

S.C. ROMCARBON S.A.

Quarterly report for the period ended
September 30, 2020



QUARTERLY REPORT REGARDING THE STANDALONE FINANCIAL STATEMENTS

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S.C. ROMCARBON S.A.

Quarterly report regarding according with FSA regulation no. 5/2018

Date of release: 12.11.2020

Reporting date: 30.09.2020

Name of the Company: SC ROMCARBON SA

Headquarters: Buzau , 132, Transilvaniei street

Tel / fax: 0238/711155; 0238/710697

Sole registration code: RO 1158050

Registered business number: J10 / 83/1991

Subscribed and paid up share capital: RON 26,412,209.60

Regulated market where the issued securities are traded: Bucharest Stock Exchange, Standard category, **Symbol ROCE**

The main characteristics of the securities issued by the company: 264,122,096 registered shares, dematerialized, with a nominal value of RON 0.1.

LANGUAGE DISCLAIMER

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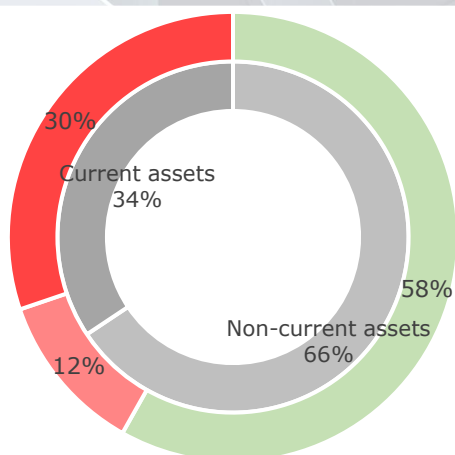
A.1. During the reporting period there were no major events to affect the company's financial position.

A.2. A general description of the Financial position of the company and its financial performance.

1. STATEMENT OF THE FINANCIAL POSITION

Indicator	30.09.2019	31.12.2019	30.09.2020	30.09.2020 vs. 31.12.2019	
Property, plant and equipment	122,606,471	122,648,084	115,953,938	-6,694,146	▼ -5.46%
Investment property	18,033,515	13,432,444	13,425,346	-7,098	▼ -0.05%
Intangible assets	334,242	314,136	374,274	60,138	▲ 19.14%
Financial assets	27,085,581	27,085,581	27,085,181	-400	▼ 0.00%
Total non-current assets	168,059,809	163,480,245	156,838,739	-6,641,506	▼ -4.06%
Non-current assets held for sale	10,136,261	4,367,166	70,845	-4,296,321	▼ -98.38%
Inventories	21,699,690	25,346,355	20,180,642	-5,165,713	▼ -20.38%
Trade and other receivables	45,865,489	45,865,813	47,912,793	2,046,980	▲ 4.46%
Amounts to receive from affiliates (financial)	0	335,912	305,910	-30,002	▼ -8.93%
Taxes receivables	0	0	0	0	—
Other assets	1,271,048	1,249,969	1,306,611	56,642	▲ 4.53%
Cash and bank balances	3,812,958	5,549,445	12,286,733	6,737,288	▲ 121.40%
Total current assets	82,785,446	82,714,660	82,063,534	-651,126	▼ -0.79%
Total assets	250,845,255	246,194,905	238,902,273	-7,292,632	▼ -2.96%
Issued capital	26,412,210	26,412,210	26,412,210	0	▲ 0.00%
Share premium	2,182,283	2,182,283	2,182,283	0	▼ 0.00%
Reserves	57,921,324	58,845,305	58,442,556	-402,749	▼ -0.68%
Retained earnings	50,229,578	49,614,454	51,938,195	2,323,741	▲ 4.68%
Total equity	136,745,395	137,054,252	138,975,244	1,920,992	▲ 1.40%
Borrowings [Long-term]	17,117,428	12,705,852	7,943,644	-4,762,208	▼ -37.48%
Deferred tax liabilities	8,902,075	8,368,626	8,368,626	0	— 0.00%
Deferred income	13,704,234	13,138,559	11,441,533	-1,697,026	▼ -12.92%
Total non-current liabilities	39,723,737	34,213,037	27,753,803	-6,459,234	▼ -18.88%
Trade and other payables	25,717,299	23,643,049	25,849,712	2,206,663	▲ 9.33%
Borrowings [Short - term]	42,988,452	46,071,939	40,769,440	-5,302,499	▼ -11.51%
Deferred revenue	2,360,438	2,345,590	2,262,702	-82,888	▼ -3.53%
Other liabilities	3,309,934	2,867,038	3,291,372	424,334	▲ 14.80%
Total current liabilities	74,376,123	74,927,616	72,173,226	-2,754,390	▼ -3.68%
Total liabilities	114,099,860	109,140,653	99,927,029	-9,213,624	▼ -8.44%
Total equity and liabilities	250,845,255	246,194,905	238,902,273	-7,292,632	▼ -2.96%

STRUCTURE OF FINANCIAL POSITION AS AT 30.09.2020



Current liabilities: 72.173.226 lei | 30%

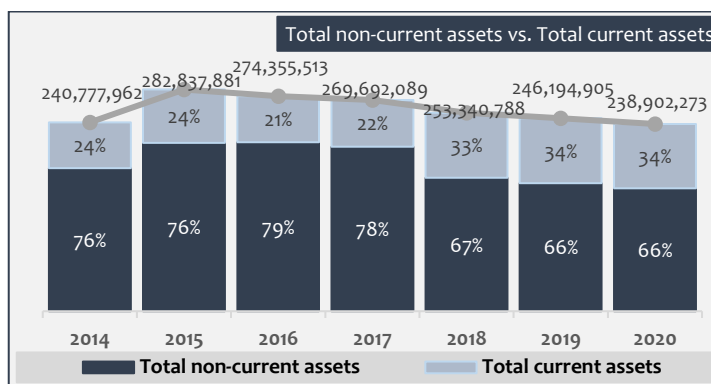
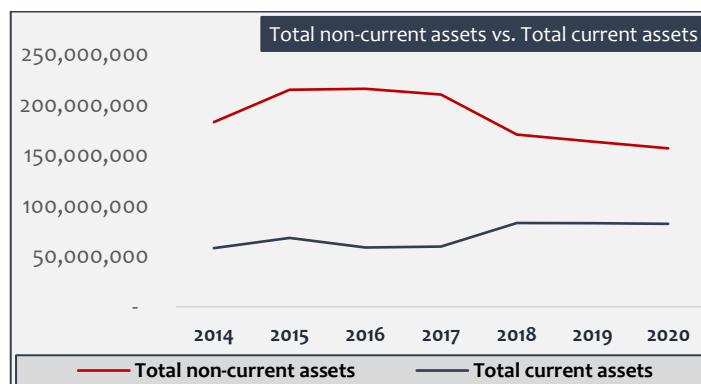
Non-current liabilities: 27,753,803 lei | 12%

Equity: 138,975,244 lei | 58%

Non-current assets: 156,838,739 lei | 66%

Current assets: 82,063,534 lei | 34%

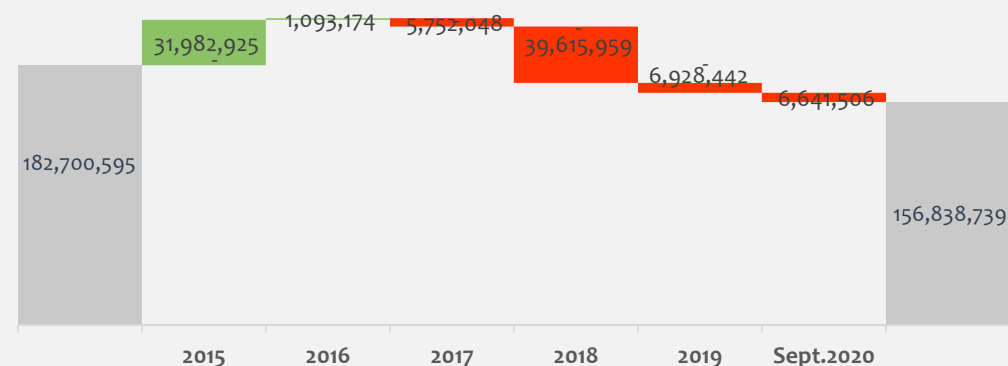
ASSETS



NON-CURRENT ASSETS

In the first 9 months of 2020 **Non-currents assets** hold 65.65% of the company's assets, recording a decrease of RON 6,641,506, i.e. 4.06%, as compared with the beginning of the year.

