

For 9 Months of 2024, as stand alone, Romcarbon recorded a net loss of – 4,125,424 lei. The result for the same period of 2023 was + 5,281,559 lei, out of which about 4 million lei is from the land transaction. The negative influences are mainly from the sectors Recycled Polymers & Compounds, Polypropylene processing and Polystyrene processing.

For the Recycled Polymers & Compounds sector, the main problem was the temporary interruption of production which generated losses of approximately 5.6 million lei. However, following the replacement of the broken parts and arrival of the new machine, the loss has decreased from 1.2 million lei in January to 0.6 million lei in September.

For Polypropylene processing, market uncertainty and instability continue to remain the main cause for decrease in profit. In 9 months of 2024, the sector recorded a profit of 2.1 million lei, down by approximately 1.1 million lei compared to 2023 9 Months.

In the Polystyrene processing sector, we launched sales of laminated XPS floor underlayment in 2024 Q1, although the quantities sold continued to be small. The result of this sector registered a decrease compared to 2023 9 Months of 0.99 million lei.

In contrast to the poor results of the sectors mentioned above, we have significant improvement in Polyethylene processing sector. This sector achieved good results, around 2.4 million lei in plus compared with 2023 9 Months. We expect a good result or even better growth in the next period.

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

Indicators	9 Months 2022	9 Months 2023	9 Months 2024		2024 vs. 2023	
Revenues (Net sales)	201,268,839	162,394,285	172,363,764	▲	9,969,479	6%
Other Income	3,369,066	3,222,537	3,202,925	▼	(19,612)	-1%
EBITDA	13,656,454	12,237,620	3,630,180	▼	(8,607,440)	-70%
EBITDA Operational	13,578,953	5,593,044	2,135,866	▼	(3,457,179)	-62%
Profit(loss) from operations	7,982,060	3,857,564	(3,822,732)	▼	(7,680,296)	-199%
Net profit (loss) (1)	6,059,443	5,281,559	(4,125,424)	▼	(9,406,983)	-178%
Profit on fixed assets sale (2)	79,572	3,992,451	3,000	▼	(3,989,451)	-100%
Net profit (loss) (1 – 2)	5,979,871	1,289,108	(4,128,424)	▲	(5,417,532)	-420%
Non-Current assets	136,165,052	116,582,826	124,067,761	▲	7,484,935	6%
Current assets	117,264,900	118,467,211	112,399,496	▼	(6,067,715)	-5%
Total Equity	137,563,104	152,298,412	144,049,497	▼	(8,248,915)	-5%
Total Liabilities	115,866,848	82,751,625	92,417,760	▲	9,666,135	12%
Debt ratio	46%	35%	39%	▲	0	11%
Current liquidity	124%	196%	150%	▼	(0)	-24%

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

The consolidated net result in 2024 is a loss of -7,710,270 lei, being mainly influenced by:

- Livingjumbo Industry SA: recorded a loss of – 3,962,659 lei, with the slight increase compared to the similar period of 2023 when it was register a loss of - 3,599,624 lei. Livingjumbo is facing a market downturn since 2023, both in PET (food packaging) and PP Big-bags sectors, as consumers have steadily reduced spending due to inflation.
- RC Energo Install SRL: registered a net profit of 315,536 lei, an increase of 206,217 lei compared to the similar period of 2023.
- Info Tech Solutions SRL: registered a net profit of 251,766 lei, a decrease of 12,514 lei compared to the similar period of 2023.

