oriented. We are adjusting our production strategy to address to this trend.
- We are looking forward to see the result in the end of Q2 or beginning of Q3.
- We are processing the contacts and requests received during our participation in Anuga in Mar., the most important fair for the food technology. This helps us to reach out more potential clients and prepare for the recovery of the market.

Strategy



- Approaching new markets and targeting end customers at the expense of distributors.
- Optimizing the labor cost. Aim to reduce 10% of the working force by end of Q2.
- Taking actions to reduce the technological wastage and utility consumption.
- Exploring the technical solution to develop the mono material solution.

Challenges :



- Keeping the production capacity and reduce the interruption caused by the old production line due to its age.
- Finding additional storage space to increase the stock of finished products and to be able to respond to requests from customers during peak sales periods.

Business update :



- Profit registered a slight increase compared to Q1 2023 (+142 KRON, +11%).
- We start to promote the new product - laminated PS floor underlayment. It moves a bit slower than our expectation, because the customer needs a bit time to validate this new product.
- We are in discussion with an important client to produce XPS trays for them starting from Q4. It will be a notable increase in the turnover once we start this new partnership.

New development :



- Supplementing the extrusion capacity by approximately 50% by replacing an old extrusion line. In addition to the economy resulting from the efficiency of the entire production process, we expect an improvement in the quality of the products and, obviously, an increase in the volumes sold in accordance with the capacities of the thermoforming lines.
- Preparation of new partnerships with large clients for the extra capacity coverage presented previously.
- Expansion of storage spaces for the buffer stocks in order to cover fluctuations in deliveries. This will enable us to take more orders.

Difficulties and Challenges



- For small bag, the import of the grain, flour, sugar and salt from Ukraine has negative impact to the local producers who are our important clients.
- For big bag, the market remains very low, especially for chemical fertilizers and cereals. Both domestic and foreign markets are facing the same difficulties.
- Invasion of imported products Asia (mainly India) and Turkey become more aggressive. Due to Ukraine war, the Indian and Turkish producers are more competitive in term of raw materials and energy cost.
- Customers are very much price oriented and look for the cheapest packaging solution, and matter less the quality.
- Customers do not want to have stocks and order small quantity, which is not good for the production efficiency.

Future outlook



- Big bags - fertilizers market shall be better from this autumn. For agriculture market will be the same as 2023.
- Small bags - will gradually return to the level of 2023. Bags for animal food and salt will remain a priority.

Strategy



- Strengthen the relationship with top clients to secure substantial and constant orders.
- Continue to develop the importing and trading activity even if the competition here becomes much stronger.
- Continue to promote laminated and personalized (printed) bags.
- Acting aggressively for getting the new client, not just with competitive price but also fast delivery.
- Bring more foreigner workers for stable working force and optimize the labor cost.

New Investment and Business opportunity



We started the investment in the PV panels with a capacity of 1MW. The project is financed by EU fund. The investment will be completed in Jun.2024. The estimated annual electricity production is around 1,130 MWH , meaning a saving of electricity cost of 120,000 EUR /year according to the average price of 2024 Q1. And we will continue the investments in green energy.



During the previous conference, we informed the participants about our intention to establish a joint venture that will have as its activity the recycling of carbon fiber. Together with our strategic partner, we have identified the suitable production space on Romcarbon platform. We are going through the due diligent process for the step to the incorporation of the joint venture company. The schedule to launch the production in the first half of 2025 remain unchanged.



We are in process to access financing from the European Funds (NRRP) regarding the recycling of plastic and the reuse of the material obtained in our products, thus closing the loop of the plastic circuit in accordance with the requirements of the European Strategy on the Circular Economy of Plastic and, more recently, the Regulation European regarding Packaging and Packaging Waste". Although we currently use part of the recycled materials, the new investment will help us increase the proportion of recycled materials and extend this to more products, especially polypropylene, and, in this way, comply with the industry trend and the requirements of European legislation



EuCertPlast



Environment



Community

People

CIRCULAR ECONOMY AND RESOURCES SAVING, figures of Q1 2024

- 2,200 tons of plastic waste taken from market for recycling;
- 39% proportion of recycled materials in total used raw materials for production in plastic processing sectors of Romcarbon; in PE sector 60.71%; in PS sector - 33.88%; in PP sector - 0.52%
- in Recycled polymers & Compounds sector, where the main raw material is the plastic waste - 97.8%.
- 8,500 m3 (15%) reduction of water consumption compared to Q1-2023 by actions of improving the efficiency of technological water recirculation and replacing certain sections of old pipes;

GREEN ENERGY

In progress - Installation of 1 MW installed capacity of production energy by photovoltaic panels
The project will be finalized in June and will produce approx. 1130 MWh/year, saving annually approx. 250 tons of CO₂e (considering the available energy label of our current energy supplier)

INFRASTRUCTURE

- Finalized feasibility study for rehabilitation of water supply and sewage systems on Romcarbon platform.
- We'll continue the plane of replacing pipes in water supply network;
- Finalized the arrangement of additional accommodation spaces for foreign workers - 44 places; total accommodation places now - 64



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ESG - Q1 - 2024

SUSTAINABILITY REPORT 2023 - in progress - to be published latest 30 June 2024

Transition to ESRS = the new reporting standards (Delegate Regulation (UE) 2023/2772/31 July 2023). Activities completed so far: Materiality analysis - Impacts/Risks/Opportunity - GAP analysis ESRS-GRI - updating ESG Strategy.

Calculation of CO2 emissions, Scope 1,2 and 3 (own activities and on the supply chain) for all companies of group.

NEW IMPLEMENTING/REGISTRATIONS/REPORTS

- Implementing of a new ERP
- Implementing of E-Invoice and E-Transport
- Registration in CBAM (Carbon Board Adjustment Mechanism) for future reporting
- Registration in e-Customs system for Import/export/other operations

SOCIAL

- 1,378 employees in Romcarbon Group at final of Q1/2024
- 16 foreign workers now; processing documents for other 44- estimated arrival in August;
- Practice and scholarships for 6 high school students in dual education partnership (mechanic and electrician specializations);
- the 18th blood donation campaigns organized by Romcarbon in March.

Environment



Community

People





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