Evolution of Total non-current assets in the period 2015-2020



Non-current liabilities(NCA)	30.09.2020	% in total NCA	% in total Assets	30.09.20 vs. 31.12.19
Property, plant and equipment	115,953,938	73.93%	48.54%	-5.46%
Investment property	13,425,346	8.56%	5.62%	-0.05%
Intangible assets	374,274	0.24%	0.16%	19.14%
Financial assets	27,085,181	17.27%	11.34%	0.00%
Total non-current assets	156,838,739	100.00%	65.65%	-4.06%

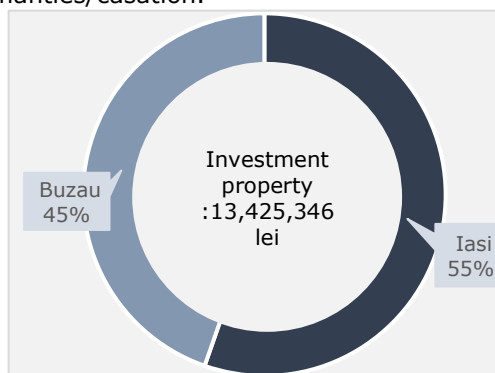
In the reporting period the entries of Non-current assets (except the investments in progress) are presented in the following table:

- Buildings (including rearrangements and improvement) : 51,097 lei
- Equipment and installations : 707,082 lei

The non-current assets entries in the first 9 months of 2020 had the following destinations: CP7-Compounds : RON 501,232 ; CP5- Polystyrene: RON 124,919; Administrative and others: RON 132,027

The outputs of Non-current assets in the reporting period were as per registration cost in amount of RON 218,532, out of which RON 5,632 sales and RON 212,900 dismantles/casation.

The Property investments (land & plants) have the following geographical distribution:



Financial Investments hold 11.34% of Total Assets, and 17.27% of Non-current assets.

As at 30.09.2020, S.C. ROMCARBON S.A. held shares in other companies totalizing RON 30,449,325, as follows:

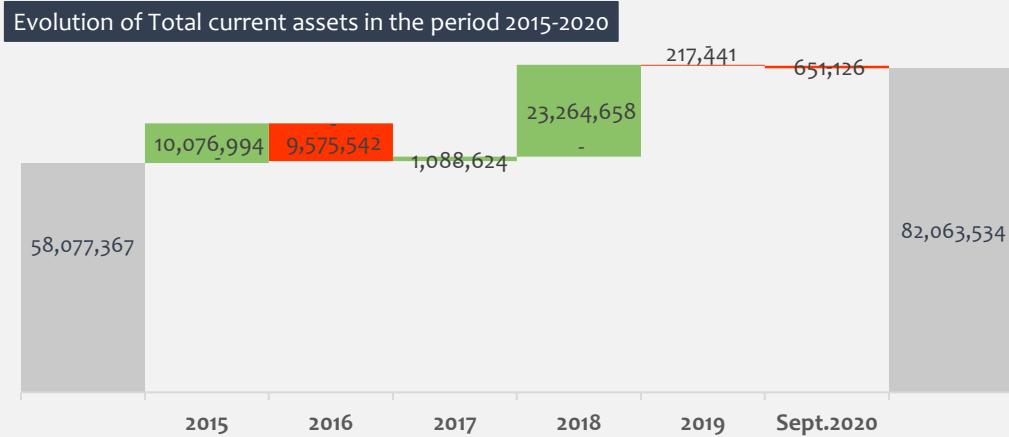
Company	Total no. of shares	Nominal value (lei)	Capital (lei)	Capital held (lei)	No. of shares held	Acquisition value of the shares (lei)	Participati on quota (%)
RECYPLAT LTD CIPRU	26,000	4.3521	113,154	113,154	26,000	20,261,120	100.00%
ROMCARBON DEUTSCHLAND GmbH			110,138	110,138		110,138	100.00%
RC ENERGO INSTALL SRL	200	10	2,000	2,000	200	15,112	100.00%
INFO TECH SOLUTIONS SRL	200	10	2,000	1,980	198	1,980	99.00%
LIVINGJUMBO INDUSTRY SA	1,400	4,032	5,644,800	5,636,736	1,398	6,477,632	99.8571%
GRINFILD LLC UCRAINA						2,687,755	62.62%
YENKI SRL	32,800	10	328,000	109,340	10,934	100,000	33.34%
ECO PACK MANAGEMENT SA	144,600	10	1,446,000	366,700	36,670	586,625	25.36%
KANG YANG	2,889,993			0	139,000	203,963	1.95%
BIOTECHNOLOGY CO.LTD							
REGISTRUL MIORITA SA	10,500	10	105,000	3,980	398	5,000	3.79%
TOTAL						30,449,325	

The impairment of financial investments are presented in the following table:

Company	Holdings (%)	Adjustments
ROMCARBON DEUTSCHLAND GmbH	100.00%	110,138
GRINFILD LLC UCRAINA	62.62%	2,687,755
YENKI SRL	33.34%	11,989
ECO PACK MANAGEMENT SA	25.36%	554,262
Total		3,364,144

CURRENT ASSETS

Current assets hold 34.35% of total assets recording a decrease of RON 651,126, i.e. 0.79% as compared with the beginning of the year.



Current assets (CA)	30.09.2020	% in total CA	% in Total Assets	30.09.20 vs. 31.12.19
Non-current assets held for sale ¹	70,845	0.09%	0.03%	-98.38%
Inventories	20,180,642	24.59%	8.45%	-20.38%
Trade and other receivables	47,912,793	58.38%	20.06%	4.46%
Amounts to receive from affiliates (financial) ²	305,910	0.37%	0.13%	-8.93%
Taxes receivables	0	0.00%	0.00%	0.00%
Other assets	1,306,611	1.59%	0.55%	4.53%
Cash and bank balances	12,286,733	14.97%	5.14%	121.40%
Total current assets	82,063,534	100.00%	34.35%	-0.79%

¹ On 31.01.2020 it was completed the sales agreed according to the Presale agreement no.1830 dated 18.12.2019 concluded with GREEN PC AMBALAJE S.R.L (as buyer) representing the countervalue of an asset (land and buildings) located in Ilfov, Stefanestii de Jos, Str. Sinaia nr.15 having a total area of 12,774 sq m, out of which 4,928 sq m built area, according with the selling-buying contract no. 183 signed on 31.01.2020. According to the selling-buying contract it was cashed the price of RON 3,987,387.32 (equivalent of EUR 834,356).

² Loan granted to affiliates

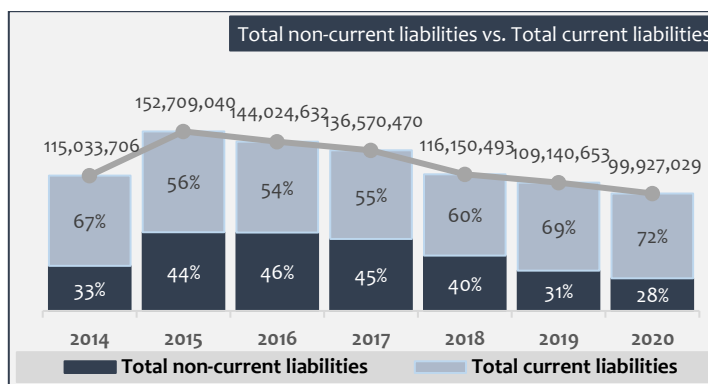
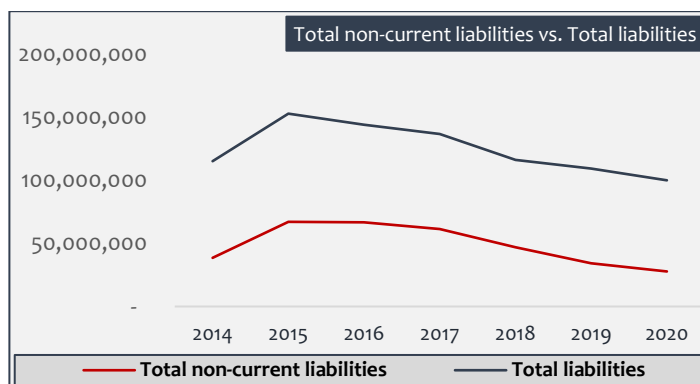
Company	Value of the contract	Balance as at 30.09.2020	Interest	Total	
RC Energo Install SRL	€ 250,000	€ 60,000	292,188 lei	13,722 lei	305,910 lei
Total	€ 250,000	€ 60,000	292,188 lei	13,722 lei	305,910 lei

