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RAPORTUL AUDITORULUI INDEPENDENT
INDEPENDENT AUDITOR'S REPORT

Catre actionarii Alum S.A.
To the Shareholders of Alum S.A.

Raport asupra auditului situatiilor financiare individuale
Report on the Audit of the Separate Financial Statements

Opinia
Opinion

Am auditat situatiile financiare individuale ale societatii ALUM SA („Societatea") cu sediul social in Tulcea, strada Isaccei nr. 82, identificata prin codul unic de inregistrare fiscala 2360405, care cuprind situatia individuala a pozitiei financiare la data de 31 decembrie 2022, situatia individuala a rezultatului global, situatia individuala a modificarilor in capitalurile proprii si situatia individuala a fluxurilor de trezorerie pentru exercitiul financiar incheiat la aceasta data si un sumar al politicilor contabile semnificative si alte informatii explicative.
We have audited the separate financial statements of ALUM SA (the Company) with official head office in Tulcea, Isaccei Str. nr. 82, identified by sole fiscal registration number 2360405, which comprise the separate statement of financial position as at December 31, 2022 and the separate statement of comprehensive income, separate statement of changes in equity and separate statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In opinia noastra, situatiile financiare individuale anexate ofera o imagine fidela si justa a pozitiei financiare individuale a Societatii la data de 31 decembrie 2022, cat si a performantei financiare individuale si a fluxurilor de trezorerie individuale ale acesteia pentru exercitiul financiar incheiat la aceasta data, in conformitate cu Standardele Internationale de Raportare Financiara adoptate de catre Uniunea Europeana.
In our opinion, the accompanying separate financial statements give a true and fair view of the separate financial position of the Company as at December 31, 2022, and of its separate financial performance and its separate cash flows for the year then ended in accordance with the International Financial Reporting Standards as adopted by the European Union.

Bazele opiniei
Basis for opinion

Noi am efectuat auditul conform Standardelor Internationale de Audit (ISA). Responsabilitatile noastre conform acestor standarde sunt descrise mai detaliat in sectiunea „Responsabilitatile auditorului pentru auditul situatiilor financiare" din raportul nostru. Suntem independenti fata de Societate conform Codului International de etica al profesionistilor contabili (inclusiv standardele internaționale de independenta) emis de Consiliul pentru Standarde Internationale de Etica pentru Contabili (codul IESBA) si conform cerintelor etice care sunt relevante pentru auditul situatiilor financiare in Romania si ne-am indeplinit responsabilitatile etice conform acestor cerinte si conform Codului IESBA. Consideram ca probele de audit pe care le-am obtinut sunt suficiente si adecvate pentru a constitui baza pentru opinia noastra.

Traducerea in limba engleza are doar scop informativ. Traducerea raportului trebuie citita impreuna cu situatiile financiare, luate in ansamblu. In situatiile in care informatiile, punctele de vedere si opiniile sunt susceptibile de interpretare, versiunea originala in limba romana a raportului nostru prevaleaza acestei traduceri.
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We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) as issued by the International Ethics Standards Board for Accountants (IESBA Code) together with the ethical requirements that are relevant to the audit of the financial statements in Romania, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Aspecte cheie de audit
Key audit matters

Aspectele cheie de audit sunt acele aspecte care, in baza rationamentului nostru profesional, au avut cea mai mare importanta pentru auditul situatiilor financiare individuale din perioada curenta. Aceste aspecte au fost abordate in contextul auditului desfasurat asupra situatiilor financiare individuale in ansamblu, si in formarea opiniei noastre asupra acestora, si nu emitem o opinie separata cu privire la aceste aspecte cheie.
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the separate financial statements of the current period. These matters were addressed in the context of our audit of the separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Pentru fiecare aspect de mai jos, am prezentat in acel context o descriere a modului in care auditul nostru a abordat respectivul aspect.
For each matter below, our description of how our audit addressed the matter is provided in that context.

Am indeplinit responsabilitatile descrise in sectiunea „Responsabilitatile auditorului pentru auditul situatiilor financiare individuale" din raportul nostru, inclusiv in legatura cu aceste aspecte cheie. In consecinta, auditul nostru a inclus efectuarea procedurilor proiectate sa raspunda la evaluarea noastra cu privire la riscul de erori semnificative in cadrul situatiilor financiare individuale. Rezultatele procedurilor noastre de audit, inclusiv ale procedurilor efectuate pentru a aborda aspectele de mai jos, constituie baza pentru opinia noastra de audit asupra situatiilor financiare individuale anexate.
We have fulfilled the responsibilities described in the "Auditor's responsibilities for the audit of the separate financial statements" section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the separate financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying separate financial statements.

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Aspect cheie de audit	*Modul in care auditul nostru a abordat aspectul-cheie de audit*
Testarea pentru depreciere a investitiilor in filiale Informatiile prezentate de Alum cu privire la investitiile in filiale, inclusiv deprecierea aferenta, sunt incluse in Nota 6.	
Investitia detinuta in Global Aluminium Ltd., societatea-mama a Sierra Mineral Holdings Ltd („SMHL") este semnificativa pentru auditul nostru avand in vedere marimea pozitiei bilantiere la 31 decembrie 2022 (valoare contabila de 67.3 milioane RON in situatia individuala a pozitiei financiare, dupa o depreciere de 279 milioane RON). Testul anual de depreciere a investitiei detinute in filiale este semnificativ pentru auditul nostru, intrucat procesul de evaluare este complex, necesita estimari semnificative din partea conducerii si este bazat pe ipoteze care sunt fundamentate pe evolutia viitoare a pretului bauxitei (o marfa globala) si a conditiilor de operare din Sierra Leone, avand in vedere si situatia economica curenta. Evaluarea recuperabilitatii valorii contabile a investitiilor necesita rationamente si estimari semnificative din partea conducerii in procesul de evaluare a faptului daca a aparut depreciere la sfarsitul exercitiului sau o depreciere poate fi reversata, precum si in procesul de masurare a oricarei ajustari pentru depreciere de acest fel. O evaluare a deprecierii implica si analiza diferitelor surse de informatii disponibile, inclusiv a factorilor referitori la mediul economic si factorii specifici industriei. La 31 decembrie 2022 Societatea a efectuat un test de depreciere a investitiei in filiala Global Aluminium Ltd, in urma caruia a fost recunoscuta o cheltuiala suplimentara cu deprecierea	Procedurile noastre de audit au inclus, printre altele: a) am implicat specialistii nostri evaluatori interni pentru a ne asista la: - evaluarea ipotezelor-cheie si a metodologiilor aplicate de Societate pentru testarea de depreciere a investitiilor in filiale (de ex. verificarea corectitudinii matematice a modelului si conformitatea acestuia cu cerintele Standardelor Internationale de Raportare Financiara, ratele de actualizare folosite pentru actualizarea fluxurilor de numerar viitoare pentru fiecare UGN, ipoteze macroeconomice); - evaluarea competentei, capacitatilor si obiectivitatii evaluatorului extern implicat; b) am evaluat analiza de senzitivitate a valorii recuperabile ale UGN-ului la modificarile aduse ipotezelor semnificative facute de conducere (cum ar fi preturile de vanzare preconizate, volumul productiei / vanzarilor fata de capacitate, costul materialelor si cheltuielile administrative, investitiile de capital nete, modificarile capitalului circulant, si rata de crestere rezultata si marja EBITDA pentru fiecare dintre perioadele viitoare incluse in testul de depreciere), precum si analiza conformitatii acestora cu mediul economic general si specific al industriei, informatiile de piata relevante disponibile si planurile de afaceri ale Societatii. c) am evaluat analiza indicatorilor de depreciere privind investitiile in filiale, efectuata de conducere, analizand daca aceasta a acoperit toate investitiile semnificative pentru care ar fi putut exista indicatori de depreciere la sfarsitul perioadei de raportare, precum si evaluarea de catre conducere a recuperabilitatii

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investitiei in aceasta filiala, in suma de 128,7 milioane RON. In lumina rationamentelor si estimarilor utilizate de conducere pentru determinarea proiectiilor privind fluxurile de numerar viitoare si a incertitudinilor cu privire la mediul economic actual, acesta este considerat un aspect-cheie de audit.	valorii contabile a investitiilor, pentru care au fost identificate evenimente care indica necesitatea unei testari. d) am evaluat acuratetea istorica a bugetelor si prognozelor conducerii prin compararea acestora cu performanta efectiva. e) de asemenea, am evaluat caracterul adecvat al informatiilor prezentate de Societate cu privire la testarea pentru depreciere a investitiilor in filiale.

Key audit matter	***How our audit addressed the key audit matter***
Impairment testing of investment in subsidiaries *Alum's disclosures of the investment in subsidiaries, including the related impairment, are presented in Note 6.*	
Investment in Global Aluminium Ltd, the parent of Sierra Mineral Holdings Ltd. ("SMHL"), is significant to our audit because of the magnitude of the balance sheet position as at 31 December 2022 (carrying value of RON 67.3 million RON in the separate statement of financial position, after impairment of RON 279 million). *The annual impairment test for the investment is significant to our audit because the assessment process is complex, requires significant management judgment and is based on assumptions that are affected by expected future prices of bauxite (a global commodity), market conditions in Sierra Leone and future economic environment, given also the current economic situation.* *The assessment of the recoverability of the carrying value of investments requires management to apply significant judgements and estimates in assessing whether any impairment has arisen at year end or an impairment may be reversed and in measuring any such impairment adjustment. An impairment assessment also involves consideration of*	*Our audit procedures included, among others:* *a) we involved our internal valuation specialists to assist us in:* *- evaluating the key assumptions and methodologies used by the Company for the impairment testing of investments in subsidiaries (e.g. checked the mathematical accuracy of the model and its conformity with the requirements of the International Financial Reporting Standards, discount rates used for discounting future cash flows for each CGU, macroeconomic assumptions);* *- evaluating the competence, capabilities and objectivity of the external valuator;* *b) we evaluated the sensitivity analysis of the CGUs' recoverable amounts to changes in the significant assumptions made by management (such as expected sales prices, production/sales volumes vs. capacity, materials cost and administrative expenses, net capital investments, working capital changes, and the resulting growth rate and EBITDA margin for each of the future periods included in the impairment test) as well as analysis of their consistency with the general and industry-specific economic environment, relevant available market information and the business plans of the Group.*

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various sources of information, including factors related to the economic environment and industry specific factors. *As at 31 December 2022, the Company has performed an impairment test of the investment in the subsidiary Global Aluminium Ltd , as a result of which it recorded an additional impairment charge for the investment in this subsidiary, in amount of RON 128.7 million.* *In light of the judgements and estimates used by the management in the determination of future cash flow projections and uncertainties regarding current economic environment this is considered a key audit matter.*	*c) we evaluated the management's assessment of impairment indicators for investments in subsidiaries, by considering whether the assessment covered all significant investments for which impairment indicators could have existed at the end of the reporting period as well as management's assessment of the recoverability of the carrying value of investments for which triggering events were identified.* *d) we assessed the historical accuracy of management's budgets and forecasts by comparing them to actual performance.* *e) We further assessed the adequacy of the Company's disclosures about impairment testing of investment in subsidiaries.*

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Aspect cheie de audit	*Modul in care auditul nostru a abordat aspectul-cheie de audit*
Testarea pentru depreciere a imobilizarilor corporale Informatiile prezentate de Alum cu privire la imobilizarile corporale, inclusiv cu privire la deprecierea aferenta, sunt incluse in notele 3 si 4	
Imobilizarile corporale ale Alum au o importanta semnificativa pentru auditul nostru, avand in vedere marimea pozitiei bilantiere la 31 decembrie 2022 (169.3 milioane RON in situatia individuala pozitiei financiare individuale). Conform Standardelor Internationale de Raportare Financiara, o entitate este obligata să evalueze, cel putin la fiecare data de raportare, daca exista indicatori de depreciere și, dacă exista, este necesar un test de depreciere. La 31 decembrie 2022, ca urmare a mai multor factori interni si externi, cum ar fi cresterea preturilor si disponibilitatea redusa a produselor energetice si a altor materii prime cu impact negativ asupra costurilor de productie, ceea ce a condus la suspendarea temporara a productiei de alumina la Alum, a fost efectuat un test de depreciere pentru imobilizarile corporale ale unitatii generatoare de numerar Alum, pe baza caruia s-a determinat ca valoarea recuperabila a imobilizarilor corporale ale unitatii generatoare de numerar nu a fost semnificativ diferita fata de valoare contabila neta, si in consecinta nu a fost necesara inregistrarea unei cheltuieli suplimentare cu deprecierea imobilizarilor corporale. Evaluarea recuperabilitatii valorii contabile a imobilizarilor corporale necesita ca, conducerea sa aplice rationamente si estimari semnificative in determinarea principalelor ipoteze utilizate in testul de depreciere, cum ar fi rata de actualizare, rata de crestere si marja EBITDA, precum si venitul asteptat din	Procedurile noastre de audit au inclus, printre altele: a. am analizat si am evaluat analiza efectuata de conducere in ceea ce priveste existenta indicatorilor de depreciere; b. am implicat specialistii nostri evaluatori interni pentru a ne asista la: - evaluarea ipotezelor-cheie si a metodologiilor aplicate de Societate pentru testarea de depreciere a imobilizarilor corporale (de ex. verificarea corectitudinii matematice a modelului si conformitatea acestuia cu cerintele Standardelor Internationale de Raportare Financiara, ratele de actualizare folosite pentru actualizarea fluxurilor de numerar viitoare pentru societate, ipoteze macroeconomice). - evaluarea competentei, capacitatilor si obiectivitatii evaluatorului extern implicat; c. am comparat ipotezele folosite in dezvoltarea modelelor de fluxuri de numerar viitoare cu bugetele aprobate si planurile de afaceri care au luat in considerare si impactul crizei actuale a preturilor energiei asupra fluxurilor de numerar viitoare; d. am evaluat analiza de senzitivitate a valorii recuperabile ale UGN-ului la modificarile ipotezelor semnificative facute de conducere (cum ar fi preturile de vanzare preconizate, volumul productiei / vanzarilor in raport de capacitatea de productie, costurile materiale si cheltuielile administrative, venitul asteptat din subventii pentru costurile indirecte cu emisiile incluse in pretul energiei electrice, investitiile de

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subventii pentru costurile indirecte cu emisiile incluse in pretul energiei electrice. Avand in vedere incertitudinea in previzionarea si actualizarea fluxurilor de numerar viitoare, nivelul rationamentelor implicate si importanta imobilizarilor corporale ale Societatii la 31 decembrie 2022, aceasta arie a auditului reprezinta un aspect-cheie de audit.	capital nete, modificarile capitalului circulant, rata de crestere rezultata si marja EBITDA pentru fiecare dintre perioadele viitoare incluse in testul de depreciere), precum si analiza conformitatii acestora cu mediul economic general si specific al industriei, informatiile de piata relevante disponibile si planurile de afaceri ale entitatii. e. am evaluat acuratetea istorica a bugetelor si prognozelor conducerii prin compararea acestora cu performanta efectiva. f. de asemenea, am evaluat caracterul adecvat al informatiilor prezentate de Societate cu privire la testarea pentru depreciere a imobilizarilor corporale.

Key audit matter	*How our audit addressed the key audit matter*
Impairment testing of property, plant and equipment Alum's disclosure about property, plant and equipment, including the related impairment, are included in Notes 3 and 4	
The property, plant and equipment of the Company are significant to our audit because of the magnitude of the balance sheet position as of 31 December 2022 (of RON 169.3 million in the statement of financial position). Under the International Financial Reporting Standards, an entity is required to assess, at least at each reporting date, whether impairment indicators exist and, if they exist, an impairment test is required. At 31 December 2022 due to the presence of internal and external indications of impairment, such as increasing prices and scarce availability of energy products and other raw materials with a negative impact on the production costs which led to temporary suspension of the alumina	Our audit procedures included, among others: a. We analysed and evaluated the management's assessment of the existence of impairment indicators; b. we involved our internal valuation specialists to assist us - in evaluating the key assumptions and methodologies used by the Company the impairment testing of property, plant and equipment (e.g. checked the mathematical accuracy of the model and its conformity with the requirements of the International Financial Reporting Standards, discount rates used for discounting future cash flows for the company, macroeconomic assumptions).

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production at Alum, an impairment test of the property, plant and equipment of the cash generating unit Alum was carried out, based on which was determined that the recoverable value of property, plant and equipment of the cash generating unit was not materially different from its carrying value, therefore no additional impairment charge for the property, plant and equipment needed to be recognized. The assessment of the recoverability of the carrying value of property plant and equipment requires management to apply significant judgements and estimates in determining the main assumptions used in the impairment test such as discount rate, growth rate and EBITDA margin, as well as expected income from government compensations for indirect emission costs embedded in the electricity price. Due to the uncertainty of forecasting and discounting future cash flows, the level of judgements involved and the significance of the Company's property plant and equipment as at 31 December 2022, this audit area is considered a key audit matter.	- evaluation of the competence, capabilities and objectivity of external valuator; c. we compared the assumptions used within the future cash flow models to approved budgets and business plans which considered also the current energy prices crisis impact on the future cash flow; d. we evaluated the sensitivity analysis of the recoverable amounts to changes in the significant assumptions made by management (such as expected sales prices, production/sales volumes vs. capacity, materials cost and administrative expenses, expected income from government compensations for indirect emission costs embedded in the electricity price, net capital investments, working capital changes, and the resulting growth rate and EBITDA margin for each of the future periods included in the impairment test) as well as analysis of their consistency with the general and industry-specific economic environment, relevant available market information and the business plans of the two entities. e. we assessed the historical accuracy of management's budgets and forecasts by comparing them to actual performance. f. We further assessed the adequacy of Company's disclosures about Impairment testing of property, plant and equipment.

Alte informatii
Other information

Alte informatii includ Raportul administratorilor, dar nu includ situatiile financiare individuale raportul nostru de audit cu privire la acestea. Conducerea este responsabila pentru alte informatii.

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The other information comprises the Directors' Report but does not include the separate financial statements and our auditors' report thereon. Management is responsible for the other information.

Opinia noastra de audit asupra situatiilor financiare individuale nu acopera alte informatii si nu exprimam nicio forma de concluzie de asigurare asupra acestora.
Our audit opinion on the separate financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In legatura cu auditul efectuat de noi asupra situatiilor financiare individuale, responsabilitatea noastra este de a citi aceste alte informatii si, facand acest lucru, de a analiza daca acestea nu sunt in concordanta, in mod semnificativ, cu situatiile financiare individuale sau cunostintele pe care le-am obtinut in urma auditului sau daca acestea par sa includa erori semnificative. Daca, in baza activitatii desfasurate, ajungem la concluzia ca exista erori semnificative cu privire la aceste alte informatii, noi trebuie sa raportam acest lucru. Nu avem nimic de raportat in acest sens.
In connection with our audit of the separatel financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the separate financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsabilitatea conducerii si a persoanelor responsabile cu guvernanta pentru situatiile financiare individuale
Responsibilities of Management and Those Charged with Governance for the Separate Financial Statements

Conducerea Societatii are responsabilitatea intocmirii si prezentarii fidele a situatiilor financiare individuale in conformitate cu Standardele Internationale de Raportare Financiara adoptate de catre Uniunea Europeana, si pentru acel control intern pe care conducerea il considera necesar pentru a permite intocmirea de situatii financiare individuale care sunt lipsite de denaturari semnificative, cauzate fie de frauda, fie de eroare.
Management is responsible for the preparation and fair presentation of the financial statements in accordance with the International Financial Reporting Standards as adopted by the European Union, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

La intocmirea situatiilor financiare individuale, conducerea este responsabila sa evalueze abilitatea Societatii de a-si desfasura activitatea conform principiului continuitatii activitatii si sa prezinte, daca este cazul, aspectele referitoare la continuitatea activitatii si folosirea principiului continuitatii activitatii, mai putin in cazul in care conducerea intentioneaza sa lichideze Societatea sau sa ii inceteze activitatea sau nu are nicio alternativa reala decat sa procedeze astfel.
In preparing the separate financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either

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intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Persoanele responsabile cu guvernanta au responsabilitatea supravegherii procesului de raportare financiara a Societatii.
Those charged with governance are responsible for overseeing the Company's financial reporting process.

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Responsabilitatile auditorului pentru auditul situatiilor financiare individuale
Auditor's Responsibilities for the Separate de Audit of the Financial Statements

Obiectivele noastre constau in obtinerea unei asigurari rezonabile privind masura in care situatiile financiare individuale, luate in ansamblu, nu contin denaturari semnificative cauzate de eroare sau frauda si de a emite un raport de audit care sa includa opinia noastra. Asigurarea rezonabila reprezinta un nivel ridicat de asigurare, insa nu este o garantie ca un audit desfasurat in conformitate cu standardele ISA va detecta intotdeauna o denaturare semnificativa, daca aceasta exista. Denaturarile pot fi cauzate fie de frauda fie de eroare si sunt considerate semnificative daca se poate preconiza, in mod rezonabil, ca acestea, atat la nivel individual sau luate in ansamblu, vor influenta deciziile economice ale utilizatorilor luate in baza acestor situatii financiare individuale.
Our objectives are to obtain reasonable assurance about whether the separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these separate financial statements.

Ca parte a unui audit in conformitate cu standardele ISA, ne exercitam rationamentul profesional si ne mentinem scepticismul profesional pe intreg parcursul auditului. De asemenea:
As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identificam si evaluam riscurile de denaturare semnificativa a situatiilor financiare individuale, cauzate fie de frauda fie de eroare, stabilim si efectuam proceduri de audit care sa raspunda acestor riscuri si obtinem probe de audit suficiente si adecvate pentru a constitui o baza pentru opinia noastra. Riscul de nedetectare a unei denaturari semnificative cauzate de frauda este mai ridicat decat cel de nedetectare a unei denaturari semnificative cauzate de eroare, deoarece frauda poate include complicitate, falsuri, omisiuni intentionate, declaratii false sau evitarea controlului intern.
- *Identify and assess the risks of material misstatement of the separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control*.

- Intelegem controlul intern relevant pentru audit pentru a stabili procedurile de audit adecvate in circumstantele date, dar nu si in scopul exprimarii unei opinii asupra eficacitatii controlului intern al Societatii.
- *Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.*

Traducerea in limba engleza are doar scop informativ. Traducerea raportului trebuie citita impreuna cu situatiile financiare individuale luate in ansamblu. In situatiile in care informatiile, punctele de vedere si opiniile sunt susceptibile de interpretare, versiunea originala in limba romana a raportului nostru prevaleaza acestei traduceri.
English translation only for information purposes. The translation of the report should be read with the separate financial statements, as a whole. In all matters of interpretations of information, views or opinions, the original Romanian language version of our report takes precedence over this translation.

- Evaluam gradul de adecvare a politicilor contabile utilizate si rezonabilitatea estimarilor contabile si a prezentarilor aferente de informatii realizate de catre conducere.
- *Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.*

- Concluzionam asupra caracterului adecvat al utilizarii de catre conducere a principiului continuitatii activitatii, si determinam, pe baza probelor de audit obtinute, daca exista o incertitudine semnificativa cu privire la evenimente sau conditii care ar putea genera indoieli semnificative privind capacitatea Societatii de a-si continua activitatea. In cazul in care concluzionam ca exista o incertitudine semnificativa, trebuie sa atragem atentia, in raportul de audit, asupra prezentarilor aferente din situatiile financiare individuale sau, in cazul in care aceste prezentari sunt neadecvate, sa ne modificam opinia. Concluziile noastre se bazeaza pe probele de audit obtinute pana la data raportului nostru de audit. Cu toate acestea, evenimente sau conditii viitoare pot determina ca Societatea sa nu isi mai desfasoare activitatea in baza principiului continuitatii activitatii.
- *Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.*

- Evaluam prezentarea, structura si continutul general al situatiilor financiare individuale, inclusiv al prezentarilor de informatii, si masura in care situatiile financiare individuale reflecta tranzactiile si evenimentele de baza intr-o maniera care realizeaza prezentarea fidela.
- *Evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.*

Comunicam persoanelor responsabile cu guvernanta, printre alte aspecte, obiectivele planificate si programarea in timp a auditului, precum si constatarile semnificative ale auditului, inclusiv orice deficiente semnificative ale controlului intern, pe care le identificam pe parcursul auditului nostru.
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

De asemenea, prezentam persoanelor responsabile cu guvernanta o declaratie cu privire la conformitatea noastra cu cerintele etice privind independenta si le comunicam toate relatiile si alte aspecte care pot fi considerate, in mod rezonabil, ca ar putea sa ne afecteze independenta si, unde este cazul, acțiunile întreprinse pentru eliminarea amenințărilor cu privire la independenta sau masurile de protecție aplicate pentru a reduce acele amenințări.

Traducerea in limba engleza are doar scop informativ. Traducerea raportului trebuie citita impreuna cu situatiile financiare individuale luate in ansamblu. In situatiile in care informatiile, punctele de vedere si opiniile sunt susceptibile de interpretare, versiunea originala in limba romana a raportului nostru prevaleaza acestei traduceri.
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We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

Dintre aspectele pe care le comunicam persoanelor responsabile cu guvernanta, stabilim acele aspecte care au avut cea mai mare importanta in cadrul auditului asupra situatiilor financiare individuale din perioada curenta si, prin urmare, reprezinta aspecte cheie de audit.
From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the separate financial statements of the current period and are therefore the key audit matters.

Descriem aceste aspecte in raportul nostru de audit, cu exceptia cazului in care legislatia sau reglementarile impiedica prezentarea publica a aspectului respectiv sau a cazului in care, in circumstante extrem de rare, determinam ca un aspect nu ar trebui comunicat in raportul nostru deoarece se preconizeaza in mod rezonabil ca efectele negative ale acestei comunicari depasesc beneficiile interesului public al comunicarii respectivului aspect.
We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

In numele,
On behalf of,

Ernst & Young Assurance Services SRL
Bd. Ion Mihalache 15-17, etaj 21, Bucuresti, Romania
15-17, Ion Mihalache Blvd., floor 21, Bucharest, Romania

Ernst & Young Assurance Services S.R.L.
23. MAR. 2023
Signed for identification
Semnat pentru identificare

Inregistrat in Registrul Public electronic cu nr. FA77
Registered in the electronic Public Register under No. FA77

Nume Auditor / Partener: Ariadna Oslobeanu
Name of the Auditor/ Partner: Ariadna Oslobeanu
Inregistrat in Registrul Public electronic cu nr. AF2199
Registered in the electronic Public Register under No. AF2199

Bucuresti, Romania
Bucharest, Romania
23 martie 2023
23 March 2023

Traducerea in limba engleza are doar scop informativ. Traducerea raportului trebuie citita impreuna cu situatiile financiare individuale luate in ansamblu. In situatiile in care informatiile, punctele de vedere si opiniile sunt susceptibile de interpretare, versiunea originala in limba romana a raportului nostru prevaleaza acestei traduceri.
English translation only for information purposes. The translation of the report should be read with the separate financial statements, as a whole. In all matters of interpretations of information, views or opinions, the original Romanian language version of our report takes precedence over this translation.

ALUM S.A.
SEPARATE FINANCIAL STATEMENTS

FOR THE YEAR ENDED
DECEMBER 31, 2022

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

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ALUM S.A.
SEPARATE STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2022
All amounts are in RON thousand, unless otherwise stated

	Note	December 31, 2022	December 31, 2021
ASSETS			
Non-current assets			
Property, plant and equipment	**4**	169,349	170,661
Intangible assets	**5**	34	65
Investments in subsidiaries	**6**	67,356	196,026
Deferred tax asset	**7**	5,648	3,438
Right-of-use assets	**8**	353	1,215
Other non-current financial assets	**9**	910	-
Total non-current assets		**243,650**	**371,405**
Current assets			
Inventories	**10**	175,639	171,227
Trade receivables, net	**11**	5,985	36,132
Other current financial assets	**12**	169	621
Other current non-financial assets	**13**	6,772	1,314
Restricted cash	**14**	35,815	111
Cash and cash equivalents	**14**	2,721	592
Total current assets		**227,101**	**209,997**
Total assets		**470,751**	**581,402**
SHAREHOLDER'S EQUITY AND LIABILITIES			
Shareholder's equity			
Issued capital	**16**	488,413	488,413
Reserves	**15**	41,003	43,524
Retained earnings		(118,562)	(77,328)
Result for the period		(122,154)	(44,549)
Total equity		**288,700**	**410,060**
Non-current liabilities			
Bank and other loans, non-current	**17**	3,063	21,259
Leases, non-current	**17**	239	606
Retirement benefit obligation	**18**	1,940	5,014
Provisions, non-current	**19**	23,919	25,842
Subsidies, non-current	**20**	3,819	4,198
Other non-current financial liabilities		459	1,141
Total non-current liabilities		**33,439**	**58,060**

	Note	December 31, 2022	December 31, 2021
Current liabilities			
Trade and other payables	**21**	49,099	54,453
Contract liabilities	**23**	39,496	685
Bank and other loans, current	**17**	33,249	46,809
Leases, current	**17**	118	637
Provisions, current	**19**	11,847	1,274
Subsidies, current	**20**	379	379
Current income tax payable	**7**	3,572	510
Other current liabilities	**22**	10,852	8,535
Total current liabilities		**148,612**	**113,282**
Total liabilities		**182,051**	**171,342**
Total shareholder's equity and liabilities		**470,751**	**581,402**

The comparative figures for 2021 were reclassified in accordance with the presentation adopted in 2022. The amount of RON 1,314 thousand that were reported at 31 December 2021 under the category Other current assets are now presented separately under Other current non-financial assets category.

The accompanying notes are an integral part of these separate financial statements.

These separate financial statements were authorised for issue by the management on March 22, 2023.

Gheorghe Dobra
General Director

Mihaela Duralia
Financial Director

ALUM S.A.
SEPARATE STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2022
All amounts are in RON thousand, unless otherwise stated

	Note	Year ended December 31, 2022	Year ended December 31, 2021
Revenue from contracts with customer	**23**	499,771	808,622
Cost of goods sold	**24**	(453,363)	(778,099)
Gross result		**46,408**	**30,523**
General and administrative expenses	**26**	(31,486)	(40,909)
Adjustments on impairment of investments	**6**	(128,670)	(1,855)
Other operating revenues/income	**25**	57,853	3,366
Other operating expenses	**27**	(56,317)	(11,704)
Other income and expenses	**28**	19	(16)
Operating result		**(112,193)**	**(20,596)**
Financial income		267	12
Interest expenses		(4,561)	(3,725)
Other financial expenses		(325)	(527)
Net foreign exchange gains / (losses)		(2,846)	8,427
Net financial result	**29**	**(7,465)**	**4,187**
Result before taxes		**(119,658)**	**(16,409)**
Income tax expense	**7**	(2,496)	(28,140)
Result for the period		**(122,154)**	**(44,549)**
Weighted average of the number of ordinary shares for the purpose of basics earnings per share		82,086	82,086
Basic and diluted earnings per share		**(1.49)**	**(0.54)**
Other comprehensive income, net of tax			
Remeasurements of post-employment benefit obligations* (Note 18)		944	841
Deferred tax related to remeasurements of post-employment benefits (Note 7)		(151)	(135)
		793	706
Total comprehensive income for the period		**(121,361)**	**(43,843)**

***)** items that will not be reclassified into comprehensive income/(expense) in the future

These separate financial statements were authorised for issue by the management on March 22, 2023.

Gheorghe Dobra
General Director

Mihaela Duralia
Financial Director

Attached notes are part of the separate financial statements.
This is a free translation from the official Romanian version

ALUM S.A.
SEPARATE STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2022
All amounts are in RON thousand, unless otherwise stated

	Share Capital	Reserves	Retained earnings	Result for the period	Total
Balance at January 1, 2021	**488,413**	**47,035**	**(151,848)**	**70,302**	**453,901**
Loss for the year	-	-	-	(44,549)	(44,549)
Changes in estimates on post-employment benefits	-	-	706	-	706
Total comprehensive income for the year	**-**	**-**	**706**	**(44,549)**	**(43,842)**
Transfer of revaluation reserve	-	(3,510)	3,510	-	-
Appropriation of prior year result	-	-	70,302	(70,302)	-
Balance at December 31, 2021	**488,413**	**43,524**	**(77,329)**	**(44,549)**	**410,060**
Balance at January 1, 2022	**488,413**	**43,524**	**(77,329)**	**(44,549)**	**410,060**
Loss for the year	-	-	-	(122,154)	(122,154)
Changes in estimates on post-employment benefits	-	-	793	-	793
Total comprehensive income	**-**	**-**	**793**	**(122,154)**	**(121,361)**
Transfer of revaluation reserve	-	(2,522)	2,522	-	-
Appropriation of prior year result	-	-	(44,549)	44,549	-
Balance at December 31, 2022	**488,413**	**41,003**	**(118,562)**	**(122,154)**	**288,700**

These separate financial statements were authorised for issue by the management on March 22, 2023.

Gheorghe Dobra
General Director

Mihaela Duralia
Financial Director

Attached notes are part of the separate financial statements.
This is a free translation from the official Romanian version

	Note	Year ended December 31, 2022	Year ended December 31, 2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(Loss) before tax		**(119,658)**	**(16,409)**
Adjustments for:			
Foreign exchange net loss		4,302	581
Amortisation and depreciation	**4,5,8**	23,632	23,887
Loss/(gain) on disposal/retirement of property, plant and equipment	**28**	(19)	16
Movement in allowance for impairment of trade receivables	**26**	98	3,136
Movement in impairment of financial investments	**6**	128,670	1,855
Movement in impairment allowance for property, plant and equipment	**4**	59	5,554
Net movement in provision	**19**	10,573	(2,471)
Net movement in allowance for inventory impairment	**10**	-	(31)
Movement in retirement benefit obligation	**18**	(2,382)	198
Interest income	**29**	(267)	(12)
Interest expense	**29**	4,513	3,725
Interest expense, factoring	**29**	49	350
Operating profit before working capital changes		**49,571**	**20,379**
Changes in working capital:			
Change in trade and other receivables		24,226	88,262
Change in inventories		(4,412)	(22,846)
Change in trade and other payables		30,328	(23,341)
Cash generated from/(used in) operations		**99,713**	**62,454**
Tax paid		(1,795)	(31,677)
Interest paid		(2,994)	(2,925)
Interest received		176	12
Net cash flows generated by/(used in) operating activities		**95,100**	**27,864**
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment and intangible assets		(20,540)	(22,178)
Movement in restricted cash	**14**	(35,704)	(56)
Net cash flows from/(used in) investing activities		**(56,244)**	**(22,234)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash from loans received	**17**	-	20,799
Repayment of loans	**17**	(36,458)	(30,427)
Payments for leasing liabilities		(269)	(694)
Net cash flows generated by/(used in) financing activities		**(36,727)**	**(10,321)**

	Note	Year ended December 31, 2022	Year ended December 31, 2021
Change in cash and cash equivalents, net		**2,129**	**(4,691)**
Cash and cash equivalents at the beginning of period	**14**	**592**	**5,283**
Cash and cash equivalents at the end of period	**14**	**2,721**	**592**

These separate financial statements were authorised for issue by the management on March 22, 2023.

Gheorghe Dobra
General Director

Mihaela Duralia
Financial Director

1. GENERAL INFORMATION

ALUM S.A. (the 'Company', the 'Entity') is a joint-stock company set up under the Romanian law. The Company was initially established in March 1972, ALUM S.A. Tulcea being the largest producer of calcined alumina in Romania.

The major shareholder of Alum S.A. is Alro S.A. owned by Vimetco PLC, a private limited liability company registered under the laws of Cyprus, based in Poseidonos 1, Ledra Business Center, Egkomi, 2406, Nicosia, Cyprus. The Company's ultimate controlling entity is Maxon Limited (Bermuda).

The main activity is hydro metallurgical processing of bauxite to obtain aluminium oxide, the main raw material for obtaining aluminium. Company's production processes and products have been certified in accordance with international standards for quality assurance.

The address of the Company's registered office is str. Isaccei nr. 82, Tulcea, Tulcea County, Romania.
Alum is listed on Bucharest Stock Exchange, AeRO segment. Its price per share could be analysed as follows:

	2022	2021
- minimum price (RON)	1.64	2.22
- maximum price (RON)	3.16	3.10
- average price (RON)	2.40	2.66

The evolution of average number of the Company's employees was as follows:

	2022	2021
Average number of employees, of which:	638	792
Production staff	519	655
General and administration staff	119	137

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

These financial statements provide comparative information in respect of the previous period.

Following below are the new standards, amendments and interpretations to existing standards adopted starting January 1, 2022 and their effect in the preparation of the Company financial statements for the year ended December 31, 2022.

Standards and interpretations effective in 2022 that the Company has applied to these financial statements:

The Company has adopted the following new standards and amendments to standards, including any consequential amendments to other standards, with a date of initial application of January 1, 2022:

- *Amendments to IFRS 3 Business Combinations*. The amendments update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations. Amendment also add a requirement that, for transactions and other events within the scope of IAS 37 or IFRIC 21, an acquirer applies IAS 37 or IFRIC 21 (instead of the Conceptual Framework) to identify the liabilities it has assumed in a business combination; and add to IFRS 3 an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination. There is no impact from the application of these amendments on the Company's financial statements.

- *Amendments to IAS 16 Property, Plant and Equipment* . The amendments prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss. There is no impact from the application of these amendments, on the Company's financial statements.

- *Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets* (issued on 14 May 2020). Amendments specify which costs a company includes when assessing whether a contract will be loss-making. There is no impact from the application of these amendments, on the Company's financial statements.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

Standards and interpretations effective in 2022 that the Company has applied to these financial statements (continued)

- *Annual Improvements to IFRS Standards 2018 – 2020*. The improvements do not have a material impact on the Company's financial statements. These annual improvements are a collection of amendments to IFRSs:

- *IFRS 1 First-time Adoption of International Financial Reporting Standards*. The amendment permits a subsidiary that applies paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to IFRSs.

- *IFRS 9 Financial Instruments*. The amendment clarifies which fees an entity includes when it applies the '10 per cent' test in assessing whether to derecognise a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

- *IFRS 16 Leases*. The proposed amendment to Illustrative Example 13 accompanying IFRS 16 would remove from the example the illustration of the reimbursement of leasehold improvements by the lessor. The proposed amendment would resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example.

- *IAS 41 Agriculture*. The amendment aligns the fair value measurement requirements in IAS 41 with those in other IFRS Standards.

Standards issued, but not yet effective and not early adopted

- IFRS 17 Insurance Contracts. The standard, issued on 18 May 2017, is effective for annual periods beginning on or after 1 January 2023 with earlier application permitted if the entity also applies IFRS 9 Financial Instruments before it applied IFRS 17. This is a comprehensive new accounting standard for insurance contracts, covering recognition and measurement, presentation and disclosure. IFRS 17 applies to all types of insurance contracts issued, as well as to certain guarantees and financial instruments with discretional participation contracts. This standard is not applicable to the Company.

- *Amendment in IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*. The amendments address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28, in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. In December 2015 the IASB postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting. The amendments have not yet been endorsed by the EU. The directors do not anticipate that the application of the standard in the future will have an impact on the Company's financial statements.

