



9 MONTHS 2024 RESULTS

ONLINE CONFERENCE

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ROMCARBON GROUP



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

735
employees



Plastic processing : PP / PET / PE

503
employees



Plumbing, heat and air
conditioning installation

61
employees



IT services

8
employees



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

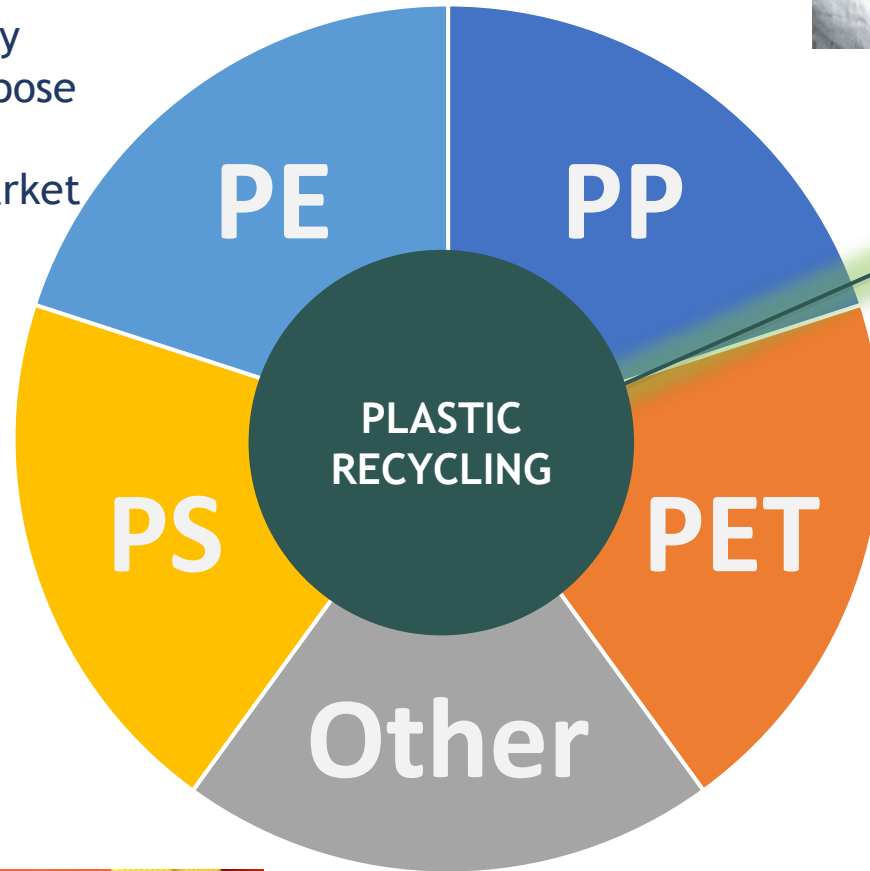
PP woven bags in different sizes for packaging products used in chemical agriculture, food and chemical industry and other application



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

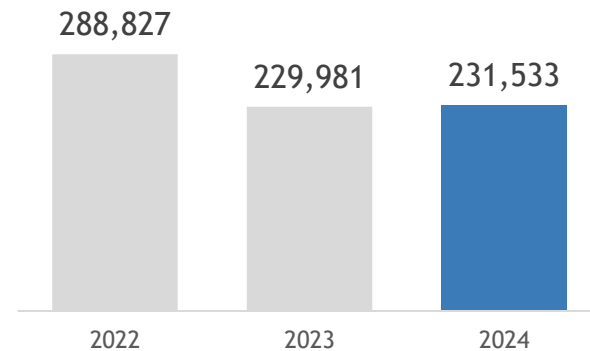


PET tray rigid film and tray for food packaging application
 9 layers coextruded multilayer film for top sealing / thermoforming / lamination and other

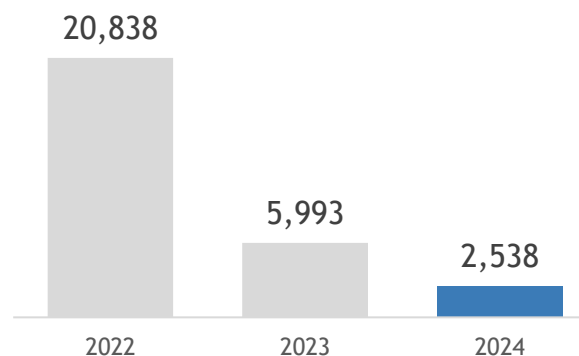


Filter for different application
 Protection mask, active carbon
 PVC base for road sign; PP packaging strap