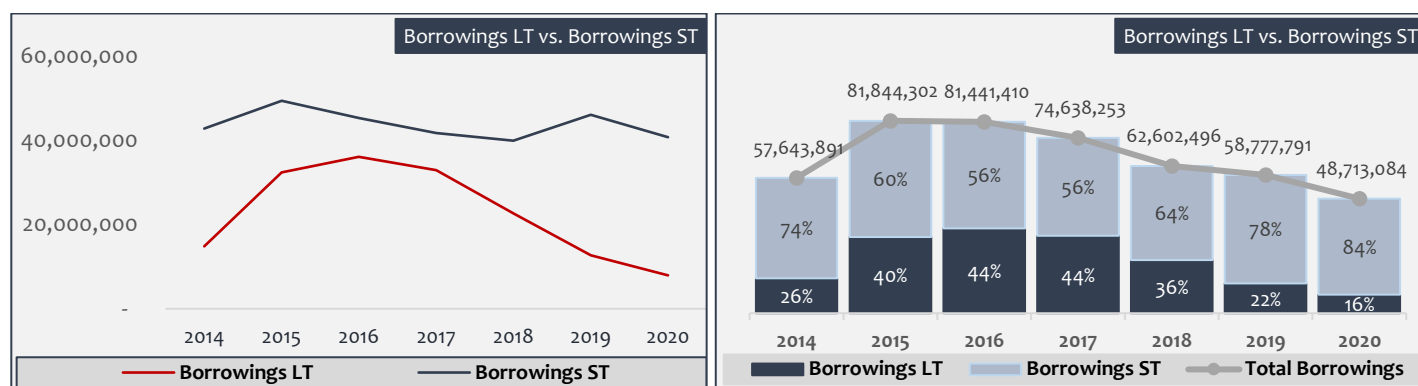
SUBSEQUENT EVENTS

In October, an installment of EUR 53,000 was granted under this loan, the balance becoming EUR 113,000.

LIABILITIES

Total Liabilities hold 41.83% of the company's Equity&Liabilities recording a decrease of RON 9,213,624, i.e. 8.44% as compared with the beginning of the year



BORROWINGS

As at 30.09.2020 the loans contracted by S.C. ROMCARBON S.A. have the following structure :

Bank	Type	Initial amount	Balance as at 30.09.2020		Tenor
			in euro	in lei	
UniCredit Bank	Credit line	€ 5,450,000	€ 4,492,218	21,876,201 lei	10/04/21
Eximbank SA	Credit line ⁴	€ 2,550,000	€ 2,528,418	12,312,890 lei	27/05/21
UniCredit Bank	Investment loan III	€ 442,500	€ 113,009	550,331 lei	19/09/21
BRD GSG	Investment loan II	€ 1,000,000	€ 260,321	1,267,712 lei	03/09/22
BRD GSG	Investment loan III	€ 3,153,160	€ 210,358	1,024,402 lei	03/02/22
UniCredit Bank	Investment loan - CCE 2015	€ 3,042,240	€ 1,536,170	7,480,840 lei	04/12/23
Total borrowings in euro		€ 15,637,900	€ 9,140,494	44,512,376 lei	
Eximbank SA	Investment loan I	6,142,500 lei		1,791,563 lei	20/06/22
Eximbank SA	Investment loan II	2,432,500 lei		1,342,873 lei	16/12/22
UniCredit Bank	Investment loan II	2,500,000 lei		306,264 lei	19/09/21
UniCredit Bank	Investment loan IV ³	5,400,000 lei		760,009 lei	01/12/21
Total borrowings in lei		16,475,000 lei		4,200,708 lei	
Total exposure				48,713,084 lei	

Short-term loans have the following structure :

Bank	Type	CCY	Ceilling	Balance as at 30.09.2020	
				in euro	in lei
UniCredit Bank SA	Credit line	euro	€ 5,450,000	€ 4,492,218	21,876,201 lei
Eximbank SA	Credit line ⁴	euro	€ 2,550,000	€ 2,528,418	12,312,890 lei
Total short-term borrowings			€ 8,000,000	€ 7,020,636	34,189,091 lei

Long-term loans have the following structure :

Bank	Type	Balance as at 30.09.2020		< 1 year	> 1 year
		in euro	in lei		
UniCredit Bank	Investment loan III	€ 113,009	550,331 lei	550,330 lei	- lei
BRD GSG	Investment loan II	€ 260,321	1,267,712 lei	608,503 lei	659,209 lei
BRD GSG	Investment loan III	€ 210,358	1,024,402 lei	768,301 lei	256,101 lei
UniCredit Bank	Investment loan - CCE 2015	€ 1,536,170	7,480,840 lei	2,118,363 lei	5,362,477 lei
Total borrowings in euro		€ 2,119,858	10,323,284 lei	4,045,496 lei	6,277,787 lei
Eximbank SA	Investment loan I		1,791,563 lei	1,023,750 lei	767,813 lei
Eximbank SA	Investment loan II		1,342,873 lei	596,833 lei	746,040 lei
UniCredit Bank	Investment loan II		306,264 lei	306,264 lei	- lei
UniCredit Bank	Investment loan IV ³		760,009 lei	608,007 lei	152,002 lei
Total borrowings in lei			4,200,708 lei	2,534,853 lei	1,665,855 lei
Total long-term borrowings			14,523,993 lei	6,580,349 lei	7,943,642 lei

These loans are guaranteed by mortgages on land and plants, pledges on equipment and stocks, security mortgage on current bank accounts, receivables assignments.

³ In February 2020 it was reimbursed before term the amount of RON 861,432. After reimbursement the balance of the loan became RON 1,114,679, payable in 22 equal monthly installments.

⁴ In June 2020, the credit line amounting EUR 2,550,000 contracted with BRD GSG SA was refinanced by EximBank SA.

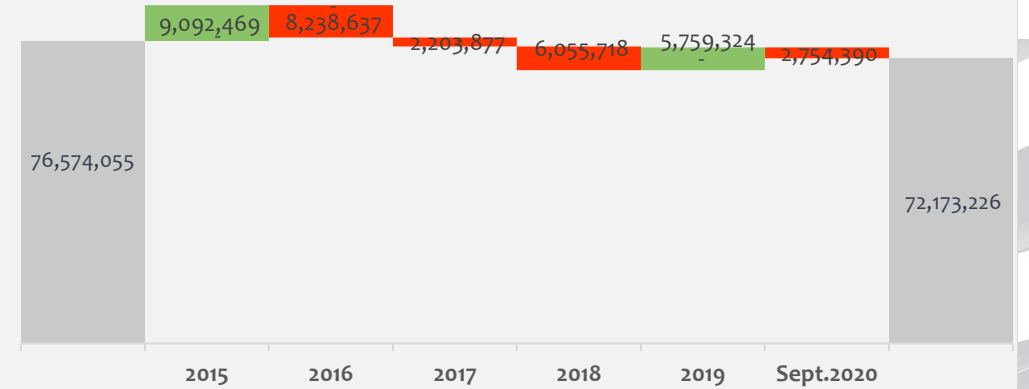
SUBSEQUENT EVENTS

In October 2020 it was reimbursed before term the amount of RON 321,260 from the Investment loan I contracted with EximBank SA. After reimbursement the balance of the loan became RON 1,470,303, payable in 21 equal monthly installments.

CURRENT LIABILITIES

Current liabilities of the Company, representing 72.23% of the Total Liabilities and 30.21% of Total Equity & Liabilities have decreased by RON 2,754,390 as compared with the beginning of the year, i.e. 3.68%.