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

Indicators	9 Months 2022	9 Months 2023	9 Months 2024	2024 vs. 2023	
Revenue (Sales)	288,827,110	229,981,206	231,533,320	▲	1,552,114 1%
Other income	3,243,392	3,074,258	3,107,604	▲	33,346 1%
Share of profit / loss of associates	3,825,314	-	-	—	-
EBITDA	24,518,606	9,620,648	3,938,584	▼	(5,682,064) -59%
EBITDA Operational	20,837,719	5,992,767	2,538,299	▼	(3,454,468) -58%
Profit(loss) from operations	12,933,613	1,893,831	(5,755,827)	▲	(7,649,658) -404%
Net profit (loss) ¹	13,407,173	(906,031)	(7,710,270)	▲	(6,804,239) 751%
Net profit (loss) without the impact of Share of profit / loss of associates [Green-Group] *	9,581,859	(906,031)	(7,710,270)	▲	(6,804,239) 751%
Non-Current assets	165,632,080	135,236,591	136,424,883	▲	1,188,292 1%
Current assets	150,617,769	148,022,999	132,429,799	▼	(15,593,200) -11%
Total Equity	149,715,065	155,789,239	141,715,234	▼	(14,074,005) -9%
Total Liabilities	166,534,785	127,470,351	127,139,448	▼	(330,903) 0%
Debt ratio	53%	45%	47%	▲	0 5%
Current liquidity	109%	149%	125%	▼	(0) -16%

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

Company	Result 9 Months 2023 (in lei)	Result 9 Months 2024 (in lei)	2024 vs 2023
Romcarbon SA	5,281,559	(4,125,424)	(9,406,983)
Living Jumbo Industry SA	(3,599,624)	(3,962,659)	(363,035)
RC Energo Install SRL	109,319	315,536	206,217
Infotech Solutions SRL	251,766	239,252	(12,514)
Recyplat Ltd Cipru	(2,849,719)	(18,099)	2,831,620
Eco Pack Management SA	(2,465)	(1,722)	743
Consolidation adjustments	(96,867)	(157,155)	(60,288)
Total profit	(906,031)	(7,710,270)	(6,804,239)

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

Outlook for the rest of the year

In contrast to the bad result of 2024, we are expecting major changes for the following sectors :

For the Recycled Polymers & Compounds sector :

We implemented a reorganization plan in Aug. and reduced more than 10 % of workforce; the optimization process will continue in the following period.

After we finished the installation of the new production line in September the production capacity has increased by 25%. We are expecting to receive the supplementary component for the new production line in Jan. 2025, by then we will have 50% extra capacity compare with Sep. 2024.

Meanwhile, we have developed a material for our client who use it to produce the products for the major retailers in Romania. The product is already on the supermarkets shelves.

For the Polystyrene processing sector :

We shall receive and finish the installation of the new production line in Jan. 2025. This production line will help us not only to increase the quality of our products but also to reduce the consumption of raw materials. According to the tests carried out at the supplier factory, we will have a reduction of 5 up 10% in the consumption of raw materials depending on the type of products produced.

For the additional production capacity, we have already signed a contract with a customer who is a major player in the food packaging industry in Europe. We will start to produce for him from January 2025.

For LJI-PET:

Some actions have been taken since Q1 2024 to reduce waste and optimize the workforce. By the end of June 2024, we have reduced our workforce by more than 10% compared to January 2024. The sector's sales team has also made efforts to find customers outside the European markets. We have already started some trial orders with the customers in the new markets.

As a result of the actions taken during this year the sector registered a profit of 0.5 million lei in 2024 9M compared with a loss of -1.2 million lei registered in the same period of 2023.

For LJI-PP (Big bags), we have reorganized the production team. For some positions, starting in September, we managed to give up the night shift, thus reducing the labor cost by approximately 65,000 lei/month. Compare with Jan. 2024, we have reduce around 10% of working force till Sep. 2024

On the other side, the challenges remain very big. There is no clarity about the recovery of the market demand. The increase of minimum wage and energy price will increase the production cost. Also, we can not ignore the discussion about the adjustment of VAT.

The management team is making efforts to continue the reorganization plan in order to mitigate the impact of the cost increase as well as to improve the results following the installation of the new equipment in the beginning of 2025.

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 85% and 11% of the total fixed assets.

The revenue distribution by field of activity in 2024 was as follows:

- plastics processing (polyethylene, polystyrene, polypropylene, PET): 75% (73% in 2023 9M);
- regenerated polymers and compounds: 12% (13% in 2023 9M);
- other productive activities (production of filters for motor vehicles and industrial filters, production of respiratory protection masks, PVC traffic base): 2% (2% in 2023 9M);
- other activities: 11% (12% in 2023 9M).

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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