- *Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies* (issued on 12 February 2021. The amendments are effective for annual reporting periods beginning on or after 1 January 2023, with earlier application permitted. An entity will be required to disclose its material accounting policy information instead of its significant accounting policies. Amendments clarify what is a material accounting policy and give examples of when accounting policy information is likely to be significant. In addition, IFRS Practice Statement 2 has been amended by adding guidance and examples to explain and demonstrate the application of the 'four-step materiality process' to accounting policy information in order to support the amendments to IAS 1. The amendments are applied prospectively and might change certain aspects of Company's future disclosure of accounting policy, as information may be material because of its nature, even if the related amounts are currently considered immaterial and not disclosed.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (continued)

Standards issued but not yet effective and not early adopted (continued)

- *Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction* (issued on 7 May 2021). The amendments are effective for annual reporting periods beginning on or after 1 January 2023, with earlier application permitted. The amendments narrowed the scope of the recognition exemption in paragraphs 15 and 24 of IAS 12 (recognition exemption) so that the exemption no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. As a result of this amendments, on initial recognition, the companies should recognize deferred tax on temporary differences arising on right-of-use assets, lease liabilities, decommissioning, restoration and similar liabilities. The directors are currently analysing the effect of these new amendments on the Company's financial statements.

- *Amendment to IAS 1 Presentation of Financial Statements*: Classification of Liabilities as Current or Non-current (issued on 23 January 2020). The amendments are effective for annual reporting periods beginning on or after January 1, 2024, with earlier application permitted, and will need to be applied retrospectively in accordance with IAS 8. The objective of the amendments is to clarify the principles in IAS 1 for the classification of liabilities as either current or non-current. The amendments clarify the meaning of a right to defer settlement, the requirement for this right to exist at the end of the reporting period, that management intent does not affect current or non-current classification, that options by the counterparty that could result in settlement by the transfer of the entity's own equity instruments do not affect current or non-current classification. The amendments have not yet been endorsed by the EU. The directors do not anticipate that the application of the standard in the future will have an impact on the Company's financial statements.

- *Amendments to IAS 1 Non-current Liabilities with Covenants* (issued on 31 October 2022), not yet adopted by the EU. The amendments are effective for annual reporting periods beginning on or after 1 January 2024. The amendment clarifies how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments to IAS 1 specify that covenants to be complied with after the reporting date do not affect the classification of debt as current or non-current at the reporting date. Instead, the amendments require a company to disclose information about these covenants in the notes to the financial statements.

- *Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback* (issued on 22 September 2022), not yet adopted by the EU. The amendments clarify how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale. A seller-lessee is required to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognize any amount of the gain or loss that relates to the right of use it retains. The new requirements do not prevent a seller-lessee from recognizing in profit or loss any gain or loss relating to the partial or full termination of a lease. The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and are not expected to affect financial statements as the Company has no sale and leaseback transaction. The amendments have not yet been endorsed by the EU.

- *Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates* (issued on 12 February 2021), not yet adopted by the EU. The amendments are effective for annual reporting periods beginning on or after 1 January 2023, with earlier application permitted. The amendments aim to further clarify the difference between accounting policies and accounting estimates as enforcers have identified divergent practices in this respect. The changes to IAS 8 focus entirely on accounting estimates and as a result, the definition of a change in accounting estimates is replaced with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Amendments clarify that a change in accounting estimate that results from new information or new developments is not the correction of an error. The effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period error and it may affect only the current period's profit or loss, or the profit or loss of both the current period and future periods. The directors do not anticipate that the application of the standard in the future will have an impact on the Company's financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The separate financial statements have been prepared in accordance with International Financial Reporting Standards as endorsed by the European Union.

The financial statements of Alum are available in hard copy at the Company, upon request. They are also available on the website of the Company www.alum.ro within the applicable legal time frame.

Basis of preparation

The separate financial statements have been prepared on the historical cost basis except for certain items of property, plant and equipment that are measured at fair value as explained in the accounting policies. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

At the first application of IFRS, the Company has chosen to apply the deemed cost exemption for land and buildings as well as for equipment. The fair value was considered by the Company as deemed cost on transition to IFRS on January 1, 2005 considering the revaluation at December 31, 2004 as a measure of the fair value.

Going concern

These separate financial statements have been prepared on a going concern basis, which assumes that the Company will be able to realise its assets and discharge its liabilities in the normal course of business.

The Company incurred a loss of RON 122,154 thousand in 2022, compared to a loss of RON 44,549 thousand in 2021, mainly triggered by the depreciation charges recognized and restructuring costs incurred.

The year 2022 was dominated by the conflict between Russia and Ukraine. In this context, we were not directly impacted by the conflict but indirectly in the sense that the raw material market has been facing significant price increases due to freight worldwide. The increase in raw materials prices was influenced by the unstable economic environment as well as by the difficulties in contracting and transporting the raw materials. As large consumer of electricity and gas, ALRO Group (to which ALUM belongs) was affected by the increase in energy and gas prices. At the beginning of 2022, ALRO and ALUM developed scenarios to adapt their operations to the current conditions in the energy markets. As such, ALRO has reduced the primary aluminium production by 60% by shutting down three electrolysis potrooms. In turn, ALUM has revised its manufacturing schedule according to the level of calcined alumina required for ALRO. Still, with the continuous increases in prices, the cost of alumina has reached an unsustainable level (and has exceeded the prices of alumina on the international markets). This led us in July 2022 to temporarily suspend the alumina production starting August 2022 for a period of 17 months and to replace it with the alumina purchased from the market, at an optimized cost, which is sold to ALRO according to ALRO's production needs. The Group has also adjusted its activity in Sierra Leone by directing the production to third-party clients.

The suspension of production activity implied also the implementation of a staff layoff program, maintaining only a core of experienced employees, with which to act in case the market conditions will make it possible to resume production. Thus, a total number of 348 employees were included in the restructuring process (with the application of collective redundancies procedure). The restructuring was done in stages, and the entire process was carried out according to the provisions of the law and the Collective Labour Bargain concluded at company level, leading to higher operating costs during 2022.

After the suspension of the production activity in ALUM, the following were carried out:
- repairs and maintenance works in order to prepare the equipment and installations for restarting;
- the research activity continues in the installations within the project financed from European funds and within the projects carried out at the European level (Removal, Reescue and Reactiv);
- continuation of the investment objectives on the environment line and compliance with ANRE recommendations;
- ensuring the necessary calcined alumina for ALRO through acquisitions from external partners.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Going concern (continued)

ALUM management is focused on identifying new sources of development and diversification of the activity that will increase the company's revenues to overcome this challenging period.

In terms of liquidity, in 2022 the Group repaid its liabilities and loans in accordance with the schedules as agreed in the contracts.

Other actions put in place to manage the liquidity of the Company and assuring a satisfactory level of cash in times of higher uncertainty were: limiting to strictly necessary investments, optimizing acquisitions of materials and inventory levels.

The suspension of production activity in Alum had had a negative influence on the operations of the subsidiary in Sierra Leone (SMHL) by stopping the bauxite acquisition from SMHL. Thus, SMHL had to re-orientate its sales and explore potential additional sales opportunities for the spare capacity of the mine. The loss of bauxite sales to Alum, coupled with the needs to readjust supply chain, high freight, fuel and other costs of production at SMHL, resulted in a lower-than-expected economic performance of bauxite segment in 2022 and poorer future expectations in its forecasted financial projects and budgets comparing to previous year. Thus, in 2022, the segment registered total sales revenues of RON 181,208 thousand, a decline comparing to RON 204,272 thousand in 2021, while operating result (EBIT) was negative, totalling RON -62,495 thousand comparing to a positive result of RON 6,381 thousand in previous year. This constitute impairment indicators as at 31 December 2022, and, as a result of the impairment analysis performed on bauxite cash generating unit as at 31 December 2022, an additional impairment of investments in subsidiaries in amount of RON 128,670 thousand was recognised in Company's financial statements for the year ended 31 December 2022 (2021: an expense of impairment of investments in subsidiaries in amount of RON 68.018 thousand).

In response to the matters described above and considering the current economic and financial environment, the management of SMHL implemented a set of financial and operational measures in order to improve the current situation at SMHL, which continues also in 2023:
- keep the segment fully operational at normal parameters, ensure on-going normal shipments and acquisitions and adjusting its production by monitoring the market trends to ensure continuous and solid production and operations in accordance with its 2023 budget and long-term plan.
- maintain strong relationship with its main suppliers and customers in order to ensure a stable flow of raw materials and finished goods;
- keep constant connection with government authorities and bankers in order to have their support in structuring the future payments and having access to new finance facilities.

The management of SMHL continued to make all necessary efforts to increase the quantities of bauxite sold to third parties, as this will support the subsidiary's liquidity and thus provide the opportunity to continue operating. As a result, starting with March 2023 the management succeeded to find additional clients for supplemental quantities compared with the previous assumptions, thus additional sales of about 200 thousand tons of bauxite are already confirmed by third parties and should be delivered up to the end of Q3 2023 bringing additional positive cash flows for the subsidiary. In addition, additional financing of USD 1.4 million was obtained in 2023 by the subsidiary from a local bank, for working capital purposes.

The management has developed forecasts and projections of cash-flows and liquidity needs for the upcoming year taking into account the current and forecasted market conditions and reasonably possible changes in trading performance based on such conditions. According to the management expectations of the market developments, evolution of raw materials supplies and energy costs, the Group expects to resume its operations in 2024, restoring thus the pre-crisis capacities. In either case, the resumption of the activity at full parameters in the Group starting 2024, or the continuation at interrupted production, considering the positive development in 2023 at SMHL level, new financing obtained, the Group / the Company estimate to generate sufficient cash flows to enable operation under normal conditions. Notwithstanding the challenges and uncertainties, the management expects that, based on the most recent forecasts and ability to adapt its cash-flows, when necessary, the Group / the Company will succeed in generating adequate cash flows to allow it to continue its operations, and has concluded that there are no material uncertainties that may cast significant doubt on their ability to continue as a going concern.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Climate change

In preparing the Separate Financial Statements, management has considered the impact of climate change. These considerations did not have a material impact on the financial reporting judgements and estimates, consistent with the assessment that climate change is not expected to have a significant impact on the Company's going concern assessment as of 31 December 2022, nor the viability of the Company over the next five years. The following specific points were considered:

Regulations regarding air pollution

The Company is impacted by the increased regulatory environment in the EU regarding air pollution. The Company, as a heavy industry participant, is affected by the cap and trade scheme for greenhouse gas emissions implemented at the level of EU, which is meant to reduce pollution within a certain time span. On one side, the Company is allotted a certain number of emission rights per annum, in accordance with its production and deemed CO2 emissions. The accounting policies for emission rights can be found in the Accounting policies note. Any potential liability resulting from the necessity to buy emission certificates is taken into consideration in the Company's business plans and scenarios. With the prices of emission certificates being volatile, the impact from such liability on the Company's results cannot be ascertained. On the other side, the Company is indirectly impacted by the same greenhouse gas emission scheme in the sense that such costs of the electricity producers are included in the final electricity price that the Company has to pay. Due to the volatility of the certificates prices, the electricity rates might reach significantly high levels. That is why the Company monitors, anticipates and takes into consideration all the possible circumstances in order to balance its activities as an integrated Company and reduce the quantitative impact of such liabilities, such as the recent decision to close production temporarily until the electricity and emission certificates prices return to an acceptable level, and to buy alumina from the market at optimized cost in order to be profitable. Another side effect of the anti-pollution regulations implemented by the EU is that the local producers face higher production costs than the competitors where such regulations are not so strict.

The principal accounting policies are set out below.

Group accounting

The Company has participating interests in other companies, in which it has control over the financial and operational policies.

These investments are recorded at cost less impairment allowance, in separate financial statements.

In accordance with International Accounting Standard 27 „Consolidated and separate financial statements', the Entity has to prepare consolidated financial statements. The Entity issued also consolidated financial statements in accordance with International Financial Reporting Standards as endorsed by the European Union. A list of investments in subsidiaries is presented in Note 6.

Foreign currency translations

The functional currency of the Company is the Romanian Leu (RON).

In preparing the separate financial statements of the Company, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date and included as net foreign exchange differences. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for:
- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- exchange differences on transactions entered into in order to hedge certain foreign currency risks (see below the hedging accounting policies);

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currency translations (continued)

The exchange rates used for converting foreign currency into RON were:

	December 31, 2022	December 31, 2021
USD exchange rate at the end of the period*	4.6346 USD/RON	4.3707 USD/RON
	2022	**2021**
USD average exchange rate**	4.6923 USD/RON	4.1630 USD/RON

*) as communicated by the National Bank of Romania
**) computed as an arithmetic average of the daily exchange rates communicated by the National Bank of Romania

These financial statements are presented in RON thousand, rounded to the nearest unit.

Property, plant and equipment

Land and buildings used in the production or supply of goods or services, or for administrative purposes, are stated in the consolidated statement of financial position at their cost, less any accumulated depreciation and accumulated impairment losses.

Fixtures and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Properties in the course of construction for production or administrative purposes are measured at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Company's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use.

Depreciation of these assets, on the same basis as other owned assets, commences when the assets are ready for their intended use.

Freehold land is not depreciated.

Depreciation is recognized so as to write off the cost less their residual values over the following useful lives, using the straight-line method:

Buildings and other constructions	5 – 52 years
Plant and machinery	3 – 25 years
Equipment and vehicles	3 – 18 years

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowings costs are recognised in profit or loss in the period in which they are incurred.

When significant parts of property, plant and equipment are required to be replaced at intervals, the Company recognises such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred. The present value of the expected cost for the rehabilitation of an asset is included in the cost of the respective asset if the recognition criteria are met.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss at the date of the derecognition.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Emission rights

The Company recognise the deficit in emission certificates in the consolidated and separate financial statements based on the net liability method. Under this method only those liabilities that are expected to result from exceeding the emission certificates quotas granted are recognized.

The Company estimate the annual emission volumes at the end of each reporting period and recognise the total estimated additional liability for the expected excess of emission volumes at the fair value of additional units to be purchased or penalties to be incurred under the national legislation. The additional net liability is recognized in profit or loss based on unit of production method.

In case the Company estimates utilisation of less than the allocated emission certificates quotas any potential income from the sale of unused emission certificates is recognised on their actual sale.

Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognized on a straight-line basis over their estimated useful lives.

The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Internally-generated intangible assets - research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:
- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Internally-generated intangible assets - research and development expenditure (continued)

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

De-recognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from de-recognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in consolidated profit or loss when the asset is derecognised.

Intangible assets are amortised over a period of 3 years (for software) and 50 years (for concession rights).

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Intangible assets (continued)

Impairment of tangible and intangible assets

At the balance sheet date, the Company reviews the balances of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

The recoverable amount of an asset or cash-generating unit is the higher of fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment is recognised immediately in profit or loss.

Where an impairment subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

For purposes of subsequent measurement financial assets are classified into the following specified categories: amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss (FVTPL).

Debt instruments at amortised cost for financial assets that are held within a business model with the objective to hold the financial assets in order to collect contractual cash flows that meet the solely payments of principal and interest (SPPI) criterion. This category includes the Company's Trade and other receivables and Long-term loans.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment testing. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets at FVPL include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

Investments in subsidiaries

In these separate financial statements investments in subsidiaries are stated at historical cost less accumulated impairment adjustments.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the instrument, or, where appropriate, a shorter period, up to its net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position and statement of cash flows comprise cash at banks and on hand and time deposits with a maturity of three months or less.

Impairment of financial assets

The Company recognise an allowance for expected credit losses (ECLs) for all loans and other debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expect to receive, discounted at an approximation of the original effective interest rate of the asset. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a credit loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL). For trade receivables and contract assets, the Company apply a simplified approach in calculating ECLs. Therefore, the Company do not track changes in credit risk, but instead recognise a loss allowance based on lifetime ECLs at each reporting date. The Company have established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Derecognition of financial assets

The Company derecognise a financial asset only when the contractual rights to the cash flows from the asset expire, or when they transfer the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfer nor retain substantially all the risks and rewards of ownership and continue to control the transferred asset, the Company recognise their retained interest in the asset and an associated liability for amounts it may have to pay. If the Company does not retain substantially all the risks and rewards of ownership of a transferred financial asset, they continue to recognise the financial asset and also recognise a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the amount of the consideration received and/or receivable and the cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss

Financial liabilities and equity instruments

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, financial liabilities, trade payables loans and borrowings or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

Classification as debt or equity

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of the financial liability and equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised in the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

Financial liabilities are classified as either financial liabilities ‘at FVTPL' or ‘other financial liabilities'.

Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:
- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Company manage together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not also effectively designated as a hedging instrument.

In 2022 and 2021, the Company had no financial assets or financial liabilities designated as FTVPL.

Financial liabilities at FVTPL are measured at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the ‘Gains (losses) from derivative financial instruments, net' or ’’Other financial gains/(losses), net’’ in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Other financial liabilities

Other financial liabilities (including borrowings) are subsequently measured using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are ready for their intended use or sale. All other borrowings costs are recognised in profit or loss in the period in which they are incurred.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by the Company are initially measured at their fair values and, if not designated as at FVTPL, are subsequently measured at the higher of:
- the amount of the obligation under the contract, as determined in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets; and
- the amount initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the revenue recognition policies.

Derecognition of financial liabilities

The Company derecognise financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Net presentation of financial instruments

Financial assets and financial liabilities are reported net in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, and to realise the assets and settle the liabilities simultaneously, respectively.

Inventories

Inventories are measured at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and operating status are accounted for as follows:
- Raw materials: purchase cost on a first in, first out basis;
- Finished goods and work in progress: cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing cost, determined on weighted average cost basis.

Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Share capital

i) Ordinary shares are classified as equity.
ii) External costs directly attributable to the issue of new shares, other than on a business combination, are shown as a deduction, net of tax, in equity from the proceeds from sale of shares;
iii) Dividends on ordinary shares are recognised in equity in the period in which they are declared.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Legal reserve

Legal reserves are computed based on the legislation in force and are deducted from the profit of the current year by allocating minimum 5% from the profit, until it reaches at least the 20% of the share capital.

Related parties

Counterparties are considered related when other party, either through ownership, contractual rights, family relationship or otherwise, has the ability to directly control or significantly influence the other party.

Subsidies

Subsidies are recognised once there is reasonable assurance that the Company will comply with the conditions attached to them and that the subsidies will be received. They are recognised in the profit and loss statement over the periods necessary to match them with the related costs which they are intended to compensate, and are disclosed under 'other operating income'. Subsidies that are receivable as a compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs are recognised in the profit and loss statement in the period in which they become receivable.

Government subsidies relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to profit or loss on a straight - line basis over the expected lives of the related assets.

Employee benefits

The Company, in the normal course of business, makes payments to the Romanian State on behalf of its employees for pensions, health care and unemployment. The cost of these payments is charged to profit or loss in the same period as the related salary cost.

All employees of the Company are members of the Romanian State pension plan.

The Company awards its employees with several retirement benefits according to the Collective Labour Agreement. For this defined benefit retirement plan, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each balance sheet date.

Defined benefit costs are categorised as follows:
- Service costs (comprising current service cost, past service cost, as well as actuarial gain and losses), included in profit or loss line item 'Cost of goods sold' or 'General and administrative expenses' within personnel costs.
- Past service costs are recognised in the profit and loss statement on the earliest of the
    - Date of the plan modification/reduction and
    - Date of costs recognition
- Net interest expense, included in profit or loss line item 'Finance result, net' within interest expenses
- Remeasurement.

Remeasurement, comprising actuarial gains and losses, is reflected immediately in the statement of financial position with a charge or revenue recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.
Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability.

Labour contract termination benefits

Labour contract termination benefits are payable when employment is terminated by the Company before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Labour contract termination benefits (continued)

The Company recognises labour contract termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the balance sheet date are discounted to their present value.

Leases

The Company as lessee

The Company assesses whether a contract is or contains a lease, at inception of the contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee/user, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as licenses, small items of office equipment, etc.).

For these leases, the Company recognise the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company use their incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:
- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the statement of financial position. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Company remeasure the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:
- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
-The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
-A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Company incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases (continued)

To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lessee transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expect to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The depreciation periods considered for each category of right-of-use assets are as follows:

	2022
Buildings and special constructions	5 years
Equipment and vehicles	between 3 and 5 years

The Company applies IAS 36 Impairment of assets to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, Plant and Equipment' policy.

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made regarding the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Decommissioning and rehabilitation liability

Decommissioning costs include the dismantling and demolition of infrastructure and the removal of residual materials and remediation of disturbed areas. Decommissioning costs are provided at the present value of expected costs to settle the obligation using estimated cash flows and are recognised as part of the cost of the particular asset. The cash flows are discounted at a current pre-tax rate that reflects the risks specific to the decommissioning liability. The discount is expensed as incurred and recognised in the statement of profit or loss as an interest expense. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. Changes in the estimated future costs or in the discount rate applied are added to or deducted from the cost of the asset.

Revenue from contracts with customers

Under IFRS 15, revenue is recognised when a customer obtains control of the goods. The Company deliver goods (mainly alumina) under contractual terms based on internationally accepted delivery conditions (INCOTERMS). The Company recognise revenue at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods.

Variable consideration

Some contracts with customers provide volume rebates, financial discounts, price concessions or a right of return for quality claims.
Under IFRS 15, variable consideration is required to be estimated at contract inception.

Revenue is recognised to the extent that it is probable that a significant reversal in the amount of cumulative revenue recognised will not occur.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue from contracts with customers (continued)

As a consequence, for those contracts for which the Company are unable to make a reasonable estimate of discounts, revenue is expected to be recognised sooner than when the return period lapses or a reasonable estimate can be made. To estimate the variable revenues to which it will be entitled, the Company applied the expected value method. At the same time, the cases of quality claims (rights of return) are isolated and historically immaterial in such a way that the Company cannot make a reasonable estimate of such reversal of revenue at year end.

Principal versus agent considerations

Under IFRS 15, the assessment is based on whether the Company control the specific goods before transferring them to the end customer, rather than whether they have exposure to significant risks and rewards associated with the sale of goods.
The Company have concluded that they are the principal in all of their sale arrangements since they are the primary obligor in all the revenue arrangements, have pricing latitude and are also exposed to inventory risks.

Recognition of revenue from distinct performance obligations

The Company have analysed its contracts with customers to determine all its performance obligations and it has not identified any new performance obligation that should be accounted for separately in accordance with IFRS 15.

Rendering of services

The Company perform sundry services occasionally and as a non core business. Revenue is measured at the expected value of the consideration received or receivable. Under IFRS 15, the total consideration in the service contracts is allocated to all services based on their stand-alone selling prices. The stand-alone selling prices are determined based on the list prices at which the Company sell the services in separate transactions. Based on the Company's assessment, the allocated value based on the stand-alone selling prices of the services, and the stand-alone prices of the services are broadly similar.

The recognition and measurement requirements in IFRS 15 are also applicable for recognition and measurement of any gains or losses on disposal of non-financial assets (such as fixed assets and intangible assets), when that disposal is not in the ordinary course of business.

Amounts received from customers in advance of goods delivery or service performance are recognised by the Company as liabilities on the Statement of Financial Position as ‘Advances from customers’ until the Company transfers control of the goods delivered to the client or performs the contracted service.

Dividend and interest income

Dividend income from investments is recognized when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably).

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Taxation

The current income tax is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in some years and items that are never taxable or deductible. The Company’s liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Taxation (continued)

Deferred tax is recognised based on temporary differences between the carrying amounts of assets and liabilities in the separate financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet liability method.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax assets are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. The carrying amount of deferred tax assets is reviewed at each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Statutory income tax rate for the year ended December 31, 2022 was 16% (December 31, 2021: 16%).

Currently the fiscal losses can be carried forward in Romania for 7 years.

Earnings per share

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise items such as convertible notes and share options granted to employees.

Current versus non-current classification

The Company presents assets and liabilities in statement of financial position based on current/non-current classification. An asset as current when it is:
- Expected to be realised or intended to sold or consumed in normal operating cycle of the Company;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:
- It is expected to be settled in normal operating cycle of the Company;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair value measurement

The Company measures financial instruments, such as derivatives, and non-financial assets such as investment properties, at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:
- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.
The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable;
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Value added tax (VAT)

Revenues, expenses and assets are recognised net of the amount of VAT except:
- Where the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the VAT is recognised as part of the cost of acquisition of the asset or as part of the service as applicable;
- When receivables and payables are stated with the amount of VAT included

The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Onerous contracts

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Entity has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Critical accounting judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities.

The key assumptions that could generate uncertainty at the reporting date, and have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities for the next information year are presented below. The Company based their assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

The following are the critical judgements and estimations that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the separate financial statements.

i) Impairment of tangible and intangible assets

Impairment exists when the carrying value of the asset or cash generating unit exceeds its recoverable amount, which is the higher of its market value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from budget prepared by the Company and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

The key assumptions used to determine the recoverable amount for the CGU, including a sensitivity analysis, are disclosed and further explained in Note 4.

ii) Impairment of investments in subsidiaries

The Company's investments in subsidiaries are accounted for at cost less the impairment. Impairment exists when the carrying value of an investment exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The sale value less costs of disposal calculation is based on available data from sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a DCF model.

The estimated cash flows are derived from the Company's budgets and forecasts and do not include restructuring activities that the Company is not yet approved or potential significant investments that could enhance the performance of assets in the CGU being tested. The recoverable amount is influenced by the discount rate used for the DCF model as well as the potential future cash-inflows and the growth rate used for extrapolation purposes. The main estimates used to determine the recoverable amount for the investments are disclosed and further explained in Note 6.

iii) Retirement benefit obligations

Defined contribution plans

The cost regarding the defined benefit plans and the present value of the obligations regarding these plans are determined using actuarial valuations. An actuarial evaluation involves the use of assumptions that could be different from the subsequent evolution in reality. These assumptions refer to the discount rate, future salary increases, staff turnover and longevity. Due to the complex aspects considered in the evaluation and due to the long period, the obligation regarding the determined benefits is very sensitive to the modification of these assumptions. All assumptions are reviewed at each reporting date. Additional information is disclosed in Note 18.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Critical accounting judgements and key sources of estimation uncertainty (continued)

iv) Deferred taxes

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Company establishes provisions, when necessary, based on reasonable estimates, for possible consequences of audits by the tax authorities. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the Company and the responsible tax authority. Such differences in interpretation may arise for a wide variety of issues depending on the conditions prevailing in that context.

Deferred tax assets are recognised for deductible temporary differences, net of taxable temporary differences, to the extent that it is probable that taxable profit will be available against which the taxable temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

Detailed information is disclosed in Note 7.

v) Provision for rehabilitation.

The Company has recognised a provision for the rehabilitation of the premises where it deposits scrap from production. In order to determine the value of the provisions, estimates were made and assumptions were considered regarding the discount rate, the inflation rate, the costs with the rehabilitation and when they will have to be borne.

Detailed information is disclosed in Note 19.

4. PROPERTY, PLANT AND EQUIPMENT

Cost	Land	Buildings and special constructions	Plant and machinery	Equipment and vehicles	Investments in progress	Advances for tangible assets	Total
	RON '000	RON '000	RON '000	RON '000	RON '000	RON '000	RON '000
At January 1, 2021	**20,057**	**207,821**	**443,429**	**28,568**	**11,609**	**30**	**711,513**
Additions	421	2,298	-	4	22,723	767	26,213
Transfer between categories	-	11,259	9,872	92	(21,223)	-	-
Disposals	-	(52)	(2,607)	(86)	-	-	(2,744)
Closing balance at December 31, 2021	**20,478**	**221,326**	**450,694**	**28,578**	**13,109**	**797**	**734,982**
Additions	13,399	-	-	-	12,612	-	26,011
Transfer between categories	-	932	9,508	53	(10,493)	-	-
Disposals	(100)	(3,176)	(552)	-	-	(797)	(4,625)
Closing balance at December 31, 2022	**33,777**	**219,082**	**459,650**	**28,631**	**15,228**	**-**	**756,368**

4. PROPERTY, PLANT AND EQUIPMENT (continued)

Accumulated depreciation	Land	Buildings and special constructions	Plant and machinery	Equipment and vehicles	Investments in progress	Advances for tangible assets	Total
	RON '000	RON '000	RON '000	RON '000	RON '000	RON '000	RON '000
At January 1, 2021	**-**	**155,499**	**363,250**	**16,783**	**-**	**-**	**535,533**
Charge for the year	-	7,677	14,347	1,016	-	-	23,040
Accumulated depreciation of disposals	-	(47)	(2,595)	(86)	-	-	(2,728)
Closing balance at December 31, 2021	**-**	**163,129**	**375,002**	**17,713**	**-**	**-**	**555,846**
Charge for the year	-	8,582	13,833	830	-	-	23,245
Accumulated depreciation of disposals	-	(28)	(551)	-	-	-	(579)
Closing balance at December 31, 2022	**-**	**171,683**	**388,284**	**18,543**	**-**	**-**	**578,512**

4. PROPERTY, PLANT AND EQUIPMENT (continued)

Allowances for impairment	Land	Buildings and special constructions	Plant and machinery	Equipment and vehicles	Investments in progress	Advances for tangible assets	Total
	RON '000	RON '000	RON '000	RON '000	RON '000	RON '000	RON '000
At January 1, 2021	**-**	**119**	**79**	**926**	**1,792**	**-**	**2,917**
Impairment charge	-	2,459	3,099	-	-	-	5,558
Reversal of impairment	-	(4)	-	-	-	-	(4)
At December 31, 2021	**-**	**2,577**	**3,178**	**926**	**1,792**	**-**	**8,475**
Impairment charge	-	54	4	-	-	-	58
Reversal of impairment	-	(25)	-	-	-	-	(25)
At December 31, 2022	**-**	**2,606**	**3,182**	**926**	**1,792**	**-**	**8,508**
Net book value							
At December 31, 2021	**20,478**	**55,620**	**72,513**	**9,939**	**11,317**	**797**	**170,661**
At December 31, 2022	**33,777**	**44,792**	**68,184**	**9,162**	**13,436**	**-**	**169,349**

The Company allocated resources for investments with effect in decreasing production costs, increasing competitiveness and improving the equipment parameters, with a view to increasing economic efficiency and reducing emissions and at the same time for improving product quality by applying the best techniques available in the field.

The Investment Programme for 2022 is correlated with the production program, and its purpose is implementing, on a priority basis, those investments that will bring immediate gains and improvements to the business or those necessary to ensure safe and legal operations.

Simultaneously with the investment activity within the technological processes, in 2022 the Company purchased land in amount of RON 13,399 thousand to support the increase of the storage capacity of the red mud dump (2021: RON 421 thousand).

4. PROPERTY, PLANT AND EQUIPMENT (continued)

In accordance with IAS 37, the Company recorded full provision for the future cost of rehabilitating the red mud lake waste dump on a discounted basis. The change in the year decreased the value of the fixed asset as of December 31, 2022 by RON 2,948 thousand (2021: + RON 2.298 thousand) (see Note 17). The rehabilitation provision represents the present value of rehabilitation costs relating to the site, which are expected to be incurred up to 2027, which is when the storage on the site should be either closed or extended.

No borrowing costs were capitalised in 2021 and 2022.

The gross book value of the fully depreciated fixed assets in use as of December 31, 2022 is in amount of RON 151,989 thousand (2021: RON 153,220 thousand).

As of December 31, 2022, property, plant and equipment of Alum S.A. have been pledged to secure the borrowing contracted by the Company with a carrying amount of RON 140,017 thousand (December 31, 2021: RON 150,402 thousand) (Note 17).

The net book value of the idle assets in use as of December 31, 2022 is in amount of RON 103,319 thousand (2021: RON 1,138 thousand).
At 31 December the net book value of idle assets increased compared to 31 December 2021 as a result of temporary suspension of the calcined alumina production activity in 2022.

Impairment tests for property, plant and equipment

As at 31 December 2022, due to the presence of internal and external indications of impairment, such as increasing prices and scarce availability of energy products and other raw materials with a negative impact on the production costs, which led to the changes in the production plan and caused the Company to take a decision to temporary suspend the alumina production operations (until the end of 2023), a test of the property, plant and equipment of Alum was carried out. The results of the impairment test performed are presented further below.

As a result of the impairment review carried out by Alum, it was determined that the recoverable amount of property, plant and equipment was not materially different from its carrying value (less by RON 1.2 million), therefore no impairment was recognized as at 31 December 2022 (31 December 2021: an impairment charge of RON 5,532 thousand was recorded for the property, plant and equipment of Alum cash-generating unit).

The recoverable amount of the cash generating unit (CGU) Alum was determined based on the value in use calculations by using future cashflows extracted from the business plan for the next 5 years estimated by the management. The terminal value was computed by using a growth rate of 2% per annum.

The key assumptions for the cash-generating unit Alum are:

	2022	2021
Discount rate	13.80%	11.00%
Growth rate, average of next five years	5.31%	3.31%
EBITDA margin, average of next five years	4.44%	5.09%
EBITDA margin, terminal value	5.82%	6.12%

4. PROPERTY, PLANT AND EQUIPMENT (continued)

Impairment tests for property, plant and equipment (continued)

The following table shows the amount up to which the key variables used would need to change individually for the estimated recoverable amount to be equal to the carrying amount:

	2022	2021
Discount rate	13.72%	10.83%
Growth rate, average of next five years	5.91%	4.89%
EBITDA margin, average of next five years	4.50%	5.34%
EBITDA margin, terminal value	5.86%	6.22%

Another significant key estimate used by management in the impairment assessment of Alum CGU is the forecasted income from subsidied for indirect emission costs calculated in accordance with the Romanian Government of Emergency Ordinance no. 138/12.10.2022, which transposes the EU Guideline for the period 2021-2030. Same as for Alro, management presumed in its forecasts that the EU ETS Compensation Scheme will continue after 2030 and / or the Company can maintain its competitiveness and level of profitability by other means.

A 10% reduction in the forecasted income from compensation for indirect emission would result in additional impairment expense of approximately RON 17,100 thousand being recognized in the separated statement of comprehensive income (2021: RON 18,000 thousand).

5. INTANGIBLE ASSETS

Cost	Development expenses	Other intangibles	Advances for intangibles	Total intangibles
	RON '000	RON '000	RON '000	RON '000
At January 1, 2021	**4,367**	**459**	**-**	**4,827**
Additions	-	75	-	75
Transfer to tangible assets.	-	-	-	-
Disposals	-	-	-	-
As at December 31, 2021	**4,367**	**535**	**-**	**4,902**
Additions	-	31	-	31
Transfer to tangible assets	-	-	-	-
Disposals	-	-	-	-
As at December 31, 2022	**4,367**	**566**	**-**	**4,933**

Accumulated amortisation	Development expenses	Other intangibles	Advances for intangibles	Total intangibles
	RON '000	RON '000	RON '000	RON '000
At January 1, 2021	**4,367**	**416**	**-**	**4,783**
Charge for the year	-	54	-	54
Disposals	-	-	-	-
As at December 31, 2021	**4,367**	**470**	**-**	**4,837**
Charge for the year	-	62	-	62
Disposals	-	-	-	-
As at December 31, 2022	**4,367**	**532**	**-**	**4,899**
Net book value at December 31, 2021	**-**	**65**	**-**	**65**
Net book value at December 31, 2022	**-**	**34**	**-**	**34**

Development expenses include projects and solution and efficiency studies related to the silica removal processes and technological sizing per variants, increase of the static furnace capacity, technical and technological rehabilitation, respectively, and are amortised over a period of 5 years.

6. INVESTMENT IN SUBSIDIARIES

	Year ended December 31, 2022	Year ended December 31, 2021
At January 1 - investment	346,383	82,581
At January 1 - impairment	(150,357)	(82,339)
Additions	-	263,802
Expenses on adjustments for impairment of investment	(128,670)	(68,018)
At December 31 - investment	**346,383**	**346,383**
At December 31 - impairment	**(279,027)**	**(150,357)**
At December 31 – net book value	**67,356**	**196,026**

On May 1, 2011 Alum acquired from Vimetco N.V., a related party, 100% of investment company Global Aluminium Ltd. including 100% shareholding in the bauxite mine in Sierra Leone, Sierra Minerals Holding 1 Ltd. and 100% shareholding in Bauxite Marketing Ltd.

In December 2021 Alum increased the share capital of its subsidiary Global Aluminium Ltd by a contribution in kind of USD 60,200 thousand (RON 263,802 thousand) as receivables from Sierra Mineral Holding 1 Ltd.

Bought by Vimetco N.V. in 2008, the bauxite mine in Sierra Leone, with a resource base of approximately 31 million tons of bauxite, produced 910,344 tons in 2022 (2021: 1,396,678 tons). The bauxite mine produces raw material for Alum S.A.

As of December 31, 2022, CMF Consulting, an independent valuator, performed an impairment test for Alum's investment in Global Aluminium Ltd.

The recoverable amount of the investment in Global Aluminium Ltd. was determined based on fair value less costs of disposal, estimated using discounted future cash-flow techniques and applying a market-based measurement. Financial forecasts estimated by the directors at 31 December 2022 and 2021 cover a five-year period. The cash flows beyond the five-year period have been extrapolated until the year 2042, when according to management estimates which are based on an independent mineral resources evaluation report, the estimated reserves (proved and probable) are expected be depleted at a 2.0% growth rate in line with the forecast inflation (in 2021: 2.0%), except for the terminal year when a reduced production is foreseen at the level of the remaining reserves. An after-tax discount rate of 29.3% was used for the year 2023, after which the discount rate was assumed to stabilize to a 20.7% per annum until 2027, being the estimated period of depletion for proved reserves and of 22.7% per annum then after for probable mineral reserves due to the higher risk or uncertainty (in 2021: 18.4% per annum until 2030 and 20.4 then after).

The fair value measurement was categorized as a Level 3 fair value based on the inputs in the valuation technique used (see Note 33).

The key assumptions for the cash-generating unit Global Aluminium Ltd. are:

	2022	2021
Discount rate	20.7% to 29.3%	18.4%
Growth rate (average for next five years)	25.4%	7.3%
EBITDA margin	10.6%	17.3%

The increase in the average growth rate for next five years is due to the fact that following a significant drop in production starting with 2021 and forecasted to continue until 2024, the management estimates an increase to a normal level of bauxite output of 1,900,000 tons per year.

The discount rate is the CGU weighted-average cost of equity of 21.2% (in 2021: 18.9%), calculated based on the average unlevered betas of comparable companies within the industry and of a cost of debt after tax of 9.1% (in 2021: 5.70%), using the CGU's debt leverage of 4.2% (in 2021: 3.7%).

6. INVESTMENT IN SUBSIDIARIES (continued)

Growth rates during the next five years are based on the current contract with Alum reflecting the price in the market for long term contracts and on the company's intention to develop sales to third party clients.

The most sensitive key assumption used in impairment test of CGU Global Aluminium Ltd. are the discount rate, average growth rate for the next five years and EBITDA margin (2021: the discount rate, average growth rate for the next five years and EBITDA margin).

EBITDA margin is the average margin as a percentage of revenue over the five-year forecast period. It is based on the external analysis and the expected future sales volumes and prices, coupled with CGU's cost cutting efforts.

According to the analysis as of December 31, 2022 the fair value less costs to sell of the investment in Global Aluminium Ltd. amounts to USD 14,533 thousand (equivalent of RON 67,356 thousand) (31 December 2021: USD 44,850 thousand (equivalent of RON 196,026 thousand)), therefore an expense on adjustments for impairment of long-term financial assets in amount of RON 128,670 thousand was recognised in Company's financial statements for the year ended 31 December 2022 (2021: expense on adjustments for impairment of long-term financial assets in amount of RON 68,018 thousand).