Evolution of Total current liabilities in the period 2015-2020

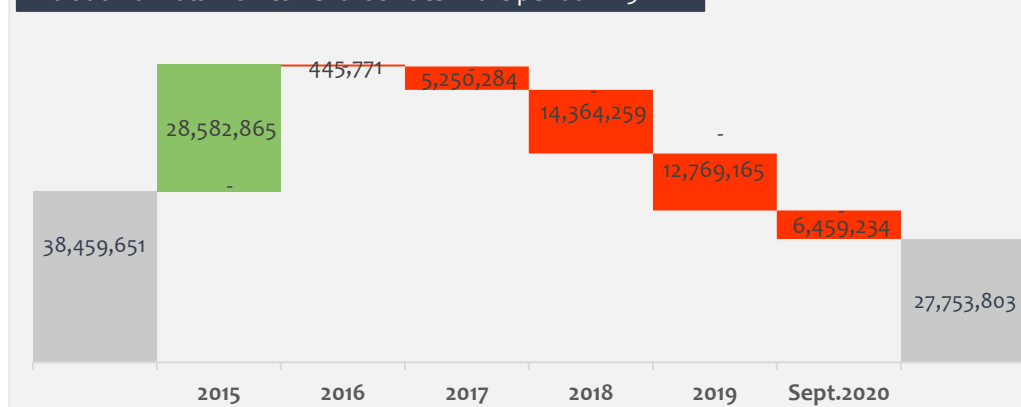


Current liabilities	30.09.2020	% in total liabilities	% in Total current liabilities	% in Total Equity and Liabilities	30.09.20 vs. 31.12.19
Trade and other payables	25,849,712	25.87%	35.82%	10.82%	9.33%
Borrowings [Short – term]	40,769,440	40.80%	56.49%	17.07%	-11.51%
Deferred revenue	2,262,702	2.26%	3.14%	0.95%	-3.53%
Other liabilities	3,291,372	3.29%	4.56%	1.38%	14.80%
Total current liabilities	72,173,226	72.23%	100.00%	30.21%	-3.68%

NON-CURRENT LIABILITIES

Non-current Liabilities representing 11.62% of the company's Equity & Liabilities recording in the reporting period a decrease of RON 6,459,234, i.e. 18.88%, as compared with the beginning of the year.

Evolution of Total non-current liabilities in the period 2015-2020

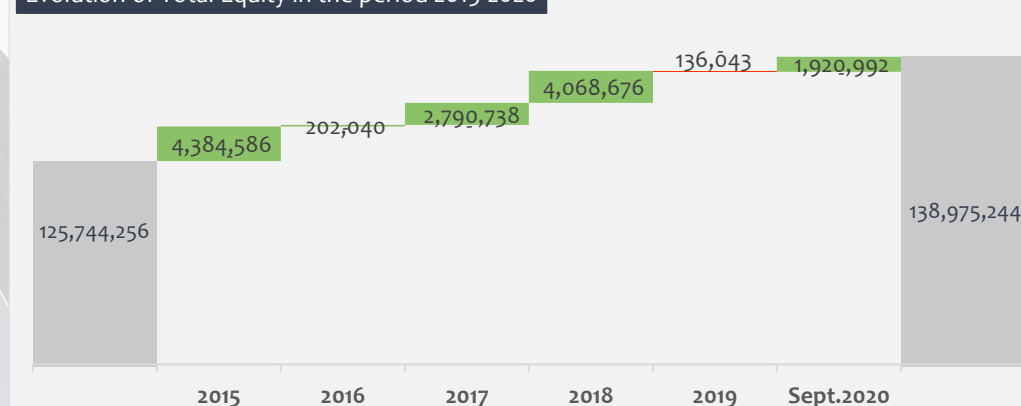


Non-current liabilities	30.09.2020	% in total liabilities	% in Total non-current liabilities	% in Total Equity and Liabilities	30.09.20 vs. 31.12.19
Borrowings [Long-term]	7,943,644	7.95%	28.62%	3.33%	-37.48%
Deferred tax liabilities	8,368,626	8.37%	30.15%	3.50%	0.00%
Deferred income	11,441,533	11.45%	41.23%	4.79%	-12.92%
Total non-current liabilities	27,753,803	27.77%	100.00%	11.62%	-18.88%

EQUITY

Total Equity holds **58.17%** of Total Equity & Liabilities, recording in the reporting period an increase of RON 1,920,992 as compared with the beginning of the year.

Evolution of Total Equity in the period 2015-2020



Equity	30.09.2020	% in Total Equity and liabilities
Issued capital (264,122,096 shares at RON 0.10/share)	26,412,210	11.06%
Share premium	2,182,283	0.91%
Reserves	58,442,556	24.46%
Retained earnings	51,938,195	21.74%
Total Equity	138,975,244	58.17%

2. STATEMENT OF THE COMPREHENSIVE INCOME

Indicator	9 Months of 2018	9 Months of 2019	9 Months of 2020		2020 vs. 2019	
Net sales	152,759,694	142,372,892	137,741,165	▼	(4,631,727)	-3%
Investment income ⁵	2,921,397	1,459,066	1,328,578	▼	(130,488)	-9%
Other gains and losses ⁶	2,888,260	(726,847)	(575,008)	▼	151,839	-21%
Changes in inventories of finished goods and work in progress	457,235	1,903,837	(925,794)	▼	(2,829,631)	-149%
Raw materials and consumables used	(106,459,727)	(95,872,354)	(89,409,088)	▼	6,463,266	-7%
Depreciation and amortization expenses	(8,132,037)	(7,980,631)	(7,671,348)	▼	309,283	-4%
Employee salaries and benefits	(27,044,120)	(28,020,274)	(27,003,408)	▼	1,016,866	-4%
Social security expenses	(782,737)	(791,463)	(788,173)	▼	3,290	0%
Net finance costs	(1,454,514)	(1,374,111)	(1,059,080)	▼	315,031	-23%
Income from subsidies	1,697,377	1,709,537	1,697,026	▼	(12,511)	-1%
Other expenses	(11,773,676)	(11,509,784)	(11,013,520)	▼	496,264	-4%
Profit (loss) before taxation	5,077,152	1,169,868	2,321,350	▲	1,151,482	98%
Profit tax	-	(274,357)	(400,358)	▲	- 126,001	n/a
Profit (loss) of the year	5,077,152	895,511	1,920,992	▲	1,025,481	115%
Total comprehensive income	5,077,152	895,511	1,920,992	▲	1,025,481	115%
EBITDA Operational	8,907,873	9,505,569	10,424,982	▲	919,413	10%

EBITDA operational is calculated only for operational activity, excluding the depreciation, sales of non-current assets, non-repeating elements and financial activity.

Indicator	9 Months of 2018	9 Months of 2019	9 Months of 2020
Average no. of personnel	933	876	801

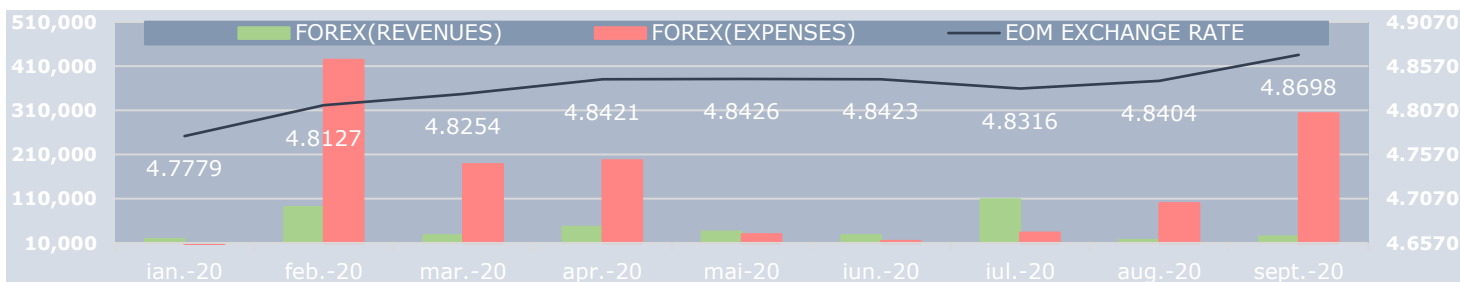
International epidemiological evolution caused by the spread of SARS - cov - 2 coronavirus in the countries of Western and Southeastern Europe, where countries such as Germany, France, Sweden, Spain, Holland, Belgium, Italy, Bulgaria, Poland, Serbia Moldova, Hungary, where the company has significant commercial interests, took drastic measures, including the closure of all those activities that were not essential, caused a reduction in the volume of orders in the sector of Recycled compounds and polymers and in a smaller measure in the sector of Plastic material processing. Therefore, it was decided to optimize the activity in the mentioned sectors by applying the measure of sending in technical unemployment, during April, an average number of **108 employees** of the total employees of the company and in May an average number of **111 employees**.