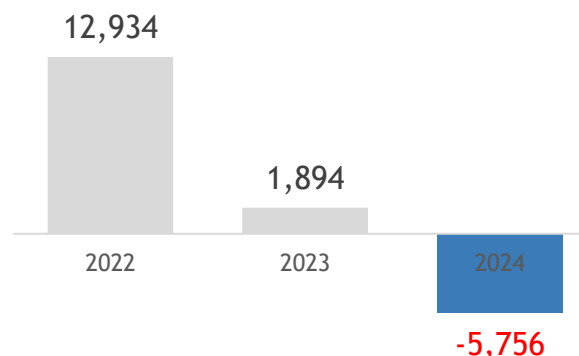
| Consolidated Financial Statements key figures '000 LEI | | 9M 2022 | 9M 2023 | 9M 2024 | 2024 vs 2023 | |
|---|---|---------|---------|---------|--------------|-------|
| Income statement | Revenue | 288,827 | 229,981 | 231,533 | 1,552 | 1% |
| | Other income | 3,243 | 3,074 | 3,108 | 33 | 1% |
| | Share of P/L of associates | 3,825 | 0 | 0 | 0 | |
| | EBITDA | 24,519 | 9,621 | 3,939 | -5,682 | -59% |
| | EBITDA operational | 20,838 | 5,993 | 2,538 | -3,454 | -58% |
| | Profit from operations | 12,934 | 1,894 | -5,756 | -7,650 | -404% |
| | Net profit | 13,407 | -906 | -7,710 | -6,804 | 751% |
| | Net profit without Green Group profit share | 9,582 | -906 | -7,710 | -6,804 | |
| Balance sheet | Non-current assets | 165,632 | 135,237 | 136,425 | 1,188 | 1% |
| | Current assets | 150,618 | 148,023 | 132,430 | -15,593 | -11% |
| | Total assets | 316,250 | 283,260 | 268,855 | -14,405 | -5% |
| | Total Equity | 149,715 | 155,789 | 141,715 | -14,074 | -9% |
| | Total liabilities | 166,535 | 127,470 | 127,139 | -331 | 0% |
| | Debt ratio | 53% | 45% | 47% | 5% | |
| | Current liquidity ratio | 109% | 149% | 125% | -16% | |
| Bank credit | Overdraft and short term loan | 69,571 | 45,526 | 52,895 | 7,369 | 16% |
| | Investment loan | 11,559 | 13,179 | 8,299 | -4,880 | -37% |
| | Total bank credit | 81,130 | 58,705 | 61,194 | 2,489 | 4% |
| | Bank debt service | 8,191 | 6,711 | 5,394 | -1,317 | -20% |