7. INCOME TAX

Income tax recognised in the profit or loss

	Year ended December 31, 2022	Year ended December 31, 2021
Current income tax expense	4,857	20,153
Deferred income tax expense	(2,361)	7,987
Total income tax expense recognised in the current year	**2,496**	**28,140**

The income tax expense can be reconciled to the accounting profit as follows:

	Year ended December 31, 2022	Year ended December 31, 2021
Loss before tax	(119,658)	(16,409)
Income tax calculated at 16%	19,145	2,625
Effect of permanent differences	(1,054)	(239)
Reversal of deferred income tax related to receivables	-	(10,883)
Deferred tax related to impairment adjustments for financial assets	(20,587)	-
Adjustments recognised in relation to the current tax of prior years	-	(19,643)
Income tax (expense) recognised in profit and loss	**(2,496)**	**(28,140)**

7. INCOME TAX (continued)

Starting 2019, the Company was subject to fiscal audit from the National Agency for Fiscal Administration related to income tax and VAT transactions regarding the period 2014-2018. The fiscal inspection was finalized on May 27, 2021 and the tax authorities concluded a report with a net effect of RON 19,643 thousand on income tax, which the Company recognized as an expense in a first stage, in the category Current income tax expense, and paid within the legal time frame. Subsequently, the Company filed a tax appeal to the National Agency for Fiscal Administration against the Fiscal Inspection Report. The appeal was rejected by the National Agency for Fiscal Administration. The Company continues to defend its position by taking further steps in the court of law. At the moment is performed a fiscal expertise by an independent expert appointed by the Court.

The taxation rate used for the 2022 and 2021 reconciliations above is the corporate tax rate of 16% on taxable profits under tax law in Romania.

The Company's current income tax payables are the following:

	December 31, 2022	December 31, 2021
Current income tax payable	3,572	510

According to the Romanian Fiscal Code, which transposes the EU Directive no. 2016/1164, issued in 2016, the exceeding borrowing costs including interest, expenses for obtaining finance and leasing, capitalized interest and foreign exchange losses above a threshold of EUR 1,000,000 per annum are deductible only up to the level of 30% of calculated fiscal EBITDA. The Company incur borrowing costs related to loans obtained from banks for investment and development purposes. As these loans are expressed in foreign currency, due to the devaluation of RON against major currencies in 2022, these resulted in significant foreign exchange losses, which have limited deductibility for income tax purposes. As at 31 December 2022 the Company has a balance of RON 8,073 thousand (2021: RON 5,356 thousand) of unused exceeding borrowing costs from prior years that can be carried forward indefinitely and up to 30% of yearly fiscal EBITDA be used as tax deductible expenses. As a result, the Company used in 2022 an amount of RON 1,292 thousand (31 December 2021: RON 857 thousand) as deferred tax assets. These deferred tax assets related to deferred deductibility expenses in connection with its bank loans and borrowings were for the first time recognised in 2021.

The following is the analysis of deferred tax assets / (liabilities) presented in the statement of financial position in 2022:

	Opening balance	Recognised in profit or loss	Recognised in other comprehensive income	Recycled to profit or loss	Closing balance
Property, plant and equipment	(3,095)	867	-	-	(2,228)
Trade receivables and other current assets	535	16	-	-	551
Long-term provisions	4,135	(308)	-	-	3,827
Borrowings	857	435	-	-	1,292
Short term provisions	204	1,692	-	-	1,896
Retirement benefits obligation	802	(341)	(151)	-	310
Deferred tax asset / (liability)	**3,438**	**2,361**	**(151)**	**-**	**5,648**

7. INCOME TAXES (continued)

The following is the analysis of deferred tax assets / (liabilities) presented in the statement of financial position in 2021:

	Opening balance	Recognised in profit or loss	Recognised in other comprehen sive income	Recycled to profit or loss	Closing balance
Property, plant and equipment	(4,078)	983	-	-	(3,095)
Inventories	(163)	163	-	-	-
Trade receivables and other current assets	10,620	(10,085)	-	-	535
Long-term provisions	3,704	431	-	-	4,135
Borrowings	-	857	-	-	857
Short term provisions	599	(395)	-	-	204
Retirement benefits obligation	878	59	(135)	-	802
Deferred tax asset / (liability)	**11,560**	**(7,987)**	**(135)**	**-**	**3,438**

8. RIGHT-OF-USE ASSETS

The Company has leasing contracts mainly for equipment and vehicles with terms of up to 5 years. There are several lease contracts that include extension and termination options for which management exercises significant judgement in determining whether these extension and termination options are reasonably certain to be exercised. Company is restricted from assigning and subleasing the leased assets. The net book value of leased right-of-use assets as of December 31, 2022 was RON 353 thousand (December 31, 2021: RON 1,215 thousand).

Categories of right-of-use assets	*Equipment*	*Vehicles*	*Other*	*Total right-of-use assets*
Cost				
Balance at January 1, 2021	**414**	**815**	**2,184**	**3,413**
Additions		135	-	**135**
Balance at December 31, 2021	**414**	**950**	**2,184**	**3,549**
Additions	-	262	-	**262**
Disposals	-	(412)	(2,184)	**(2,596)**
Balance at December 31, 2022	**414**	**800**	**-**	**1,214**
Accumulated amortisation				
Balance at January 1, 2021	**(232)**	**(435)**	**(874)**	**(1,541)**
Amortisation for the year	(116)	(240)	(437)	**(793)**
Balance at 31 December 2021	**(348)**	**(675)**	**(1,311)**	**(2,334)**
Amortisation for the year	(67)	(184)	(72)	**(323)**
Cumulated on disposals of assets	-	412	1,383	**1,795**
Balance at 31 December 2022	**(414)**	**(447)**	**-**	**(861)**
Net book value				
Balance at December 31, 2021	**67**	**275**	**873**	**1,215**
Balance at December 31, 2022	**-**	**353**	**-**	**353**

8. RIGHT-OF-USE ASSETS (continued)

The following amounts were recognised in profit or loss, following the application of IFRS 16:

	December 31, 2022	December 31, 2021
Amortisation expense of leased right-of-use assets	323	793
Interest on lease liabilities	19	91
Expenses related to short-term leases	188	192
Expenses related to leases of low-value assets	-	-
Total amounts recognised in profit or loss	**530**	**1,076**

9. OTHER NON-CURRENT FINANCIAL ASSETS

	December 31, 2022	December 31, 2021
Other non-current assets	910	-
Total	**910**	**-**

Other non-current assets include the cash deposits, according to the environmental regulations, available to the Environmental Fund Management, during the period of service of the waste landfills, representing the equivalent value of the costs for the closure works and after-closure monitoring of the Company's waste dump, as well as the environmental financial guarantee, attesting that the Company has enough financial resources to cover the potential costs which occur during the waste deposit activity.

10. INVENTORIES

	December 31, 2022	December 31, 2021
Raw materials	39,262	73,273
Consumables	9,249	9,913
Finished goods	13,332	13,330
Work in progress	64,108	65,526
Semi-finished goods	13,220	8,954
Other	36,468	231
Total	**175,639**	**171,227**

The unstable economic environment, the record levels of inflation, the increase in energy and fuel prices, but also the increase in raw material costs have determined the Company to take the decision to temporarily suspend the alumina production, continuing its operations by acquisition of calcined alumina from independent entities in the purpose of reselling it to the Alro.

The category Other inventory includes calcined alumina purchased from third parties in transit at 31 December 2022 (31 December 2021: nil).

10. INVENTORIES (continued)

The movement in the provision for inventory is as follows:

	2022	2021
Balance at beginning of the year	-	31
Charge for the year	-	-
Release during the year	-	(31)
Balance at the end of the year	**-**	**-**

The value of the expensed inventories in 2022 is of RON 212,595 thousand (2021: RON 450,173 thousand).

The value of inventories pledged for securing the Company's borrowings amounts to a total RON 175,639 thousand (December 31, 2021: RON 170,078 thousand).

11. TRADE RECEIVABLES

	December 31, 2022	December 31, 2021
Foreign trade receivables	85	115
Domestic trade receivables	9,360	39,379
Allowance for expected losses	(3,460)	(3,362)
Total	**5,985**	**36,132**

There is 1 customer representing individually more than 10% of the total balance of trade receivables as at December 31, 2022 (2021: 2 customers).

Movement in allowance for expected losses is as follows:

	2022	2021
Balance at beginning of the year	3,362	45,107
Charge for impairment adjustments	98	3,153
Reversals of impairment adjustments	-	(44,898)
Balance at end of the year	**3,460**	**3,362**

The Company has established a provision matrix that is based on the Company's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. In determining the recoverability of a receivable, the Company consider any change in the credit quality of the customer from the date the credit was initially granted up to the reporting date and adjusted for forward-looking factors specific to the debtors and the economic environment. Accordingly, the Company's management believes that there is no further expected credit loss allowance required other than of the allowance for impairment losses already provided for. More details are presented in Note 33.

According to the increase the share capital of subsidiary Global Aluminium Ltd by way of Sierra Mineral Holding 1 Ltd. debt conversion, the Company recorded as at 31 December 2021 the reversal of the provision in amount of USD 11,317 thousand (RON 44,881 thousand) resulted from the impairment test performed by CMF Consulting, an independent valuation company, as of December 31, 2020. More details are presented in Note 6.

The amount of the provisions for receivables on December 31, 2022 is RON 3,460 thousand (31 December 2021: RON 3,362 thousand), of which RON 3,153 thousand represents the provision for receivables from Vimetco Power Romania (related party, see Note 30).

A part of the Company's receivables (RON 5,036 thousand at December 31, 2022 and RON 33,230 thousand at December 31, 2021) are pledged to secure the loans obtained from banks.

11. TRADE RECEIVABLES (continued)

The table below is an analysis of trade receivables according to their age as at December 31, 2022 and December 31, 2021:

	December 31, 2022	December 31, 2021
Neither past due nor impaired	5,439	3,405
Past due but not impaired	546	32,727
Past due more than 1 month*	2	1
Past due more than 3 months*	-	-
Past due more than 9 months*	3,458	3,361
Allowance for expected losses	(3,460)	(3,362)
Total	**5,985**	**36,132**

*) trade receivables impaired

Receivables matured but not impaired, for which no impairment adjustments were set, are shown below:

	December 31, 2022	December 31, 2021
Less than 3 months	532	32,623
3 months to 6 months	1	2
6 months to 9 months	-	-
More than 9 months	12	102
Total	**546**	**32,727**

Details regarding the Company transactions with the related parties are presented in Note 30.

The Company sell a part of trade receivables under the existing factoring agreement on a non-recourse basis, so that the risks and rewards related to the receivables are substantially transferred to the factor and as a result the receivables sold are derecognised at the transfer date, and the factoring fees and related finance costs are recognised at their payment date.

Caps available under factoring agreements:

	December 31, 2022	December 31, 2021
Factoring caps amounts available, of which:	4,947	14,844
Factoring amounts utilised	178	2,175

12. OTHER CURRENT FINANCIAL ASSETS

	December 31, 2022	December 31, 2021
VAT recoverable	28	85
Other debtors	262	657
Allowance for other debtors	(121)	(121)
Total	**169**	**621**

The comparative figures as of 31 December 2021 were reclassified in accordance with the presentation adopted in 2022. The amount of RON 1,314 thousand representing Advances to suppliers and Prepayments, which were reported at 31 December 2021 under the category Other current assets are now presented separately under Other current non-financial assets category. For further details, please see also Note 2.

12. OTHER CURRENT FINANCIAL ASSETS (continued)

According to the increase the share capital of subsidiary Global Aluminium Ltd by way of Sierra Mineral Holding 1 Ltd. debt conversion, the Company recorded at 31 December 2021 the reversal of the provision in amount of USD 5,366 thousand (RON 21,282 thousand) resulting to the impairment test performed by CMF Consulting, an independent valuation company, as of December 31, 2020. More details are presented in Note 6.

The movement in allowance for impairment of other receivables is as follows:

	December 31, 2022	December 31, 2021
Balance at beginning of the year	121	21,403
Reversal of impairment allowances	-	(21,282)
Balance at end of the year	**121**	**121**

13. OTHER CURRENT NON-FINANCIAL ASSETS

	December 31, 2022	December 31, 2021
Advances to suppliers (Note 30)	6,568	1,065
Prepayments	204	249
Total	**6,772**	**1,314**

The category Advances to suppliers contains mainly down payments to one of its subsidiaries for the acquisition of raw materials.

The comparative figures as of 31 December 2021 were reclassified in accordance with the presentation adopted in 2022. The amount of RON 1,314 thousand which were reported at 31 December 2021 under the category Other current assets are now presented separately under Other current non-financial assets category. See also Note 12.

14. CASH AND CASH EQUIVALENTS

	December 31, 2022	December 31, 2021
Cash at banks in RON	1,032	283
Cash at banks in foreign currency	1,685	304
Cash in hand in RON	4	283
Total	**2,721**	**592**

	December 31, 2022	December 31, 2021
Restricted cash	35,815	111

14. CASH AND CASH EQUIVALENTS (continued)

Cash at banks earns interest at floating rates based on daily banks deposit rates. Short-term deposits are made for varying periods between one day and one month, depending on the immediate cash requirements of the Company.

At 31 December 2022 the restricted cash of the Company includes the amount of RON 35,768 thousand and consists of a cash collateral at banks for issuing letters of credit for the acquisition of calcined alumina from third parties.

Also, as of December 31, 2022 all current bank accounts opened by the Company, as well as all the amounts of money recorded or by which such bank accounts are credited at a certain moment (subject to certain exceptions) are are pledged to secure the borrowings contracted by the Entity (2022: RON 2,717 thousand; 2021: RON 587 thousand).

15. RESERVES

	December 31, 2022	December 31, 2021
Legal reserve	20,390	20,390
Other reserves	20,613	23,134
Total reserve	**41,003**	**43,524**

The legal reserve is made up at 20% of the issued and paid shared capital of the Company, according to the regulations in force, it is not distributable and its utilisation is strictly regulated by the laws.
Other reserves include mainly amounts that were generated by revaluation of fixed assets performed before adopting IFRS.

16. ISSUED CAPITAL

The statutory share capital as of December 31, 2022 and 2021 is in amount of RON 488,412,908 representing 82,086,203 shares having a nominal value of RON 5.95 per share.

	Statutory figures					
	December 31, 2022			December 31, 2021		
SHAREHOLDERS	Number of shares	Nominal value RON (thousand)	%	Number of shares	Nominal value RON (thousand)	%
ALRO SA	81,595,860	485,495	99.4026	81,595,860	485,495	99.4026
Individuals	472,054	2,809	0.5751	472,647	2,812	0.5758
Other companies	18,289	109	0.0223	17,696	105	0.0216
Total	**82,086,203**	**488,413**	**100%**	**82,086,203**	**488,413**	**100%**

The major shareholder of Alum S.A. is Alro S.A. owned by Vimetco PLC.

17. LOANS AND LEASES

	December 31, 2022	December 31, 2021
Long-term loans		
Long-term bank loans	3,063	21,259
Long-term bank loans, total	**3,063**	**21,259**
Lease liabilities	239	606
Total long-term loans and lease	**3,302**	**21,865**
Short-term loans		
Short-term bank loans	13,557	12,763
Short-term portion of long-term loans	19,692	34,046
Short-term bank loans, total	**33,249**	**46,809**
Lease liabilities	118	637
Total short-term loans and leases	**33,367**	**47,446**
Total loans and leases	**36,669**	**69,311**

On May 17, 2018, Alum concluded a loan agreement amounting to USD 20 million with Black Sea Trade and Development Bank and USD 5 million with Garanti Bank Romania. The scope of these loan facilities covers the Company's investments, and they will be repaid in seven half-yearly instalments with a grace period of two years. As of December 31, 2022, the balance of the loans was of USD 3,571 thousand (31 December 2021: USD 10,714 thousand). This bank borrowings of the Company will mature in 2023.

In February 2021, the Company signed with Garanti Bank Romania a loan agreement for working capital needs, including a revolving facility and a non-cash facility, for a maximum limit of USD 3,000 thousand, to be used for any of the facilities. At December 31, 2022 the drawn amount from the revolving facility was of RON 13,533 thousand, i.e. the equivalent of USD 2,920 thousand (December 31, 2021: RON 12.762 thousand, the equivalent of USD 2,920 thousand), and another amount of RON 337 thousand (the equivalent of USD 77 thousand) (December 31, 2021: RON 337 thousand, the equivalent of USD 77 thousand) was used for a letter of bank guarantee. The loan agreement was supplemented with a non-revolving facility in amount of USD 2,000 thousand in December 2021 to be used for financing current activity, and which has the maturity in December 2024. As of 31 December 2022, the balance of the loan was the RON equivalent of USD 1,333 thousand (31 December 2021: USD 2,000 thousand).

In 2022, the interest rates ranged between 3.25% and 8.7% (2021: 3.25% - 3.76%).

For the exposure of the Company's borrowings to interest rate risk, please refer to Note 33.

According to the existing borrowing agreements the Company is subject to certain restrictive covenants. These covenants require the Company, among other things, to maintain a minimum or maximum level for certain financial ratios, including: financial debt to EBITDA and current ratio.

At 31 December 2022, the Company was not in breach of the covenants.

The Company borrowings are secured with accounts receivable amounting to RON 5,036 thousand (2021: RON 33,230 thousand), with current account opened with banks amounting to RON 2,717 thousand (see Note 14) (2021: RON 587 thousand), with property, plant and equipment (land, buildings, equipment) with a value of RON 140,017 thousand (2021: RON 150,402 thousand) and with inventories of RON 175,639 thousand (2021: RON 170,078 thousand).

The Company have estimated that the fair value of the borrowings and the lease liabilities does not significantly differ from their carrying amount, mainly due to the fact that the long-term loans have variable interest and their margins are similar with those for the recently contracted bank loans. Their fair value belongs to the level 3 of the fair value measurement hierarchy.

17. LOANS AND LEASES (continued)

Changes in liabilities arising from financing activities of Alum:

	Bank loans	Lease liabilities
Balance at January 1, 2022	**68,068**	**1,243**
New contracts	-	262
Cash outflows	(36,458)	(269)
Interest expense	3,217	19
Interest paid	(2,975)	(19)
Interest capitalised	-	-
Translation adjustments	4,460	(879)
Balance at December 31, 2022	**36,312**	**357**

	Bank loans	Lease liabilities
Balance at 1 January 2021	**70,287**	**1,793**
New contracts	20,799	135
Cash outflows	(30,427)	(694)
Interest expense	3,073	91
Interest paid	(2,770)	(91)
Interest capitalised	-	-
Translation adjustments	7,106	9
Balance at December 31, 2021	**68,068**	**1,243**

18. RETIREMENT BENEFIT OBLIGATION

Defined contribution plans

The employees of the Company are members of the state-managed retirement benefit plan and starting with January 1, 2008 can/must voluntarily (for employees above/under the age of 35) subscribe to private pension funds. The Company contributes in a specified percentage of staff costs to the retirement benefit scheme to fund the benefits. The only obligation of the Company with respect to the retirement benefit plan is to make the specified contributions during the period of employment of the respective employees.

The Company has made payments to an optional defined contribution pension plan for the employees that have rendered service to the Company during the reporting period. The defined contribution plan is managed by separate entities and the contribution made by the Company was in the form of fixed amounts per employee, paid monthly. The Company recognised the liability undiscounted (accrued expense) at the reporting date after deducting any contribution already paid, and the expense incurred during the year, the Company's legal and constructive obligation being limited to the amounts that it contributes to the fund.

The Company recognized employment benefits expenses representing salaries and other staff costs as follows:

	2022	2021
Salaries and other staff costs	60,316	69,185

Contributions to defined contribution plans included in the salaries and other staff costs:

	December 31, 2022	December 31, 2021
Social insurance costs and other taxes	14,195	16,926
Other defined contribution pension plans	932	1,119

18. RETIREMENT BENEFIT OBLIGATION (continued)

Defined benefit plans - post-employment benefits

According to the Collective Labour Agreement, when retiring due to age or disease, the employees benefit from a retirement bonus which is computed based on the number of years worked in the Company.

The most recent actuarial valuation of plan assets and the present value of the defined benefit obligation provision was carried out at December 31, 2022 by an independent specialist. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

The principal assumptions used for the purposes of the actuarial calculations were as follows:

	December 31, 2022	December 31, 2021
Expected rate of salary increase (%)	5.20	4.30
Discount rate (%)	8.30	5.00
Expected inflation rate (%)	4.10	2.90

Amounts recognised in profit or loss in respect of the defined benefit plans are as follows:

	2022	2021
Current service cost	236	696
Interest on post-employment obligation	251	170
Total	**487**	**866**

The expense on current service cost for the reporting year is included in the statement of profit or loss and other comprehensive income as Cost of goods sold (2022: RON 192 thousand, 2021: RON 576 thousand) and Administrative expenses (2022: RON 44 thousand, 2021: RON 120 thousand), and interest cost on pension provision as Interest expense. The past service cost is recorded in the statement of profit or loss and other comprehensive income as Cost of goods sold (2022: RON (1,921) thousand, 2021: nil) and Administrative expenses (2022: RON (441) thousand, 2021: nil).

The movement of the present value of the obligation regarding the determined benefits was the following:

	2022	2021
Balance at January 1	**5,014**	**5,487**
Included in profit or loss:		
Current service cost	236	696
Past service cost	(2,362)	-
Interest expense on post-employment obligation	251	170
Included in comprehensive income:		
Actuarial changes from demographic assumptions	(58)	(33)
Actuarial changes from financial assumptions	(724)	(912)
Actuarial changes from experience adjustments	(162)	104
Benefits paid	(256)	(498)
Balance at December 31	**1,940**	**5,014**

18. RETIREMENT BENEFIT OBLIGATION (continued)

Defined benefit plans - post-employment benefits (continued)

Significant variables for the determination of defined benefit provision are: discount rate, estimated salary increase rate and inflation rate. The sensitivity analysis below has been determined based on reasonably possible changes of the respective variables occurring at the end of the reporting period, while holding all other variables constant:

	2022	2021
Discount rate +1%	1,784	4,529
Discount rate -1%	2,116	5,573
Salary increase rate +1%	2,125	5,580
Salary increase rate -1%	1,773	4,515
Longevity +1 year	1,912	4,962
Longevity -1 year	1,972	5,072
Employee turnover rate +0.5%	1,925	4,949
Employee turnover rate -0.5%	1,956	5,081

The sensitivity analyses above have been performed based on a method that extrapolates the impact on net defined benefit provision as a result of reasonable changes in key variables analysed at the end of the reporting period.

The Company expects to make a payment of RON 82 thousand from the defined benefit pension provision in the next financial year (at December 31, 2021 the estimations were of RON 260 thousand).

The weighted average duration of defined benefit obligation is 14.4 years.

The following information relates to the maturity profile of the defined benefit obligation at December 31, 2022:

Maturity analysis of future defined benefit payments	Post-employment benefits	Death-in-service benefits	Total
Within 1 year	-	82	**82**
1 - 2 years	20	94	**114**
2 - 5 years	430	328	**758**
5 - 10 years	1,949	613	**2,562**
Over 10 years	6,617	908	**7,525**

19. PROVISIONS

The provision for land rehabilitation was set in relation to the premises where the Company deposit residue from production, in the form of the red mud lake. According to the environment regulations, the red mud lake must be rehabilitated before a certain date specified by specific authorisations, when it will be either it may be closed down or extended. The provisions are based on the estimation of expenses necessary to perform the rehabilitation works at the time when they are expected to be incurred, discounted to their present value at 31 December 2022 and are related to the red mud lake rehabilitation in amount of RON 23,919 thousand (31 December 2021: RON 25,842 thousand). The Company estimates that the costs would be incurred in 5 - 40 years' time and calculates the provisions using the DCF method based on the following assumptions: estimated range of cost: RON 64 per square meter and discount rates of 7.084% (2021: 3.965%). Furthermore, the timing of rehabilitation is likely to depend on when the site ceases to store at economically viable rates.

The provisions for employees remuneration are recognized by the Company basically in accordance with the Collective Labour Agreements. In 2022, the Company analysed the financial results for the period and decided not to book a provision for this period.

19. PROVISIONS (continued)

According to The Greenhouse Gas Emissions Monitoring Report for 2022, the Company must submit to the authorities a number of 65,752 CO2 emission certificates. Considering that on December 31, 2022 the Company holds a number of 34,853 CO2 emission certificates, a provision was established for the difference of 30,899 CO2 certificates at a quotation of EURO 77.5 / certificate (RON 11,847 thousand) (31 December 2021: RON 1,274 thousand). See also Note 27 Other operating expenses.

	Rehabilitation	Employees remuneration	CO2 certificates	Total
At January 1, 2021	**23,153**	**3,745**	**-**	**26,898**
Increase through income statement	2,298	-	1,274	3,572
Reversal of provisions	-	(664)	-	(664)
Unwinding of discount	391	-	-	391
Utilisation of provisions	-	(3,081)	-	(3,081)
At December 31, 2021	**25,842**	**-**	**1,274**	**27,116**
At January 1, 2022	**25,842**	**-**	**1,274**	**27,116**
Increase through income statement	-	-	11,847	11,847
Reversal of provisions	(2,948)	-	-	(2,948)
Unwinding of discount	1,025	-	-	1,025
Utilisation of provisions	-	-	(1,274)	(1,274)
At December 31, 2022	**23,919**	**-**	**11,847**	**35,766**
Of which:				
Current 2022	-	-	11,847	11,847
Non-current 2022	23,919	-	-	23,919
Current 2021	-	-	1,274	1,274
Non-current 2021	25,842	-	-	25,842

20. SUBSIDIES

	2022	2021
Balance as of January 1, 2022	**4,577**	**4,956**
Increases during the year	-	-
Revenues recorded during the year	(379)	(379)
Balance as of December 31, 2022	**4,198**	**4,577**
Out of which:		
Current	379	379
Non-current	3,819	4,198

Under the financing contract signed on September 8, 2016, Alum SA launched a project (SMIS 2014+) co-financed under the Competitiveness Operational Program 2014-2020 supported by the European Union. The equipment purchased within these investment projects were commissioned in 2019 and the subsidies received are recognized as income on a straight-line basis during the useful life of the equipment.

Income from subsidies amounting to RON 379 thousand (2021: RON 379 thousand) represents the portion of the above-mentioned subsidies, as well as of subsidies received in the previous years for equipment, recognised as income through profit and loss during the year. The income recognised during the year is included in the Other operating income category (see Note 25).

The only achievement indicator to be pursued by the end of the project, i.e., the number of staff in the R & D department that needed to be increased by 16 people by March 8, 2019, was achieved.

20. SUBSIDIES (continued)

At the end of the project, certain result indicators must also be achieved, i.e., turnover (RON 605,225 thousand) and market share (1.26%). These indicators are reported annually, only to inform the Managing Authority, but their achievement / failure to achieve is verified with the appropriate consequences only at the end of the sustainability period, i.e. in 2024.

As at 31 December 2022 there are no contingent liabilities attached to these subsidies.

21. TRADE AND OTHER PAYABLES

	December 31, 2022	December 31, 2021
Foreign trade and other payables	35,961	10,089
Domestic trade and other payables	12,772	43,350
Accrued trade and other payables	366	1,015
Total	**49,099**	**54,453**

The Foreign trade payables category contains the amount of RON 35,768 thousand, which represents the purchase of alumina imported from third parties for which a letter of credit was opened on December 31, 2022. See also Note 14 Cash and cash equivalents.

Details regarding the Company's transactions with the related parties are presented in Note 30.

22. OTHER CURRENT LIABILITIES

	December 31, 2022	December 31, 2021
Wages and social security contributions	3,035	4,562
Tax on salaries	339	435
Other taxes and duties	2	63
VAT payable	7,408	3,292
Other current liabilities	68	184
Total	**10,852**	**8,536**

23. REVENUE FROM CONTRACTS WITH CUSTOMERS

99% of the Company's revenues consist of sales of alumina and hydrate, most of them to one customer located in Romania (92%) (Note 30).

	Year ended December 31, 2022	Year ended December 31, 2021
Revenues from the sale of alumina	497,443	805,654
Other revenues and provided services	2,328	2,968
Total	**499,771**	**808,622**

23. REVENUE FROM CONTRACTS WITH CUSTOMERS (continued)

In 2022, revenues from sales were influenced by the temporary suspension of the alumina production starting August 2022. The Company continues to carry out certain activities in the factory such as maintenance and modernization works, R&D activities and the purchase of alumina from the market at an optimized cost, which it sells to Alro, in order to fulfill the internal requirements for the Primary Aluminum segment.

Contract liabilities

The balance of RON 39,496 thousand existing at 31 December 2022 under the Contract liabilities category will be recognized as income in 2023 from the performance obligations that will be fulfilled this year. See also Note 30 Related party transactions.

24. COST OF GOODS SOLD

	Year ended December 31, 2022	Year ended December 31, 2021
Energy, water and gas	202,339	244,257
Raw materials	132,159	434,577
Staff costs	21,552	47,007
Other staff costs	2,611	5,090
Consumables	3,634	12,733
Amortisation	10,694	20,725
Merchandise	75,931	-
Third party services	1,215	3,695
Repairs	2,541	5,313
Transportation costs	371	2,413
Others	315	2,320
Allowance for slow moving and obsolete inventories	-	(31)
Total	**453,363**	**778,099**

In 2022, the Company registered in profit and loss employment benefits expenses representing salaries and other staff costs of RON 60,316 thousand (in 2021: RON 69,185 thousand) in profit and loss.

The decrease in expenses was generated by the temporary suspension of the alumina production. In the Merchandise category, the expenses related to the calcined alumina purchased from third parties and sold to Alro (2021: nil) were recorded.

25. OTHER OPERATING REVENUES/INCOME

	Note	Year ended December 31, 2022	Year ended December 31, 2021
Income from subsidies	20	379	379
Income from sale of unused CO2 emission certificates		52,178	-
Income from unused provision reversals	19	-	664
Income from claims and penalties		-	-
Other revenues		5,296	2,323
Total		**57,853**	**3,366**

25. OTHER OPERATING REVENUES/INCOME (continued)

In 2022, the Income from subsidies category includes an amount of RON 379 thousand (in 2021: RON 379 thousand) representing government subsidies from EU funds received by the Company for purchasing equipment for the research and development activities. The subsidies are recognized as income on a straight-line basis during the useful life of the equipment for which they were received. For further details, also see Note 20 Subsidies.

In 2022, the Company sold CO2 emission certificates of RON 52,178 thousand and included them under the Income from sale of unused CO2 emission certificates, benefiting from the increase in the price of CO2 emission certificates (2021: nil). The Company was in the position to have a surplus of emission certificates as it made numerous efforts to invest in energy efficiency in the past years.

The Other revenues category records, mainly, revenues from the sale of electricity for town heating, demurrage for bauxite loading/unloading and rent, as well as from revenues resulting from the reversal of the provision set on December 31, 2021 for CO2 emission certificates (RON 1,274 thousand).

26. ADMINISTRATIVE EXPENSES

	Year ended December 31, 2022	Year ended December 31, 2021
Energy, water and gas	170	59
Consumables	440	1,035
Staff costs	11,195	13,700
Third party services	10,763	12,352
Insurance	402	633
Taxes and duties	1,470	1,629
Amortisation and depreciation	922	956
Research and development costs	2,486	2,814
Other administrative expenses	3,541	4,595
(Decrease)/increase in provisions for doubtful receivables	98	3,136
Total	**31,486**	**40,909**

In 2022, the Company registered research and development costs of RON 2,486 thousand (in 2021: RON 2,814 thousand) after the commissioning at the beginning of 2019 of the equipment funded from EU funds related to the investments in researching the technologies for obtaining (dry and wet) aluminum hydroxide. The objectives of these projects are to increase the level of market innovation and competitiveness of the Company, while expanding the products portfolio.

Further details concerning the movements in provisions are included in Note 11.

27. OTHER OPERATING EXPENSES

	Year ended December 31, 2022	Year ended December 31, 2021
Idle plants depreciation expenses	10,220	-
Impairment of property, plant and equipment	59	5,554
Provision for CO2 emission certificates	11,847	1,274
Staff restructuring expenses	8,703	-
Costs in relation to the suspension of its production activity	6,135	-
Costs following the suspension of the production activity	15,048	-
Other operating expenses	4,305	4,876
Total	**56,317**	**11,704**

In 2022, the Idle plants depreciation expenses represents the depreciation incurred by the Company on temporarily idled production facilities, mainly caused by the temporary suspension of the alumina production starting with August 2022.

As a result of the property, plant and equipment impairment test carried out by Alum, it was found that the recoverable amount was not materially different than its carrying amount, therefore no impairment was recognized as at 31 December 2022 (31 December 2021: an impairment charge of RON 5,532 thousand was recognized for the property, plant and equipment of Alum cash-generating unit).

At 31 December 2022 the Company set a provision for 30,899 CO2 certificates at a quotation of EURO 77.5 / certificate (RON 11,847 thousand). More details are presented in Note 19.

Details of the costs following the suspension of production activity is presented in the table below:

Energy, water and gas	2,285
Staff costs	11,006
Consumables expenses	991
Third party services	268
Repairs	290
Other expenses	208
Total	**15,048**

In 2022 the category Other expenses includes penalties for noncompliance with the estimated consumption for electricity and gas and penalties charged by shipping companies for excess/shortage in idle time spent at bauxite loading/unloading (2022: RON 1,592 thousand; 2021: RON 4,876 thousand).

28. OTHER REVENUES AND EXPENSES

	Year ended December 31, 2022	Year ended December 31, 2021
(Gain) / loss on disposal of fixed assets	(19)	16
Total	**(19)**	**16**

29. FINANCIAL RESULT, NET

	Year ended December 31, 2022	Year ended December 31, 2021
Interest income	267	12
Other financial income	8	22
Interest expense	(4,512)	(3,725)
Interest on loans	(3,236)	(3,164)
Interest on discounting provisions	(1,025)	(391)
Interest on post-retirement benefits	(251)	(170)
Bank commissions	(332)	(199)
Commissions paid for factoring agreements	(49)	(350)
Net exchange rate differences	(2,846)	8,427
Total	**(7,464)**	**4,187**

Interest expenses have increased in 2022 as compared to 2021 mainly due to higher LIBOR, EURIBOR and ROBOR benchmark interest rates.

Interest expenses in amount of RON 3,236 thousand (in 2021: RON 3,164 thousand) represented transaction costs on loans, which are recognized during the period as interest expense item based on the effective interest rate method. The amount actually paid as transaction costs in 2022 for loans was of RON 2,994 thousand and it is included in the Statement of Cash Flows under Interest paid (in 2021: RON 2,925 thousand).

The Bank commissions category includes the commissions paid by the Company for the issue of letters of credit for the acquisition of calcined alumina from third parties. (2022: RON 202 thousand; 2021: nil).

30. RELATED PARTY TRANSACTIONS

The major shareholder of Alum S.A. is Alro S.A. owned by Vimetco PLC, Cyprus. The Company's ultimate controlling entity is Maxon Limited (Bermuda).

The transactions between the related parties are based on bilateral agreements, are not secured, and the management considers such transactions to be on an arm's length basis.

The main related parties the Company has recorded transactions with in 2022 and 2021 are: Alro S.A., Vimetco Extrusion S.R.L., Conef Gaz S.R.L., Vimetco Management S.R.L. Romania, Centrul Rivergate S.R.L., Rivergate Fire S.R.L, Sierra Minerals Holding Ltd. Details of transactions between the Company and its related parties are disclosed below.

Related party	Related party type	Transaction type
Alro S.A.	Shareholder	Sales/purchases of goods/services
Sierra Minerals Holding Ltd.	Subsidiary	Sales/purchases of goods/services
Vimetco Management Romania S.R.L.	Joint control	Purchases of goods/services
Vimetco Extrusion	Joint control	Sales/purchases of goods
Conef Gaz S.R.L.	Joint control	Purchases of goods
Centrul Rivergate	Joint control	Sales/purchases of goods/services
Rivergate Fire	Joint control	Sales/purchases of goods/services

30. RELATED PARTY TRANSACTIONS (continued)

	Year ended December 31, 2022	Year ended December 31, 2021
Sales of goods and services		
Alro S.A. (goods, services)	456,902	651,811
Centrul Rivergate	38	38
Sierra Minerals Holding Ltd.	90	360
Vimetco Extrusion	1	3
Total	**457,032**	**652,212**

Purchases of goods and services	Year ended December 31, 2022	Year ended December 31, 2021
Alro S.A. (goods, services)	49,805	41,742
Centrul Rivergate	3,998	3,930
Rivergate Fire	3,676	3,715
Conef Gaz S.R.L. (natural gas)	164,414	209,450
Vimetco Management Romania S.R.L.	982	827
Sierra Minerals Holding Ltd. (bauxite)	23,131	198,470
Total	**246,006**	**458,133**

	Year ended December 31, 2022	Year ended December 31, 2021
Trade and other receivables, gross		
Sierra Minerals Holding Ltd. - receivables	87	-
Sierra Minerals Holding Ltd. - advances	6,111	-
Conef Gaz S.R.L.	-	2,173
Centrul Rivergate	4	4
Vimetco Power	3,153	3,153
Alro S.A. - receivables	5,036	33,128
Alro S.A. - advances	164	-
Total	**14,555**	**38,458**

The Company recorded a provision in amount of RON 3,153 thousand for receivables from Vimetco Power Romania. See Note 11 Trade receivables.

The amounts outstanding are unsecured and will be settled in cash. No type of guarantees have been given or received.

	December 31, 2022	December 31, 2021
Trade and other payables		
Alro S.A. – current trade payables	976	5,244
Alro S.A. – advances (Note 23)	39,460	-
Sierra Minerals Holding Ltd.	-	8,124
Centrul Rivergate	388	777
Rivergate Fire	360	720
Vimetco Management Romania S.R.L.	113	106
Total	**41,298**	**14,971**

Remuneration of key personnel

The remuneration of directors and of other members of key management personnel during the year was in amount of RON 2,749 thousand (2021: RON 3,818 thousand).

31. EARNINGS PER SHARE

	Year ended December 31, 2022	Year ended December 31, 2021
Net loss attributable to shareholders	(122,154)	(44,549)
Weighted average number of ordinary shares (‘000)	82,086	82,086
Basic and diluted losses per share (RON/share)	(1.49)	(0.54)
Dividends per share in the current year (RON/share)	-	-

32. SEGMENT INFORMATION

The Company only has one operating segment, the production and sale of alumina. All its operating assets are located in Romania.

The following table shows the distribution of the Company's sales by geographical market.

	Year ended December 31, 2022	Year ended December 31, 2021
Romania	462,635	666,199
European Union	14,335	73,527
Non-EU European countries	8,020	36,156
Other countries	14,781	32,740
Total	**499,771**	**808,622**

The Company processes bauxite to produce alumina, which is the main raw material for aluminium smelting. The extremely high costs of energy and gas have determined the Company to take the temporary decision to temporarily interrupt the alumina production starting with 1 August 2022 and to replace it with the alumina purchased from the market, at an optimized cost.

33. FINANCIAL RISKS MANAGEMENT

The Company’s activities expose it to a variety of financial risks: market risk (including currency risk), credit risk and liquidity risk. The Company’s overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company’s financial performance. The Company does not use derivatives to cover the above-mentioned risks.

Capital risk management

The Company's objectives when managing capital are to safeguard the Company’s ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure so as to reduce the cost of capital.

The capital structure of the Company consists of debt, which includes the loans disclosed in Note 17, net of Cash and cash equivalents as disclosed in Note 14 (i.e. excluding Restricted cash) and shareholders' equity.

The Company’s management reviews the capital structure on a regular basis. As a part of this review, management considers the cost of capital and the risks associated with each class of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with other companies in the industry, the Company monitor capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total loans (including ‘current and non-current loans’ as shown in the separate statement of financial position) less ‘cash and cash equivalents’. Total capital is calculated as ‘total equity’ as shown in the separate statement of financial position plus net debt.