⁶ In "Other gains or losses" in 2020 is registered the amount of RON 473,700 representing the subsidy of 41.50% of the salary of employees who benefited from technical unemployment and who, as a result of resuming the activity, were re-employed.

⁵ In the item « Investment income » are comprised the following items :

Indicator	9 Months of 2018	9 Months of 2019	9 Months of 2020		2020 vs. 2019	
Rental and royalty income	1,772,031	1,375,409	1,280,104	▼	(95,305)	-7%
Interest income	32,096	83,657	48,474	▼	(35,183)	-42%
Investment income (dividends) - Infotech Solutions	117,270	0	0	—	-	-
Investment income (dividends) - RC Energo Install	1,000,000	0	0	—	-	-
Total	2,921,397	1,459,066	1,328,578	▼	(130,488)	-9%

In accordance with Order no. 1286/2012 the company bank availabilities, the receivables and the liabilities expressed in a foreign currency are evaluated each month at the closing exchange rate comunicated by NBR. From this evaluation for 1st Semester of 2020 the company registered revenues in amount of RON 399,106 and expenses in amount of RON 1,295,438, resulting a loss of RON 896,332.



In the same period of last year by re-valuating the company bank availabilities, receivables and liabilities expressed in a foreign currency it was registered a loss of RON 775,883.

Statement of the comprehensive income by quarters:

Indicator	Q I 2020	Q II 2020	Q III 2020	Q I 2020 vs. Q I 2019	Q II 2020 vs. Q II 2019	Q III 2020 vs. Q III 2019
Net sales	48,249,634	41,065,920	48,425,611	387,452	(6,791,192)	1,772,013
Investment income	412,764	491,180	424,634	(88,457)	24,218	(66,249)
Other gains and losses	(685,079)	(135,018)	245,089	404,698	(640,480)	387,621
Changes in inventories of finished goods and work in progress	967,836	(1,120,607)	(773,023)	(14,871)	(1,146,257)	(1,668,503)
Raw materials and consumables used	(33,018,478)	(25,724,080)	(30,666,530)	74,673	6,177,942	210,651
Depreciation and amortization expenses	(2,553,186)	(2,573,792)	(2,544,370)	115,936	82,739	110,608
Employee salaries and benefits	(9,664,020)	(8,250,285)	(9,089,103)	(406,788)	1,227,970	195,684
Social security expenses	(238,314)	(333,558)	(216,301)	(20,139)	21,629	1,800
Net finance costs	(360,070)	(340,608)	(358,402)	169,171	103,067	42,793
Income from subsidies	565,675	565,676	565,675	(12,512)	(89,268)	89,269
Other expenses	(3,812,057)	(3,465,339)	(3,736,124)	(117,696)	475,757	138,203
Profit (loss) before taxation	(135,295)	179,489	2,277,156	491,467	(553,875)	1,213,890
Profit tax	(27,523)	(52,612)	(320,223)	(27,523)	28,563	(127,041)
Profit (loss) of the year	(162,818)	126,877	1,956,933	463,944	(525,312)	1,086,849
Comprehensive income	(162,818)	126,877	1,956,933	463,944	(525,312)	1,086,849
EBITDA Operational	2,949,137	2,646,878	4,828,968	(78,026)	(16,185)	1,013,625

3. REVENUES (NET SALES)

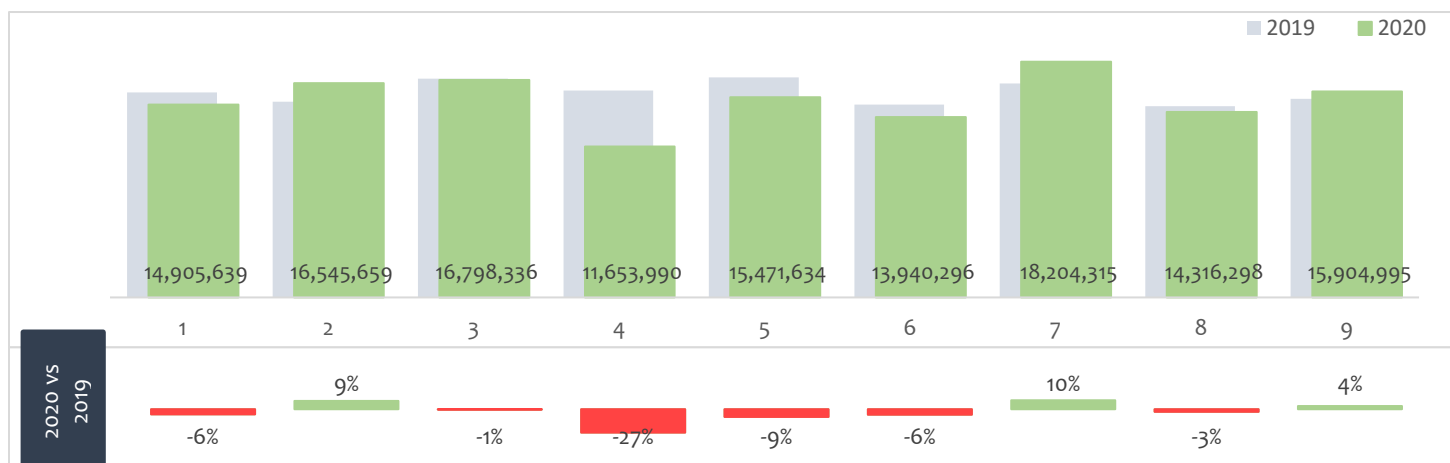
The item "Net Sales" had the following evolution:

	9 Months of 2018	9 Months of 2019	9 Months of 2020		2020 vs. 2019	
Sales of finished goods	113,930,660	107,605,712	98,631,501	▼	(8,974,211)	-8%
Sales of intermediary goods	7,657	13,303	11,425	▼	(1,878)	-14%
Services rendered	125,108	230,758	252,636	▲	21,878	9%
Sales of commodities	35,280,793	30,982,350	34,611,613	▲	3,629,263	12%
Other sales	3,415,475	3,540,769	4,233,991	▲	693,221	20%
Total Net sales	152,759,694	142,372,892	137,741,165	▼	(4,631,727)	-3%

Grouped by segments of activities, the Net sales are presented in the below table:

	9 Months of 2018	9 Months of 2019	9 Months of 2020		2020 vs. 2019	
Plastic processing sector: polyethylene+polystyrene+polypropylene	82,984,849	78,747,843	77,373,280	▼	(1,374,563)	-2%
Regenerated polymers & Compounds	26,792,591	24,607,369	17,077,422	▼	(7,529,947)	-31%
Other production sectors (industrial and automotive filters, active carbon, breathing protective equipment, PVC traffic base)	4,153,220	4,250,500	4,180,799	▼	(69,701)	-2%
Other activities	38,829,034	34,767,180	39,109,664	▲	4,342,484	12%
Total Net sales	152,759,694	142,372,892	137,741,165	▼	(4,631,727)	-3%

The monthly evolution of the Net sales and the comparison with 2019



The company's activity was mostly affected in April 2020 by the closure of some economic sectors due to the evolution of the Covid-19 pandemic. In May and June the gap between sales recorded in 2020 and in the similar period of 2019 narrowed, and in the followings months the sales had an upward evolution.

Indicator	9 Months of 2018	9 Months of 2019	9 Months of 2020	2020 vs. 2019	
Net sales	152,759,694	142,372,892	137,741,165	▼	(4,631,727) -3%
Rental and royalty income	1,772,031	1,375,409	1,280,104	▼	(95,305) -7%
Turnover, out of which:	154,531,725	143,748,301	139,021,269	▼	(4,727,033) -3%
~domestic market	114,113,903	107,536,203	110,584,389	▲	3,048,185 3%
~exports	40,417,822	36,212,098	28,436,880	▼	(7,775,218) -21%

Note: Turnover comprises the item Net sales from Profit and Loss Account, plus Rental and royalty income which is comprised in the Investment income.