SALES +1%



OPERATIONAL EBITDA -58%

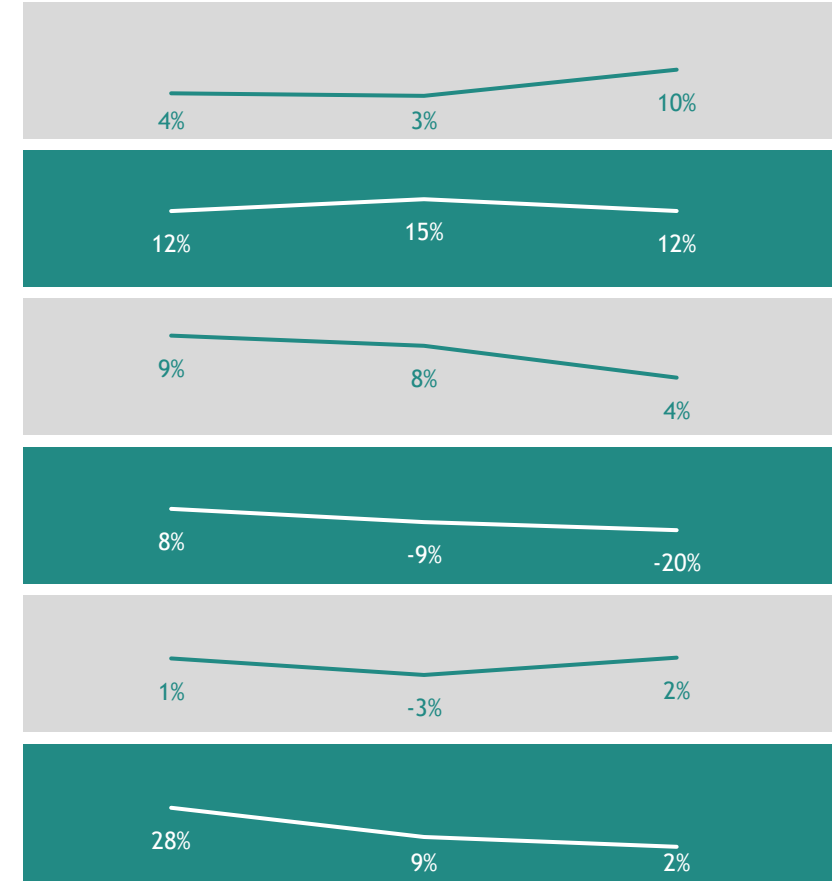


PROFIT/LOSS FROM OPERATIONS

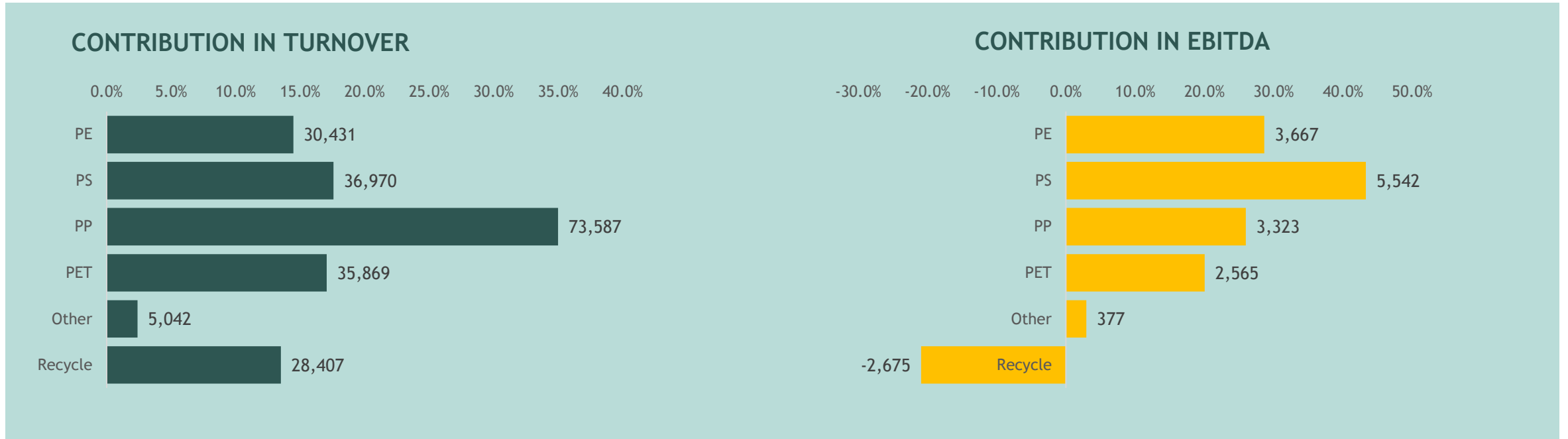
EVOLUTION OF THE BUSINESS BY ACTIVITIES

| Activity | key figure - 000 LEI | 9M 2022 | 9M 2023 | 9M 2024 | 2024 vs 2023 |
|--------------------------------------|------------------------|---------|---------|---------|--------------|
| PE bag, film and bio degradable bag | Turnover | 28,578 | 21,909 | 30,431 | 8,522 |
| | EBITDA before overhead | 1,671 | 1,259 | 3,667 | 2,408 |
| | Profit before overhead | 1,115 | 701 | 3,072 | 2,371 |
| PS food package and underlay | Turnover | 42,713 | 35,981 | 36,970 | 989 |
| | EBITDA before overhead | 6,069 | 6,399 | 5,542 | -856 |
| | Profit before overhead | 5,120 | 5,425 | 4,426 | -999 |
| PP small woven bag and big bag | Turnover | 99,244 | 71,117 | 73,587 | 2,470 |
| | EBITDA before overhead | 9,829 | 6,306 | 3,323 | -2,982 |
| | Profit before overhead | 9,051 | 5,535 | 2,630 | -2,905 |
| Plastic recycle and plastic compound | Turnover | 40,119 | 30,125 | 28,407 | -1,718 |
| | EBITDA before overhead | 6,321 | 85 | -2,675 | -2,760 |
| | Profit before overhead | 3,386 | -2,669 | -5,586 | -2,917 |
| PET food package and flexible film | Turnover | 58,123 | 40,999 | 35,869 | -5,130 |
| | EBITDA before overhead | 2,777 | 805 | 2,565 | 1,759 |
| | Profit before overhead | 818 | -1,222 | 566 | 1,789 |
| Filter, gas mask and others | Turnover | 7,038 | 5,027 | 5,042 | 15 |
| | EBITDA before overhead | 2,191 | 679 | 377 | -302 |
| | Profit before overhead | 1,958 | 434 | 105 | -329 |

Profit before overhead to Turnover ratio



EVOLUTION OF THE BUSINESS BY ACTIVITIES



Business Focus - plastic recycling



Difficulties and challenges

- The main problem was the production capacity. As a matter of fact, the old production line was very much tear and worn. Not only that we lost the productivity due to the interruption of the production from time to time, but also we had an extra cost for the maintenance and replacement of the spare parts.

Future outlook

- At the beginning of the year, we have placed the order for the new production line. While we were waiting for the reception of the new machine, we also made lots of maintenance and repairments during the year. The main production line was finally installed and started the operation in Sep.
- Oct. is the first month that we operate the new production line. The capacity has increased with 25% compared with Sep.
- We are still waiting for one component to arrive in Jan. 2025. By then we will complete the renewing of the production of first stage. The capacity shall be increased 50% compare with Q3.
- Although this business sector is still in losses, the amount has been decreased from -2.4 million lei in Q1; -1.6 million lei in Q2; and - 1.6 million lei in Q3. In Oct. we have obtained the best result of 2024.
- We have developed the material for the clients who are the suppliers to the big retailer in Romania. One product is already on the shelf of the retailer's stores include USA market. Another one we plan to produce it in Q1 next year.