33. FINANCIAL RISKS MANAGEMENT (continued)

Capital risk management (continued)

	2022	2021
Total loans (Note 17)	36,669	69,311
Less: cash and cash equivalents (Note 14)	(2,721)	(592)
Net debt	**33,948**	**68,719**
Total shareholders' equity	**288,700**	**410,060**
Total capital	**322,648**	**478,778**
Gearing ratio	11%	14%

As it appears from the table above, the gearing ratio has decreased from 14% to 11% at Company level due to the reduction of the loans simultaneously with a decrease of the capital.

The Company's activities expose it primarily to the foreign currency exchange rates risk, interest rates risk and credit risk.

Foreign currency risk management

The Company operate internationally and undertake certain transactions denominated in foreign currencies. Hence, the Company is exposed to foreign currency risk arising from various currency fluctuations against the reporting currency, primarily with respect to the EUR and USD.

The Company is exposed to foreign exchange risk because the predominant part of its sales of alumina is reported in USD while the significant part of its operating costs (such as electricity costs, wages, etc.) are reported in RON. The foreign currency exposure is also related to the fact that most of the company's receivables are linked to USD or EUR while the liabilities are denominated in RON and USD. The Company is therefore exposed to the risk that movements in the RON/USD exchange rates will affect both its net income and financial position, as expressed in RON.

The Company's foreign currency exposure results from:

- highly probable forecast transactions (sales/purchases) denominated in foreign currencies;
- firm commitments denominated in foreign currencies; and
- monetary assets and liabilities (mainly trade receivables, trade payables and loans) denominated in foreign currencies.

The carrying amounts of the Company's foreign currency-denominated monetary assets and monetary liabilities at the reporting date are as follows:

	December 31, 2022		December 31, 2021	
	EUR	USD	EUR	USD
	RON ' 000	RON '000	RON ' 000	RON '000
Total current assets	1,543	36,073	211	197
Total non-current assets	-	-	-	-
Total assets	**1,543**	**36,073**	**211**	**197**
Total short-term liabilities	286	69,040	7,670	57,977
Total long-term liabilities	239	3,063	1113	21,259
Total liabilities	**525**	**72,103**	**7,782**	**79,236**

33. FINANCIAL RISKS MANAGEMENT (continued)

Foreign currency sensitivity analysis

The Company is mainly exposed to the fluctuation of RON/USD and RON/EUR exchange rates. The following table details the Company's sensitivity as an impact of a 10% increase/ (decrease) in these currencies against the corresponding functional currency. The sensitivity analysis includes only monetary assets and liabilities on balance, denominated in foreign currencies, and adjusts their translation at the reporting period end for a 10% increase/ (decrease) in foreign currency exchange rate. The sensitivity analysis includes loans denominated in a currency other than the functional currency.

An appreciation / (depreciation) by 10% of the RON against EUR and USD as indicated below at 31 December would increase / (decrease) profit or loss and equity by the amounts shown below (excluding the impact on income tax).

	December 31, 2022		December 31, 2021	
	EUR	USD	EUR	USD
	RON '000	RON '000	RON '000	RON '000
Profit or loss	(102)	3,603	757	7,904
Other equity	(86)	3,027	636	6,639

Interest rate risk management

The Company's interest rate risk arises from loans and borrowings. Loans issued and borrowings taken at floating rates expose the entity to cash flow interest rate risk. The interest rate on its existing credit facilities are based on the London Interbank Offered Rate (LIBOR) for US Dollars borrowings. The Company borrowings are contracted at floating interest rates.

Interest rate sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rate fluctuations for USD denominated loans received having floating interest rates, on balance at the reporting date, assuming they remain constant during the year.

If interest rates had been 100 basis points higher/lower and all other variables were held constant, the Company's result for 2022 would increase/decrease by RON 362 thousand (2021: RON 679 thousand, excluding the impact on income tax.

Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company is exposed to credit risk from its operating activities, primarily trade receivables (see also Notes 11 and 30) and from its financing activities.

Trade receivables consist of a number of customers, spread across diverse industries and geographical areas. In order for the Company to minimize the credit risk, the Company sells a part of its receivables to financial institutions through non-recourse factoring transactions. For other receivables, which are not covered by factoring contracts, the financial quality of the debtors is permanently monitored, and the Company has a credit exposure spread amongst agreed counterparties. The Company has adopted a policy of only dealing with trustworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. Credit risk exposure is controlled by limits related to each debtor that are reviewed and approved by the Management. The Company constantly assesses their credit risk, considering their financial performance, payment history and, where applicable, it requires insurance in case of default.

33. FINANCIAL RISKS MANAGEMENT (continued)

Credit risk management (continued)

The credit risk profile of trade receivables is presented based on their past due status in terms of the provision matrix. This provision matrix is initially based on the Company's historical default rates observed, adjusted for forward-looking factors specific to the debtors and the economic environment, if any. Trade receivables are non-interest bearing and are generally on 30 - 90 days terms. As the Company has trade receivables with term payments due within a relatively short time, the determination of forward-looking economic scenarios may be less significant given that over the credit risk exposure period a significant change in economic conditions may be unlikely, and historical loss rates might be an appropriate basis for the estimate of expected future losses.

The methodology used by the Company to measure expected credit losses for trade receivables could be described as follows:
- determine an appropriate period over which to observe the historical loss rates are appropriate. The Company selected for this purpose the 5 previous periods ending December 31, 2021, September 30, 2021, June 30, 2021, March 31, 2021 and December 31, 2020 for capturing data;
- collect data on trade receivables and group them by their past due status at each of the period under analysis;
- analyse the evolution of these balances after a period of 9 months and determine what amounts from each group outstanding is still unpaid in order to determine the proportion of balances in each past-due category that was ultimately not collected;
- determine the weighted average loss rate (%) per past due status for all the 5 periods under analysis;
- this rate will be applied to determine the impairment loss on gross trade receivables as at 31 December 2022.

Receivables			**December 31, 2022**
Terms	**Balances**	**Adjustment**	**Expected loss rate (%)**
Current (not past due)	428	-	0.00%
1-30 days	421	(2)	0.45%
31-60 days	-	-	0.10%
61-90 days	-	-	1.07%
91-180 days	1	-	0.69%
More than 180 days	315	(305)	96.89%
Individually assessed receivables (Note 30)	3,153	(3,153)	-
Individually assessed receivables (Note 11)	5,127	-	-
Total	**9,445**	**(3,460)**	

Receivables			**December 31, 2021**
Terms	**Balances**	**Adjustment**	**Expected loss rate (%)**
Current (not past due)	3,394	-	0.00%
1-30 days	172	(1)	0.37%
31-60 days	96	-	0.00%
61-90 days	-	-	0.00%
91-180 days	2	-	67.52%
More than 180 days	308	(208)	0.00%
Individually assessed receivables (Note 30)	3,153	(3,153)	-
Individually assessed receivables (Note 11)	32,369	-	-
Total	**39,494**	**(3,362)**	

33. FINANCIAL RISKS MANAGEMENT (continued)

Credit risk management (continued)

Credit risk from transactions with banks and financial institutions is managed by the Treasury department. Investment of surplus funds is done only with approved counterparties and within credit limits assigned to each counterparty. The limits are set to minimise the concentration of risks and therefore mitigate the potential for financial loss through counterparty default. No material exposure is considered to exist by virtue of the possible default by the counterparties in respect of financial instruments.

At 31 December 2022 the maximum credit risk exposure was in amount of RON 44,521 thousand (31 December 2021: RON 36,835 thousand).

Liquidity risk

The Company manage their liquidity risk by maintaining adequate reserves, bank facilities and credit facilities, monitoring continuously the cash flows for which provisions were set and simultaneously following up the maturities of financial assets and financial liabilities.

The following tables detail the Company's financial liabilities by contractual maturity. The amounts relate to undiscounted cash flows from financial liabilities based on the earliest date on which the Company should make the payments.

Year ended December 31, 2022

	On demand	< 1 year	1-5 years	> 5 years	Total
Loans	-	35,159	3,187	-	38,346
Lease liabilities	-	128	250	-	378
Trade payables	7,435	41,664	-	-	49,099
Total	**7,435**	**76,951**	**3,437**	**-**	**87,823**

Year ended December 31, 2021

	On demand	< 1 year	1-5 years	> 5 years	Total
Loans	-	48,889	21,674	-	70,563
Lease liabilities	-	691	627	-	1,318
Trade payables	2,205	52,248	-	-	54,453
Total	**2,205**	**101,827**	**22,301**	**-**	**126,334**

Fair value hierarchy

Level 1: includes financial instruments measured at fair value by applying quoted unadjusted prices from active markets on which identical assets or liabilities are traded.

Level 2: includes financial instruments measured at fair value by using valuation techniques containing variables other than the quoted prices specified in Level 1 of the hierarchy, variables which are available and identifiable in the market for the respective assets or liabilities, either directly (such as prices) or indirectly (i.e. derived from prices).

Level 3: includes financial instruments measured at fair value by using valuation techniques containing variables for the respective assets or liabilities that are not based on identifiable data, available on the market.

33. FINANCIAL RISK MANAGEMENT (continued)

The Company's management consider that the fair value of financial assets and financial liabilities recognised at amortised cost in the financial statements approximates their net carrying amounts largely due to the short term maturities, the low transaction costs related to the transactions as of the financial position date and, for the long-term borrowings, especially due to the fact that they have a floating interest rate and the bank margins are similar to those for the recently contracted bank loans.

Financial assets and liabilities

	December 31, 2022	Level 1	Level 2	Level 3
Financial assets				
Trade receivables	5,985	-	-	5,985
Cash and cash equivalents	38,536	38,536	-	-
TOTAL FINANCIAL ASSETS	**44,521**	**38,536**	**-**	**5,985**
Financial liabilities				
Long-term loans and lease liabilities	3,302	-	-	3,302
Trade payables	49,099	-	-	49,099
Short-term loans and lease liabilities	33,367	-	-	33,367
TOTAL FINANCIAL LIABILITIES	**85,768**	**-**	**-**	**85,768**

	December 31, 2021	Level 1	Level 2	Level 3
Financial assets				
Trade receivables	36,132	-	-	36,132
Cash and cash equivalents	703	703	-	-
TOTAL FINANCIAL ASSETS	**36,835**	**703**	**-**	**36,132**
Financial liabilities				
Long-term loans and lease liabilities	21,865	-	-	21,865
Trade payables	54,453	-	-	54,453
Short-term loans and lease liabilities	47,446	-	-	47,446
TOTAL FINANCIAL LIABILITIES	**123,764**	**-**	**-**	**123,764**

34. COMMITMENTS AND CONTINGENCIES

Commitments

ALUM S.A. has investment commitments for acquisition of fixed assets for 2023 in amount of RON 1,173 thousand (2022: RON 2,697 thousand).

The Company has various contracts concluded as of December 31, 2022 for the acquisition in 2023 of electricity and other materials in the amount of USD 33,624 thousand and RON 5,121 thousand, respectively (December 31, 2021: EUR 53,424 thousand, USD 61,875 thousand and RON 98,846 thousand, respectively).

Under financing contract signed on September 8, 2016, Alum SA launched a project (SMIS 2014+) co-financed under the Competitiveness Operational Program 2014-2020 supported by the European Union.

The only achievement indicator to be pursued by the end of the project, i.e., the number of staff in the R & D department that needed to be increased by 16 people by March 8, 2019, was achieved.

34. COMMITMENTS AND CONTINGENCIES

Commitments (continued)

Result indicators, i.e. turnover and market share, are reported annually after the project activities have been completed, only to inform the Managing Authority, but their achievement / failure to achieve is verified with the appropriate consequences only at the end of the sustainability period, i.e. in 2024. More details are presented in Note 20.

Contingencies

Legal cases

As at December 31, 2022 the Company was involved in a number of lawsuits resulting from the normal course of the business. The Management believes that these lawsuits will not have a negative impact on the financial performance and financial position of the Company.

Taxation

The taxation systems in Romania and in the countries where the Company operates are undergoing continuous developments. Tax legislation is subject to various interpretations and constant changes, some of which may sometimes be retroactive. In some circumstances, tax authorities may treat some aspects in a different way by calculating additional taxes, interest and penalties, which can be significant.

In Romania, according to the Fiscal Procedure Code the period for which the fiscal year remains open for fiscal verification is 5 years (term that begins on July of the year following the year for which the fiscal obligation is due). For fiscal obligations before 25 December 2020, according to Government's derogatory regulations, following the Covid-19 pandemic, the fiscal year open for tax audit was changed to a period of 5 years and 253 days. The management considers that the tax liabilities included in these financial statements are adequate.

Starting 2019, the Company was subject to a fiscal audit by the National Agency for Fiscal Administration related to income tax and VAT transactions regarding the period 2014-2018. The tax inspection was finalized on 27 May 2021 and the tax authorities concluded a report with a net amount of RON 19,643 thousand against income tax and RON 32 thousand against VAT, which the Company recognized as an expense in a first stage, in the category Current income tax expense, and paid within the legal time frame. Subsequently, the Company filed a tax appeal to the National Agency for Fiscal Administration against the Fiscal Inspection Report. The appeal was rejected by the National Agency for Fiscal Administration. The Company continues to defend its position through Court actions. Currently, a fiscal audit is performed by an independent expert appointed by the Court.

35. AUDITOR'S FEE

This note shows the total remuneration payable by the Company, excluding VAT, to our principal auditors, Ernst & Young Assurance Services SRL for the financial years mentioned below.

	December 31, 2022	December 31, 2021
Statutory audit	229	198
Non-audit services	-	-
Total	**229**	**198**

36. SUBSEQUENT EVENTS

There were no material subsequent events that could have a significant impact on these financial statements.

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Building a better working world

RAPORTUL AUDITORULUI INDEPENDENT
INDEPENDENT AUDITOR'S REPORT

Catre actionarii Alum S.A.
To the Shareholders of Alum S.A.

Raport asupra auditului situatiilor financiare consolidate
Report on the Audit of the Consolidated Financial Statements

Opinia
Opinion

Am auditat situatiile financiare consolidate ale societatii ALUM SA si ale filialelor sale ("Grupul") cu sediul social al societatii mama in Tulcea, strada Isaccei nr. 82, identificata prin codul unic de inregistrare fiscala 2360405, care cuprind situatia consolidata a pozitiei financiare la data de 31 decembrie 2022, situatia consolidata a rezultatului global, situatia consolidata a modificarilor in capitalurile proprii si situatia consolidata a fluxurilor de trezorerie pentru exercitiul financiar incheiat la aceasta data si un sumar al politicilor contabile semnificative si alte informatii explicative.
We have audited the consolidated financial statements of ALUM SA and its subsidiaries ("the Group") with official head office of the parent company in Tulcea, Isaccei Str. nr. 82, identified by sole fiscal registration number 2360405, which comprise the consolidated statement of financial position as at December 31, 2022, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In opinia noastra, situatiile financiare consolidate anexate ofera o imagine fidela si justa a pozitiei financiare a Grupului la data de 31 decembrie 2022, cat si a performantei financiare si a fluxurilor de trezorerie ale acesteia pentru exercitiul financiar incheiat la aceasta data, in conformitate cu Standardele Internationale de Raportare Financiara adoptate de catre Uniunea Europeana.
In our opinion, the accompanying consolidated financial statements give a true and fair view of the financial position of the Group as at December 31, 2022, and of its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standards as adopted by the European Union.

Traducerea in limba engleza are doar scop informativ. Traducerea raportului trebuie citita impreuna cu situatiile financiare consolidate, luate in ansamblu. In situatiile in care informatiile, punctele de vedere si opiniile sunt susceptibile de interpretare, versiunea originala in limba romana a raportului nostru prevaleaza acestei traduceri.
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Bazele opiniei
Basis for opinion

Noi am efectuat auditul conform Standardelor Internationale de Audit (ISA). Responsabilitatile noastre conform acestor standarde sunt descrise mai detaliat in sectiunea „Responsabilitatile auditorului pentru auditul situatiilor financiare consolidate" din raportul nostru. Suntem independenti fata de Grup conform Codului International de etica al profesionistilor contabili (inclusiv standardele internaționale de independenta) emis de Consiliul pentru Standarde Internationale de Etica pentru Contabili (codul IESBA) si conform cerintelor etice care sunt relevante pentru auditul situatiilor financiare consolidate in Romania si ne-am indeplinit responsabilitatile etice conform acestor cerinte si conform Codului IESBA. Consideram ca probele de audit pe care le-am obtinut sunt suficiente si adecvate pentru a constitui baza pentru opinia noastra.
We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) as issued by the International Ethics Standards Board for Accountants (IESBA Code) together with the ethical requirements that are relevant to the audit of the consolidated financial statements in Romania, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Aspecte cheie de audit
Key audit matters

Aspectele cheie de audit sunt acele aspecte care, in baza rationamentului nostru profesional, au avut cea mai mare importanta pentru auditul situatiilor financiare consolidate din perioada curenta. Aceste aspecte au fost abordate in contextul auditului desfasurat asupra situatiilor financiare consolidate in ansamblu, si in formarea opiniei noastre asupra acestora, si nu emitem o opinie separata cu privire la aceste aspecte cheie.
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Pentru fiecare aspect de mai jos, am prezentat in acel context o descriere a modului in care auditul nostru a abordat respectivul aspect.
For each matter below, our description of how our audit addressed the matter is provided in that context.

Traducerea in limba engleza are doar scop informativ. Traducerea raportului trebuie citita impreuna cu situatiile financiare consolidate, luate in ansamblu. In situatiile in care informatiile, punctele de vedere si opiniile sunt susceptibile de interpretare, versiunea originala in limba romana a raportului nostru prevaleaza acestei traduceri.
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Am indeplinit responsabilitatile descrise in sectiunea „Responsabilitatile auditorului pentru auditul situatiilor financiare consolidate" din raportul nostru, inclusiv in legatura cu aceste aspecte cheie. In consecinta, auditul nostru a inclus efectuarea procedurilor proiectate sa raspunda la evaluarea noastra cu privire la riscul de erori semnificative in cadrul situatiilor financiare. Rezultatele procedurilor noastre de audit, inclusiv ale procedurilor efectuate pentru a aborda aspectele de mai jos, constituie baza pentru opinia noastra de audit asupra situatiilor financiare consolidate anexate.

We have fulfilled the responsibilities described in the "Auditor's responsibilities for the audit of the consolidated financial statements" section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Aspect cheie de audit	***Modul in care auditul nostru a abordat aspectul-cheie de audit***
Testarea pentru depreciere a fondului comercial in situatiile financiare consolidate Informatiile prezentate de grupul Alum cu privire la fondul comercial, inclusiv cu privire la deprecierea aferenta, sunt incluse in notele 3 si 6.	
Grupul Alum trebuie sa testeze pentru depreciere cel putin anual, si de cate ori exista indicatori de depreciere, fondul comercial (cu o valoare contabila de 64 milioane RON la 31 decembrie 2022, neta de deprecierea in valoare de 52,6 milioane RON) generat la achizitia Global Aluminium Ltd. Testarea pentru depreciere a fondului comercial se realizeaza la nivelul a doua unitati generatoare de numerar (UGN-uri), una in Sierra Leone si una in Romania. Aceasta testare anuala pentru depreciere este semnificativa pentru auditul nostru deoarece procesul de evaluare este complex, implica rationamente semnificative ale conducerii si se bazeaza pe ipoteze care sunt afectate de conditiile de piata viitoare preconizate din Romania si Sierra Leone, avand in vedere si situatia economica generata de criza actuala a preturilor la energie care a condus la modificari in planul de productie al Alro si la reducerea productiei de aluminiu electrolitic in 2022 si a determinat	Procedurile noastre de audit au inclus, printre altele: a) am implicat specialistii nostri evaluatori interni pentru a ne asista la: - evaluarea ipotezelor-cheie si a metodologiilor aplicate de grup pentru testarea de depreciere a fondului comercial (de ex. verificarea corectitudinii matematice a modelului si conformitatea acestuia cu cerintele Standardelor Internationale de Raportare Financiara, ratele de actualizare folosite pentru actualizarea fluxurilor de numerar viitoare pentru fiecare UGN, ipoteze macroeconomice); - evaluarea competentei, capacitatilor si obiectivitatii evaluatorului extern implicat; b) am evaluat analiza de senzitivitate a valorilor recuperabile ale UGN-urilor la modificarile aduse ipotezelor semnificative facute de conducere (cum ar fi preturile de vanzare preconizate, volumul productiei / vanzarilor fata de capacitate, costul materialelor si cheltuielile administrative, venitul asteptat din subventii pentru costurile indirecte cu emisiile incluse in pretul energiei electrice, investitiile de

Traducerea in limba engleza are doar scop informativ. Traducerea raportului trebuie citita impreuna cu situatiile financiare consolidate, luate in ansamblu. In situatiile in care informatiile, punctele de vedere si opiniile sunt susceptibile de interpretare, versiunea originala in limba romana a raportului nostru prevaleaza acestei traduceri.
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Grupul sa ia decizia sa suspende temporar productia de alumina la Alum si sa redirectioneze vanzarile de bauxita ale filialei din Sierra Leone catre clienti terti. In urma rezultatului testului de depreciere efectuat la unitatea generatoare de numerar Global Aluminium Ltd, a fost recunoscuta o cheltuiala cu deprecierea de 21,6 milioane RON pentru fondul comercial alocat unitatii generatoare de numerar. In lumina rationamentelor si estimarilor realizate de conducere pentru determinarea proiectiilor privind fluxurile de numerar viitoare si a incertitudinilor cu privire la mediul economic actual si viitor, acesta este considerat un aspect-cheie de audit.	capital nete, modificarile capitalului circulant, si rata de crestere rezultata si marja EBITDA pentru fiecare dintre perioadele viitoare incluse in testul de depreciere), precum si analiza conformitatii acestora cu mediul economic general si specific al industriei, informatiile de piata relevante disponibile si planurile de afaceri ale grupului. c) am evaluat acuratetea istorica a bugetelor si prognozelor conducerii prin compararea acestora cu performanta efectiva. d) de asemenea, am evaluat caracterul adecvat al informatiilor prezentate de grupul Alum cu privire la testarea pentru depreciere a fondului comercial.

Key audit matter	***How our audit addressed the key audit matter***
Impairment testing of goodwill in the consolidated financial statements Alum Group's disclosures regarding goodwill, including the related impairment, are included in Notes 3 and 6.	
Alum Group is required to test for impairment at least annually and also when impairment indicators exist, the goodwill (with a net carrying value of RON 64 million as at 31 December 2022, net of impairment of RON 52.6 million) resulted from the acquisition of Global Aluminium Ltd. The goodwill impairment testing is performed at the level of the cash-generating unit in Sierra Leone and one in Romania. *This annual impairment test is significant to our audit because the assessment process is complex, requires significant management judgment and is based on assumptions that are affected by expected future market conditions in Sierra Leone and in Romania, given also*	*Our audit procedures included, among others:* *a) we involved our internal valuation specialists to assist us in:* *- evaluating the key assumptions and methodologies used by Alum Group for the impairment testing of goodwill (e.g. checked the mathematical accuracy of the model and its conformity with the requirements of the International Financial Reporting Standards, discount rates used for discounting future cash flows for each CGU, macroeconomic assumptions);* *- evaluating the competence, capabilities and objectivity of the external valuator;* *b) we evaluated the sensitivity analysis of the CGU recoverable amounts to changes in the significant assumptions made by management (such as expected sales prices,*

Traducerea in limba engleza are doar scop informativ. Traducerea raportului trebuie citita impreuna cu situatiile financiare consolidate, luate in ansamblu. In situatiile in care informatiile, punctele de vedere si opiniile sunt susceptibile de interpretare, versiunea originala in limba romana a raportului nostru prevaleaza acestei traduceri.
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the economic situation generated by the current energy prices crisis which led to changes in the production plan of Alro and reduction of the electrolytic aluminium production in 2022 and determined the Group to take a decision to temporary suspend the alumina production at Alum and to reorientate the sales of bauxite of the subsidiary in Sierra Leone to third-party clients. *As a result of the impairment review performed on Global Aluminium Ltd. CGU, an impairment charge of RON 21.6 million was recognized for the goodwill allocated to the CGU.* *In light of the judgements and estimates used by the management in the determination of future cash flow projections and uncertainties regarding current economic environment this is considered a key audit matter.*	*production/sales volumes vs. capacity, materials cost and administrative expenses, expected income from government compensations for indirect emission costs embedded in the electricity price, net capital investments, working capital changes, and the resulting growth rate and EBITDA margin for each of the future periods included in the impairment test) as well as analysis of their consistency with the general and industry-specific economic environment, relevant available market information and the business plans of the Group.* c) *We assessed the historical accuracy of management's budgets and forecasts by comparing them to actual performance.* d) *We further assessed the adequacy of Alum Group's disclosures about impairment testing of goodwill.*

Aspect cheie de audit	***Modul in care auditul nostru a abordat aspectul-cheie de audit***
Testarea pentru depreciere a imobilizarilor corporale in situatiile financiare consolidate Informatiile prezentate de grupul Alum cu privire la imobilizarile corporale, inclusiv cu privire la deprecierea aferenta, sunt incluse in notele 3 si 4	
Imobilizarile corporale ale grupului Alum au o importanta semnificativa pentru auditul nostru, avand in vedere marimea pozitiei bilantiere la 31 decembrie 2022 (243 milioane RON in situatia consolidata a pozitiei financiare). Conform Standardelor Internationale de Raportare Financiara, o entitate este obligata să evalueze, cel putin la fiecare data de raportare, daca exista indicatori de depreciere și, dacă exista, este necesar un test de depreciere.	Procedurile noastre de audit au inclus, printre altele: a. am analizat si am evaluat analiza efectuata de conducere in ceea ce priveste existenta indicatorilor de depreciere; b. am implicat specialistii nostri evaluatori interni pentru a ne asista la: - evaluarea ipotezelor-cheie si a metodologiilor aplicate de grupul Alum pentru testarea de depreciere a imobilizarilor corporale (de ex. verificarea corectitudinii matematice a modelului si conformitatea acestuia cu

Traducerea in limba engleza are doar scop informativ. Traducerea raportului trebuie citita impreuna cu situatiile financiare consolidate, luate in ansamblu. In situatiile in care informatiile, punctele de vedere si opiniile sunt susceptibile de interpretare, versiunea originala in limba romana a raportului nostru prevaleaza acestei traduceri.
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La 31 decembrie 2022, ca urmare a mai multor factori interni si externi, cum ar fi cresterea preturilor si disponibilitatea redusa a produselor energetice si a altor materii prime cu impact negativ asupra costurilor de productie, ceea ce a condus la modificari in planul de productie al Alro si la reducerea productiei de aluminiu electrolitic in 2022, la suspendarea temporara a productiei de alumina la Alum si la redirectionarea vanzarilor de bauxita ale filialei din Sierra Leone catre clienti terti, a fost efectuat un test de depreciere a imobilizarilor corporale ale Alum si Sierra Leone (Global Aluminium Ltd. (SMHL)), din care au rezultat:

- pentru unitatea generatoare de numerar Alum – valoarea recuperabila a imobilizarilor corporale nu a fost semnificativ diferita fata de valoare contabila neta, in consecinta nu a fost necesara inregistrarea unei cheltuieli cu deprecierea suplimentara;
- pentru unitatea generatoare de numerar SMHL – a fost recunoscuta o cheltuiala cu deprecierea de 5,3 milioane RON pentru imobilizarile corporale in curs.

Evaluarea recuperabilitatii valorii contabile a imobilizarilor corporale necesita ca, conducerea sa aplice rationamente si estimari semnificative in determinarea principalelor ipoteze utilizate in testul de depreciere, cum ar fi rata de actualizare, rata de crestere si marja EBITDA, precum si venitul asteptat din subventii pentru costurile indirecte cu emisiile incluse in pretul energiei electrice.

Avand in vedere incertitudinea in previzionarea si actualizarea fluxurilor de numerar viitoare, nivelul rationamentelor implicate si importanta imobilizarilor corporale ale Grupului la 31 decembrie 2022, aceasta arie a auditului reprezinta un aspect-cheie de audit.

cerintele Standardelor Internationale de Raportare Financiara, ratele de actualizare folosite pentru actualizarea fluxurilor de numerar viitoare pentru societate, ipoteze macroeconomice).
- evaluarea competentei, capacitatilor si obiectivitatii evaluatorului extern implicat;

c. am comparat ipotezele folosite in dezvoltarea modelelor de fluxuri de numerar viitoare cu bugetele aprobate si planurile de afaceri care au luat in considerare si impactul crizei actuale a preturilor la energie asupra fluxurilor de numerar viitoare;
d. am evaluat analiza de senzitivitate a valorii recuperabile ale UGN-ului la modificarile ipotezelor semnificative facute de conducere (cum ar fi preturile de vanzare preconizate, volumul productiei / vanzarilor in raport de capacitatea de productie, costurile materiale si cheltuielile administrative, venitul asteptat din subventii pentru costurile indirecte cu emisiile incluse in pretul energiei electrice, investitiile de capital nete, modificarile capitalului circulant, rata de crestere rezultata si marja EBITDA pentru fiecare dintre perioadele viitoare incluse in testul de depreciere), precum si analiza conformitatii acestora cu mediul economic general si specific al industriei, informatiile de piata relevante disponibile si planurile de afaceri ale entitatii.
e. am evaluat acuratetea istorica a bugetelor si prognozelor conducerii prin compararea acestora cu performanta efectiva.
f. de asemenea, am evaluat caracterul adecvat al informatiilor prezentate de Grup cu privire la testarea pentru depreciere a imobilizarilor corporale.

Traducerea in limba engleza are doar scop informativ. Traducerea raportului trebuie citita impreuna cu situatiile financiare consolidate, luate in ansamblu. In situatiile in care informatiile, punctele de vedere si opiniile sunt susceptibile de interpretare, versiunea originala in limba romana a raportului nostru prevaleaza acestei traduceri.
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Key audit matter	*How our audit addressed the key audit matter*
Impairment testing of property, plant and equipment in the consolidated financial statements Alum Group's disclosures about property, plant and equipment, including the related impairment, are included in Notes 3 and 4	
The property, plant and equipment of Alum Group are significant to our audit because of the magnitude of the balance sheet position as at 31 December 2022 (of RON 243 million in the consolidated statement of financial position). *Under the International Financial Reporting Standards, an entity is required to assess, at least at each reporting date, whether impairment indicators exist and, if they exist, an impairment test is required.* *At 31 December 2022 due to the presence of internal and external indications of impairment, such as increasing prices and scarce availability of energy products and other raw materials with a negative impact on the production costs, which led to the changes in the production plan of Alro and reduction of the electrolytic aluminium production in 2022, to temporary suspension of the alumina production at Alum and to reorientation of the sales of bauxite of the subsidiary in Sierra Leone, a test of the property, plant and equipment of, Alum and unit operating in Sierra Leone (Global Aluminium Ltd. (SMHL)) was carried out, which resulted:* *- for Alum cash generating unit – the recoverable value of property, plant and equipment was not materially different from its carrying value, therefore no additional impairment charge needed to be recognized;* *- for SMHL cash generating unit – an impairment charge of RON 5.3 million was recognized for the capital assets in progress.* *The assessment of the recoverability of the carrying value of property plant and*	*Our audit procedures included, among others:* *a. We analysed and evaluated the management's assessment of the existence of impairment indicators;* *b. we involved our internal valuation specialists to assist us* *- in evaluating the key assumptions and methodologies used by Alum Group for the impairment testing of property, plant and equipment (e.g. checked the mathematical accuracy of the model and its conformity with the requirements of the International Financial Reporting Standards, discount rates used for discounting future cash flows for the company, macroeconomic assumptions).* *- evaluation of the competence, capabilities and objectivity of external valuator;* *c. We compared the assumptions used within the future cash flow models to approved budgets and business plans which considered also the impact of the current energy prices crisis on the future cash flow;* *d. we evaluated the sensitivity analysis of the CGUs' recoverable amounts to changes in the significant assumptions made by management (such as expected sales prices, production/sales volumes vs. capacity, materials cost and administrative expenses, expected income from government compensations for indirect emission costs embedded in the electricity price, net capital investments, working capital changes, and the resulting growth rate and EBITDA margin for each of the future periods included in the*

Traducerea in limba engleza are doar scop informativ. Traducerea raportului trebuie citita impreuna cu situatiile financiare consolidate, luate in ansamblu. In situatiile in care informatiile, punctele de vedere si opiniile sunt susceptibile de interpretare, versiunea originala in limba romana a raportului nostru prevaleaza acestei traduceri.
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equipment requires management to apply significant judgements and estimates in determining the main assumptions used in the impairment test such as discount rate, growth rate and EBITDA margin as well as expected income from government compensations for indirect emission costs embedded in the electricity price. *Due to the uncertainty of forecasting and discounting future cash flows, the level of judgements involved and the significance of the Company's property plant and equipment as at 31 December 2022, this audit area is considered a key audit matter.*	*impairment test) as well as analysis of their consistency with the general and industry-specific economic environment, relevant available market information and the business plans of the two entities.* *e. we assessed the historical accuracy of management's budgets and forecasts by comparing them to actual performance.* *f. We further assessed the adequacy of Alum Group's disclosures about Impairment testing of property, plant and equipment.*

Alte informatii
Other information

Alte informatii includ Raportul consolidat al administratorilor dar nu includ situatiile financiare consolidate si raportul nostru de audit cu privire la acestea. Conducerea este responsabila pentru alte informatii.
The other information comprises the Directors' Consolidated Report, but does not include the consolidated financial statements and our auditors' report thereon. Management is responsible for the other information.

Opinia noastra de audit asupra situatiilor financiare consolidate nu acopera alte informatii si nu exprimam nicio forma de concluzie de asigurare asupra acestora.
Our audit opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In legatura cu auditul efectuat de noi asupra situatiilor financiare consolidate, responsabilitatea noastra este de a citi aceste alte informatii si, facand acest lucru, de a analiza daca acestea nu sunt in concordanta, in mod semnificativ, cu situatiile financiare consolidate sau cunostintele pe care le-am obtinut in urma auditului sau daca acestea par sa includa erori semnificative. Daca, in baza activitatii desfasurate, ajungem la concluzia ca exista erori semnificative cu privire la aceste alte informatii, noi trebuie sa raportam acest lucru. Nu avem nimic de raportat in acest sens.
In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Traducerea in limba engleza are doar scop informativ. Traducerea raportului trebuie citita impreuna cu situatiile financiare consolidate, luate in ansamblu. In situatiile in care informatiile, punctele de vedere si opiniile sunt susceptibile de interpretare, versiunea originala in limba romana a raportului nostru prevaleaza acestei traduceri.
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Responsabilitatea conducerii si a persoanelor responsabile cu guvernanta pentru situatiile financiare consolidate
Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Conducerea Grupului are responsabilitatea intocmirii si prezentarii fidele a situatiilor financiare consolidate in conformitate cu Standardele Internationale de Raportare Financiara adoptate de catre Uniunea Europeana, si pentru acel control intern pe care conducerea il considera necesar pentru a permite intocmirea de situatii financiare consolidate care sunt lipsite de denaturari semnificative, cauzate fie de frauda, fie de eroare.
Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the International Financial Reporting Standards as adopted by the European Union, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

La intocmirea situatiilor financiare consolidate, conducerea este responsabila sa evalueze abilitatea Grupului de a-si desfasura activitatea conform principiului continuitatii activitatii si sa prezinte, daca este cazul, aspectele referitoare la continuitatea activitatii si folosirea principiului continuitatii activitatii, mai putin in cazul in care conducerea intentioneaza sa lichideze Grupul sau sa ii inceteze activitatea sau nu are nicio alternativa reala decat sa procedeze astfel.
In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Persoanele responsabile cu guvernanta au responsabilitatea supravegherii procesului de raportare financiara a Grupului.
Those charged with governance are responsible for overseeing the Group's financial reporting process.

Responsabilitatile auditorului pentru auditul situatiilor financiare consolidate
Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Obiectivele noastre constau in obtinerea unei asigurari rezonabile privind masura in care situatiile financiare consolidate, luate in ansamblu, nu contin denaturari semnificative cauzate de eroare sau frauda si de a emite un raport de audit care sa includa opinia noastra. Asigurarea rezonabila reprezinta un nivel ridicat de asigurare, insa nu este o garantie ca un audit desfasurat in conformitate cu standardele ISA va detecta intotdeauna o denaturare semnificativa, daca aceasta exista. Denaturarile pot fi cauzate fie de frauda fie de eroare si sunt considerate semnificative daca se poate preconiza, in mod rezonabil, ca acestea, atat la nivel individual sau luate in ansamblu, vor influenta deciziile economice ale utilizatorilor luate in baza acestor situatii financiare consolidate.
Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level

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of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

Ca parte a unui audit in conformitate cu standardele ISA, ne exercitam rationamentul profesional si ne mentinem scepticismul profesional pe intreg parcursul auditului. De asemenea:
As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identificam si evaluam riscurile de denaturare semnificativa a situatiilor financiare consolidate, cauzate fie de frauda fie de eroare, stabilim si efectuam proceduri de audit care sa raspunda acestor riscuri si obtinem probe de audit suficiente si adecvate pentru a constitui o baza pentru opinia noastra. Riscul de nedetectare a unei denaturari semnificative cauzate de frauda este mai ridicat decat cel de nedetectare a unei denaturari semnificative cauzate de eroare, deoarece frauda poate include complicitate, falsuri, omisiuni intentionate, declaratii false sau evitarea controlului intern.
- *Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control*.

- Intelegem controlul intern relevant pentru audit pentru a stabili procedurile de audit adecvate in circumstantele date, dar nu si in scopul exprimarii unei opinii asupra eficacitatii controlului intern al Grupului.
- *Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.*

- Evaluam gradul de adecvare a politicilor contabile utilizate si rezonabilitatea estimarilor contabile si a prezentarilor aferente de informatii realizate de catre conducere.
- *Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.*

- Concluzionam asupra caracterului adecvat al utilizarii de catre conducere a principiului continuitatii activitatii, si determinam, pe baza probelor de audit obtinute, daca exista o incertitudine semnificativa cu privire la evenimente sau conditii care ar putea genera indoieli semnificative privind capacitatea Grupului de a-si continua activitatea. In cazul in care concluzionam ca exista o incertitudine semnificativa, trebuie sa atragem atentia, in raportul de audit, asupra prezentarilor aferente din situatiile financiare consolidate sau, in cazul in care aceste prezentari sunt neadecvate, sa ne modificam opinia. Concluziile noastre se bazeaza pe probele de audit obtinute pana la data raportului nostru de audit.

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Cu toate acestea, evenimente sau conditii viitoare pot determina ca Grupul sa nu isi mai desfasoare activitatea in baza principiului continuitatii activitatii.

- *Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.*

- Evaluam prezentarea, structura si continutul general al situatiilor financiare consolidate, inclusiv al prezentarilor de informatii, si masura in care situatiile financiare consolidate reflecta tranzactiile si evenimentele de baza intr-o maniera care realizeaza prezentarea fidela.
- *Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.*

- Obtinem suficiente probe de audit adecvate cu privire la informatiile financiare ale entitatilor sau activitatilor din cadrul Grupului pentru a exprima o opinie asupra situatiilor financiare consolidate. Suntem responsabili pentru indrumarea, supravegherea si efectuarea auditului la nivelul grupului. Suntem singurii responsabili pentru opinia noastra de audit.
- *Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.*

Comunicam persoanelor responsabile cu guvernanta, printre alte aspecte, obiectivele planificate si programarea in timp a auditului, precum si constatarile semnificative ale auditului, inclusiv orice deficiente semnificative ale controlului intern, pe care le identificam pe parcursul auditului nostru.
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

De asemenea, prezentam persoanelor responsabile cu guvernanta o declaratie cu privire la conformitatea noastra cu cerintele etice privind independenta si le comunicam toate relatiile si alte aspecte care pot fi considerate, in mod rezonabil, ca ar putea sa ne afecteze independenta si, unde este cazul, acțiunile întreprinse pentru eliminarea amenințărilor cu privire la independenta sau masurile de protecție aplicate pentru a reduce acele amenințări.
We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

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Dintre aspectele pe care le comunicam persoanelor responsabile cu guvernanta, stabilim acele aspecte care au avut cea mai mare importanta in cadrul auditului asupra situatiilor financiare consolidate din perioada curenta si, prin urmare, reprezinta aspecte cheie de audit.
From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters.