4. FINANCIAL RATIOS

Indicator	Formula	30.09.18	30.09.19	30.09.20
Current ratio	Current assets/Current liabilities	0.98	1.11	1.14
Non-current liabilities to Equity ratio	Non-current liabilities/Equity	18%	13%	6%
Long term loans to Equity ratio	Long term loans/Equity	15%	11%	5%
Account receivable turnover ratio (days)	Average receivables/Sales	67	77	91
Account payable turnover ratio (days)	Average payables/Sales	58	47	48
Non-current assets rotation	Non-current liabilities/Sales	0.82	0.86	0.89

5. STATEMENT OF THE CASH FLOW

	30/09/2019	31/12/2019	30/09/2020
CASH FLOWS FROM OPERATIONS			
<i>Cash generated from operations (A)</i>	2,066,736	(7,435,411)	16,104,809
CASH FLOWS FROM INVESTMENT ACTIVITY			
<i>Net cash (used in)/generated by investing activities(B)</i>	2,252,237	13,207,922	697,187
CASH FLOWS FROM FINANCING ACTIVITY			
<i>Net cash generated/used by/in financing activities (C)</i>	(3,837,026)	(3,554,077)	(10,064,708)
NET INCREASE IN CASH AND CASH EQUIVALENTS(A+B+C)	481,947	2,218,434	6,737,288
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	3,331,011	3,331,011	5,549,445
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	3,812,958	5,549,445	12,286,733

6. RELATED PARTIES TRANZACTIONS

In the first 9 Months of 2020, transactions with affiliated parties were conducted as follows:

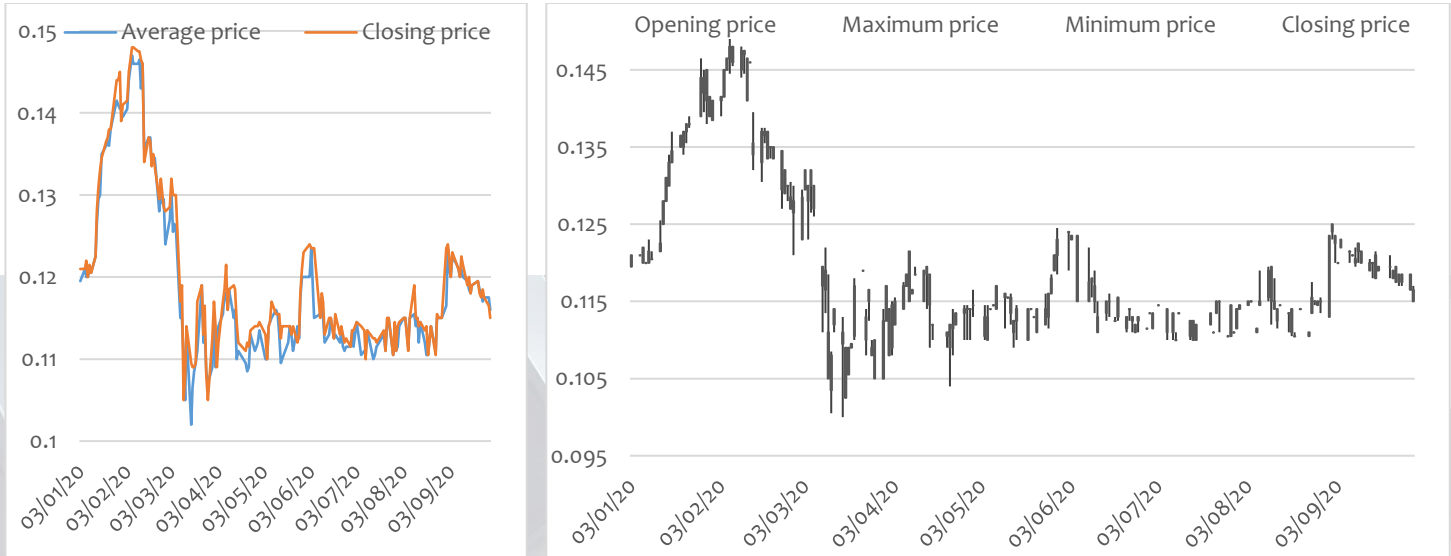
Affiliate	Sales (w/o VAT)	Acquisitions (w/o VAT)
ECO PACK MANAGEMENT S.A.	4,703	0
INFO TECH SOLUTIONS S.R.L.	17,357	449,802
LIVINGJUMBO INDUSTRY SA	31,811,078	644,399
RC ENERGO INSTALL SRL	66,866	1,727,076
Total	31,900,005	2,821,277

7. STRUCTURE OF SHAREHOLDERS

As at 30.09.2020 the SC Romcarbon SA shareholders' structure, according to Depozitarul Central SA was as follows:

Shareholder	Number of shares	% ownership
LIVING PLASTIC INDUSTRY S.R.L. loc. BUZAU jud. BUZAU	86,774,508	32.85%
JOYFUL RIVER LIMITED loc. NICOSIA CYP	54,195,089	20.52%
OTHER LEGAL ENTITIES	10,589,983	4.01%
NATURAL PERSONS	112,562,516	42.62%
Total	264,122,096	100.00%

Evolution of the price of Romcarbon SA shares in 2020.



The Standalone Financial Statements for the period ended September 30, 2020 have not been audited.

Chairman of the Board and General Manager,
Huang Liang Neng

Financial Manager,
ec. Zainescu Viorica Ioana

S.C. ROMCARBON S.A.

STANDALONE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED SEPTEMBER 30, 2020

PREPARED IN ACCORDANCE WITH THE
INTERNATIONAL FINANCIAL REPORTING STANDARDS
AS ADOPTED BY THE EUROPEAN UNION

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**STATEMENT OF THE COMPREHENSIVE INCOME
FOR THE PERIOD ENDED SEPTEMBER 30, 2020**

(all amounts are expressed in lei, unless specified otherwise)

	Period ended September 30, 2019 <u>RON</u>	Period ended September 30, 2020 <u>RON</u>
Net sales	142,372,892	137,741,165
Investment income	1,459,066	1,328,578
Other gains or losses	(726,847)	(575,008)
Changes in inventories	1,903,837	(925,794)
Raw materials and consumables used	(95,872,354)	(89,409,088)
Depreciation and amortization expense	(7,980,631)	(7,671,348)
Employee salaries and benefits	(28,020,274)	(27,003,408)
Social security expenses	(791,463)	(788,173)
Net finance cost	(1,374,111)	(1,059,080)
Income from subsidies	1,709,537	1,697,026
Other expenses	(11,509,784)	(11,013,520)
Profit (loss) before taxation	1,169,868	2,321,350
Profit tax	(274,357)	(400,358)
Net profit	895,511	1,920,992
Other comprehensive income		
Total comprehensive income	895,511	1,920,992
Earnings per share	0.0034	0.0073
Number of shares	264,122,096	264,122,096

HUANG LIANG NENG

 Chairman of the Board
And General Manager

VIORICA ZAINESCU

Financial Manager

**STATEMENT OF THE FINANCIAL POSITION
FOR THE PERIOD ENDED SEPTEMBER 30, 2020**

(all amounts are expressed in lei, unless specified otherwise)

	<u>01-Jan-20</u>	<u>30-Sept-20</u>
	RON	RON
Non-current assets		
Property, plant and equipment	122,648,084	115,953,938
Investment property	13,432,444	13,425,346
Intangible assets	314,136	374,274
Financial assets	27,085,581	27,085,181
Total non-current assets	163,480,245	156,838,739
Current assets		
Inventories	25,346,355	20,180,642
Trade and other receivables	45,865,813	47,912,793
Amounts to receive from affiliates (financial)	335,912	305,910
Other assets	1,249,969	1,306,611
Cash and bank balances	5,549,445	12,286,733
Non-current assets held for sale	4,367,166	70,845
Total current assets	82,714,660	82,063,534
TOTAL ASSETS	246,194,905	238,902,273
Equity and Liabilities		
Capital and reserve		
Issued capital	26,412,210	26,412,210
Share premiums	2,182,283	2,182,283
Reserves	58,845,305	58,442,556
Retained earnings	49,614,454	51,938,195
Total Equity	137,054,252	138,975,244
Non-current liabilities		
Borrowings	12,705,852	7,943,644
Deferred tax liabilities	8,368,626	8,368,626
Deferred income	13,138,559	11,441,533
Total non-current liabilities	34,213,037	27,753,803
Current liabilities		
Trade and other payables	23,643,049	25,849,712
Borrowings	46,071,939	40,769,440
Deferred income	2,345,590	2,262,702
Other liabilities	2,867,038	3,291,372
Total current liabilities	74,927,616	72,173,226
Total liabilities	109,140,653	99,927,029
Total equity and liabilities	246,194,905	238,902,273