Strategy

- We watch closely the market evolution of the plastic recycled and adjust the product portfolio accordingly. For that we have suspended one production line that is less competitive and reduce with more than 10% the employees in this sector.
- We have applied for EU funds for a new production line which means to increase the integration of plastic recycled in down stream products. This will significantly increase our capacity and competitiveness.



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. 13% compare with 2023;
- Western European competitors are pushing aggressively their leftover capacity to our main market due to low market demand in whole Europe, especially the flexible barrier films;
- The reconfiguration of the production structure both to align with the new European regulations related to the environment, and to approach the market with competitive products with higher added value;
- Implementation of solutions to cut fixed costs according to the new sales situation;
- Maintaining qualified personnel in production.

Future outlook



- The market is oriented towards mono material products in order to align with the latest European regulations. We focus on the development of PET trays;
- The market still very inconstant, though we registered a slightly recovery in turnover in 2nd half of 2024;
- EBITDA has a positive trend in 2024 as a result of the measures taken and we estimate that it will continue in the following period.

Strategy



- The elimination from our range of products that generate losses.
- We plan to suspend one production line that is less efficient and to focus on mono material technologies for PET trays, the product category with the highest margin, with constant sales and with the potential for rapid volume growth.
- Approaching new markets and targeting end customers at the expense of distributors. We have already started preparations for the largest profile packaging fair IFFA 2025, which will take place in Frankfurt in May.
- Optimizing the labor cost. We've managed to reduce 10% of the working force and the optimization process continues.
- Taking actions to reduce the technological wastage where significant progress is already registered compared to 2023.

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.
- Finding the solution to mitigate the increase of the operational cost, mainly from the labor cost.

Business update :




- Although the revenue increased slightly compare with 9 months 2023, the profit decreased because it's difficult to transfer the cost increase to the clients under the business environment.
- We started to promote the new product - laminated PS floor underlayment. It moves a bit slower than our expectation, because the customer requests strict delivery schedule that we are not able to comply at this moment due to the unexpected interruption of the old production line.