Descriem aceste aspecte in raportul nostru de audit, cu exceptia cazului in care legislatia sau reglementarile impiedica prezentarea publica a aspectului respectiv sau a cazului in care, in circumstante extrem de rare, determinam ca un aspect nu ar trebui comunicat in raportul nostru deoarece se preconizeaza in mod rezonabil ca efectele negative ale acestei comunicari depasesc beneficiile interesului public al comunicarii respectivului aspect.
We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Raport asupra altor cerinte legale si de reglementare
Report on Other Legal and Regulatory Requirements

Raportare asupra unor informatii, altele decat situatiile financiare consolidate si raportul nostru de audit asupra acestora
Reporting on Information Other than the Consolidated Financial Statements and Our Auditors' Report Thereon

Pe langa responsabilitatile noastre de raportare conform standardelor ISA si descrise in sectiunea „Alte informatii", referitor la Raportul consolidat al administratorilor, noi am citit Raportul consolidat al administratorilor si raportam urmatoarele:

a) in Raportul consolidat al administratorilor nu am identificat informatii care sa nu fie consecvente, sub toate aspectele semnificative, cu informatiile prezentate in situatiile financiare consolidate la data de 31 decembrie 2022, atasate;
b) Raportul consolidat al administratorilor, identificat mai sus, include, sub toate aspectele semnificative, informatiile cerute de Ordinul Ministrului Finantelor Publice nr. 1802/2014, cu modificarile ulterioare, punctele 489-492 si 554-556;
c) pe baza cunostintelor noastre si a intelegerii dobandite in cursul auditului situatiilor financiare consolidate intocmite la data de 31 decembrie 2022 cu privire la Grup si la mediul acestuia, nu am identificat informatii eronate semnificative prezentate in Raportul consolidat al administratorilor.

In addition to our reporting responsibilities according to ISAs described in section "Other information", with respect to the Directors' Consolidated Report, we have read the Directors' Report and report that:

a) in the Directors' Report we have not identified information which is not consistent, in all material respects, with the information presented in the accompanying consolidated financial statements as at December 31, 2022;

Traducerea in limba engleza are doar scop informativ. Traducerea raportului trebuie citita impreuna cu situatiile financiare consolidate, luate in ansamblu. In situatiile in care informatiile, punctele de vedere si opiniile sunt susceptibile de interpretare, versiunea originala in limba romana a raportului nostru prevaleaza acestei traduceri.
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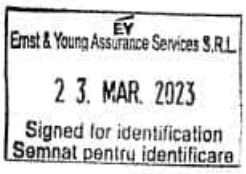
b) the Directors' Report identified above includes, in all material respects, the required information according to the provisions of the Ministry of Public Finance Order no. 1802/2014 and subsequent amendments, points 489-492 and 554-556;

c) based on our knowledge and understanding concerning the Group and its environment gained during our audit of the consolidated financial statements as at December 31, 2022, we have not identified information included in the Directors' Report that contains a material misstatement of fact.

In numele,
On behalf of,

Ernst & Young Assurance Services SRL
Bd. Ion Mihalache 15-17, etaj 21, Bucuresti, Romania
15-17, Ion Mihalache Blvd., floor 21, Bucharest, Romania

Inregistrat in Registrul Public electronic cu nr. FA77
Registered in the electronic Public Register under No. FA77



Nume Auditor / Partener: Ariadna Oslobeanu
Name of the Auditor/ Partner: Ariadna Oslobeanu
Inregistrat in Registrul Public electronic cu nr. AF2199
Registered in the electronic Public Register under No. AF2199

Bucuresti, Romania
Bucharest, Romania
23 martie 2023
23 March 2023

Traducerea in limba engleza are doar scop informativ. Traducerea raportului trebuie citita impreuna cu situatiile financiare consolidate, luate in ansamblu. In situatiile in care informatiile, punctele de vedere si opiniile sunt susceptibile de interpretare, versiunea originala in limba romana a raportului nostru prevaleaza acestei traduceri.
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ALUM S.A. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022 PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS AS ADOPTED BY THE EUROPEAN UNION

This is a free translation from the official Romanian version

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ALUM S.A. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2022
All amounts are in RON thousand, unless otherwise stated

	Note	December 31, 2022	December 31, 2021
ASSETS			
Non-current assets			
Property, plant and equipment	**4**	243,229	262,599
Intangible assets	**5**	108	157
Goodwill	**6**	64,017	80,474
Deferred tax assets	**7**	5,648	19,212
Right-of use assets	**8**	353	1,215
Other non-current financial assets	**9**	910	-
Total non-current assets		**314,265**	**363,657**
Current assets			
Inventories	**10**	215,865	197,263
Trade receivable, net	**11**	7,529	36,132
Other current financial assets	**12**	1,225	6,255
Other current non-financial assets	**13**	14,853	4,430
Current income tax receivables	**7**	1,673	1,556
Restricted cash	**14**	35,815	111
Cash and cash equivalents	**14**	3,027	3,263
Total current assets		**279,987**	**249,010**
Total assets		**594,252**	**612,667**
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital	**15**	488,413	488,413
Reserves	**16**	41,003	43,525
Retained earnings		(101,365)	(79,803)
Result for the period		(98,697)	(38,850)
Equity attributable to Company equity holders		**329,354**	**413,285**
Total equity		**329,354**	**413,285**
Non-current liabilities			
Bank and other loans, non-current	**17**	3,063	21,259
Leases, non-current	**17**	239	606
Retirement benefit liabilities	**18**	4,711	7,899
Provisions, non-current	**19**	40,469	40,750
Subsidies, non-current	**20**	3,819	4,198
Other non-current financial liabilities		459	1,141
Total non-current liabilities		**52,760**	**75,853**

	Note	December 31, 2022	December 31, 2021
Current liabilities			
Trade and other payables	**21**	84,510	60,498
Contract liabilities	**23**	39,496	685
Bank and other loans, current	**17**	34,992	46,809
Lease liabilities	**17**	118	637
Current income tax liability		3,572	510
Provisions, short term	**19**	14,442	1,274
Subsidies, current	**20**	379	379
Other current liabilities	**22**	34,629	12,737
Total current liabilities		**212,138**	**123,529**
Total liabilities		**264,898**	**199,382**
Total shareholders' equity and liabilities		**594,252**	**612,667**

The comparative figures as of 31 December 2021 were reclassified in accordance with the presentation adopted in 2022. The amount of RON 4,430 thousand that was reported at 31 December 2021 under the category Other current assets is now presented separately under Other current non-financial assets category.

These consolidated financial statements were authorised for issue by management on March 22, 2023.

Gheorghe Dobra
General Director

Mihaela Duralia
Chief Financial Officer

	Note	Year ended December 31, 2022	Year ended December 31, 2021
Revenues from contracts with customers	**23**	642,092	823,468
Cost of goods sold	**24**	(616,333)	(742,405)
Gross profit		**25,759**	**81,063**
Other operating revenues/income	**25**	58,755	5,679
Impairment of goodwill	**6**	(21,580)	-
General and administrative expenses	**26**	(70,433)	(80,165)
Other operating expenses	**27**	(65,322)	(12,124)
Other revenues and expenses		19	(1,719)
Operating result		**(72,802)**	**(7,266)**
Financial income	**28**	1	-
Interest expenses	**28**	(6,164)	(4,733)
Other financial expenses	**28**	(997)	(1,006)
Net foreign exchange differences	**28**	667	8,144
Financial result, net	**28**	(6,493)	2,405
Result before income taxes		**(79,295)**	**(4,861)**
Income tax expense	**7**	(19,402)	(33,989)
Result for the period		**(98,697)**	**(38,850)**
Result attributable to:			
Owners of the Company		(98,697)	(38,850)
Weighted average number of ordinary shares for the purpose of basics result per share		82,086	82,086
Basic and diluted result per share	**29**	**(1.20)**	**(0.47)**
Other comprehensive (loss)/income, net of tax			
Categories that may be subsequently reclassified to profit or loss			
Exchange differences on translating operations in foreign currencies		14,232	7,722
Categories that will not be subsequently reclassified to profit or loss			
Changes in estimates on post-employment benefits		686	874
Deferred tax on post-employment benefits		(151)	(135)
Other comprehensive income/(loss), net of tax		**14,767**	**8,461**
Total comprehensive income for the year		**(83,930)**	**(30,389)**

These consolidated financial statements were authorised for issue by management on March 22, 2023.

Gheorghe Dobra
General Director

Mihaela Duralia
Chief Financial Officer

ALUM S.A. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2022
All amounts are in RON thousand, unless otherwise stated

	Attributable to equity holders of the entity						
	Share capital	Reserves	Foreign currency translation reserve	Result for the period	Retained earnings	Attributable to the owners of the entity	Total Equity
Balance at January 1, 2021	**488,413**	**47,035**	**(40,085)**	**80,776**	**(132,465)**	**443,674**	**443,674**
Loss for the year	-	-	-	(38,850)	-	(38,850)	(38,850)
Changes in estimates on post-employment benefits	-	-	-	-	874	874	874
Deferred tax on post-employment benefits	-	-	-	-	(135)	(135)	(135)
Translation adjustment	-	-	7,754	-	(32)	7,722	7,722
Total comprehensive income/(expenses) for the year	**-**	**-**	**7,754**	**(38,850)**	**707**	**(30,389)**	**(30,389)**
Transfer of realized revaluation reserve	-	(3,510)	-	-	3,510	-	-
Appropriation of prior year result	-	-	-	(80,776)	(80,776)	-	-
Balance at December 31, 2021	**488,413**	**43,525**	**(32,331)**	**(38,850)**	**(47,472)**	**413,285**	**413,285**
Balance at January 1, 2022	**488,413**	**43,525**	**(32,331)**	**(38,850)**	**(47,472)**	**413,285**	**413,285**
Loss for the year	-	-	-	(98,697)	-	(98,697)	(98,697)
Changes in estimates on post-employment benefits	-	-	-	-	686	686	686
Deferred tax on post-employment benefits	-	-	-	-	(151)	(151)	(151)
Translation adjustment	-	-	14,249	-	(17)	14,232	14,232
Total comprehensive income/(expenses) for the year	**-**	**-**	**14,249**	**(98,697)**	**518**	**(83,930)**	**(83,930)**
Transfer to realized revaluation reserve	-	(2,522)	-	-	2,522	-	-
Appropriation of prior year result	-	-	-	38,850	(38,850)	-	-
Balance at December 31, 2022	**488,413**	**41,003**	**(18,082)**	**(98,697)**	**(83,282)**	**329,354**	**329,354**

These consolidated financial statements were authorised for issue by management on March 22, 2023.

Gheorghe Dobra
General Director

Mihaela Duralia
Chief Financial Officer

ALUM S.A. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2022
(All amounts are in RON thousand, unless otherwise stated)

	Note	Year ended December 31, 2022	Year ended December 31, 2021
Cash flows from operating activities			
Loss before tax		**(79,295)**	**(4,861)**
Adjustments for:			
Depreciation and amortization of non-current assets and right-of-use assets		44,890	44,685
Impairment of property, plant and equipment	**4**	5,319	5,554
Net (gain)/loss on sale of property, plant and equipment	**27**	(19)	(1,719)
Impairment of goodwill	**6**	21,580	-
Allowances for doubtful debts	**11**	131	3,111
Allowances for slow moving and obsolete inventory	**10**	5,964	40
Change in retirement benefit obligation	**18**	(1,436)	(52)
Net movement in provisions for employee compensation and other provisions	**19**	13,201	(2,471)
Foreign exchange differences on loans		8,052	(1,301)
Interest income	**28**	(1)	-
Interest expense	**28**	6,164	4,733
Interest and commissions in relation with factoring agreements	**28**	49	350
		24,599	**51,507**
Movements in working capital:			
Change in receivables and other receivables		22,053	88,525
Change in inventories		(23,928)	(19,030)
Change in trade payables and other liabilities		76,963	(27,701)
Cash generated from operations		**99,687**	**93,300**
Income tax paid		(1,795)	(36,365)
Interest paid		(3,712)	(3,048)
Net cash generated by operating activities		**94,179**	**53,887**
Cash flows from investing activities			
Purchase of property, plant and equipment and intangibles assets		(23,749)	(44,888)
Change in restricted cash	**14**	(35,704)	(56)
Interest received		1	-
Net cash used in investing activities		**(59,452)**	**(44,944)**
Cash flow from financing activities			
Proceeds from borrowing	**17**	1.764	20,799
Repayment of borrowings	**17**	(36.458)	(32,064)
Leasing payments	**17**	(269)	(694)
Net cash used in financing activities		**(34.963)**	**(11,958)**

The accompanying notes are an integral part of these consolidated financial statements.
This is a free translation from the official Romanian version

	Note	Year ended December 31, 2022	Year ended December 31, 2021
Net (decrease)/increase in cash and cash equivalents		**(236)**	**(3,015)**
Cash and cash equivalents at beginning of the year	**14**	**3,263**	**6,278**
Cash and cash equivalents at end of the year	**14**	**3,027**	**3,263**

These consolidated financial statements were authorised for issue by management on March 22, 2023.

Gheorghe Dobra
General Director

Mihaela Duralia
Chief Financial Officer

1 GENERAL INFORMATION

a) Parent Company

ALUM S.A. (the "Company") is a joint-stock company set up under the Romanian law. The Company was initially established in March 1972, ALUM S.A. Tulcea being the largest producer of calcined alumina in Romania.

The major shareholder of Alum S.A. is Alro S.A. owned by Vimetco PLC, a private limited liability company registered under the laws of Cyprus, based in Poseidonos 1, Ledra Business Center, Egkomi, 2406, Nicosia, Cyprus. The Company's ultimate controlling entity is Maxon Limited (Bermuda).

The main activity is hydro metallurgical processing of bauxite to obtain aluminium oxide the main raw material for obtaining aluminium.

Company's production processes and products have been certified in accordance with international standards for quality assurance.

The address of the Company's registered office is str. Isaccei nr. 82, Tulcea, Tulcea County, Romania.

Alum is listed on Bucharest Stock Exchange, AeRO segment. Its price per share could be analysed as follows:

	2022	2021
- minimum price	1.64	2.22
- maximum price	3.16	3.10
- average price	2.40	2.66

The evolution of average number of the Parent company's employees was as follows:

	2022	2021
Average number of employees, of which:	638	792
Production staff	519	655
General and administration staff	119	137

b) Subsidiaries

On May 1, 2011 Alum acquired from Vimetco N.V., related party, 100% of an investment company Global Aluminum Ltd. whose assets included 100% shareholding in a bauxite mine in Sierra Leone, Sierra Minerals Holding I Ltd. (SMHL), and 100% shareholding in Bauxite Marketing Ltd.

Bought by Vimetco N.V. in 2008, the bauxite mine in Sierra Leone, with a resource base of approximately 31 million tons of bauxite, produced 910,344 tons in 2021 (2021: 1,396,678 tons). The bauxite mine ensures the necessary raw materials for the alumina refinery (Alum S.A.) in Romania.

The evolution of average number of the Subsidiary's employees was as follows:

	2022	2021
Average number of employees, of which:	433	454
Production staff	332	348
General and administration staff	101	106

Alum S.A. and its subsidiaries will be hereinafter called as the "Group".

1 GENERAL INFORMATION (continued)

c) Basis of preparation

Statement of compliance

These consolidated financial statements of Alum Group and its subsidiaries (further named "Financial Statements") have been prepared in accordance with the International Financial Reporting Standards (IFRS) adopted by the European Union (EU).

The financial statements of Alum Group are available in hard copy at the Company's premises. They are also available on the website of the Company www.alum.ro within the applicable legal time frame.

Going concern

These financial statements have been prepared on a going concern basis, which assumes the Group will be able to realize their assets and discharge their liabilities in the normal course of business.

The Group recorded a loss of RON 98,697 thousand in 2022, compared to a loss of RON 38,850 thousand in 2021, mainly triggered by the depreciation charges recognised, restructuring costs and overall lower performance of the Sierra Leone subsidiary, as explained below.

The year 2022 was dominated by the conflict between Russia and Ukraine. In this context, we were not directly impacted by the conflict but indirectly in the sense that the raw material market has been facing significant price increases due to freight worldwide. The increase in raw materials prices was influenced by the unstable economic environment as well as by the difficulties in contracting and transporting the raw materials. As large consumer of electricity and gas, ALRO Group (to which ALUM belongs) was affected by the increase in energy and gas prices. At the beginning of 2022, ALRO and ALUM developed scenarios to adapt their operations to the current conditions in the energy markets. As such, ALRO has reduced the primary aluminium production by 60% by shutting down three electrolysis potrooms. In turn, ALUM has revised its manufacturing schedule according to the level of calcined alumina required for ALRO. Still, with the continuous increases in prices, the cost of alumina has reached an unsustainable level (and has exceeded the prices of alumina on the international markets). This led us in July 2022 to temporarily suspend the alumina production starting August 2022 for a period of 17 months and to replace it with the alumina purchased from the market, at an optimized cost, which is sold to ALRO according to ALRO's production needs. The Group has also adjusted its activity in Sierra Leone by directing the production to third-party clients.

The suspension of production activity implied also the implementation of a staff layoff program, maintaining only a core of experienced employees, with which to act in case the market conditions will make it possible to resume production. Thus, a total number of 348 employees were included in the restructuring process (with the application of collective redundancies procedure). The restructuring was done in stages, and the entire process was carried out according to the provisions of the law and the Collective Labour Bargain concluded at company level, leading to higher operating costs during 2022.

After the suspension of the production activity in ALUM, the following were carried out:
- repairs and maintenance works in order to prepare the equipment and installations for restarting;
- the research activity continues in the installations within the project financed from European funds and within the projects carried out at the European level (Removal, Reescue and Reactiv);
- continuation of the investment objectives on the environment line and compliance with ANRE recommendations;
- ensuring the necessary calcined alumina for ALRO through acquisitions from external partners.

ALUM management is focused on identifying new sources of development and diversification of the activity that will increase the company's revenues to overcome this challenging period.

In terms of liquidity, in 2022 the Group repaid its liabilities and loans in accordance with the schedules as agreed in the contracts. Other actions put in place to manage the liquidity of the Company and assuring a satisfactory level of cash in times of higher uncertainty were: limiting to strictly necessary investments, optimizing acquisitions of materials and inventory levels.

1 GENERAL INFORMATION (continued)

c) Basis of preparation (continued)

Going concern (continued)

The suspension of production activity in Alum had had a negative influence on the operations of the subsidiary in Sierra Leone (SMHL) by stopping the bauxite acquisition from SMHL. Thus, SMHL had to re-orientate its sales and explore potential additional sales opportunities for the spare capacity of the mine. The loss of bauxite sales to Alum, coupled with the needs to readjust supply chain, high freight, fuel and other costs of production at SMHL, resulted in a lower-than-expected economic performance of bauxite segment in 2022 and poorer future expectations in its forecasted financial projects and budgets comparing to previous year. Thus, in 2022, the segment registered total sales revenues of RON 181,208 thousand, a decline comparing to RON 204,272 thousand in 2021, while operating result (EBIT) was negative, totalling RON -62,495 thousand comparing to a positive result of RON 6,381 thousand in previous year. This constitute impairment indicators as at 31 December 2022, and, as a result of the impairment analysis performed on bauxite cash generating unit as at 31 December 2022, an impairment charge of RON 5,260 thousand was recognized for the property, plant and equipment and RON 21,580 thousand for the goodwill allocated to the segment in ALUM (2021: no impairment was recorded for the property, plant and equipment and goodwill).

In response to the matters described above and considering the current economic and financial environment, the management of SMHL implemented a set of financial and operational measures in order to improve the current situation at SMHL, which continues also in 2023:
- keep the segment fully operational at normal parameters, ensure on-going normal shipments and acquisitions and adjusting its production by monitoring the market trends to ensure continuous and solid production and operations in accordance with its 2023 budget and long-term plan.
- maintain strong relationship with its main suppliers and customers in order to ensure a stable flow of raw materials and finished goods;
- keep constant connection with government authorities and bankers in order to have their support in structuring the future payments and having access to new finance facilities.

The management of SMHL continued to make all necessary efforts to increase the quantities of bauxite sold to third parties, as this will support the subsidiary's liquidity and thus provide the opportunity to continue operating. As a result, starting with March 2023 the management succeeded to find additional clients for supplemental quantities compared with the previous assumptions, thus additional sales of about 200 thousand tons of bauxite are already confirmed by third parties and should be delivered up to the end of Q3 2023 bringing additional positive cash flows for the subsidiary. In addition, additional financing of USD 1.4 million was obtained in 2023 by the subsidiary from a local bank, for working capital purposes.

The management has developed forecasts and projections of cash-flows and liquidity needs for the upcoming year taking into account the current and forecasted market conditions and reasonably possible changes in trading performance based on such conditions. According to the management expectations of the market developments, evolution of raw materials supplies and energy costs, the Group expects to resume its operations in 2024, restoring thus the pre-crisis capacities. In either case, the resumption of the activity at full parameters in the Group starting 2024, or the continuation at interrupted production, considering the positive development in 2023 at SMHL level, new financing obtained, the Group / the Company estimate to generate sufficient cash flows to enable operation under normal conditions. Notwithstanding the challenges and uncertainties, the management expects that, based on the most recent forecasts and ability to adapt its cash-flows, when necessary, the Group / the Company will succeed in generating adequate cash flows to allow it to continue its operations, and has concluded that there are no material uncertainties that may cast significant doubt on their ability to continue as a going concern.

1 GENERAL INFORMATION (continued)

c) Basis of preparation (continued)

Climate change

In preparing the Consolidated Financial Statements, management has considered the impact of climate change. These considerations did not have a material impact on the financial reporting judgements and estimates, consistent with the assessment that climate change is not expected to have a significant impact on the Group's going concern assessment as of 31 December 2022, nor the viability of the Group over the next five years.

Regulations regarding air pollution

The Group is impacted by the increased regulatory environment in the EU regarding air pollution. The Group, as a heavy industry participant, is affected by the cap and trade scheme for greenhouse gas emissions implemented at the level of EU, which is meant to reduce pollution within a certain time span. On one side, the Group is allotted a certain number of emission rights per annum, in accordance with its production and deemed CO2 emissions. The accounting policies for emission rights can be found in the Accounting policies note. Any potential liability resulting from the necessity to buy emission certificates is taken into consideration in the Group's business plans and scenarios. With the prices of emission certificates being volatile, the impact from such liability on the Group's results cannot be ascertained. On the other side, the Group is indirectly impacted by the same greenhouse gas emission scheme in the sense that such costs of the electricity producers are included in the final electricity price that the Group has to pay. Due to the volatility of the certificates prices, the electricity rates might reach significantly high levels. That is why the Group monitors, anticipates and takes into consideration all the possible circumstances in order to balance its activities as an integrated group and reduce the quantitative impact of such liabilities, such as the recent decision to close production units temporarily until the electricity and emission certificates prices return to an acceptable level, and to buy alumina from the market.

Another side effect of the anti-pollution regulations implemented by the EU is that the local producers face higher production costs than the competitors where such regulations are not so strict, for example from China.

Basis of preparation

The financial statements have been prepared on the historical cost basis as explained in the accounting policies. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

Functional and presentation currency

The functional currency of the parent company is the Romanian leu (RON). For each entity the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency and translated in the presentation currency.

The exchange rates applied in translating foreign currencies to RON were as follows:

	2022	2021
USD exchange rate at the end of the period*	4.6346 USD/RON	4.3707 USD/RON
USD average exchange rate**	4.6923 USD/RON	4.1630 USD/RON

*) as communicated by the National Bank of Romania
**) computed as an arithmetic average of the daily exchange rates communicated by the National Bank of Romania

These financial statements are presented in RON thousand, rounded to the nearest unit.

2 APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

Following below are the new standards, amendments and interpretations to existing standards adopted starting January 1, 2022 and their effect in the preparation of the Group financial statements for the year ended December 31, 2022.

Standards and interpretations effective in 2022 that the Group has applied to these financial statements:

The Group has adopted the following new standards and amendments to standards, including any consequential amendments to other standards, with a date of initial application of January 1, 2022:

- *Amendments to IFRS 3 Business Combinations*. The amendments update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations. Amendment also add a requirement that, for transactions and other events within the scope of IAS 37 or IFRIC 21, an acquirer applies IAS 37 or IFRIC 21 (instead of the Conceptual Framework) to identify the liabilities it has assumed in a business combination; and add to IFRS 3 an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination. There is no impact from the application of these amendments on the Group's financial statements.

- *Amendments to IAS 16 Property, Plant and Equipment*. The amendments prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss. There is no impact from the application of these amendments, on the Group's financial statements.

- *Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets* (issued on 14 May 2020). Amendments specify which costs a company includes when assessing whether a contract will be loss-making. There is no impact from the application of these amendments, on the Group's financial statements.

- *Annual Improvements to IFRS Standards 2018 – 2020 Cycle*. The improvements do not have a material impact on the Group's financial statements. These annual improvements are a collection of amendments to IFRSs:

- *IFRS 1 First-time Adoption of International Financial Reporting Standards*. The amendment permits a subsidiary that applies paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by its parent, based on the parent’s date of transition to IFRSs.

- *IFRS 9 Financial Instruments*. The amendment clarifies which fees an entity includes when it applies the ‘10 per cent’ test in assessing whether to derecognise a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other’s behalf.

- *IFRS 16 Leases*. The proposed amendment to Illustrative Example 13 accompanying IFRS 16 would remove from the example the illustration of the reimbursement of leasehold improvements by the lessor. The proposed amendment would resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example.

- *IAS 41 Agriculture*. The amendment aligns the fair value measurement requirements in IAS 41 with those in other IFRS Standards.

Standards issued, but not yet effective and not early adopted

- *IFRS 17 Insurance Contracts*. The standard, issued on 18 May 2017, is effective for annual periods beginning on or after 1 January 2023 with earlier application permitted if the entity also applies IFRS 9 Financial Instruments on or before the date it first applies IFRS 17. This is a comprehensive new accounting standard for insurance contracts, covering recognition and measurement, presentation and disclosure. IFRS 17 applies to all types of insurance contracts issued, as well as to certain guarantees and financial instruments with discretional participation contracts. This standard is not applicable to the Group.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (continued)

Standards issued, but not yet effective and not early adopted (continued)

- *Amendment in IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*. The amendments address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28, in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. In December 2015 the IASB postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting. The amendments have not yet been endorsed by the EU. The directors do not anticipate that the application of the standard in the future will have an impact on the Group's financial statements.

- *Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies* (issued on 12 February 2021). The amendments are effective for annual reporting periods beginning on or after 1 January 2023, with earlier application permitted. An entity will be required to disclose its material accounting policy information instead of its significant accounting policies. Amendments clarify what is a material accounting policy and give examples of when accounting policy information is likely to be material. In addition, IFRS Practice Statement 2 has been amended by adding guidance and examples to explain and demonstrate the application of the 'four-step materiality process' to accounting policy information in order to support the amendments to IAS 1. The amendments are applied prospectively and might change certain aspects of Group's future disclosure of accounting policy, as information may be material because of its nature, even if the related amounts are currently considered immaterial and not disclosed.

- *Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction* (issued on 7 May 2021). The amendments are effective for annual reporting periods beginning on or after 1 January 2023, with earlier application permitted. The amendments narrowed the scope of the recognition exemption in paragraphs 15 and 24 of IAS 12 (recognition exemption) so that the exemption no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. As a result of this amendments, on initial recognition, the companies should recognize deferred tax on temporary differences arising on right-of-use assets, lease liabilities, decommissioning, restoration and similar liabilities. The directors are currently analysing the effect of these new amendments on the Group's financial statements.

- *Amendment to IAS 1 Presentation of Financial Statements*: Classification of Liabilities as Current or Non-current (issued on 23 January 2020). The amendments are effective for annual reporting periods beginning on or after January 1, 2024, with earlier application permitted, and will need to be applied retrospectively in accordance with IAS 8. The objective of the amendments is to clarify the principles in IAS 1 for the classification of liabilities as either current or non-current. The amendments clarify the meaning of a right to defer settlement, the requirement for this right to exist at the end of the reporting period, that management intent does not affect current or non-current classification, that options by the counterparty that could result in settlement by the transfer of the entity's own equity instruments do not affect current or non-current classification. The amendments have not yet been endorsed by the EU. The directors do not anticipate that the application of the standard in the future will have an impact on the Group's or Company's financial statements.

- *Amendments to IAS 1 Non-current Liabilities with Covenants* (issued on 31 October 2022), not yet adopted by the EU. The amendments are effective for annual reporting periods beginning on or after 1 January 2024. The amendment clarifies how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments to IAS 1 specify that covenants to be complied with after the reporting date do not affect the classification of debt as current or non-current at the reporting date. Instead, the amendments require a company to disclose information about these covenants in the notes to the financial statements.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (continued)

Standards issued, but not yet effective and not early adopted (continued)

- *Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback* (issued on 22 September 2022), not yet adopted by the EU. The amendments clarify how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale. A seller-lessee is required to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognize any amount of the gain or loss that relates to the right of use it retains. The new requirements do not prevent a seller-lessee from recognizing in profit or loss any gain or loss relating to the partial or full termination of a lease. The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and are not expected to affect financial statements as the Group has no sale and leaseback transaction.

- *Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors*: Definition of Accounting Estimates. The amendments are effective for annual reporting periods beginning on or after 1 January 2023, with earlier application permitted. The changes focus entirely on accounting estimates and as a result, the definition of a change in accounting estimates is replaced with a definition of accounting estimates. Under the new definition, accounting estimates are “monetary amounts in financial statements that are subject to measurement uncertainty”. Amendments clarify that a change in accounting estimate that results from new information or new developments is not the correction of an error. The directors do not anticipate that the application of the standard in the future will have an impact on the Group’s financial statements.

3 SIGNIFICANT ACCOUNTING POLICIES

The main accounting policies are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

Generally, there is a presumption that a majority of voting rights result in control.

To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:
- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group’s voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Income and expenses of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

Changes in the Group's ownership interests in subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. When assets of the subsidiary are measured at revalued amounts and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the Company had directly disposed of the relevant assets (i.e. reclassified to profit or loss or transferred directly to retained earnings as specified by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value at the date when control is lost as an initial recognition for subsequent accounting under IFRS 9 or, when applicable, the cost on initial recognition of an investment in an associate or a jointly controlled entity.

Business combinations

Acquisitions of companies are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except when:
- deferred tax assets and related liabilities related to employee benefit commitments are recognised and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits respectively;
- liabilities or equity instruments related to share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 Share-based Payment at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value at acquisition date of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If the above mentioned difference is negative, it is recognised in profit or loss as a bargain purchase gain.

Non-controlling interests that are ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquirer's identifiable net assets.

The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in other IFRSs.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the ‘measurement period’ (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

Business combinations (continued)

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified.

Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with IFRS 9 or IAS 37 Provisions, Contingent Liabilities and Contingent Assets, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, with such treatment being similar if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete.

Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit.

Any impairment for goodwill is recognised directly in profit or loss in the consolidated statement of comprehensive income. An impairment recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Current versus non-current classification

The Group presents assets and liabilities in statement of financial position based on current or non-current classification.

An asset as current when it is:
- Expected to be realised or intended to be sold or consumed in Group normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

Current versus non-current classification (continued)

All other assets are classified as non-current.

A liability is current when:
- It is expected to be settled in Group normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:
- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:
- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable;
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Revenue from contracts with customers

Sales of goods

Under IFRS 15, revenue is recognised when a customer obtains control of the goods. The Group delivers goods (mainly calcined alumina, aluminium hydroxide, bauxite) under contractual terms based on internationally accepted delivery conditions (INCOTERMS).

The Group recognises revenue at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

Principal versus agent considerations

Under IFRS 15, the assessment is based on whether the Group controls the specific goods before transferring them to the end customer, rather than whether they have exposure to significant risks and rewards associated with the sale of goods.

The Group have concluded that they are the principal in all of their sale arrangements since they are the primary obligor in all the revenue arrangements, have pricing latitude and are also exposed to inventory.

Recognition of revenue from distinct performance obligations

The Group has analysed its contracts with customers to determine all its performance obligations and it has not identified any new performance obligation that should be accounted for separately in accordance with IFRS 15.

Rendering of services

The Group performs sundry services occasionally and as a non-core business. Revenue is measured at the expected value of the consideration received or receivable. Under IFRS 15, the total consideration in the service contracts is allocated to all services based on their stand-alone selling prices. The stand-alone selling prices are determined based on the list prices at which the Group sells the services in separate transactions. Based on the Group's assessment, the allocated value based on the stand-alone selling prices of the services, and the stand-alone prices of the services are broadly similar.

The recognition and measurement requirements in IFRS 15 are also applicable for recognition and measurement of any gains or losses on disposal of non-financial assets (such as fixed assets and intangible assets), when that disposal is not in the ordinary course of business.

Amounts received from customers in advance of goods delivery or service performance are recognised by the Group as liabilities on the Statement of Financial Position as "Other current liabilities" until the Group actually transfers control of the goods delivered to the client or performs the contracted service.

Dividend and interest income

Dividend income from investments is recognised when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably).

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Leasing

The Group as lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee/user, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as licenses, small items of office equipment, etc.). For these leases, the Group recognise the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group use their incremental borrowing rate.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

Leasing (continued)

Lease payments included in the measurement of the lease liability comprise:
- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee/user under residual value guarantees;
- The exercise price of purchase options, if the lessee/user is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the statement of financial position. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:
- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case The lease liability is remeasured by discounting The revised lease payments using a revised discount rate.

-The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
-A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses. Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37.

To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset value, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lessee transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expect to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The depreciation periods considered for each category of right-of-use assets are as follows:

	2022
Buildings and special constructions	5 years
Equipment and vehicles	between 3 and 5 years

The right-of-use assets are presented as Other non-current assets in the statement of financial position.
The Group applies IAS 36 Impairment of assets to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the ‘Property, Plant and Equipment’ policy.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

Leasing (continued)

The Group as lessor

The Group enters into lease agreements as a lessor with respect to some of their investment properties.

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.
Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- exchange differences on transactions entered into in order to hedge certain foreign currency risks (see below the hedging accounting policies).

For the purpose of presenting the financial statements in RON, the monetary assets and liabilities of the Group are translated at the exchange rates prevailing at the end of the reporting period. Income and expense items are translated at the average exchange rate for the periods presented.

When consolidating subsidiaries (operations abroad) that have a functional currency other than lei (the presentation currency of these financial statements), assets and liabilities are translated at exchange rates in effect at the end of the reporting period. Income and expense items are translated at average exchange rates for the presented periods. Equity items are translated at historical exchange rates. Exchange differences arising on the subsidiaries' translation are recognised in comprehensive income and accumulated in equity.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, loss of joint control over a jointly controlled entity that includes a foreign operation, or loss of significant influence over an associate that includes a foreign operation), all of the accumulated exchange differences in respect of that operation attributable to the Group are reclassified to profit or loss.

Borrowing costs

Borrowing costs consist of interest and other costs that a company incurs in connection with the borrowing of funds. Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in consolidated profit or loss in the period in which they are incurred.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

Employee benefits

The Group, in the normal course of business, makes payments to the states where it operates, on behalf of its employees, for pensions, health care and unemployment. The cost of these payments is charged to profit or loss in the same period as the related salary cost.

The Group awards its employees with some retirement benefits according to the Collective Labour Agreement. For these defined benefits retirement plans, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each reporting period.

Remeasurement, comprising actuarial gains and losses, is reflected in the statement of financial position for the same period, with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected in accumulated result and will not be reclassified to profit or loss. Net interest is calculated by applying the discount rate on the balance at the beginning of the period to the net defined benefit provision.

Defined benefit costs are categorised as follows:
- Service costs (comprising current service cost, past service cost, as well as actuarial gain and losses), included in profit or loss line item 'Cost of goods sold' or 'General and administrative expenses' within personnel costs.
- Past service costs are recognised in the profit and loss statement on the earliest of the
  - Date of the plan modification/reduction and
  - Date of costs recognition
- Net interest expense, included in profit or loss line item 'Finance result, net' within interest expenses
- Remeasurement.

Labour contract termination benefits

Labour contract termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises labour contract termination benefits when it is committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the balance sheet date are discounted at reporting date.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of comprehensive income because of items of income or expense that are taxable or deductible in some years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates (for Romanian Group companies 16%, for Sierra Leone 30%) that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax

Deferred tax is recognised based on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

Taxation (continued)

Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit (fiscal loss) at transaction date.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Currently the fiscal losses generated by the Romanian Group companies can be recovered over 7 years, while for Sierra Leone over 10 years.

Deferred tax assets and liabilities are measured for the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and they relate to the same taxable entity and the same taxation authority.

Current and deferred tax for the year

Current and deferred tax are recognised in the consolidated profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Value added tax (VAT)

Revenues, expenses and assets are recognised net of the amount of VAT except:
- Where the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the VAT is recognised as part of the cost of acquisition of the asset or as part of the service, as applicable;
- When receivables and payables are stated with the amount of VAT included

The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Property, plant and equipment

Land and buildings used in the production or supply of goods or services, or for administrative purposes, are stated in the consolidated statement of financial position at their cost, less any accumulated depreciation and accumulated impairment losses.

Fixtures and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Properties in the course of construction for production or administrative purposes are measured at cost, less any impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other owned assets, commences when the assets are ready for their intended use.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment (continued)

Freehold land is not depreciated.

Depreciation is recognized so as to write off the cost less their residual values over their useful lives, using the straight-line method.

Buildings and special constructions	5 - 52 years
Plant and machinery	3 - 25 years
Equipment and vehicles	3 - 18 years

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in consolidated profit or loss upon derecognition.

Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

De-recognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in consolidated profit or loss when the asset is derecognised.

Intangible assets are amortised over a period of 3 years (for software).

Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of tangible and intangible assets other than goodwill (continued)

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment is recognised immediately in profit or loss.

Where an impairment subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment is recognised immediately in profit or loss.

For the assets placed in conservation for an indefinite period, in accordance with the decision of the Board of Directors, the Group recognizes an impairment loss equal to their accounting value at the date of transfer. Subsequently, these assets are reviewed for the possible reversal of the depreciation, depending on the Group's plans to use them in the future.

Inventories

Inventories are stated at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and operating status is accounted for as follows:
- Raw materials: purchase cost on a first in, first out basis;
- Finished goods and work in progress: cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing cost, determined on weighted average cost basis.

Net realisable value represents the estimated selling price less all estimated costs of completion and costs necessary to make the sale.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the specific risks and uncertainties surrounding the obligation.

When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Decommissioning and rehabilitation liability

Decommissioning costs include the dismantling and demolition of infrastructure and the removal of residual materials and remediation of disturbed areas. Decommissioning costs are provided at the present value of expected costs to settle the obligation using estimated cash flows and are recognised as part of the cost of the particular asset.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

Decommissioning and rehabilitation liability (continued)

The cash flows are discounted at a current pre-tax rate that reflects the risks specific to the decommissioning liability. The discount is expensed as incurred and recognised in the statement of profit or loss as a financing cost. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. Changes in the estimated future costs are added to or deducted from the cost of the asset.