HUANG LIANG NENG
Chairman of the Board
And General Manager

VIORICA ZAINESCU
Financial Manager

**STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE PERIOD ENDED SEPTEMBER 30, 2020**

(all amounts are expressed in lei, unless specified otherwise)

	<u>Issued capital</u>	<u>Share premiums</u>	<u>Revaluation reserves</u>	<u>Legal reserves</u>	<u>Other reserve</u>	<u>Retained earnings</u>	<u>Total</u>
01/ian/2020	26,412,210	2,182,283	39,880,741	4,133,516	14,831,048	49,614,454	137,054,253
Revaluation reserve	-	-	-	-	-	-	-
Distribution of dividends	-	-	-	-	-	-	-
Net profit of the period	-	-	-	-	-	1,920,992	1,920,992
Corrections	-	-	-	-	-	-	-
Transfers between capital accounts	-	-	(402,749)	-	-	402,749	-
30/sept/2020	26,412,210	2,182,283	39,477,992	4,133,516	14,831,048	51,938,195	138,975,244

HUANG LIANG NENG
Chairman of the Board
And General Manager

VIORICA ZAINESCU
Financial Manager

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED SEPTEMBER 30, 2020**

(all amounts are expressed in lei, unless specified otherwise)

NET SALES	Period ended Sept 30, 2019 RON	Period ended Sept 30, 2020 RON
Sales of finished goods	107,988,898	98,981,790
Sales of commodities	30,612,467	34,272,750
Services rendered	230,758	252,636
Other sales	3,540,769	4,233,989
Total	142,372,892	137,741,165
	Period ended Sept 30, 2019 RON	Period ended Sept 30, 2020 RON
INVESTMENT INCOME		
Income from renting investment property	1,375,409	1,280,104
Income from interest on bank deposits	83,657	48,474
Dividends received from participations	-	-
Total	1,459,066	1,328,578
	Period ended Sept 30, 2019 RON	Period ended Sept 30, 2020 RON
OTHER GAINS AND LOSSES		
Income from penalties charged	10,395	40,976
Gain / (Loss) on disposal of property, plant and equipment	(51,328)	-
Gain / (Loss) on disposal of non-current assets held for sale	-	(234,171)
FOREX gain / (loss)	(792,179)	(917,748)
Gain / (Loss) on disposal of financial assets	-	(400)
Gain / (Loss) on changes of provisions	23,740	630
Other gains	82,525	535,705
Other losses	-	-
Total	(726,847)	(575,008)
	Period ended Sept 30, 2019 RON	Period ended Sept 30, 2020 RON
RAW MATERIALS AND CONSUMABLES USED		
Raw materials	52,019,222	42,014,351
Commodities sold	30,106,571	33,731,305
Energy and water	9,776,047	9,896,358
Expenses with consumables	3,970,515	3,767,075
Total	95,872,354	89,409,088

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED SEPTEMBER 30, 2020**

(all amounts are expressed in lei, unless specified otherwise)

DEPRECIATION AND AMORTIZATION EXPENSES	Period ended Sept 30, 2019 RON	Period ended Sept 30, 2020 RON
Total expenses, Of which:	7,980,631	7,671,348
Depreciation of fixed assets	7,898,874	7,494,047
Amortization of intangible assets	81,757	177,301
Total	7,980,631	7,671,348
EMPLOYEES SALARIES AND BENEFITS	Period ended Sept 30, 2019 RON	Period ended Sept 30, 2020 RON
Salaries	27,186,267	26,215,754
Social contributions	791,463	788,173
Meal tickets	834,007	787,654
Total	28,811,737	27,791,581
NET FINANCE COST	Period ended Sept 30, 2019 RON	Period ended Sept 30, 2020 RON
Bank interest and leases expenses	1,098,272	874,370
Bank commissions and assimilated charges	275,839	184,710
Total	1,374,111	1,059,080
OTHER EXPENSES	Period ended Sept 30, 2019 RON	Period ended Sept 30, 2020 RON
Expenses with transport and logistics	4,098,410	3,925,214
Other expenses with third party services	4,061,893	4,120,829
Protocol and marketing	188,525	112,723
Expenses with repairs	1,068,133	865,514
Taxes and levies	1,364,661	1,282,943
Expenses with insurances	284,022	294,111
Expenses with postal charges and telecommunications	90,631	94,112
Expenses with travels	81,452	50,299
Expenses with rents	143,307	150,386
Expenses with commissions and fees	5,251	180
Expenses with fines and penalties	8,457	2,895
Other expenses	115,042	114,314
Total	11,509,784	11,013,520

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED SEPTEMBER 30, 2020**

(all amounts are expressed in lei, unless specified otherwise)

PROFIT TAX	Period ended Sept 30, 2019 RON	Period ended Sept 30, 2020 RON
Current profit tax expense	274,357	400,358
Deferred profit tax expense	-	-
Total	274,357	400,358

PROPERTY INVESTMENTS

Balance as at January 01, 2020	13,432,444
Additions	(7,098)
Disposals	-
Balance as at September 30, 2020	13,425,346

INTANGIBLE ASSETS

	Licences	Other intangible assets	Intangible assets in progress	Total
<i>Cost</i>	RON	RON	RON	RON
Balance as at January 01, 2020	1,012,329	592,467	57,080	1,661,876
Additions	225,642	68,875	11,796	306,313
Transfers	-	-	-	-
Disposals	-	-	(68,876)	(68,876)
Balance as at September 30, 2020	1,237,971	661,342	-	1,899,313

Accumulated amortization

Balance as at January 01, 2020	(755,272)	(592,466)	-	(1,347,738)
Expenses with depreciation	(173,857)	(3,444)	-	(177,301)
Decrease from sale of assets	-	-	-	-
Balance as at September 30, 2020	(929,129)	(595,910)	-	(1,525,039)
Net Book Value as at September 30, 2020	308,842	65,431	-	374,274

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED SEPTEMBER 30, 2020**

(all amounts are expressed in lei, unless specified otherwise)

**PROPERTY, PLANT AND
EQUIPMENT**

	Land	Buildings	Plant and equipment	Installations and furniture	Tangible assets in progress and advances	Total
	RON	RON	RON	RON	RON	RON
COST						
Balance as at January 01, 2020	45,747,556	20,237,504	117,459,332	771,891	1,752,105	185,968,388
Additions	-	51,097	699,670	7,413	812,981	1,571,161
Disposals	-	-	(218,531)	-	(747,793)	(966,324)
Balance as at September 30, 2020	45,747,556	20,288,601	117,940,471	779,304	1,817,293	186,573,225
	Terenuri	Clădiri	Utilaje și echipament	Instalații și obiecte de mobilier	Imobilizări corporale in curs si avansuri	Total
	RON	RON	RON	RON	RON	RON
ACCUMULATED DEPRECIATION						
Balance as at January 01, 2020	-	-	(62,863,804)	(456,500)	-	(63,320,304)
Expenses with depreciation		(981,494)	(6,469,475)	(43,080)		(7,494,049)
Decrease from sale of assets		-	195,066	-		195,066
Decrease from re-valuation						
Balance as at September 30, 2020	-	(981,494)	(69,138,213)	(499,580)	-	(70,619,287)
Net Book Value as at September 30, 2020	45,747,556	19,307,107	48,802,258	279,724	1,817,293	115,953,938

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED SEPTEMBER 30, 2020**

(all amounts are expressed in lei, unless specified otherwise)

FINANCIAL ASSETS

Details on the Company's investments in subsidiaries and associates are presented in the following table:

	Core activity	Place of establishment and operations	%	30 September 2020 RON
RECYPLAT LTD CIPRU	Business and other management consultancy activities	Nicosia	100.00%	20,261,120
ROMCARBON DEUTSCHLAND GmbH	Trade with plastic finished products, recycling of plastic materials and purchase of plastic waste	Germania	100.00%	110,138
RC ENERGO INSTALL SRL	Plumbing, heat and air conditioning installation (NACE code 4322)	Buzau	100.00%	15,112
INFO TECH SOLUTIONS SRL	Other information technology and computer service activities (NACE code 6209)	Buzau	99.00%	1,980
LIVING JUMBO INDUSTRY SA	Manufacture of plastic packing goods (NACE code 2222).	Buzau	99.00%	6,477,632
GRINFILD LTD	Wholesales	Odessa	62.62%	2,687,755
ECO PACK MANAGEMENT SA	Other business support service activities n.e.c. (NACE code 8299)	Bucuresti	25.36%	586,625
YENKI SRL	Activities of sports facilities (NACE code 9311)	Buzau	33.34%	100,000
KANG YANG BIOTECHNOLOGY CO. LTD	Manufacture of products beneficial for human health	Taiwan	1.95%	203,963
Registrul Miorita SA	Other financial service activities n.c.a (NACE code 6499)	Cluj	3.79%	5,000
		TOTAL		<u>30,449,325</u>
Financial assets impairment				<u>(3,364,144)</u>
Net book value				<u>27,085,181</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED SEPTEMBER 30, 2020**