New development :




- The new production is on the way and will be installed in Jan. 2025. We will be able to **increase the capacity of 60%** once we start the new production line.
- The new production line not only increase the capacity but will improve the quality of our product as well. Thanks to its state of art technology, it will also reduce the raw material consumption of 7-10% depends on the products. This will increase our competitiveness in the market
- We have signed the agreement with one big client who is the important player in the market. We will produce for this client with part of extra capacity from the new production line.

Difficulties and Challenges


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- 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 bags, the market remains very low, especially for chemical fertilizers and cereals. Both domestic and foreign markets are facing the same difficulties.
 - Imported bags, mainly from India and Turkey, take over the market with very aggressive price. Customers are very price oriented
 - Customers do not want to have stock and no longer provide the forecast, which is very difficult to make the production plan and obtain better efficiency.

Future outlook

- 
- Big bags - There is no sign of the recovery for the fertilizers and agriculture market.
 - Small bags - Most likely the same as 2024. Bags for animal food and salt will remain as priority.

Strategy

Since the market and the external business environment don't look good, we will be focusing on the cost reduction:

- 
- Since Sep.2024, we adjusted the production and cancelled the night shift for the most of working position (around 65 % of the direct workers) and reach saving of 60,000 lei/month;
 - Continue to optimize the production team, in 2024 we have reduced around 10% of employees;
 - Review our customer portfolio and drop very low margin orders. Accordingly, reduce or stop the supplementary hours and production in the weekend. This will reduce the labour cost significantly. This is very important since the minimum salary continue to increase.
 - We aim to import semi-finished products (polypropylene fabric) at more competitive prices to reduce costs for certain types of big bags so that, as we reduce fabric production, we can also adjust production staff.

New Investment and Business opportunity



We have completed the installation of the photovoltaic panels financed by EU fund. The total capacity is 0.999 MW. The investment started to generate the green energy since Jun. Till the end of Oct. this investment has generated in total 569 MWh of electricity. In term of value, is equal to 76,406 EUR. We will continue the investment in green energy in the following period.



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. We are now in discussion with the partner to finalize the shareholder agreement. The plan is to launch the production in 2nd half of 2025.



We have submitted the application for 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.

Environment



Community

People



CIRCULAR ECONOMY AND RESOURCES SAVING, figures of 9 months 2024

- 7,000 tons of plastic waste taken from market for recycling;
- 39.66% proportion of recycled materials in total used raw materials for production in plastic processing sectors of Romcarbon; in PE sector 65.43%; in PS sector - 30.5%; in PP sector - 0.71%
- in Recycled Polymers & Compounds sector, where the main raw material is the plastic waste - 96.91%.
- 4,100 m3 (2.7%) reduction of water consumption compared to similar period of previous year, by actions of improving the efficiency of technological water recirculation and replacing certain sections of old pipes;

GREEN ENERGY

June 2024 - start of production for 1 MW installed capacity of production energy by photovoltaic panels .

Both photovoltaic systems generated 632 MWh green energy in the period January - October 2024, meaning:

- 108 tons reduction of CO2e emissions from energy consumption
- 83,442 EUR savings from acquisition of energy

September 2024 - new energy supplier, producer of green energy

INFRASTRUCTURE

- Rehabilitation of water supply (pumping group and water distribution network)
- Modernization of energy transformer station 110 KV (high → medium voltage)

Environment



People



ESG REPORTING - 9 months 2024

SUSTAINABILITY REPORT 2023 - was published in June 30, 2024

- transition report, in preparation of adapting to ESRS, the new reporting standards (Delegate Regulation (UE) 2023/2772/31 July 2023).
- contains the calculation of CO2e emissions, Scope 1,2 and 3 (own activities and on the supply chain) for all companies of group.
- 409 tons (10.8%) reduction of CO2e emissions Scope 1 (direct) and Scope 2 (indirect) emissions in production companies of Group in 2023 vs 2022
- emissions Scope 3 (of supply chain) > 90% of total

SOCIAL

- 1,307 employees in Romcarbon Group at final of Q3/2024 (reduction of 6.4% compared to beginning of year)
- Practice and scholarships for 6 high school students in dual education partnership (mechanic and electrician specializations);
- Romcarbon is member of the local Consortium for project “CENTER OF EXCELLENCE FOR DUAL-TECHNICAL PRE-UNIVERSITY AND UNIVERSITY EDUCATION BUZĂU”





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