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in consolidated profit or loss.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the instrument, or, where appropriate, a shorter period, up to its net carrying amount on initial recognition.

Income is recognised on an effective interest basis for financial instruments other than those assets classified as at FVTPL.

Financial assets

For purposes of subsequent measurement financial assets are classified into the following specified categories: amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss (FVTPL).

- Debt instruments at amortised cost for financial assets that are held within a business model with the objective to hold the financial assets in order to collect contractual cash flows that meet the solely payments of principal and interest (SPPI) criterion. This category includes the Group's Trade and other receivables and Long-term loans.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment testing. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

- Financial assets at FVPL include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments.

Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets (continued)

Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

Investments in subsidiaries

In the separate unconsolidated financial statements investments in subsidiaries are stated at historical cost less impairment adjustments.

Dividends on equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position and statement of cash flows comprise cash at banks and on hand and short-term deposits with a maturity of three months or less.

Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all loans and other debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For the credit exposures for which there has been a significant increase in credit risk since initial recognition, a credit loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognise a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when they transfer the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retain substantially all the risks and rewards of ownership and continue to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, it continues to recognise the financial asset and also recognise a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the amount of the consideration received and/or receivable and the cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial liabilities and equity instruments

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, financial liabilities, trade payables, loans and borrowings or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

Classification as debt or equity

Debt and equity instruments issued by the Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of the financial liability and equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised in the proceeds received, net of direct issue costs.

Repurchase of the Group's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

Financial liabilities

Financial liabilities are classified as either financial liabilities ‘at FVTPL' or ‘other financial liabilities'.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:
- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manage together and has a history of short-term profit-taking; or
- it is a derivative that is not designated and as a hedging instrument or it is not effective .

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:
- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, the performance of which is managed and evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
-it forms part of a contract containing one or more embedded derivatives, and IFRS 9 Financial Instruments: Recognition and Measurement permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial liabilities at FVTPL are measured at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the ‘Gains /(losses) from derivative financial instruments, net' or ’Other financial gains/(losses), net’ in profit or loss. Fair value is determined in the manner described in Note 33.

Other financial liabilities

Other financial liabilities (including borrowings) are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

Other financial liabilities (continued)

The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by the Group are initially measured at their fair values and, if not designated as at FVTPL, are subsequently measured at the higher of:
- the amount of the obligation under the contract, as determined in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets; and
- the amount initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the revenue recognition policies.

Derecognition of financial liabilities

The Group derecognise financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Presentation of financial instruments on a net basis

Financial assets and financial liabilities are reported net in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, and to realise the assets and settle the liabilities simultaneously, respectively.

Related parties

Counterparties are considered related when other party, either through ownership, contractual rights, family relationship or otherwise, has the ability to directly control or significantly influence the other party.

Subsidies

Subsidies are recognised once there is reasonable assurance that the Group will comply with the conditions attached to them and that the subsidies will be received. They are recognised in the profit and loss statement over the periods necessary to match them with the related costs which they are intended to compensate, and are disclosed under 'other operating income'. Subsidies that are receivable as a compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in the profit and loss statement in the period in which they become receivable.

Government subsidies relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to profit or loss on a straight - line basis over the expected lives of the related assets.

Greenhouse gas emission certificates

The Group recognises the greenhouse gas emission certificates deficit in the consolidated financial statements based on the net liability method. Under this method only those liabilities that are expected to result from exceeding the emission quotas granted are recognised.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

Greenhouse gas emission certificates (continued)

The Group estimates its annual emission volumes at the end of each reporting period and recognises the total estimated additional liabilities for the expected excess of greenhouse gas emission volumes at the fair value of additional units to be purchased or penalties to be incurred under the national legislation. The additional net liability is recognised in profit or loss based on unit of production method.

In case the Group estimates utilisation of less than the allocated emission quotas any potential income from the sale of unused emission certificates is recognised only on actual sale of those credits.

Segment reporting

A segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), whose operating results are regularly reviewed by the Group's chief decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which distinctive financial information is available. Segment information is presented in respect of the Group's business and is determined based on the Group's management and internal reporting structure.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly investments (other than investment property) and related revenue, loans and borrowings and related expenses, corporate assets (primarily the Group's headquarters) and head office expenses, and income tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment, and intangible assets other than goodwill.

Dividends

Dividends are recorded as a liability in the Group's financial statements in the period in which they are approved by the Group's shareholders and reflected in a corresponding diminution of shareholders' equity.

Significant accounting judgments, estimates and assumptions

The preparation of financial statements requires management to make accounting judgments, estimates and assumptions that affect the reported amounts of sale revenues, expenses, assets and liabilities, and the accompanying notes, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities.

The key assumptions that could generate uncertainty at the reporting date and have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities for the next financial year are detailed below. The Group based its assumptions and estimates on information available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

The following are the critical judgements and estimations that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the separate financial statements.

Adjustments for impairment of tangible and intangible assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its market value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

Significant accounting judgments, estimates and assumptions (continued)

Adjustments for impairment of tangible and intangible assets (continued)

The value in use calculation is based on a DCF model. The cash flows are derived from budgets prepared by the Group and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. The key assumptions used to determine the recoverable amount for the tangible and intangible assets are disclosed and further explained in Note 4 and in Note 6.

Taxes

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the wide range of international business relationships of the Group and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Group established provisions, when necessary, for possible consequences of audits by the tax authorities. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the Group and the responsible tax authority. Such differences in interpretation may arise for a wide variety of issues depending on the conditions prevailing in that context.

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies. Detailed information is disclosed in Note 7.

Benefit plans

The present value of the pension benefit obligation is determined using actuarial valuations based on several presumptions. Presumptions used to determine the net cost (income) for pensions include the discount rate. Any changes in these assumptions will have an impact on the carrying amounts of the pension obligations. Detailed information is disclosed in Note 18.

Provision for rehabilitation

The Group has recognised a provision for the rehabilitation of the premises where it deposits scrap from production. In determining the amount of the provision, assumptions and estimates are made in relation to discount rates, inflation rates, rehabilitation costs and the expected timing of these costs. Detailed information is disclosed in Note 19.

3 PROPERTY, PLANT AND EQUIPMENT

Cost	Land	Buildings and special constructions	Plant and machinery	Equipment and vehicles	Assets in progress	Advances for tangible assets	Total
At January 1, 2021	**20,057**	**260,179**	**496,474**	**129,036**	**27,781**	**733**	**934,260**
Additions	421	2,298	-	4	46,202	767	49,693
Transfers	-	23,156	12,545	14,055	(49,565)	(191)	-
Disposals and write off	-	(52)	(2,607)	(6,689)	-	-	(9,347)
Translation adjustment	-	5,923	5,528	10,603	1,408	62	23,524
At December 31, 2021	**20,479**	**291,505**	**511,940**	**147,009**	**25,827**	**1,370**	**998,129**
Additions	13,399	14	19	-	16,389	-	29,821
Transfers	-	2,617	18,203	1,418	(22,214)	(23)	-
Disposals and write off	(100)	(3,190)	(571)	-	-	(797)	(4,657)
Translation adjustment	-	4,209	3,581	7,124	866	35	15,814
At December 31, 2022	**33,778**	**295,154**	**533,171**	**155,552**	**20,867**	**584**	**1,039,106**

4 PROPERTY, PLANT AND EQUIPMENT (continued)

Accumulated depreciation and impairment

Accumulated depreciation	Land	Buildings and special constructions	Plant and machinery	Equipment and vehicles	Assets in progress	Advances for tangible assets	Total
At January 1, 2021	**-**	**191,272**	**409,280**	**75,524**	**-**	**-**	**676,077**
Depreciation expenses	-	13,755	18,360	11,386	-	-	43,502
Accumulated depreciation of disposals and write off of assets	-	(47)	(2,595)	(4,953)	-	-	(7,595)
Translation adjustment	-	3,940	4,879	6,252	-	-	15,072
At December 31, 2021	**-**	**208,920**	**429,925**	**88,210**	**-**	**-**	**727,056**
Depreciation expenses	-	16,230	17,572	11,885	-	-	45,688
Accumulated depreciation of disposals and write off of assets	-	(32)	(570)	-	-	-	(602)
Translation adjustment	-	2,663	3,260	4,111	-	-	10,034
At December 31, 2022	**-**	**227,781**	**450,187**	**104,206**	**-**	**-**	**782,175**

4 PROPERTY, PLANT AND EQUIPMENT (continued)

Accumulated depreciation and impairment (continued)

Allowance for impairment	Land	Buildings and special constructions	Plant and machinery	Equipment and vehicles	Assets in progress	Advances for tangible assets	Total
At January 1, 2021	**-**	**120**	**83**	**926**	**1,792**	**-**	**2,921**
Reversals of impairment losses recognised in profit or loss	-	2,459	3,099	-	-	-	5,558
Retirements	-	(4)	-	-	-	-	(4)
At December 31, 2021	**-**	**2,574**	**3,182**	**926**	**1,792**	**-**	**8,475**
Impairment losses recognised in profit or loss	-	54	4	-	5,260	-	5,318
Reversals of impairment losses recognised in profit or loss	-	(25)	-	-	-	-	(25)
Retirements	-	-	-	-	(65)	-	(65)
At December 31, 2022	**-**	**2,603**	**3,186**	**926**	**6,987**	**-**	**13,703**
Net book value							
At December 31, 2021	**20,479**	**80,010**	**78,833**	**57,873**	**24,035**	**1,370**	**262,599**
At December 31, 2022	**33,778**	**64,769**	**79,798**	**50,420**	**13,880**	**584**	**243,229**

4 PROPERTY, PLANT AND EQUIPMENT (continued)

The Group allocated resources for investments with effect in decreasing production costs, increasing competitiveness and improving the equipment parameters, and at the same time for reducing emissions by applying the best techniques available in the field. Simultaneously with the investment activity within the technological processes, in 2022 the Group purchased land in amount of RON 13,399 thousand to support the increase of the storage capacity of the red mud dump (2021: RON 421 thousand) and the Group invested in equipments necessary to support the mining activity in Sierra Leone.

The Company Alum recorded full provision for the future cost of rehabilitating the red mud lake waste dump on a discounted basis. The change in the year decreased the value of the fixed asset as of December 31, 2022 by RON 2,948 thousand (2021: + RON 2.298 thousand) (see Note 19). The rehabilitation provision represents the present value of rehabilitation costs relating to the site, which are expected to be incurred up to 2027, which is when the storage on the site should be either closed or extended.

SMHL recorded a provision based on technical assessment to restore and rehabilitate the affected mining areas for the related costs required to be incurred. The technical assessment was performed by an external valuation expert, provision started in 2014 (more details in Note 19).

No borrowing costs were capitalized in 2021 and 2022.

As of December 31, 2022, property, plant and equipment of the Group have been pledged to secure the contracted borrowings with a carrying amount of RON 161,424 thousand (December 31, 2021: RON 151,910 thousand) (Note 17).
The gross book value of the fully amortized fixed assets as of December 31, 2022 is in amount of RON 260,976 thousand (2021: RON 248,323 thousand).
The net book value of the idle assets in use as of December 31, 2022 is in amount of RON 103,319 thousand (2021: RON 1,138 thousand). At 31 December the net book value of idle assets increased compared to 31 December 2021 as a result of temporary suspension of the alumina production activity in 2022.

Impairment tests for property, plant and equipment

As at 31 December 2022, due to the presence of internal and external indications of impairment, such as increasing prices and scarce availability of energy products and other raw materials with a negative impact on the production costs, which led to the changes in the production plan and caused the Group to take a decision to temporary suspense the alumina production operations (until the end of 2023) and reorientate the sales of bauxite, a test of the property, plant and equipment of Alum and SMHL was carried out. The results of the impairment tests performed are presented further below.

Alum

As a result of the impairment review carried out by Alum, it was determined that the recoverable amount of property, plant and equipment was not materially different from its carrying value (less by RON 1.2 million), therefore no impairment was recognized as at 31 December 2022 (31 December 2021: an impairment charge of RON 5,532 thousand was recorded for the property, plant and equipment of Alum cash-generating unit).

The recoverable value of the cash generating unit (CGU) Alum was determined based on calculation of the value in use of the cash generating unit by using future cashflows extracted from the business plan for the next 5 years estimated by the management. The terminal value was computed by using a growth rate of 2% per annum.

The key variables for the cash-generating unit Alum calculation are:

	2022	2021
Discount rate	13.80%	11.00%
Growth rate, average of next five years	5.31%	3.31%
EBITDA margin, average of next five years	4.44%	5.09%
EBITDA margin, terminal value	5.82%	6.12%

The following table shows the amount up to which the key assumptions used would need to change individually for the estimated recoverable amount to be equal to the carrying amount:

4 PROPERTY, PLANT AND EQUIPMENT (continued)

	2022	2021
Discount rate	13.72%	10.83%
Growth rate, average of next five years	5.91%	4.89%
EBITDA margin, average of next five years	4.50%	5.34%
EBITDA margin, terminal value	5.86%	6.22%

Another significant key estimates used by management in the impairment assessment of Alum's Company CGU is the forecasted income from government compensations for indirect emission costs calculated in accordance with the Romanian Government of Emergency Ordinance no. 138/12.10.2022, which transposes the EU Guideline for the period 2021-2030. Same as for Alro, management presumed in its forecasts that the EU ETS Compensation Scheme will continue after 2030 and / or the Company Alum can maintain its competitiveness and level of profitability by other means.

A 10% reduction in the forecasted income from compensation for indirect emission would result in additional impairment expense of approximately RON 17,100 thousand being recognized in separated statement profit and loss (2021: RON 18,000 thousand).

SMHL

As a result of the impairment review performed by SMHL, an impairment charge of RON 5,260 thousand was recognized for the capital assets in progress as at 31 December 2022 (31 December 2021: no impairment was recorded for the property, plant and equipment of SMHL). For more details regarding the impairment test carried out by the management of SMHL and the estimates used, please refer to the Note 6.

5 INTANGIBLE ASSETS

Cost	Development expenses	Other intangibles	Total
At January 1, 2021	**4,367**	**16,172**	**20,539**
Additions	-	75	75
Disposals	-	12.560	12.560
Translation adjustment	-	977	977
At December 31, 2021	**4,367**	**4.664**	**9.031**
Additions	-	31	31
Disposals	-	-	-
Translation adjustment	-	249	249
At December 31, 2022	**4,367**	**4.944**	**9.311**

Accumulated amortization	Development expenses	Other intangibles	Total
At January 1, 2021	**4,367**	**16,016**	**20,384**
Amortization expense	-	83	83
Accumulated amortization of disposals	-	(12,560)	(12,560)
Translation adjustment	-	967	967
At December 31, 2021	**4,367**	**4,507**	**8,874**
Amortization expense	-	85	85
Translation adjustment	-	244	244
At December 31, 2022	**4,367**	**4,836**	**9,203**
Net book value At December 31, 2021	**-**	**157**	**157**
Net book value At December 31, 2022	**-**	**108**	**108**

5 INTANGIBLE ASSETS (continued)

In 2021, the disposal of RON 12,560 thousand under the category Other intangibles represents write-off of some fully amortised and expired exploration assets in Sierra Leone.
Other intangible assets refer to software, licenses and exploration assets.

6 GOODWILL

COST	2022	2021
Balance at beginning of year	109,962	99,780
Translation adjustment	6,632	10,182
Balance at end of year	**116,602**	**109,962**

ACCUMULATED IMPAIRMENT LOSSES	December 31, 2022	December 31, 2021
Balance at beginning of year	(29,488)	(26,759)
Impairment	(21,580)	-
Translation adjustment	(1,516)	(2,730)
Balance at end of year	**(52,584)**	**(29,488)**
CARRYING AMOUNT		
Balance at beginning of year	**80,474**	**73,022**
Balance at end of year	**64,017**	**80,474**

The goodwill at acquisition of Global Aluminium Ltd. is allocated to the cash-generating units (CGU) at December 31, 2022 and 2021 as follows (after measurement at end-of-period exchange rate and impairment adjustment recording):

	December 31, 2022	December 31, 2021
Romania	64,017	60,373
Global Aluminium Ltd. (SMHL)	-	20,101
Total	**64,017**	**80,474**

The goodwill allocated to the cash-generating unit operating Romania results from the acquisitions and transactions under common control and at December 31, 2022 and includes an amount of RON 64,017 thousand (2021: RON 60,373 thousand) representing the goodwill at initial acquisition of Global Aluminium Ltd. by Vimetco N.V. allocated for impairment test purposes to the cash generating unit Romania. The CGU Romania is made up of the operations in Romania, Alum and Alro, being the one established at the level of the Vimetco NV group upon the initial acquisition of Global Aluminium Ltd. During the transfer of Global Aluminium Ltd. to Alum through a transaction under joint control, the impairment test of the goodwill continued at the level of CGU Romania, being only a reallocation within the group, not a change of segments.

Impairment test

The accumulated impairment loss as at 31 December 2022 was recognised for the goodwill allocated to Sierra Leone CGU on acquisition of Global Aluminium Ltd. in amount of RON 52,584 thousand (2021: RON 29,488 thousand).

Romania

In 2022, the recoverable amount of the cash-generating unit operating Romania, was determined based on fair value less costs of disposal calculation, estimated using discounted cash-flow techniques and applying a market-based measurement. This method requires eliminating all owner specific synergies from the cash-flow projections other than those synergies that any market participant would be able to realise. The fair value measurement was categorised as a Level 3 fair value measurement hierarchy based on the inputs in the valuation technique used.

6 GOODWILL (continued)

The cash flow projections were based on the business plan estimated by the directors covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated below.

The key assumptions used in the estimation of the recoverable amount are set out in the following table. The values assigned to key assumptions and estimates used to measure the recoverable amount of the CGU Romania reflect past experience, are consistent with external sources of information and are based on management's expectations of market development. The production quantities were estimated based on past experience, represent management's best estimate of future production and reflect company's investment plans.

Sales prices were based on the long-term aluminium prices derived from available industry and market sources. Operating costs were projected based on the historical performance and adjusted for the current market conditions and inflation.

The key assumptions for the cash-generating unit operating Romania are:

Key assumptions	2022	2021
Discount rate, after-tax	12.5%	9.6%
Growth rate (average of next five years)	10.5%	4.5%
EBITDA margin (average of next five years)	15.9%	27.6%

The discount rate is the weighted-average of the cost of equity of the CGU, i.e. 13.7% (in 2021: 10.1%), calculated based on the average unlevered betas of comparable companies within the industry and of a cost of debt after tax of 3.4% (in 2021: 3.0%), using the CGU's debt leverage of 11.3% (in 2021: 7.3%).

Growth rates during the next five years are based on published industry research, directors' future expectations of economic and market conditions, the result of capital investments and anticipated efficiency improvements. The growth rate beyond the five-year period was assumed in line with the forecasted inflation, namely 2.0% (at December 31, 2021: 2.0%).

EBITDA margin is the average margin as a percentage of revenue over the five-year forecast period. It is based on the average levels experienced over the past years, with adjustments made to reflect the expected future sales volumes and price fluctuations. The variation of EBITDA comparing to last yeat is due to the fact that the Company has now a better predictability for the energy compensation to be received on an annual basis following the adoption by the Romanian Government of Emergency Ordinance no. 138/12.10.2022, which transposes the EU Guideline for the period 2021-2030 regarding the compensation of indirect emissions costs embedded in the electricity price for 2021- 2030 published in October 2022.

The most sensitive key assumptions used in impairment test of CGU Romania are the discount rate and EBITDA margin. An increase of the discount rate to 20.5% and a decrease of EBITDA margin to 11.9% applicated separately, would cause the estimated recoverable amount to be equal to the carrying amount (31 December 2021: increase to 37.7% and decrease to 11.2% respectively). Another significant key estimate used by management in the impairment assessment are represented by LME quotations used in the forecasts of sales revenues and the amount of income from government compensation for indirect emission costs. A 9.5% reduction in the forecasted LME quotations in combination with a 9.5% decrease in the forecasted income from compensation for indirect emission at Group level, would result in the recoverable amount to be equal to the carrying amount (2021: a 29% reduction in the forecasted LME quotations in combination with a 29% decrease in the forecasted income from compensation).

Global Aluminium Ltd. (SMHL)

As a result of the impairment review performed on Global Aluminium Ltd. CGU, an impairment charge of RON 5,260 thousand was recognized for the property, plant and equipment and RON 21,580 thousand for the goodwill allocated to the segment (2021: no impairment was recorded for the property, plant and equipment and goodwill).

6 GOODWILL (continued)

The recoverable amount of cash-generating unit Global Aluminium Ltd. was determined based on fair value less costs of disposal, estimated using discounted cash-flow techniques and applying a market-based measurement. Financial forecasts estimated by the directors at 31 December 2022 and 2021 cover a five-year period.

The cash flows beyond the five-year period have been extrapolated until the year 2042, when according to management estimates which are based on an independent mineral resources evaluation report, the estimated reserves (proved and probable) will be depleted at a 2.0% growth rate in line with the forecast inflation (in 2021: 2.0%), except for the terminal year when a reduced production is foreseen at the level of the remaining reserves. The after-tax discount rate of 29.3% per annum was used for the year 2023, after which the discount rate was assumed to stabilize to a 20.7% until 2027, being the estimated period of depletion for proved reserves and of 22.7% per annum thenafter for probable mineral reserves due to the higher risk or uncertainty (in 2021: 18.4% per annum until 2030 and 20.4 thenafter). The fair value measurement was categorized as a Level 3 fair value based on the inputs in the valuation technique used (see Note 33).

The key assumptions for the cash-generating unit Global Aluminium Ltd. are:

	2022	2021
Discount rate post tax	20.7% to 29.3%	18.4%
Growth rate (average of next five years)	25.4%	7.3%
EBITDA margin (average of next five years)	10.6%	17.3%

The increase in the average growth rate for next five years is due to the fact that following a significant drop in production registered started in 2021 and forecasted to continue until 2024, the management estimates an increase to a normal level of bauxite output of 1,900,000 tons per year.

The discount rate is the CGU weighted-average cost of equity of 21.2% (in 2021: 18.9%), calculated based on the average unlevered betas of comparable companies within the industry and of a cost of debt after tax of 9.1% (in 2021: 5.70%), using the CGU's debt leverage of 4.2% (in 2021: 3.7%). Growth rates during the next five years are based on the current contract with Alum reflecting the price in the market for long term contracts and on the company's intention to develop sales to third party clients.

The most sensitive key assumption used in impairment test of CGU Global Aluminium Ltd. in 2021 are the discount rate, average growth rate for the next five years and EBITDA margin (2020: the discount rate, average growth rate for the next five years and EBITDA margin).

The changes in key assumptions used in the fair value estimation, taken in isolation, would result in the following amount of additional reversal/(impairment) to the book value of CGU Global Aluminium Ltd.:

Increase/Decrease	+ 1%	- 1%
Discount rate	(2,500)	2,700
Growth rate, average of next five years	20,700	(20,200)
EBITDA margin, average of next five years	5,600	(5,600)

EBITDA margin is the average margin as a percentage of revenue over the five-year forecast period. It is based on the external analysis and the expected future sales volumes and prices, coupled with CGU's cost cutting efforts.

7 INCOME TAXES

Income tax recognised in consolidated income statement:

	Year ended December 31, 2022	Year ended December 31, 2021
Current tax		
Current tax expense for the year	4,829	22,339
	4,829	**22,339**
Deferred tax		
Origination and reversal of temporary differences	(2,001)	4,762
Reversal of previously recognised tax losses	16,574	6,888
	14,573	**11,650**
Total income tax expense/(credit) recognised in the period	**19,402**	**33,989**

Starting 2019, the Company was subject to fiscal audit from the National Agency for Fiscal Administration related to income tax and VAT transactions regarding the period 2014-2018. The fiscal inspection was finalized on May 27, 2021 and the tax authorities concluded a report with a net effect of RON 19,643 thousand on income tax, which the Company recognized as an expense in a first stage, in the category Current income tax expense, and paid within the legal time frame. Subsequently, the Company filed a tax appeal to the National Agency for Fiscal Administration against the Fiscal Inspection Report. The appeal was rejected by the National Agency for Fiscal Administration. The Company continues to defend its position by taking further steps to the Court of Law. At the moment is performed a fiscal expertise by an independent expert appointed by the Court.

Below is an analysis of the deferred tax assets / (deferred tax liabilities) presented in the consolidated statement of financial position:

	Opening balance	Recognised in profit or loss	Recognised in other comprehensive income	Translation adjustment	Closing balance
Property, plant and equipment	(9,590)	2,417	-	-	(7,173)
Inventories	1,519	(1,519)	-	-	-
Trade receivables and other current assets	535	16	-	-	551
Provisions	8,810	1,029	-	-	9,839
Loans	857	435	-	-	1,140
Retirement benefits obligations	1,667	(377)	(151)	-	1,667
Tax losses	15,413	(16,574)	-	1,161	-
Deferred tax assets/(liabilities)	**19,212**	**(14,573)**	**(151)**	**1,161**	**5,648**

The income tax expense for the year can be reconciled to the accounting profit as follows:

7 INCOME TAXES (continued)

	Year ended December 31, 2022	Year ended December 31, 2021
Result before tax	**(79,295)**	**(4,861)**
Weighted average tax rate applicable to the Group	27.40%	-18.42%
Income tax calculated with the weighted average tax rate	(21,725)	895
Effect of income that is exempt from taxation	(14)	(250)
Effect of expenses that are not deductible	6,464	4,985
Effect of utilisation of previously unrecognised tax losses	-	(1,871)
Reversal of deferred income tax related to receivables	-	10,586
Reversal of deferred tax receivables recognized in previous years for tax losses carried forward	16,574	-
Current year tax losses not recognised as deferred tax assets	18,103	-
Adjustments recognised in relation to the current tax of prior years	-	19,643
Income tax (credit)/expense reported in the statement of profit or loss	**19,402**	**33,989**

The average tax rate for the Group is the average of the tax rates payable by the companies in Romania and Sierra Leone on taxable profits under tax law in those jurisdictions (i.e. 16% in Romania and 30% in Sierra Leone), weighted by the accounting results of each Group company. Thus, the expected weighted average income tax rate for the Group is affected by the statutory income tax rates and regulations in effect and on the mix of pre-tax results of its subsidiaries in the countries where these operate, which can vary year to year.

According to the Romanian Fiscal Code, which transposes the EU Directive no. 2016/1164, issued in 2016, the exceeding borrowing costs including interest, expenses for obtaining finance and leasing, capitalized interest and foreign exchange losses above a threshold of EUR 1,000,000 per annum are deductible only up to the level of 30% of calculated fiscal EBITDA. The Company Alum incur borrowing costs related to loans obtained from banks for capital expenditure and development purposes. As these loans are expressed in foreign currency, due to the devaluation of RON against major currencies in 2022, these resulted in significant foreign exchange losses, which have limited deductibility for income tax purposes. As at 31 December 2022 the Company Alum has a balance of RON 8,073 thousand (2021: RON 5,356 thousand) of unused exceeding borrowing costs from prior years that can be carried forward indefinitely and up to 30% of yearly fiscal EBITDA be used as tax deductible expenses. As a result, the Company used an amount of RON 1,292 thousand (31 December 2021: RON 857 thousand) as deferred tax assets. These deferred tax assets on temporary non-deductible expenses related to its bank loans and borrowings were for the first time recognised in 2021.

In 2022, the effect of reversal of previously recognised tax losses of the Group represents the reversal of deferred tax asset recognized in prior years related to the tax losses of Sierra Mineral Holdings I, Ltd., due to the fact that the management has not assessed as probable that sufficient future taxable profits will be available to utilize the benefits of capitalized tax losses. Additionally, the Group has not recognized as deferred tax assets an amount of RON 18,103 thousand representing current year tax losses of Sierra Mineral Holdings I, Ltd..
The tax losses for which the deferred tax asset has not been recognized and their expiration periods are as follows:

Tax loss expiring	Gross amount	Tax
Within 1 year	85,916	-
1 - 2 years	35,195	-
2 - 5 years	-	-
10 years	59,601	-
Total	**180,712**	**-**

The losses can be carried forward and used against future taxable profits for a period of maximum 7 years in Romania and 10 years in Sierra Leone (losses used cannot exceed 50% of the taxable profits for the year in Sierra Leone).

7 INCOME TAXES (continued)

At 31 December 2022 the amount of fiscal losses carried forward from previous years amounted to RON 181,364 thousand (2021: RON 148,019 thousand), all originating from Sierra Mineral Holdings I, Ltd. In 2022, due to the loss-making position of the subsidiary and low probability that future tax profits will be available to use those tax losses, no deferred tax was recognized. In 2021 for an amount of RON 41,382 thousand the management believed there would be sufficient taxable profits in the future against which these fiscal losses could be used, therefore an amount of RON 15,413 thousand was recognised as deferred tax assets in the consolidated financial statements of the Group as at 31 December 2021. At 31 December 2021, the future taxable profits of Sierra Mineral Holdings I, Ltd. were based on financial forecasts estimated by the directors and cover a five-year period. The main assumptions used in the forecast were the average sales growth of 5.43% per annum for the next 5 years and average EBITDA margin of 13.43%. A decrease in the forecasted average sales growth by 1.0% would reduce the deferred tax assets by RON 800 thousand and a decrease of the forecasted EBITDA margin by 1.0% would reduce the deferred tax assets by RON 1,000 thousand

The Group's current income taxes assets and liabilities are the following:

	December 31, 2022	December 31, 2021
Income tax assets	1,673	1,556
Income taxes liabilities	3,572	510

8 RIGHT-OF-USE ASSETS

The Group has leasing contracts mainly for equipments and vehicles with terms of up to 5 years. There are several lease contracts that include extension and termination options for which management exercises significant judgement in determining whether these extension and termination options are reasonably certain to be exercised. The Group is restricted from assigning and subleasing the leased assets. The carrying value of the right of use assets at 31 December 2022 was RON 353 thousand (31 December 2021: RON 1,215 thousand). More details in Note 17.

Below are presented the carrying amounts of right-of-use assets recognised and the movements during the period:

Categories of right-of-use assets	***Equipment***	***Vehicles***	***Other***	***Total right-of-use assets***
Cost				
Balance at January 1, 2021	**414**	**815**	**2,184**	**3,413**
Additions	-	135	-	**135**
Balance at December 31, 2021	**414**	**950**	**2,184**	**3,548**
Additions	-	262	-	**135**
Disposals	-	(412)	(2,184)	**(2,596)**
Balance at December 31, 2022	**414**	**800**	**-**	**1,214**
Accumulated amortisation				
Balance at January 1, 2021	**(232)**	**(435)**	**(874)**	**(1,541)**
Amortisation for the year	(116)	(240)	(437)	**(793)**
Balance at December 31, 2021	**(348)**	**(675)**	**(1,311)**	**(2,334)**
Amortisation for the year	(67)	(184)	(72)	**(323)**
Accumulated amortisation of disposals of assets	-	412	1,383	**1,795**
Balance at December 31, 2022	**(414)**	**(675)**	**-**	**(861)**
Net book value				
Balance at December 31, 2021	**67**	**275**	**873**	**1,215**
Balance at December 31, 2022	**-**	**353**	**-**	**353**

8 RIGHT-OF-USE ASSETS (continued)

The following amounts were recognised in profit or loss, following the application of IFRS 16:

	Year ended December 31, 2022	Year ended December 31, 2021
Amortisation expense of right-of-use assets	323	793
Interest on lease liabilities	19	91
Expenses related to short-term leases	188	192
Total amounts recognised in profit or loss	**530**	**1,076**

9 OTHER NON-CURRENT FINANCIAL ASSETS

	December 31, 2022	December 31, 2021
Other non-current financial assets	910	-
Total	**910**	**-**

Other non-current assets include the cash deposits, according to the environmental regulations, on the requirement of the Environmental Fund Management, during the period of service of the waste landfills, representing the equivalent value of the costs for the closure works and after-closure monitoring of the Alum Company's waste dump, as well as the environmental financial guarantee, attesting that the Company Alum has enough financial resources to cover the potential costs which occur during the waste deposit activity.

10 INVENTORIES

	December 31, 2022	December 31, 2021
Raw materials	39,255	63,780
Consumables	45,051	44,136
Finished goods	28,483	22,364
Work in progress	64,108	65,526
Semi-finished goods	20,876	13,001
Other inventory	36,468	231
Allowance for consumables	(18,376)	(11,775)
Total	**215,865**	**197,263**

The unstable economic environment, the record levels of inflation, the increase in energy and fuel prices, but also the increase in raw material costs have determined the Group to take the decision to temporarily suspend the alumina production, continuing its operations by acquisition of calcined alumina from independent entities in the purpose of reselling it to the Alro.

The category Other inventory includes calcined alumina purchased from third parties in transit at 31 December 2022 (31 December 2021: nil).

10 INVENTORIES (continued)

The movement in the allowance for slow-moving and obsolete inventories is presented below:

	2022	2021
Balance at beginning of the year	11,775	10,648
Change during the year	5,964	71
Reversal during the year	-	(31)
Translation adjustment	638	1,087
Balance at end of the year	**18,376**	**11,775**

The value of the expensed inventories in 2022 is of RON 246,026 thousand (2021: RON 295,645 thousand). The value of inventories pledged for securing the Group's borrowings amounts to a total RON 175,639 thousand (December 31, 2021: RON 170,078 thousand).

11 TRADE RECEIVABLES

	December 31, 2022	December 31, 2021
Foreign trade receivables	1,665	115
Domestic trade receivables	9,366	39,388
Allowance for receivables impairment	(3,502)	(3,371)
Total receivables	**7,529**	**36,132**

There is one customer representing individually more than 10% of the total balance of trade receivables as at December 31, 2022 (December 31, 2021: 2 customers).

Movement in the allowance for impairment of trade receivables is as follows:

	December 31, 2022	December 31, 2021
Balance at beginning of the year	3,371	257
Charge in the current year	131	3,153
Release in the current year	-	(42)
Translation adjustment	-	2
Balance at end of the year	**3,502**	**3,371**

The amount of the provisions for receivables on December 31, 2022 is RON 3,502 thousand (31 December 2021: RON 3,371 thousand), of which RON 3,153 thousand represents the provision for receivables from Vimetco Power Romania (related party, see Note 30).

The Group has established a provision matrix that is based on the Group’s historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the customer from the date the credit was initially granted up to the reporting date and adjusted for forward-looking factors specific to the debtors and the economic environment. Accordingly, the Group's management believes that there is no further credit provision required in excess of the allowance for doubtful receivables already provided for.

11 TRADE RECEIVABLES (continued)

In the table below is an analysis of the trade receivables as at December 31, 2022 and December 31, 2021:

	December 31, 2022	December 31, 2021
Not past due and not impaired	5,410	3,405
Past due but not impaired	2,119	32,727
Past due more than 1 month and impaired	2	33
Past due more than 3 months and impaired	42	9
Past due more than 9 months and impaired	3,458	3,370
Less: Allowance for doubtful receivables	(3,502)	(3,371)
Total	**7,529**	**36,132**

Receivables matured, for which impairment adjustments at reporting date were set, are shown below:

	December 31, 2022	December 31, 2021
Less than 3 months	475	32,623
3 months to 6 months	1,632	2
6 months to 9 months	-	-
More than 9 months	12	102
Total trade receivables past due but not impaired	**2,119**	**32,727**

These relate to a number of independent customers or affiliates, for which there is no recent history of default. Refer also to Note 33 for further details.

A part of the Group's receivables (RON 5,036 thousand at December 31, 2022 (RON 33,230 thousand at December 31, 2021) are pledged to secure the loans obtained from banks.

The Group sell a part of trade receivables under the existing factoring agreement on a non-recourse basis, so that the risks and rewards related to the receivables are substantially transferred to the factor and as a result the receivables sold are derecognised at the transfer date, and the factoring fees and related finance costs are recognised at their payment date.

Caps available under factoring agreements:

	December 31, 2022	December 31, 2021
Factoring caps amounts available, of which:	4,947	14,844
Factoring amounts utilised	178	2,175

12 OTHER CURRENT ASSETS

	December 31, 2022	December 31, 2021
VAT recoverable	28	85
Other debtors	1,317	6,291
Impairment allowance for doubtful receivables	(121)	(121)
Total other current assets	**1,224**	**6,255**

12 OTHER CURRENT ASSETS (continued)

The movement in the allowance for other doubtful receivables is as follows:

	December 31, 2022	December 31, 2021
Balance at beginning of the year	121	121
Charge in the year	-	-
Released in the year	-	-
Translation adjustment	-	-
Balance at end of the year	**121**	**121**

The comparative figures as of 31 December 2021 were reclassified in accordance with the presentation adopted in 2022. The amount of RON 4,430 thousand representing Advances to suppliers and Prepayments, which were reported at 31 December 2021 under the category Other current assets are now presented separately under Other current non-financial assets category. For further details, please see also Note 2.

13 OTHER CURRENT NON-FINANCIAL ASSETS

	December 31, 2022	December 31, 2021
Advances to suppliers	874	2,328
Prepayments	1,611	2,102
Other debtors	12,369	-
Total other current assets	**14,854**	**4,430**

The comparative figures as of 31 December 2021 were reclassified in accordance with the presentation adopted in 2022. The amount of RON 4,430 thousand which were reported at 31 December 2021 under the category Other current assets are now presented separately under Other current non-financial assets category. See also Note 12.
The category Other debtors includes input goods and services tax regarding acquisitions of goods and services from local suppliers recorded by SMHL in 2022.

14 CASH AND CASH EQUIVALENTS

Cash and cash equivalents can be analysed as follows:

	December 31, 2022	December 31, 2021
Bank accounts in RON	1,032	283
Bank accounts in foreign currency	1,977	2,936
Cash on hand in RON	13	40
Cash equivalents	5	4
Total cash and cash equivalents	**3,027**	**3,263**

	December 31, 2022	December 31, 2021
Restricted cash	35,815	111

14 CASH AND CASH EQUIVALENTS (continued)

Restricted cash represents cash collateral deposited at banks with the purpose of issuing letters of credit for acquiring raw materials and equipment and with the purpose of maintaining a required level of liquidity in respect of interest payable on its borrowings.

At 31 December 2022 the restricted cash of the Company includes the amount of RON 35,768 thousand and consists of a cash collateral at banks for issuing letters of credit for the acquisition of calcined alumina from third parties.

Also, as of December 31, 2022 all current bank accounts opened by the Company Alum, as well as all the amounts of money in their balance or by which such bank accounts are credited at a certain moment (subject to certain exceptions) are pledged to secure the borrowings contracted by the Entity. (2022: RON 2,717 thousand; 2021: RON 587 thousand).

15 ISSUED CAPITAL

The statutory share capital as of December 31, 2022 and December 31, 2021 is in amount of RON 488,412,908 representing 82,086,203 shares having a nominal value of RON 5.95 per share.

	Statutory figures					
	December 31, 2022			December 31, 2021		
SHAREHOLDERS	Number of shares	Nominal value RON (thousand)	%	Number of shares	Nominal value RON (thousand)	%
ALRO SA	81,595,860	485,495	99.4026	81,595,860	485,495	99.4026
Individuals	472,054	2,809	0.5751	472,647	2,812	0.5758
Companies	18,289	109	0.0223	17,696	105	0.0216
Total	**82,086,203**	**488,413**	**100%**	**82,086,203**	**488,413**	**100%**

The major shareholder of Alum S.A. is Alro S.A. owned by Vimetco PLC, Cyprus. The Company's ultimate controlling entity is Maxon Limited (Bermuda).