(all amounts are expressed in lei, unless specified otherwise)

INVENTORIES

	01-Jan-20	30-Sept-20
Raw materials	11,393,277	9,228,928
Consumables	3,636,550	2,952,017
Items of inventory	92,376	89,018
Packaging	189,478	186,167
Finished products	7,094,415	5,673,422
Unfinished products	1,865,324	1,479,827
Semi-finished products	1,847,960	1,431,078
Residual products	17,074	27,126
Commodities	531,766	541,074
Advances for purchases of inventory	108,391	2,241
Provisions for obsolete inventories	(1,430,256)	(1,430,256)
Total	25,346,355	20,180,642

TRADE AND OTHER RECEIVABLES

	01-Jan-20	30-Sept-20
Trade receivables	46,642,677	48,405,491
Provisions for doubtful clients	(1,222,066)	(1,221,436)
Taxes to recover	90,324	305,622
Other receivables	354,878	271,906
Subsidies to receive	-	151,209
Total	45,865,813	47,912,793

CASH ON HAND AND AT BANKS

	01-Jan-20	30-Sept-20
Cash at banks	5,433,668	12,084,560
Cash on hand	30,237	36,002
Cash equivalents	85,540	166,171
Total	5,549,445	12,286,733

OTHER CURRENT ASSETS

	01-Jan-20	30-Sept-20
Prepaid expenses	965,731	987,642
Advances to services suppliers	284,238	318,969
Total	1,249,969	1,306,611

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED SEPTEMBER 30, 2020**

(all amounts are expressed in lei, unless specified otherwise)

ISSUED CAPITAL

	01-Jan-20	30-Sept-20
264,122,096 fully paid ordinary shares (2019: 264,122,096). The value of one share is RON 0.1	26,412,210	26,412,210
Total	26,412,210	26,412,210

RESERVES

	01-Jan-20	30-Sept-20
Legal reserves	4,133,516	4,133,516
Other reserves	14,831,048	14,831,048
Revaluation reserves	39,880,741	39,477,992
Total	58,845,305	58,442,556

BORROWINGS**Borrowings – Short term**

	01-Jan-20	30-Sept-20
Credit line- Euro – BRD	12,088,156	-
Credit line- Euro – Eximbank SA	-	12,312,890
Investment loan Euro II - BRD	597,194	608,503
Investment loan Euro III - BRD	754,023	768,301
Credit line- Euro – Unicredit Bank SA	25,297,660	21,876,201
Investment loan Euro - CCE 2015 - UniCredit Bank SA	2,078,996	2,118,363
Investment loan I - Eximbank SA	1,023,750	1,023,750
Investment loan II - Eximbank SA	596,833	596,833
Investment loan II - UniCredit Bank SA	306,263	306,264
Investment loan III - UniCredit Bank SA	540,102	550,330
Investment loan IV - UniCredit Bank SA	1,547,751	608,005
Investment loan V - UniCredit Bank SA	1,241,211	-
Total	46,071,939	40,769,440

Borrowings – Long term

	01-Jan-20	30-Sept-20
Investment loan Euro II – BRD	1,094,854	659,209
Investment loan Euro III - BRD	816,859	256,101
Investment loan Euro - CCE 2015 - UniCredit Bank SA	6,822,067	5,362,477
Investment loan II - UniCredit Bank SA	229,698	-
Investment loan III - UniCredit Bank SA	405,077	-
Investment loan IV - UniCredit Bank SA	608,007	152,002
Investment loan I - Eximbank SA	1,535,625	767,813
Investment loan II - Eximbank SA	1,193,665	746,042
Total	12,705,852	7,943,644

These loans are guaranteed by mortgages on land and plants, pledges on equipment and stocks, security mortgage on current bank accounts, receivables assignments.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED SEPTEMBER 30, 2020**

(all amounts are expressed in lei, unless specified otherwise)

OTHER LIABILITIES

	01-Jan-20	30-Sept-20
Liabilities to employees	1,013,477	1,151,148
Liabilities related to social contributions	769,921	899,952
Other tax liabilities	1,083,640	1,240,272
Total	2,867,038	3,291,372

TRADE PAYABLES AND OTHER PAYABLES

	01-Jan-20	30-Sept-20
Trade payables	23,031,597	24,779,993
Other payables	80,474	73,891
Suppliers invoices not received	256,350	304,096
Advances from clients	274,628	691,732
Total	23,643,049	25,849,712

FINANCE LEASE OBLIGATIONS

	01-Jan-20	30-Sept-20
Amounts due within one year	-	-
Amounts due within one year	-	-
Total	-	-

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED SEPTEMBER 30, 2020**

(all amounts are expressed in lei, unless specified otherwise)

RELATED PARTY TRANSACTIONS

Affiliate	Sales of goods and services		Purchases of goods and services		Amounts to be received from affiliates		Amounts to be paid to affiliates	
	9 months of 2019	9 months of 2020	9 months of 2019	9 months of 2020	December 31, 2019	September 30, 2020	December 31, 2019	September 30, 2020
ECO PACK MANAGEMENT SA	2,050	4,703	0	0	616	626	0	0
INFO TECH SOLUTIONS S.R.L.	19,385	17,357	419,473	449,802	0	12,906	86,685	20,938
LIVINGJUMBO INDUSTRY SA	25,161,581	31,811,078	966,141	644,399	27,974,239	26,625,394	65,239	286,645
RC ENERGO INSTALL SRL	69,987	66,866	1,940,297	1,727,076	18,060	6,359	67,587	216,202
YENKI SRL BUZAU	2,521	0	0	0	0	0	0	0
TOTAL	25,255,524	31,900,005	3,325,911	2,821,277	27,992,915	26,645,285	219,511	523,785

Note : As at September 30, 2020 the Company has to receive from its subsidiary, RC Energo Install SRL, the amount of RON 292,188 representing a loan granted to the subsidiary whose maturity is June 2021.

FINANCIAL RATIOS

Indicator	Formula	30.09.18	30.09.19	30.09.20
EBIT	Gross profit + Profit tax + Expenses with interest	6,355,582	2,291,864	3,219,606
<i>EBITDA, total, out of which:</i>	<i>EBIT + Depreciation - Subsidies for investments</i>	<i>12,790,242</i>	<i>8,562,958</i>	<i>9,193,928</i>
<i>Profit/Loss from selling non-current assets</i>		<i>2,709,699</i>	<i>-51,328</i>	<i>-234,171</i>
EBITDA to sales ratios	EBITDA/Sales	8.28%	5.96%	6.61%
EBITDA to Equity	EBITDA/Equity	9.39%	6.26%	6.62%
Gross profit ratio	Gross profit/Sales	3.29%	0.81%	1.67%
Current liquidity	Current assets/Current liabilities	0.98	1.11	1.14
Quick liquidity	(Current assets- Inventories)/Current liabilities	0.72	0.82	0.86
Non-current liabilities to Equity	Non-current liabilities/Equity	37%	29%	20%
Total liabilities to Assets	Total liabilities/Total Assets	49%	45%	42%
Interest coverage ratio	EBIT/Interest expenses	4.97	2.04	3.58
Receivables rotation (days)	Average receivables/Sales	67	77	91
Payables rotation (days)	Average payables/Sales	58	47	48
Return on Assets(ROA)	Net profit/Assets	1.91%	0.36%	0.80%
Return on Equity(ROE)	Net profit/Equity	3.73%	0.65%	1.38%
Return on Sales(ROS)	Net profit/Sales	3.29%	0.62%	1.38%

Note : The Standalone Financial Statements for the period ended **September 30, 2020** have not been audited.

HUANG LIANG NENG
Chairman of the Board
And General Manager

VIORICA ZAINESCU
Financial Manager

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