16 RESERVES

	December 31, 2022	December 31, 2021
Legal reserve	20,390	20,390
Other reserves	20,613	23,135
Total reserves	**41,003**	**43,525**

The legal reserve is made up at 20% of the issued and paid shared capital of the Company, according to the regulations in force, it is not distributable and its utilisation is strictly regulated by the laws.

Other reserves include mainly amounts that were generated by statutory revaluation of fixed assets of Alum before adopting IFRS.

17 LOANS AND LEASES

	December 31, 2022	December 31, 2021
Long-term loans		
Long-term loans (see also Note 28)	3,063	21,259
Total loans, non-current	**3,063**	**21,259**
Lease liabilities	239	606
Total long-term loans and leases	**3,302**	**21,865**
Short-term loans		
Short-term loans	15,300	12,763
Short-term portion of long-term loans	19,692	34,046
Short-term loans, total	**34,992**	**46,809**
Lease liabilities	118	637
Total short-term loans and leases	**35,110**	**47,446**
Total loans and leases	**38,412**	**69,311**

On May 17, 2018, Alum concluded a loan agreement in amounting to USD 20 million with Black Sea Trade and Development Bank and a loan agreement of USD 5 million with Garanti Bank Romania. The scope of these loan facilities covers the Company's investments, and they will be repaid in seven half-yearly instalments with a grace period of two years. As of 31 December 2022, the balance of the loans was of USD 3,571 thousand (31 December 2021: USD 10,714 thousand).

The bank borrowings of the Group will mature in 2023. In 2022, the interest rates ranged between 3.25% and 8.7% (2021: 3.25% - 3.76%).
For the exposure of the Group's borrowings to interest rate, please refer to Note 33.

According to the existing borrowing agreements the Group is subject to certain restrictive covenants. These covenants require the Group, among other things, to maintain a minimum or maximum level for certain financial ratios, including: financial debt to EBITDA and current ratio.

At 31 December 2022, the Company Alum fell within the covenants in respect of its loans.

In February 2021, the Company Alum signed a loan agreement with Garanti Bank Romania, for a limit of USD 3,000 thousand, to be used for working capital needs of the company both cash and non-cash. At 31 December 2022 the drawn amount from the revolving facility was RON 13,533 thousand, i.e. the equivalent of USD 2,920 thousand (31 December 2021: RON 12,762 thousand, i.e. the equivalent of USD 2,920 thousand), and another amount of RON 337 thousand (USD 73 thousand) (31 December 2021: RON 337 thousand (USD 77 thousand)) was used under the non-cash portion of the facility for letter of bank guarantee. The loan agreement was supplemented with a non-revolving facility in amount of USD 2,000 thousand in December 2021 to be used for financing working capital needs, and which has the maturity in December 2024. As of 31 December 2022, the balance of the loan was of USD 1,333 thousand (31 December 2021: USD 2,000 thousand).

The Group subsidiary Sierra Leone has a line of credit from Sierra Leone Commercial Bank, in SLE, equivalent to 400,000 USD at an interest rate of 19% per year. In 2022, the line of credit increased to USD 615 thousand and was extended until May 2023 at same interest rate of 19%. As at December 31, 2022 the Group subsidiary Sierra Leone had the amount of USD 239 thousand undrawn and available from the line of credit (2021: the amount of USD 400 thousand was undrawn and available).

The Group borrowings are secured with accounts receivable amounting to RON 5,036 thousand (2021: RON 33,230 thousand), with current account opened with the banks amounting to RON 2,717 thousand (see Note 14) (2021: RON 587 thousand), with property, plant and equipment (land, buildings, equipment) with a net book value of RON 161,424 thousand (2021: RON 151,910 thousand) and with inventories of RON 175,639 thousand (2021: RON 170,078 thousand).

17 LOANS AND LEASES (continued)

The Group have estimated that the fair value of the borrowings and the leases equals their carrying amount, mainly due to the fact that the long-term loans have variable interest and the bank margins are similar with those for the recently contracted bank loans. Their fair value belongs to the level 3 of the fair value measurement hierarchy.

The carrying amounts of the Group's bank borrowings are denominated in the following currencies:

	December 31, 2022	December 31, 2021
RON	-	-
USD	36,312	68,068
EUR	-	-
SLE	1,743	-
Total	**38,055**	**68,068**

Changes in liabilities arising from financing activities of the Group:

	Bank loans	Finance leases
Balance at January 1, 2022	**68,068**	**1,243**
New contracts	1,764	262
Cash outflows	(36,458)	(269)
Interest expense	3,935	19
Interest paid	(3,693)	(19)
Interest capitalised	-	-
Translation adjustments and exchange rate differences	4,439	(879)
Balance at December 31, 2022	**38,055**	**357**

	Bank loans	Finance leases
Balance at January 1, 2021	**71,845**	**1,793**
New contracts	20,799	135
Cash outflows	(32,063)	(694)
Interest expense	3,198	91
Interest paid	(2,895)	(91)
Interest capitalised	-	-
Translation adjustments and exchange rate differences	7,184	9
Balance at December 31, 2021	**68,068**	**1,243**

18 RETIREMENT BENEFIT OBLIGATION

The Group recognised employment benefits expenses representing salaries and other staff costs as follows:

	2022	2021
Salaries and other staff costs	91,759	105,095

Defined contribution plans

The employees of the Group are members of the state-managed retirement benefit plans in the countries where the Group is operating and in Romania they can subscribe also to private pension funds. The Group contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit plan is to make the specified contributions during the period of employment of the respective employees.

18 RETIREMENT BENEFIT OBLIGATION (continued)

The only obligation of the Group with respect to the retirement benefit plan is to make the specific contributions during the period of employment of the respective employees.

The Group has made payments to an optional defined contribution pension plan for the benefit of its employees that have rendered service to the Group during the period. The defined contribution plan is managed by separate entities and the contribution made by the Group was in the form of fixed amounts per employee, paid monthly.

The Group recognised the liability undiscounted (accrued expense) at the reporting date after deducting any contribution already paid, and the expense incurred during the year, the Group's legal and constructive obligation being limited to the amounts that it contributes to the fund.

Contributions to defined contributions plans

	December 31, 2022	December 31, 2021
Social insurance costs	389	445
Other defined contributions pension plans	932	1,119

Defined benefits plans

According to the Collective Labour Agreement of the Company, when retiring due to age or disease, the employees benefit from a retirement bonus which is computed based on the number of years worked in the Group.

The most recent actuarial valuation of the present value of the defined benefit obligation were carried out at December 31, 2022 by an independent specialist. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

For Alum, the principal assumptions used for the purposes of the actuarial valuations were as follows:

	December 31, 2022	December 31, 2021
Expected rate of salary increase (%)	5.20	4.30
Discount rate (%)	8.30	5.00
Expected inflation rate (%)	4.10	2.90

For Sierra Mineral Holdings 1, Ltd, the principal assumptions used for the purposes of the actuarial valuations were as follows:

	December 31, 2022	December 31, 2021
Expected rate of salary increase (%)	8.50	7.10
Discount rate (%)	10.78	10.12
Expected inflation rate (%)	10.30	8.00

Amounts recognised in profit or loss in respect of these defined benefit plans are as follows:

	2022	2021
Current service cost	532	1,096
Interest on post-employment obligation	434	416
Total	**966**	**1,512**

The expense on current service cost for the reporting year is included in the statement of profit or loss and other comprehensive income as Cost of goods sold (2022: RON 419 thousand, 2021: RON 882 thousand) and Administrative expenses (2022: RON 113 thousand, 2021: RON 214 thousand), and interest cost on obligation as Interest expense.

18 RETIREMENT BENEFIT OBLIGATION (continued)

The past service cost is recorded in the statement of profit or loss and other comprehensive income as Cost of goods sold (2022: RON (1,619) thousand, 2021: nil) and Administrative expenses (2022: RON (349) thousand, 2021: nil).

The movement of the present value of the obligation regarding the determined benefits was the following:

	2022	2021
Balance at January 1	**7,899**	**8,041**
Included in profit or loss:		
Current service cost	532	1,096
Past service cost	(1,968)	-
Interest on post-employment obligation	434	416
Included in comprehensive income:		
Actuarial changes from demographic assumptions	(72)	(12)
Actuarial changes from financial assumptions	(732)	(1,253)
Actuarial changes from experience adjustments	120	391
Benefits paid	(552)	(777)
Translation adjustment	(949)	(3)
Balance at December 31	**4,711**	**7,899**

Significant variables for the determination of defined benefit provision are: discount rate, estimated salary increase rate and inflation rate. The sensitivity analysis below has been determined based on reasonably possible changes of the respective variables occurring at the end of the reporting period, while holding all other variables constant:

Post-employment benefit obligation change

	2022	2021
Discount rate +1%	4,365	7,031
Discount rate -1%	5,185	8,604
Estimated salary increase rate +1%	5,213	8,615
Estimated salary increase rate -1%	4,335	7,009
Longevity +1 year	4,723	7,714
Longevity -1 year	4,773	7,815
Employee turnover rate +0.5%	4,722	7,684
Employee turnover rate -0.5%	7,776	7,837

The sensitivity analyses above have been performed based on methods that extrapolate the impact on net defined benefit provision as a result of reasonable changes in key variables analysed at the end of the reporting period.

The Group expects to make a payment of RON 364 thousand from the defined benefit obligation in the next financial year (at December 31, 2021 the estimations were of RON 506 thousand). The weighted average duration of defined benefit obligation is 14.4 years for Alum and 17.9 years for Sierra Mineral Holdings 1, Ltd (in 2021: 15.2 years for Alum and 19.2 years for Sierra Mineral Holdings 1, Ltd).

The following information relates to the maturity profile of the defined benefit obligation at December 31, 2022:

Maturity analysis of future defined benefit payments	Post-employment benefits	Death-in-service benefits	Total
Within 1 year	231	127	**358**
1 - 2 years	237	150	**387**
2 - 5 years	1,336	597	**1,932**
5 - 10 years	3,889	1,515	**5,404**
Over 10 years	28,795	5,920	**34,715**

19 PROVISIONS

The provision recorded as of December 31, 2022 relates to the expected site restoration expenses in respect of the bauxite mine operated by Sierra Mineral Holdings I Ltd and Alum's waste dump (red mud lake) closing expenses.
Alum S.A. makes full provision for the future cost of decommissioning and rehabilitating the storage facilities for residual product (red mud) on a discounted basis. The rehabilitation provision represents the present value of rehabilitation costs relating to the site, which are expected to be incurred up to 2027, which is when the storage on the site should be either closed or significantly extended.

SMHL recognizes in full the provision for the future costs of rehabilitating the environment disturbed as a result of the mining activities.
SMHL recorded the provision based on technical assessment to restore and rehabilitate the affected mining areas for the related costs required to be incurred. The technical assessment was performed by an external valuation expert, provision started in 2014. and unwinding of the discount of RON 751 thousand is recognised in the current year (2021: RON 637 thousand).

The provisions are based on the estimation of expenses necessary to perform the restauration works at the time when they are expected to be incurred, discounted to their present value at 31 December 2022 and are related to: the red mud lake in Alum: RON 23,919 thousand, the rehabilitation of the premises of the bauxite mine in Sierra Leone: RON 16,550 thousand (31 December 2021: the red mud lake in Alum: RON 25,842 thousand, the rehabilitation of the premises of the bauxite mine in Sierra Leone: RON 14,908 thousand).

The Group estimates that the costs would be incurred in 5 - 40 years' time (31 December 2021: 4 - 40 years' time) and calculates the provisions using the DCF method based on the following assumptions: estimated range of cost: RON 64 per square meter in Romania and USD 6 per square meter in Sierra Leone, and discount rates of 7.08% for Romania and 4.7% for Sierra Leone (31 December 2021: RON 64 per square meter in Romania, USD 6 per square meter in Sierra Leone, and discount rates of 3.96% for Romania and 4.7% for Sierra Leone).

The provisions for employees compensation are recognized by the Group basically in accordance with the Collective Labour Agreements. In 2022, the Company analysed the financial results for the period and decided not to book a provision for this period.

According to The Greenhouse Gas Emissions Monitoring Report for 2022, the Company Alum must submit to the authorities a number of 65,752 CO2 emission certificates. Considering that on December 31, 2022 the Company holds a number of 34,853 CO2 emission certificates, a provision was established for the difference of 30,899 CO2 certificates at a quotation of EURO 77.5 / certificate (RON 11,847 thousand) (31 December 2021: RON 1,274 thousand). See also Note 27 Other operating expenses.

	January 1, 2021	Additional provisions recognised	Utilisation of provisions	Reversal of provisions	Interest expense	Translation adjustments	December 31, 2021
Land restoration	12.921	-	-	-	637	1.350	14.908
Alum waste dump rehabilitation	23.153	2.298	-	-	391		25.842
Employees remuneration	3.745	-	(3.081)	(664)	-		-
CO2 emission certificates	-	1.274	-	-	-		1.274
Total provisions	**39.819**	**3.572**	**(3.081)**	**(664)**	**2.378**	**1.350**	**42.024**
Total long-term provision	36.074	2.298	-	-	2.378	1.350	40.750
Short-term provision	3.745	1.274	(3.081)	(664)	-	-	1.274

19 PROVISIONS (continued)

	January 1, 2022	Additional provisions recognised	Utilisation of provisions	Reversal of provisions	Interest expense	Translation adjustments	December 31, 2022
Land restoration	14,908	-	-	-	751	891	16,550
Alum waste dump rehabilitation	25,842	-	-	(2,948)	1,025	-	23,919
Employees remuneration	-	-	-	-	-	-	-
CO2 emission certificates	1,274	11,847	(1,274)	-	-	-	11,847
Fines and penalties	-	2,628	-	-	-	(33)	2,595
Total provisions	**42,024**	**14,475**	**(1,274)**	**(2,948)**	**1,776**	**858**	**54,911**
Total long-term provision	40,750	-	-	(2,948)	1,776	891	40,469
Short-term provision	1,274	14,475	(1,274)	-	-	(33)	14,442

20 SUBSIDIES

	2022	2021
Balance as of January 1	**4,577**	**4,956**
Increases during the year	-	-
Revenues recorded during the year in the statement of comprehensive income	(379)	(379)
Balance as of December 31	**4,198**	**4,577**
Out of which:		
Current	379	379
Non-current	3,819	4,198

Under financing contract signed on September 8, 2016, Alum launched a project (SMIS 2014+) co-financed under the European Regional Development through Operational Program of Competitiveness 2014-2020 " Investing in Sustainable Development ".

The equipment purchased within these investment projects were put into operation in 2019 and the subsidies received are recognised as income on a straight-line basis during the useful life of the equipment.

Income from subsidies amounting to RON 379 thousand (2021: RON 379 thousand) represents the portion of the above-mentioned subsidies, as well as of subsidies received in the previous years for equipment, recognised as income through profit and loss during the year. The income recognised during the year in the Statement of profit or loss of the Group is included in the category Other operating income (refer to Note 23).

The only achievement indicator to be pursued by the end of the project, i.e., the number of staff in the R & D department that needed to be increased by 16 people by March 8, 2019, was achieved.

At the end of the project, certain result indicators must also be achieved, i.e., turnover (RON 605,225 thousand) and market share (1.26%). These indicators are reported annually, only to inform the Managing Authority, but their achievement / failure to achieve is verified with the appropriate consequences only at the end of the sustainability period, i.e. in 2024. As at December 31, 2022 there are no contingent liabilities attached to these subsidies.

21 TRADE AND OTHER PAYABLES

	December 31, 2022	December 31, 2021
Foreign trade and other payables	38,204	11,076
Domestic trade and other payables	44,911	47,647
Accrued trade and other payables	1,395	1,955
Total	**84,510**	**60,498**

Details regarding the Group transactions with the related parties are presented in Note 30.

Domestic trade payables are payables towards suppliers located in the countries where the Group operates (in Romania and Sierra Leone, respectively).

The Foreign trade payables category contains the amount of RON 35,768 thousand, which represents the purchase of imported alumina from third parties for which a letter of credit was opened on December 31, 2022. See also Note 14 Cash and cash equivalents.

22 OTHER CURRENT LIABILITIES

	December 31, 2022	December 31, 2021
Wages and social security taxes	7,540	5,733
Tax on salaries	339	435
Other taxes and duties	19,151	3,110
Dividends payable	5	5
VAT payable	7,408	3,292
Other	186	162
Total	**34,629**	**12,737**

At December 31, 2022, the category Other taxes includes the taxes that the Sierra Mineral Holding subsidiary owes, respectively input goods and services tax regarding acquisitions of goods and services from local suppliers in the amount of RON 11,123 thousand, the Royalty tax (3% of turnover) in amount of RON 5,677 thousand and customs duties in the amount of RON 2,345 thousand.

23 REVENUES FROM CONTRACTS WITH CUSTOMERS

	Year ended December 31, 2022	Year ended December 31, 2021
Revenues from sales of alumina	497,443	805,654
Revenues from sales of bauxite	126,556	-
Revenues from sales of fuel (SMHL)	15,765	14,851
Other revenues	2,328	2,963
Total	**642,092**	**823,468**

In 2022, revenues from sale of alumina were influenced by the temporary suspension of alumina production starting in August 2022. The Company Alum continues to carry out certain activities such as maintenance and upgrading works, R&D activities and it still generates revenue as it purchases alumina from the market at an optimized cost and sells it to Alro, in order to fulfill the internal requirement in the Primary Aluminium segment.

23 REVENUES FROM CONTRACTS WITH CUSTOMERS (continued)

Following the suspension of production activity in Alum in 2022 SMHL had to re-orientate its sales and explore potential additional sales opportunities for the spare capacity of the mine, which led to obtaining revenues from sales of bauxite to third parties in amount of RON 126,556 thousand.

Contract liabilities

The balance of RON 39,496 thousand existing at 31 December 2022 under Contract liabilities will be recognized in 2023 from performance obligations that will be satisfied. See also Note 30 Related party transactions.

24 COST OF SALES

In 2022, the Group recognized employment benefits expenses representing salaries and other staff costs of RON 91,759 thousand (in 2021: RON 105,095 thousand) in the Statement of profit or loss.

	Year ended December 31, 2022	Year ended December 31, 2021
Energy, water and gas	202,419	244,407
Raw materials	98,433	238,332
Staff costs	34,409	62,402
Other staff costs	3,714	6,281
Consumables	49,857	50,258
Amortisation and depreciation	30,265	40,183
Third party services	12,126	14,095
Repairs	2,574	5,465
Transportation costs	73,139	46,874
Packing	569	2,045
Fuel (SMHL)	14,598	13,646
Taxes (SMHL)	8,601	12,106
Merchandises	75,931	
Other	3,739	6,271
(Decrease)/increase in allowances for slow moving and obsolete inventories	5,964	40
Total	**616,338**	**742,405**

The decrease in expenses was generated by the temporary suspension of alumina production. In the category Merchandise were recorded the expenses related to calcined alumina purchased from third parties and sold to Alro (2021: nil).

25 OTHER OPERATING REVENUES / INCOME

	Note	Year ended December 31, 2022	Year ended December 31, 2021
Income from subsidies	**20**	379	379
Income from sale of unused CO2 emission certificates		52,178	-
Income from unused provision reversals	**19**	-	664
Income from claims and penalties		549	1,982
Other income		5,649	2,655
Total		**58,755**	**5,679**

25 OTHER OPERATING REVENUES / INCOME (continued)

In 2022, the Income from subsidies category includes an amount of RON 379 thousand (in 2021: RON 379 thousand) representing government subsidies from EU funds received by the Company for purchasing equipment for the research and development activities. The subsidies are recognized as income on a straight-line basis during the useful life of the equipment for which they were received. For further details, also see Note 20 Subsidies.

In 2022, the Group sold CO2 emission certificates of RON 52,1785 thousand and included them under Income from sale of emission certificates, benefiting from the increase in the price of CO2 emission certificates (2021: nil). The Group was in the position to have a surplus of emission certificates as it made numerous efforts to invest in energy efficiency in the latest years.

In other revenues are included, mainly, revenues from sale of electricity for the City Hall equipment that assures the town heating, demurrage for bauxite loading/unloading and rent, as well as from revenues resulting from the reversal of the provision recorded on December 31, 2021 for CO2 emission certificates (RON 1,274 thousand).

26 GENERAL AND ADMINISTRATIVE EXPENSES

	Year ended December 31, 2022	Year ended December 31, 2021
Energy, water and gas	170	59
Consumables expenses	6,638	5,010
Staff costs	25,844	30,556
Staff restructuring expenses	-	279
Consulting	2,973	3,793
Third party services	13,824	15,386
Amortisation and depreciation	2,701	2,767
Research and development costs	2,486	2,814
Taxes and duties	1,836	2,245
Other staff costs	5,490	5,473
Insurance premiums	2,110	1,803
Commissions and fees	838	616
Other	5,392	6,253
Change in allowance for doubtful receivables	131	3,111
Total	**70,433**	**80,165**

In 2022 the Company Alum recognized research and development costs of RON 2,486 thousand (in 2021: RON 2,814 thousand) after the placing into operation in the beginning of 2019 of the equipments under the EU funded project for the project for the research of aluminium hydroxide technology (dry and wet). The target of these projects is to increase the level of innovation and market competitiveness of the Company, while expanding the products portfolio to include new products.

For more details regarding the movement in allowance, see Note 11.

27 OTHER OPERATING EXPENSES

	Year ended December 31, 2022	Year ended December 31, 2021
Idle plants depreciation expenses	10,220	-
Impairment of property, plant and equipment	5,319	5,554
Provision for CO2 emission certificates	11,847	1,274
Staff restructuring expenses	8,703	-
Costs in relation to the suspension of its production activity	6,135	-
Costs following the suspension of the production activity	15,048	-
Other operating expenses	8,050	5,296
Total	**65,322**	**12,124**

In 2022, in the category Idle plants depreciation expenses is included the depreciation incurred by the Company on temporarily idled production facilities, mainly caused by the suspension of the alumina production starting with August 2022.

As a result of the impairment review carried out by Alum's Company, it was determined that the recoverable value of property, plant and equipment was not materially different from its carrying value, therefore no impairment was recognized as at 31 December 2022 (31 December 2021: an impairment charge of RON 5,532 thousand was recorded for the property, plant and equipment of alumina cash-generating unit) (see Note 4).

As a result of the impairment review performed by SMHL, an impairment charge of RON 5,260 thousand was recognized for the capital assets in progress as at 31 December 2022 (31 December 2021: no impairment was recorded for the property, plant and equipment of SMHL). For more details regarding the impairment test carried out by the management of SMHL and the estimates used, please refer to the Note 6.

At 31 December 2022 the Company Alum recorded a provision of 30,899 CO2 certificates at a quotation of EUR 77.5 / certificate (RON 11,847 thousand). More details are presented in Note 19.

Details of the costs following the suspension of production activity is presented in the table below:

Energie, apă și gaz	2,285
Costuri de personal	11,006
Consumabile	991
Servicii de la terți	268
Reparatii	290
Alte cheltuieli	208
Total	**15,048**

In 2022 the category Other expenses penalties for noncompliance with the estimated consumption for electricity and gas and penalties charged by shipping companies for excess/shortage in idle time spent at bauxite loading/unloading (2022: RON 1,592 thousand; 2021: RON 5,296 thousand).

28 FINANCIAL RESULTS, NET

	Year ended December 31, 2022	Year ended December 31, 2021
Interest income	1	-
Other financial income	8	22
Interest expense	(6,164)	(4.733)
Interest on loans	(3,954)	(3,289)
Interest from discounting provisions	(1,776)	(1,028)
Interest on post-retirement benefits	(434)	(416)
Bank commissions	(956)	(678)
Commission expenses in relation with factoring agreements	(49)	(350)
Exchange rate differences, net	667	8,144
Total	**(6,493)**	**2,405**

Interest expense in amount of RON 3,954 thousand (in 2021: RON 3,289 thousand) represented transaction costs on loans, which are recognized during the period as interest expense based on the effective interest rate method. The cash effectively paid as transaction costs in 2022 for loans was of RON 3,712 thousand and it is included in the Statement of cash flow under Interest paid (in 2021: RON 3,048 thousand).

The category Bank commissions includes the commissions paid by the Company for issuing letters of credit for the acquisition of calcined alumina from third parties. (2022: RON 202 thousand; 2021: nil).

29 EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the profit attributable to the owners of the Company by the weighted average number of outstanding ordinary shares during the year.

	Year ended December 31, 2022	Year ended December 31, 2021
Loss attributable to the owners of the Company	(98,697)	(38,850)
Weighted average number of ordinary shares	82,086	82,086
Average losses per share (RON/share)	(1.20)	(0.47)
Dividends paid per share (RON/share)	-	-

There are no equity instruments or share options in place as at December 31, 2022 and as at December 31, 2021 that could potentially dilute the basic earnings per share.

30 RELATED PARTY TRANSACTIONS

Details of transactions between the Group and other related parties are disclosed below.

The main related parties the Group has recorded transactions with in 2022 and 2021 are: Alro S.A., Conef Gaz S.R.L., Vimetco Management Romania S.R.L, Centru Rivergate S.R.L., Rivergate Fire S.R.L, Vimetco Extrusion. These related party entities have the same ultimate shareholder as the companies of the Group.

Related party	Related party type	Transaction type
Alro S.A.	Shareholder	Sales/purchases of goods/services
Vimetco Management Romania S.R.L.	Joint control	Purchases of goods/ services
Vimetco Extrusion	Joint control	Sales/purchases of goods
Conef Gaz S.R.L.	Joint control	Purchases of goods
Centru Rivergate	Joint control	Sales/purchases of goods/services
Rivergate Fire	Joint control	Sales/purchases of goods/services

30 RELATED PARTY TRANSACTIONS (continued)

Purchases of goods and services	Year ended December 31, 2022	Year ended December 31, 2021
Vimetco Management Romania SRL	1,618	1,005
Alro SA (goods, services)	49,848	41,787
Conef Gaz SRL (natural gas)	164,414	209,450
Centrul Rivergate SRL	3,998	3,930
Rivergate Fire SRL	3,676	3,2715
Total	**223,554**	**259,887**

Sales of goods and services	Year ended December 31, 2022	Year ended December 31, 2021
Vimetco Extrusion	1	3
Alro SA (goods, services)	456,902	651,811
Centru Rivergate SRL	38	38
Total	**456,942**	**651,852**

Trade and other receivables	December 31, 2022	December 31, 2021
Vimetco Power Romania SRL	3,153	3,153
Alro SA - receivables	5,036	33,128
Alro SA - advances	164	
Conef Gaz SRL	-	2,173
Centru Rivergate SRL	4	4
Total	**8,357**	**38,458**

The Company recorded a provision in amount of RON 3,153 thousand for receivables from Vimetco Power Romania. See Note 11 Trade receivables.

Trade and other payables	December 31, 2022	December 31, 2021
Alro S.A. - payables	976	5,244
Alro SA – advances (Note 23)	39,460	-
Vimetco Management Romania SRL	135	123
Centru Rivergate SRL	388	777
Rivergate Fire SRL	360	720
Conef Gaz SRL	-	-
Total	**41,319**	**6,864**

Remuneration of directors

The remuneration (including social security contributions) of directors and other members of management personnel during the year was in amount of RON 14,917 thousand (2021: RON 17,611 thousand).

31 SEGMENT INFORMATION

For management reporting purposes, the Group is organised on a vertically integrated basis into two major operating divisions – bauxite and alumina. The divisions are the basis on which the Group reports its primary segment information. The bauxite segment produces bauxite – principal raw material for producing alumina. The alumina segment produces calcined alumina - principal raw material for aluminium production. The bauxite mine is located in Sierra Leone and the alumina plant in Tulcea, Romania. Other operations include services providing to parent, subsidiaries and external customers.

Segment revenues and results for the year ended December 31, 2022 were as follows:

	Bauxite	Alumina	Elimination of inter-segment transactions	Consolidated
External sales	142,322	499,770	-	642,092
Inter-segment sales	24,240	-	(24,240)	-
Total segment revenues (external sales +inter-segment sales)	166,562	499,770	(24,240)	642,092
Total segment cost of sales	(196,697)	(453,362)	33,726	(616,333)
Segment result (gross profit)	**(30,134)**	**46,407**	**9,486**	**25,759**
Administrative expenses	(39,073)	(31,360)	-	(70,433)
Other operating income & expenses, net	(7,566)	(149,232)	128,670	(28,128)
Operating result (EBIT)	**(76,773)**	**(134,185)**	**138,156**	**(72,802)**
Total depreciation, amortization and impairment	26,610	152,269	(128,670)	50,209
Impairment of goodwill	21,580	-	-	21,580
EBITDA	**(28,583)**	**18,084**	**9,486**	**(1,013)**
Financial expenses				(7,169)
Financial revenues				9
Net foreign exchange gains / (losses)				667
Income tax				(19,402)
Loss for the year				**(98,697)**

The amount of RON 9,486 thousand, representing inter-segment transactions, is now included in the category "Inter-segment transactions and others ", and eliminated in the category "Cost of revenues".

31 SEGMENT INFORMATION (CONTINUED)

Segment revenues and results for the year ended December 31, 2021 were as follows:

	Bauxite	Alumina	Elimination of inter-segment transactions	Consolidated
External sales	14,849	808,619	-	823,468
Inter-segment sales	198,214	-	(198,214)	-
Total segment revenues (external sales +inter-segment sales)	213,063	808,619	(198,214)	823,468
Total segment cost of sales	(160,550)	(778,100)	196,245	(742,405)
Segment result (gross profit)	**52,513**	**30,519**	**(1,969)**	**81,063**
Administrative expenses	(39,397)	(40,769)	-	(80,165)
Other operating income & expenses, net	(9,848)	1,684	-	(8,164)
Operating result (EBIT)	**3,268**	**(8,565)**	**(1,969)**	**(7,266)**
Total depreciation, amortization and impairment	21,269	30,689	-	51,958
Impairment of goodwill	-	-	-	-
EBITDA	**24,537**	**22,124**	**(1,969)**	**44,692**
Financial expenses				(5,761)
Financial revenues				22
Net foreign exchange gains / (losses)				8,144
Income tax				(33,989)
Loss for the year				**(38,850)**

The amount of RON 1,969 thousand, representing inter-segment transactions, is now included in the category "Inter-segment transactions and others ", and eliminated from the category "Total segment cost of sales".

31 SEGMENT INFORMATION (continued)

Segment revenue and expense

All segment revenues and expenses are directly attributable to the segments. Joint expenses are allocated to the business segments on the reasonable basis.

Inter-segment transfers

Segment revenue, segment expenses and segment result include transfers between business segments. Such transfers are accounted for at the complete cost of related operations. Those transfers are eliminated from consolidation.

Segment assets and liabilities

Segment assets and liabilities: segment assets include all operating assets used by a segment and consist principally of operating cash, receivables, inventories and property, plant and equipment, net. While most such assets can be directly attributed to individual segments, the net amount of these assets used jointly by two or more segments is allocated to the segments on a reasonable basis. Segment liabilities include all operating liabilities and consist principally of trade and other payables, wages, current taxes and estimated liabilities. Segment assets and liabilities do not include deferred income taxes, borrowings and financial liabilities. Segment assets and liabilities as at December 31, 2022 were as follows:

	December 31, 2022	December 31, 2021
Segment assets		
Bauxite	179,760	216,064
Alumina	353,948	377,018
Unallocated assets, out of which:	66,747	37,201
Property, plant and equipment	3,471	2,156
Inventories	18	61
Deferred tax assets	5,648	19,212
Other short-term assets	56,592	15,615
Other long-term assets	1,018	157
Elimination of inter-segment assets	(6,204)	(17,616)
Total consolidated assets	**594,252**	**612,667**
Segment liabilities		
Bauxite	89,264	36,165
Alumina	174,199	165,491
Unallocated liabilities, out of which:	7,850	5,849
Other financial liabilities	4,278	5,339
Current tax liabilities	3,572	510
Provisions	-	-
Elimination of inter-segment liabilities	(6,414)	(8,123)
Total consolidated liabilities	**264,898**	**199,382**

31 December 2022	**Bauxite**	**Alumina**	**Total**
Capital expenditure (other than deferred tax receivables and financial assets)	4,607	25,245	29,852
Impairment of property, plant and equipment, balance	(5,195)	(8,508)	(13,703)

31 December 2021	**Bauxite**	**Alumina**	**Total**
Capital expenditure (other than deferred tax receivables and financial assets)	23,479	26,288	49,768
Impairment of property, plant and equipment, balance	-	(8,475)	(8,475)

31 SEGMENT INFORMATION (continued)

Geographical segments - **Sales by market**

The following table shows the distribution of the Group's consolidated sales by geographical market, regardless of where the goods were produced:

	Year ended December 31, 2022	Year ended December 31, 2021
Romania	462,635	666,196
European Union	14,335	73,527
Non-EU European countries	74,210	36,156
Africa	15,761	14,849
Asia	60,371	-
Other countries	14,780	32,740
Total	**642,092**	**823,468**

32 SUBSIDIARIES

Subsidiary name	Principal activity	No. of shares	Cost of acquisition (RON/share)	Voting rights (%)	Value (RON thousand)
Global Aluminium Ltd.	-bauxite production	63,600,000	5.45	100%	346,383
Total					**346,383**

On May 1, 2011 Alum acquired from Vimetco N.V. 100% of the investment company Global Aluminium Ltd. assets, including the 100% shareholding in the bauxite mine in Sierra Leone, Sierra Minerals Holding I Ltd. and the 100% shareholding in Bauxite Marketing Ltd.

The companies in Alum Group at December 31, 2022 and December 31, 2021 are as follows:

	December 31, 2022		December 31, 2021	
Subsidiary	**Shareholding**	**Votes**	**Shareholding**	**Votes**
Global Aluminium Ltd.	100.00%	100.00%	100.00%	100.00%
Bauxite Marketing Ltd.	100.00%	100.00%	100.00%	100.00%
Sierra Mineral Holdings I, Ltd.	100.00%	100.00%	100.00%	100.00%

33 FINANCIAL RISKS MANAGEMENT

The Group’s activities expose it to a variety of financial risks: market risk (including currency risk), credit risk, and liquidity risk. The Group’s overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group’s financial performance. The Group does not use derivatives to cover the certain risk exposures.

Risk management is carried out by the Group Treasury under policies approved by the Board of Directors. The Treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

33 FINANCIAL RISKS MANAGEMENT (continued)

Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide revenues for shareholders and benefits for other shareholders and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the Group consists of debt, which includes the loans disclosed in Note 17, net of Cash and cash equivalents as disclosed in Note 14 (i.e. excluding Restricted cash) and shareholders' equity.

The Group's management reviews the capital structure on a regular basis. As a part of this review, management considers the cost of capital and the risks associated with each class of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of the dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total loans (including short-term and long-term loans as shown in the consolidated statement of financial position) less cash and cash equivalents. Total capital is calculated as 'equity' as per the consolidated statement of financial position plus net debt.

	December 31, 2022	December 31, 2021
Total loans (Note 17)	38,412	69,311
Less: cash and cash equivalents (Note 14)	(3,027)	(3,263)
Net debt	**35,585**	**66,048**
Total equity	329,354	413,285
Total capital	**364,739**	**479,333**
Gearing ratio	**9.70%**	**13.78%**

As it appears from the table above, the gearing ratio has decreased from 13.78% to 9.70% at Group level due to the reduction of the loans simultaneously with the decrease of the capital.

Foreign currency risk management

The Group operate internationally and undertake certain transactions denominated in foreign currencies. Hence, the Group is exposed to foreign currency risk arising from various currency fluctuations against the reporting currency, primarily with respect to the EUR and USD.

The Group's foreign currency exposure results from:

- highly probable forecast transactions (sales/purchases) denominated in foreign currencies;
- firm commitments denominated in foreign currencies; and
- monetary items (mainly trade receivables, trade payables and borrowings) denominated in foreign currencies.

The Group is exposed to foreign exchange risk because the predominant part of its sales of alumina is denominated in or linked to the USD while the significant part of its operating costs (such as power costs, wages, etc.) are denominated in or linked to the RON. The currency exposure is related to the fact that most of the Group's receivables are linked to USD or EUR while the liabilities are denominated in RON and USD. The Group is therefore exposed to the risk that movements in the RON/USD exchange rates will affect both its net income and financial position, as expressed in RON.

The carrying amount of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date is as follows:

33 FINANCIAL RISKS MANAGEMENT

Foreign currency risk management (continued)

	December 31, 2022		December 31, 2021	
	EUR	USD	EUR	USD
	RON thousand	RON thousand	RON thousand	RON thousand
Total current assets	1,617	34,795	3,068	6,944
Total non-current assets	-	-	-	-
Total assets	**1,617**	**34,795**	**3,068**	**6,944**
Total short-term liabilities	1,292	119,740	7,762	65,864
Total long-term liabilities	239	3,063	113	21,259
Total liabilities	**1,531**	**122,803**	**7,875**	**87,123**

Foreign currency sensitivity

The Group is mainly exposed to the fluctuation of RON/USD and RON/EUR exchange rates. The following table details the Group's sensitivity as an impact of a 10% increase/ (decrease) in these currencies against the corresponding functional currency. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% increase/ (decrease) in foreign currency rate. The sensitivity analysis includes external loans where the denomination of the loan is in a currency other than the functional currency.

An appreciation / (depreciation) by 10% of the RON against EUR and USD as indicated below at 31 December would increase / (decrease) profit or loss and equity by the amounts shown below (excluding the impact on income tax).

	December 31, 2022		December 31, 2021	
	EUR	USD	EUR	USD
	RON thousand	RON thousand	RON thousand	RON thousand
Profit or loss	(9)	8,801	481	8,018
Capital (net of tax)	(7)	7,393	404	6,735

Interest rate risk management

The Group's interest rate risk arises mainly from loans taken. Borrowings received at floating rates expose the Group to cash flow interest rate risk. Borrowings received at fixed rates expose the Group to fair value interest rate risk. The interest rates on the Group's existing credit facilities are based on the London Interbank Offered Rate ("LIBOR") for USD borrowings and on EURIBOR for borrowings in EUR. The Group borrowings are contracted at floating interest rates.

Interest rate sensitivity

The sensitivity analyses below have been determined based on the exposure to interest rates on RON, EUR and US Dollars denominated borrowings at the balance sheet date and the stipulated change taking place at the beginning of the financial year and held constant throughout the next reporting period in the case of borrowings linked to floating rates.

If interest rates had been 100 basis points higher/lower and all other variables were held constant, the Group's result for 2022 would increase/decrease by RON 379 thousand (2021: RON 679 thousand, excluding the impact on income tax. This is mainly attributable to the Group's exposure o interest rates on its variable interest rate for USD.

33 FINANCIAL RISKS MANAGEMENT (continued)

Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group is exposed to credit risk from its operating activities (primarily trade receivables (see also Notes 11, 12 and 30) and from its financing activities.

Trade receivables consist of number of customers, spread across diverse industries and geographical areas. In order for the Group to minimize the credit risk, a part of the receivables is immediately sold to banks by factoring transactions on a non-recourse basis. For other receivables, which is not covered by factoring contracts, the financial quality of the debtors is permanently monitored, and the Group exposure from the concluded transactions is spread amongst approved counterparties. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. Credit exposure is controlled by counterparty limits that are reviewed and approved by the Management. Ongoing credit evaluation is performed on the financial condition of accounts receivable and credit history of debtors and, where appropriate, credit risk insurance is required.

The credit risk profile of trade receivables is presented based on their past due status in terms of the provision matrix. This provision matrix is initially based on the Group's historical observed default rates, adjusted for forward-looking factors specific to the debtors and the economic environment, if any. Trade receivables are non-interest bearing and are generally on terms of 30 to 90 days. As the Group has trade receivables with term payments due within a relatively short time, the determination of forward-looking economic scenarios may be less significant given that over the credit risk exposure period a significant change in economic conditions may be unlikely, and historical loss rates might be an appropriate basis for the estimate of expected future losses.

The methodology used by the Group to measuring expected credit losses for trade receivables could be described as follows:
- determine the period over which the observed historical loss rates are appropriate. The Group selected for this purpose the 5 previous periods ending December 31, 2021, September 30, 2021, June 30, 2021, March 31, 2021 and December 31, 2020 for capturing data;
- collect data on trade receivables and group them by their past due status at each of the period under analysis;
- analyse the evolution of these balances after a period of 9 months and determine what amounts from each group outstanding is still unpaid in order to determine the proportion of balances in each past-due category that was ultimately not collected;
- determine the weighted average loss rate (%) per past due status for all the 5 periods under analysis;
- this rate will be applied to determine the impairment loss on gross trade receivables as at December 31, 2022.

Set out below is the information about the credit risk exposure on the Group's receivables using a provisioning matrix:

Receivables			**December 31, 2022**
Terms	**Balances**	**Adjustment**	**Expected loss rate (%)**
Current (not past due)	428	-	-
1-30 days	421	(2)	0.45%
31-60 days	-	-	0.10%
61-90 days	-	-	1.07%
91-180 days	1,674	(42)	0.69%
More than 180 days	315	(305)	96.89%
Individually assessed receivables (Note 30)	3,153	(3,153)	-
Individually assessed receivables (Note 11)	5,040	-	-
Total	**11,031**	**(3,502)**	

33 FINANCIAL RISKS MANAGEMENT (continued)

Credit risk management (continued)

Receivables			**December 31, 2021**
Terms	**Balances**	**Adjustment**	**Expected loss rate (%)**
Current (not past due)	3,394	-	-
1-30 days	172	(1)	0.37%
31-60 days	96	-	-
61-90 days	-	-	-
91-180 days	2	-	-
More than 180 days	317	(217)	67.52%
Individually assessed receivables (Note 30)	3,153	(3,153)	-
Individually assessed receivables (Note 11)	32,369	-	-
Total	**39,503**	**(3,371)**	

Credit risk from transactions with banks and financial institutions is managed by the Treasury department. Investment of surplus funds is done only with approved counterparties and within credit limits assigned to each counterparty. The limits are set to minimise the concentration of risks and therefore mitigate the potential for financial loss through counterparty failure. No material exposure is considered to exist by virtue of the possible non-performance by the counterparties in respect of financial instruments.

At 31 December 2022 the maximum credit risk exposure was in amount of RON 47,596 thousand (31 December 2021: RON 39,395 thousand).

Liquidity risk

The Group manage liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The following tables detail the Group's remaining contractual maturity for financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

Year ended December 31, 2022

	Due	**< 1 year**	**2-5 years**	**> 5 years**	**Total**
Loans and borrowings	-	37,736	3,187	-	40,923
Leasing liabilities	-	128	250	-	378
Trade payables	39,652	44,858	-	-	84,510
Total	**39,652**	**82,722**	**3,437**	**-**	**125,811**

Year ended December 31, 2021

	Due	**< 1 year**	**2-5 years**	**> 5 years**	**Total**
Loans and borrowings	-	49,676	21,674	-	71,350
Leasing liabilities	-	691	627	-	1,318
Trade payables	6,693	53,805	-	-	60,498
Total	**6,693**	**104,172**	**22,301**	**-**	**133,166**

33 FINANCIAL RISKS MANAGEMENT (continued)

Fair value hierarchy

• Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities trading.
• Level 2 fair value measurements are those derived from valuation techniques containing inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
• Level 3 fair value measurements are those derived from valuation techniques that include inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

The Management of the Group consider that the fair values of assets and liabilities recognised at amortised cost in the financial statements approximate their carrying amounts largely due to the short-term maturities, low transaction costs of these instruments as of financial position date, and for the long-term borrowings due to the fact that they were recently contracted.

Financial assets and liabilities

	December 31, 2022	Level 1	Level 2	Level 3
Financial assets				
Trade receivables	8,754	-	-	8,754
Cash and cash equivalents	38,842	38,842	-	-
TOTAL FINANCIAL ASSETS	**47,596**	**38,842**	**-**	**8,754**
Financial liabilities				
Borrowings, long term and lease liabilities	3,302	-	-	3,302
Trade payables	84,510	-	-	84,510
Borrowings, short term and lease liabilities	35,110	-	-	35,110
TOTAL FINANCIAL LIABILITIES	**122,922**	**-**	**-**	**122,922**

	December 31, 2021	Level 1	Level 2	Level 3
Financial assets				
Trade receivables	36,132	-	-	36,132
Cash and cash equivalents	3,263	3,263	-	-
TOTAL FINANCIAL ASSETS	**39,395**	**3,263**	**-**	**36,132**
Financial liabilities				
Borrowings, long term and lease liabilities	21,865	-	-	21,865
Trade payables	60,498	-	-	60,498
Borrowings, short term and lease liabilities	47,446	-	-	47,446
TOTAL FINANCIAL LIABILITIES	**129,809**	**-**	**-**	**129,809**

34 CONTINGENCIES AND COMMITMENTS

Legal cases

As at 31 December 2022 the Group was subject to a number of lawsuits resulting from the normal course of the business. The Management believes that these actions will not have a significant impact on the financial performance and financial position of the Group.

34 CONTINGENCIES AND COMMITMENTS (continued)

Taxation

The taxation system in Romania is undergoing a continuous development phase and is subject to various interpretations and constant changes which may sometimes be retroactive.
In some circumstances, the fiscal authorities may treat some aspects in a different way by calculating additional taxes, interest and penalties, which can be significant.

In Romania, according to the Fiscal Procedure Code the period for which the fiscal year remains open for fiscal verification is 5 years (term that begins on July of the year following the year for which the fiscal obligation is due). For fiscal obligations before 25 December 2020, according to Government's derogatory regulations, following the Covid-19 pandemic, the fiscal year open for tax audit was changed to a period of 5 years and 253 days. The management considers that the tax liabilities included in these financial statements are adequate.

Starting 2019, the Company Alum was subject to fiscal audit from the National Agency for Fiscal Administration related to income tax and VAT transactions regarding the period 2014-2018. The fiscal inspection was finalized on 27 May 2021 and the tax authorities concluded a report with a net effect of RON 19,643 thousand on income tax and RON 32 thousand on VAT, which the Company Alum recognized as an expense in a first stage, in the category Current income tax expense, and paid within the legal time frame. Subsequently, the Company filed a tax appeal to the National Agency for Fiscal Administration against the Fiscal Inspection Report. The appeal was rejected by the National Agency for Fiscal Administration, and the Company continues to defend its position through in Court of Law. At the moment is performed a fiscal expertise by an independent expert appointed by the Court.

Climate change

In preparing the Consolidated Financial Statements, management has considered the impact of climate change. These considerations did not have a material impact on the financial reporting judgements and estimates, consistent with the assessment that climate change is not expected to have a significant impact on the Group’s going concern assessment as of 31 December 2022, nor the viability of the Group over the next five years.

Regulations regarding air pollution

The Group is impacted by the increased regulatory environment in the EU regarding air pollution. The Group, as a heavy industry participant, is affected by the cap and trade scheme for greenhouse gas emissions implemented at the level of EU, which is meant to reduce pollution within a certain time span. On one side, the Group is allotted a certain number of emission rights per annum, in accordance with its production and deemed CO2 emissions. The accounting policies for emission rights can be found in the Accounting policies note. Any potential liability resulting from the necessity to buy emission certificates is taken into consideration in the Group's business plans and scenarios. With the prices of emission certificates being volatile, the impact from such liability on the Group's results cannot be ascertained. On the other side, the Group is indirectly impacted by the same greenhouse gas emission scheme in the sense that such costs of the electricity producers are included in the final electricity price that the Group has to pay. Due to the volatility of the certificates prices, the electricity rates might reach significantly high levels. That is why the Group monitors, anticipates and takes into consideration all the possible circumstances in order to balance its activities as an integrated group and reduce the quantitative impact of such liabilities, such as the recent decision to close production units temporarily until the electricity and emission certificates prices return to an acceptable level, and to buy alumina from the market. Another side effect of the anti-pollution regulations implemented by the EU is that the local producers face higher production costs than the competitors where such regulations are not so strict, for example from China.

Commitments

As of December 31, 2022, the Group has investment commitments for 2023 in amount of RON 2,295 thousand (December 31, 2021: RON 3,475 thousand).

The Group has various contracts concluded as of December 31, 2022 for the acquisition in 2023 of electricity and other materials in amount of USD 33,624 thousand and RON 5,121 thousand, respectively (December 31, 2021: EUR 53,424 thousand, USD 61,875 thousand and RON 98,846 thousand).

34 CONTINGENCIES AND COMMITMENTS (continued)

Under financing contract signed on September 8, 2016, Alum SA launched a project (SMIS 2014+) co-financed under the European Regional Development through Operational Program of Competitiveness 2014-2020 "Investing in Sustainable Development".

The only achievement indicator to be pursued by the end of the project, i.e., the number of staff in the R & D department that needed to grow by 16 people by March 8, 2019, was achieved. Result indicators, i.e. turnover and market share, are reported annually after the project activities have been completed, only to inform the Managing Authority, but their achievement / failure to achieve is verified with the appropriate consequences only at the end of the sustainability period, i.e. in 2024. More details are presented in Note 20.

35 AUDITOR'S FEE

This note shows the total remuneration payable by the Group, excluding VAT, to our principal auditors, Ernst & Young Assurance Services SRL for the financial years mentioned below.

	December 31, 2022	December 31, 2021
Statutory audit annual	229	198
Non-audit services	-	-
Total	**229**	**198**

36 SUBSEQUENT EVENTS

There were no material subsequent events that could have a significant impact on these financial statements.

ALUM GROUP

Directors' Consolidated Report

- 2022 -

This is a free translation from the official Romanian version

SUMMARY

1.1. ALUM GROUP strategy
1.2. Management and organizational culture
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1.8. Contingencies and Commitments

2.1. Consolidated Balance Sheet for year ending 2022
2.2. Consolidated Profit and Loss Account for 2022

Management Consolidated Report for 2022

Introduction

The ALUM GROUP component entities and the respective shareholding as at 31.12.2022 are presented in the table below:

No.	Company	Parent company	Shareholding
1.	Alro SA Slatina	-	-
2.	Alum SA Tulcea	ALRO SA Slatina	99.40 %
3.	Global Aluminium Ltd.	ALUM SA Tulcea	100 %
4.	Bauxite Marketing Ltd.	Global Aluminium Ltd.	100 %
5.	Sierra Mineral Holdings 1, Ltd.	Global Aluminium Ltd.	100 %

1.1. ALUM GROUP orientation

The main goal of ALUM GROUP is to continue its efforts to capitalize its human and material resources in order to be among the profitable and competitive companies on the alumina market. The Company Alum aims to become a model of private plant, which will continue to bring important economical and social benefits both to Tulcea town and to the national economy.

For this purpose ALUM GROUP established the following main objectives:

- Ensuring the operational continuity by extending the lifetime of the red mud pond in compliance with the provisions of the environmental agreements to which ALUM is obligated to comply with;
- Continuation of the modernization process in order to meet the new demands regarding the economical efficiency, environmental protection and social responsibility;
- Ensuring raw materials and energy resources on long term basis;
- Increasing the energetical efficiency for the entire production process;
- Active management of contractual and market risks (financial), taking into account the evolution of the domestic and international market;
- Continuous compliance with environmental rules;
- Achieving savings in fuel consumption / primary energy prince of high efficiency cogeneration processes;
- Increasing the safety in operation of static and dynamic equipments necessary to carry out the activity of ALUM's departments.
- The continuation of the consolidation works at the precipitation vessels and the accomplishment of the documentation with the obtaining of the Approvals and Agreements necessary to start at the beginning of the following year the consolidation works of the White Filtration building;
- Compliance with the recommendations received from the Ministry of Environment, the Romanian Bureau of Legal Metrology (BRML) and ANRE.

Financial Highlights

Consolidated Financial Statements		**2022**	**2021**
Sales	RON million	642	823
EBITDA[1]	RON million	(1)	45
EBITDA margin	RON million	(0.2)	5.4
Total assets	RON million	594	613
Shareholder's equity	RON million	329	413
Net debt[2]	RON million	35	66
Earning per share	RON	(1.20)	(0.47)
Equity per share	RON	4.01	5.03

Financial Highlights (continued)

Production			
Alumina production	metric tonnes	108,405	498,603
Bauxite production	metric tonnes	910,344	1,396,678
Average number of employees		1,071	1,246

[1]EBITDA: profit before tax, net finance items, other gains and losses, depreciation, amortization and impairement
[2]Net debt: total of short and long-term loans, loans from related parties and lease obligations less cash and cash equivalents

Main development directions of ALUM GROUP

ALUM

ALUM has a production capacity of 600,000 tonnes of alumina per year, making it the sole alumina producer in Romania and one of the largest in Central and Eastern Europe.

In 2022, ALUM achieved alumina production of 108,408 tonnes, lower by 78% than the previous year (2021: 498,603 tonnes), on the background of lower demand as the production level was adjusted to service ALRO's reduced needs for alumina. Consequently, the sales of alumina and hydrate to third parties in 2022 decreased to 13,786 tonnes compared to 106,945 tonnes in 2021. For 2022, ALUM reported a turnover of RON 499,770 thousand, lower than the level reported in 2021, when it was RON 808,619 thousand, as a direct consequence of the lower production.

The future development projects which ALUM put into commissoining intend to implement are briefly presented below:

1. Environmental projects to ensure operational continuity:
- Increasing the storage capacity of the red mud pond by elevating the dikes throughout the perimeter;
- Extending the surface of the red mud pond and securing the red mud storage in the SE area (30 ha);
- Construction of industrial installation for the efficiency of the soda unloading process from railway wagons and autotanks;
2. Projects to ensure the operating conditions and the safe continuity of the production process:
- Steam flow and temperature adjustment for Digestion batteries;
- Acquisition and installation of steam flow measurement systems;
3. Projects to ensure the operating conditions and the safe continuity of the production process:
- Modernization of a Digestion line by replacing the registers at the preheating and rehabilitation of two autoclaves agitation system;
- 12 MWe high efficiency cogeneration power plant;
- Fostering investments within ALUM SA by acquiring high technology fixed assets;
- Implementation of an intelligent energy consumption monitoring system within ALUM S.A.

The year 2022 was dominated by the conflict between Russia and Ukraine. In this context, we were not directed impacted by the conflict but indirectly in the sense that the raw material market has been facing significant price increases due to freight worldwide. The increase in commodity prices to high levels was influenced by the unstable economic environment as well as by the difficulties in contracting and transporting the raw materials. Like of the most of the economic entities we were affected by the increase in energy and gas prices and this led the Company to take the decision to temporarily interrupt the alumina production and to replace it with the alumina purchased from the market, at an optimized cost.

The suspension of production activity implied also the implementation of a staff layoff program, maintaining only a core of experienced employees, with which to act in case the market conditions will make it possible to resume production.

Thus, a total number of 348 employees were included in the restructuring process (with the application of collective redundancies procedure). The restructuring was done in stages, and the entire process was carried out according to the provisions of the law and the Collective Labour Bargain concluded at company level.

1.1. ALUM GROUP orientation (continued)

Main development directions of ALUM GROUP (continued)

After the suspension of the production activity in ALUM, the following are carried out:
- repairs and maintenance works in order to prepare the equipment and installations for restarting;
- the research activity continues in the installations within the project financed from European funds and within the projects carried out at the European level (Removal, Reescue and Reactiv);
- continuation of the investment objectives on the environment line and compliance with ANRE recommendations;
- ensuring the necessary calcined alumina for ALRO through acquisitions from external partners.

ALUM management is focused on identifying new sources of development and diversification of the activity that will increase the company's revenues to overcome this challenging period.

For one of ALUM's EU projects, at the beginning of July, a team of two employees participated in an event organized at Holcim Innovation Center, Saint Quentin Fallavier.
In H1 2022, ALUM had a partnership with the local Technological Highschool "Henri Coanda" and Technical University of Constructions of Bucharest (for the project related to the increase of the storage capacity of the sludge dump), also with the Polytechnic University of Bucharest and "Universitatea de Vest" Timisoara (co-operation for the studies required by the EU co-financed project). In March 2022, ALUM obtained the annual visa for the integrated environmental permit. In April 2022 it was revised by introducing the new investments made in the authorization. By the end of the year, ALUM finalized the implementation of the Steam flow and temperature adjustment for digestion batteries needed to support ANRE proposals to reduce specific energy consumption and ensure optimal heat transfer between steam and bauxite pulp in live steam heating autoclaves.

In October 2022, ALUM recertified the integrated quality - environment - health and safety at work - energy management system according to the following reference standards: SR EN ISO 9001: 2015; SR EN ISO 14001: 2015, SR EN ISO 45001: 2018 and SR EN ISO 50001: 2019.

On 3 May 2011 Alum acquired from Vimetco N,V, 100% of an investment company Global Aluminium Ltd (GAL), Global Aluminium assets included 100% shareholding in a bauxite mine in Sierra Leone, Sierra Mineral Holdings 1, Ltd., and 100% shareholding in Bauxite Marketing Ltd.

GAL

GAL's main subsidiary Sierra Mineral Holdings 1, Ltd. (SMHL), is responsible for the Group's mining operations and operates bauxite mines located in the Bo, Bonthe and Moyamba districts in the Southern province of the Republic of Sierra Leone on the basis of the Bauxite Mineral Prospecting and Mining Lease Agreement dated July 16, 2012 entered into with the Government of the Republic of Sierra Leone and valid from January 1, 2012 until December 31, 2031. SMHL has no ownership right with respect to the plots of land where the bauxite mines or the other facilities are located but owns some production and accommodation facilities in the mining area and in the Nitti port. SMHL operates under a mining lease with a concession area of approximately 321.73 square kilometres.

As a vertically integrated producer, the Group sources and uses all of its bauxite from the mines operated in Sierra Leone. SMHL represents one component of the Group's technological flow, being at the base of this integrated production chain: exploration and mining of bauxite.

The bauxite produced by SMHL is sold to Alum for production of alumina, the main raw material used for aluminium production in its refinery located in Tulcea, Romania, which further serves in the aluminium production at ALRO.

On May 1, 2011, Alum completed the acquisition of SMHL, Bauxite Marketing Ltd. and their holding company, Global Aluminium Ltd. SMHL has been the Group's major supplier of bauxite since 2009 and is currently its sole supplier of bauxite. Recently, all the Group's alumina and bauxite requirements were fully covered by Alum and SMHL, respectively, while the production surplus was sold to third parties.

As at 31 December 2022, the Executive Management of SMHL consisted of Alex Ivanov (Country Manager), Basudeb Datta (General Manager), and Abdul Bangura (Chief Financial Officer). The Board of Directors comprises of three members, as follows: Igor Higer (Member), Steluța-Mariana Despa-Niculae (Member), and Roman Bulat (Member).

1.1. ALUM GROUP orientation (continued)

Main development directions of ALUM GROUP (continued)

GAL (continued)

SMHL started in 2022 shipment in a new format - in Capesize vessels and New Castle Max vessels outside its standard logistics, i.e. Supramax. It affected the frequency of sales (two big ships in June and July) and hence the frequency of cash inflow and timing of settlement of SMHL's obligations. Therefore, the shipment chain changed and renting floating cranes, and other leased river fleets are involved in transhipment operations.

From an economic point of view, a factor to be considered in Sierra Leone is the denomination of leones. Thus, from the 1st of July 2022, new leone was introduced with a conversion rate of 1000 old leone: 1 SLE = 1000 SLL.

In 2022, SMHL registered 910,344 tonnes of bauxite production, 35% lower than 1,396,678 tonnes in 2021. This is due to the Group's strategy to stop the acquisition of bauxite starting from July 2022 and therefore the production obtained was only for third parties' requirements. In terms of sales, SMHL achieved sales, which amounted to 900,320 tonnes, lower by 39% compared to a similar period of last year (2021: 1,478,700 tonnes). From total quantity sold, only 18% was for Alum and 82% was for third parties.

The suspension of production activity in Alum had a negative influence on the operations of the subsidiary in Sierra Leone (SMHL) by reducing the necessary quantity of supplied bauxite. Thus, SMHL had to re-orientate its sales and explore potential additional sales opportunities for the spare capacity of the mine. SMHL Management actively participated in global events in 2022, as such events could provide the chance to promote SMHL bauxite on the international market.

In response to the matters described above and considering the current economic and financial environment, the management of SMHL plan to implement a set of financial and operational measures necessary to improve the current situation at SMHL:
- keep the segment fully operational at normal parameters, ensure on-going normal shipments and acquisitions and adjusting its production by monitoring the market trends to ensure continuous and solid production and operations in accordance with its 2023 budget and long-term plan.
- maintain strong relationship with its main suppliers and customers in order to ensure a stable flow of raw materials and finished goods;
- keep constant connection with government authorities and bankers in order to have their support in structuring the future payments and having access to new finance facilities.

The management of SMHL continued to make all necessary efforts to increase the quantities of bauxite sold to third parties, as this will support the company's liquidity and thus provide the opportunity to continue operating. As a result, starting with March 2023 the management succeed to contract additional quantities compared with the previous assumptions, thus 200 thousand tons of bauxite are already confirmed by third parties and should be delivered up to the end of Q3 2023.

In 2022, SMHL was selected as the second most compliant organization in Sierra Leone.

Moreover, the Group's management is closely monitoring the activity in Sierra Leone also, to take necessary measures to improve performance in real-time.

1.2. Management and organizational culture

The management team promotes the values that define the Company's organizational culture and mainly:

- **Performance**
  In Alum continues the implementation of an efficient performance management system based on establishing department goals, derived from Company's goals, quantifiable and agreed between the managers and their subordinates

1.2. Management and organizational culture (continued)

- **Competence**
  Main performance competences will be identified in close relation with Company's strategic objectives, by means of real, financial, operational and behaviour indicators. The existing strong points that facilitate the implementation of this system consist in the good experience gathered in the field and in the human, financial and technical potential of the Company.
- **Rentability**, meaning the concern, on all decisional levels, for the increase of the profitability through measures that ensure the continuous improvement on technological, commercial ad financial level
- **Ecological and social responsibility**, that presumes, among other things, the protection of the environment (compliance with the requirements from the Integrated Environmental Licence), the contribution to the local society development and for the general economic progress.

Alum's main goals regarding the environment are the following:

- Compliance with the environmental law adopted under the requierements of the European Directives and strictly respect all legal regulations applicable to the company;
- Continuous improvement of activities, processes, products and environmental performance;
- Preparation for emergencies situations and the ability to respond, organizing and conducting simulation exercices for incidents involving dangerous substances;
- Pollution prevention and combat the environmental factors through investments, organizational measures, maintenance and repairs and technological changes;
- Continuous monitoring of environmental aspects of production activity through weekly environmental programs.

Through its environmental policy, the Company creates the premises for the activity in the most demanding environmental standards set by the athorities.

Design works for the next stage of raising the perimeter dams of the Red mud pond have been completed and have been contracted and the execution works are being carried out for +51 mdm elevation of the perimetral dams. The works for raising the dams from the Red mud pond are carried out based on a project prepared by Iprolam Bucharest and approved by UTCB Bucharest.

In 2022, ALUM received the favourable opinion from the Environment Fund Administration, considering the provisions of Ordinance no. 2/2021 on waste storage under art. 14 and 40 lit. b), for:
• the updated technical project for the closure and postclosure monitoring of the non-hazardous industrial waste dump;
• the quarterly chart with the explanation/detail of the amounts regarding the fund replenishment up to the value established by the updated technical project for monitoring closure and post-closure.

1.3 Corporate social responsibility

The concept of corporate social responsibility (CSR) refers to the involvement of the companies in solving some of the problems of the communities where it operates.
The advantages of implementing the social responsibility management system are:

- Demonstrated commitment to business ethics, socially responsible;
- Protecting the brand;
- Enhanced reputation as a responsible corporate citizen;
- Consumers confidence and a positive perception of investors;
- A better employee morale;
- Attracting, maintaining and motivating competent employees, while improving relations with staff, unions and other stakeholders, the opportunity to bargain collectively, constructive social dialogue in the organization
- A properly working environment, safe and fair;
- Better control of processes and risks, health protection, reduction of administrative costs
- Promoting the principles of a professional ethics;
- Improved working conditions;
- Commercial risk management;
- Effectiveness in applying corrective and preventive actions;
- Differentiation from global competitors.

1.3 Corporate social responsibility

In order to implement CSR in Alum were made the following steps:

- The Company developed procedures for media relations as well as for the development of the grievance mechanism (petitions settlement procedure) and the organization of audiences. In this way the Company expresses its openness to listening and solving the community problems (employees, citizens, local authorities, companies collaborating, etc) and involvement in education and other activities of social utility.
- Were developed and distributed questionnaires about how the Company is perceived in various community organizations with which it comes into contact (public administration, financial and banking institutions, cultural organizations and sports, religious, educational, environment protection, etc). In the feed-back received from collaborating organizations showed that Alum is actively involved in the local community life, with a positive and important influence.
- Questionnaires were developed and distributed to all the employees of the company (named "Employee Consultation Questionnaire on Quality, Environment, Occupational Health and Safety Issues") as part of ALUM's management strategy on the implementation of the integrated quality-environment-health and safety system occupational and energy. The purpose of these questionnaires is to achieve the improvement of the activity as well as the external recognition of the quality of the activities carried out within the company. In this way, the company will adopt the most appropriate policy in the field to meet the requirements of the system.
- Maintaining a continuous dialogue with the local community, ALUM representatives being actively involved as members of various organizations (The Red Cross in Romania, the County Commission for Equal Opportunities for Women and Men, the Local Development Committee of the Tulcea Social Partnership, the Tripartite Consultative Council set up at Tulcea County Labour Inspectorate etc.)

In 2022, during the COVID-19 pandemic, there were no negative or impactful effects in the development of the activity within ALRO. The cases of COVID were monitored and reported according to the legislation in force.

In order to protect the employees, ALUM provided medical and protective equipment, constantly disinfected and sanitized all the common areas, implemented alternative/ rotational shifts to minimize the interaction.

ALUM is a company present in the local community through events or activities with a strong social character. Also, it maintained a continuous dialogue with the local community. ALUM's representatives are involved as active members in various organizations such as The Red Cross in Romania, the County Commission for Equal Opportunities for Women and Men, the Local Development Committee of the Tulcea Social Partnership, the Tripartite Consultative Council set up at Tulcea County Labour Inspectorate, etc.

ALUM has been involved in the relationship with the community by providing material support to disadvantaged groups.

At the initiative of ALUM’s employees, during the winter holidays, voluntary actions were taken to collect material goods (clothes, sweets, books, toys etc.) for children from disadvantaged families, as well as food for few needy families. Also during the holidays, ALUM offered food and gifts to institutionalized children and elderly people.

In this respect, during 2022 Alum, as an active partner of the local community, was involved in various social activities, among which:

- Actions to support educational institutions and professional training at the local level, the company was actively involved in establishing and approving the annual activity plans in school and professional education (2022-2023 school year);
- ALUM participated, through its representatives, as evaluators in the professional qualification certification
  exams of vocational education graduates within the LTHC, Annual Report 2022 Directors' Consolidated Report being also a co-participant in the actions to promote the high school's educational offer by presenting leaflets;

1.3 Corporate social responsibility (continued)

- ALUM appointed a representative to participate as an observer in the activity of the Examination Commissions organized for the position of director and deputy director in state pre-university education units (February-March 2022 period);
- ALUM also has a representative on the Board of Directors of the "Henri Coandă" Technological High School in Tulcea, (LTHC), being also its main collaborator;
- In November 2022, ALUM participated in the external monitoring of the implementation of the PAS (School Activity Plan, related to the 2021-2022 school year) of the "Anghel Saligny" Technological High School in Tulcea, two people from ALUM being nominated by CLDPS;
- Maintain a continuous dialogue with the local community
- Ensuring, through the offered work conditions, the compliance with the human rights, the equality and the welfare of its employees. In this regard, the recruitment, the selection and the hiring of the work force are made, mainly, from Tulcea county. Also, the percentage of women employees increased from 10% in 2010 to 14.57% in the present;
- Continuing a partnership with a local instructor to offer free swimming lessons for Alum's employees children and supporting their participation in sports competitions (swimming, triathlon, etc).

Locally, SMHL is an active member within the communities in Sierra Leone, with particular attention paid to environmental protection, considering the ecological footprint of the mining activity. Through the Community Development Agreement, SMHL supports several investments and social and educational projects for local community development within the mining communities. In 2022, SMHL had a partnership with Children of the Nation.

Starting 2017, ALRO Group published, in addition to the Annual Report, a Sustainability Report in line with the G4 Core Global Reporting Initiative Guidelines (GRI). This report describes how ALRO Group performs, monitors and achieves the most important environmental, social and corporate governance issues. The Sustainability Report enhances the information provided on the Group, Parent-Company, and its main subsidiaries' actions realised in the sustainability area in the same transparent manner as the Annual Report and adds value to shareholders, other stakeholders and the communities in which the Group and its subsidiaries operate. This Sustainability Report is available for the public to consult on the Company's website, Sustainability Section, and Sustainability Reports Subsection.

ALUM is part of ALRO Group, and the mandatory requirement for preparing a Sustainability Report (i.e. a Non-Financial Report) is covered by the fact that the Parent-Company, ALRO, decided to prepare a Consolidated Non-Financial Report, i.e. ALRO Group Sustainability Report.

This Report is available for the public to consult on ALUM's website.

1.4. Risk management

Taxation

Income tax expense represents the sum of current and deferred income tax.

The tax rate used is the corporate tax rate payable by each company of the Group on taxable profits under the tax law applicable in the jurisdictions where they operate (i.e., Romania: 16%, Sierra Leone: 30%)

The losses can be carried forward and used against future taxable profits for a period of maximum 7 years in Romania and 10 years in Sierra Leone (losses used cannot exceed 50% of the taxable profits for the year in Sierra Leone).

At 31 December 2022 the amount of fiscal losses carried forward from previous years amounted to RON 181,364 thousand (2021: RON 148,019 thousand), all originating from Sierra Mineral Holdings I, Ltd. In 2022, due to the loss-making position of the subsidiary and low probability that future tax profits will be available to use those tax losses, no deferred tax was recognized. In 2021 for an amount of RON 41,382 thousand the management believed there would be sufficient taxable profits in the future against which these fiscal losses could be used, therefore an amount of RON 15,413 thousand was recognised as deferred tax assets in the consolidated financial statements of the Group as at 31 December 2021.

1.4. Risk management (continued)

Taxation (continued)

At 31 December 2021, the future taxable profits of Sierra Mineral Holdings I, Ltd. were based on financial forecasts estimated by the directors and cover a five-year period. The main assumptions used in the forecast are the average sales growth of 5.43% per annum for the next 5 years and average EBITDA margin of 13.43%. A decrease in the forecasted average sales growth by 1.0% would reduce the deferred tax assets by RON 800 thousand and a decrease of the forecasted EBITDA margin by 1.0% would reduce the deferred tax assets by RON 1,000 thousand.

Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance. The Group does not use derivatives to cover the above-mentioned risks.

Risk management is carried out by the Group Treasury under policies approved by the Board of Directors. The Treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The capital structure of the Group consists of debt, which includes the borrowings, net of Cash and cash equivalents and shareholders' equity.

The Group's management reviews the capital structure on a regular basis. As a part of this review, management considers the cost of capital and the risks associated with each class of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends to be paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including current and non-current borrowings as shown in the balance sheet) less cash and cash equivalents. Total capital is calculated as 'equity' as per the balance sheet plus net debt.

The gearing ratio at December 31, 2022 and December 31, 2021 was as follows:

	Year ended December 31, 2022	**Year ended December 31, 2021**
Total borrowings	38,412	69,311
Less: cash and cash equivalents	(3,027)	(3,263)
Net debt	**35,385**	**66,048**
Total equity	329,354	413,285
Total capital	**364,739**	**479,333**
Gearing ratio	**9.70%**	**13.78%**

As it appears from the table above, the gearing ratio has decreased from 13.78% to 9.70% at Group level due to the reduction of the loans simultaneously with a decrese of the capital.

1.4. Risk management (continued)

Market risk

The Group's activities expose it primarily to the financial risks of changes in commodity prices, foreign currency exchange rates and interest rates.

Foreign currency risk management

The Group operate internationally and undertake certain transactions denominated in foreign currencies. Hence, the Group is exposed to foreign exchange risk arising from various currency fluctuations against the reporting currency, primarily with respect to the EUR and USD.

The Group's foreign currency exposure results from:

- highly probable forecast transactions (sales/purchases) denominated in foreign currencies;
- firm commitments denominated in foreign currencies; and
- monetary items (mainly trade receivables, trade payables and borrowings) denominated in foreign currencies.

The Group is exposed to foreign exchange risk because the predominant part of its sales of alumina is denominated in or linked to the USD while the significant part of its operating costs (such as power costs, wages, etc.) are denominated in or linked to the RON. The currency exposure is related to the fact that most of the Group's receivables are linked to USD or EUR while the liabilities are denominated in RON and USD. The Group is therefore exposed to the risk that movements in the RON/USD exchange rates will affect both its net income and financial position, as expressed in RON.

The carrying amount of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date is as follows:

	December 31, 2022		December 31, 2021	
	EUR	**USD**	**EUR**	**USD**
	' 000 RON	**'000 RON**	**' 000 RON**	**'000 RON**
Total current assets	1,617	34,795	3,068	6,944
Total non-current assets	-	-	-	-
Total assets	**1,617**	**34,795**	**3,068**	**6,944**
Total short-term liabilities	1,292	119,740	7,762	65,864
Total long-term liabilities	239	3,063	113	21,259
Total liabilities	**1,531**	**122,803**	**7,875**	**87,123**

Foreign currency sensitivity

The Group is mainly exposed to the fluctuation of RON/USD and RON/EUR exchange rates. The following table details the Group's sensitivity as an impact of a 10% increase/ (decrease) in these currencies against the corresponding functional currency. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% increase/ (decrease) in foreign currency rate. The sensitivity analysis includes external loans where the denomination of the loan is in a currency other than the functional currency.

An appreciation / (depreciation) by 10% of the RON against EUR and USD as indicated below at 31 December would increase / (decrease) profit or loss and equity by the amounts shown below (excluding the impact on income tax).

	December 31, 2022		December 31, 2021	
	EUR	**USD**	**EUR**	**USD**
	'000 RON	**'000 RON**	**'000 RON**	**'000 RON**
Profit or loss	(9)	8,801	481	8,018
Equity	(7)	7,393	404	6,735

1.4. Risk management (continued)

Interest rate risk management

As the Group has no significant interest-bearing assets, the Group's income and operating cash flows are substantially independent of changes in market interest rates.

The Group's interest rate risk arises mainly from loans taken. Borrowings received at floating rates expose the Group to cash flow interest rate risk. Borrowings received at fixed rates expose the Group to fair value interest rate risk. The interest rates on the Group's existing credit facilities are based on the London Interbank Offered Rate ("LIBOR") for USD borrowings and on EURIBOR for borrowings in EUR. The Group borrowings are contracted at floating interest rates.

Interest rate sensitivity

The sensitivity analyses below have been determined based on the exposure to interest rates on RON, EUR and US Dollars denominated borrowings at the balance sheet date and the stipulated change taking place at the beginning of the financial year and held constant throughout the next reporting period in the case of borrowings linked to floating rates.

If interest rates had been 100 basis points higher/lower and all other variables were held constant, the Group's result for 2022 would increase/decrease by RON 379 thousand (2021: RON 679 thousand, excluding the impact on income tax. This is mainly attributable to the Group's exposure o interest rates on its variable interest rate for USD.

Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group is exposed to credit risk from its operating activities (primarily trade receivables and from its financing activities.

Trade receivables consist of number of customers, spread across diverse industries and geographical areas. In order for the Group to minimize the credit risk, a part of the receivables are immediately sold to banks by factoring transactions on a non-recourse basis. For other receivables, which is not covered by factoring contracts, the financial quality of the debtors is permanently monitored, and the Group exposure from the concluded transactions is spread amongst approved counterparties. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. Credit exposure is controlled by counterparty limits that are reviewed and approved by the Management. Ongoing credit evaluation is performed on the financial condition of accounts receivable and credit history of debtors and, where appropriate, credit risk insurance is required.

Credit risk from transactions with banks and financial institutions is managed by the Treasury department. Investment of surplus funds is done only with approved counterparties and within credit limits assigned to each counterparty. The limits are set to minimise the concentration of risks and therefore mitigate the potential for financial loss through counterparty failure. No material exposure is considered to exist by virtue of the possible non-performance by the counterparties in respect of financial instruments.

At 31 December 2022 the maximum credit risk exposure was in amount of RON 47,596 thousand (31 December 2021: RON 39,395 thousand).

Liquidity risk

The Group manage liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The following tables detail the Group's remaining contractual maturity for financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

1.4. Risk management (continued)

Liquidity risk (continued)

Year ended 31 December 2022

	On demand	< 1 year	2-5 years	> 5 years	Total
Interest-bearing loans and borrowings	-	37,736	3,187	-	40,923
Leasing liabilities	-	128	250	-	378
Accounts payable and accrued liabilities	39,652	44,858	-	-	84,510
Total	**39,652**	**82,722**	**3,437**	**-**	**125,811**

Year ended 31 December 2021

	On demand	< 1 year	2-5 years	> 5 years	Total
Interest-bearing loans and borrowings	-	49,676	21,674	-	71,350
Leasing liabilities	-	691	627	-	1,318
Accounts payable and accrued liabilities	6,693	53,805	-	-	60,498
Total	**6,693**	**104,172**	**22,301**	**-**	**133,166**

The Management consider that the fair values of financial assets and financial liabilities recognised at amortised cost in the financial statements approximate their carrying amounts largely due to the short term maturities, low transaction costs of these instruments as of financial position date, and for the long-term borrowings due to the fact that they have variable interest and the bank margins are similar with those for the recently contracted bank loans.

	December 31, 2022	Level 1	Level 2	Level 3
Financial assets				
Trade receivables	8,754	-	-	8,754
Cash and cash equivalents	38,842	38,842	-	-
TOTAL FINANCIAL ASSETS	**47,596**	**38,842**	**-**	**8,754**
Financial liabilities				
Borrowings, long term	3,302	-	-	3,302
Trade and other payables	84,510	-	-	84,510
Borrowings, short term	35,110	-	-	35,110
TOTAL FINANCIAL LIABILITIES	**122,922**	**-**	**-**	**122,922**

	December 31, 2021	Level 1	Level 2	Level 3
Financial assets				
Trade receivables	36,132	-	-	36,132
Cash and cash equivalents	3,263	3,263	-	-
TOTAL FINANCIAL ASSETS	**39,395**	**3,263**	**-**	**36,132**
Financial liabilities				
Borrowings, long term	21,865	-	-	21,865
Trade and other payables	60,498	-	-	60,498
Borrowings, short term	47,446	-	-	47,446
TOTAL FINANCIAL LIABILITIES	**129,809**	**-**	**-**	**129,809**

1.4. Risk management (continued)

Internal control system

The Group's internal control system aims to ensure conformity with the laws in force, a good operation of the Group's internal activity in accordance with the decisions made by the management and also contributes to the effectiveness of the Group's operations, the efficient use of the resources, prevention and control of the risk of failing to reach the objectives set.

Internal control is applicable throughout the operations conducted by the Group prior to and during the performance of the operations and after their completion.

Internal control is performed by accounting and financial internal control, according to the accounting policies manual, the procedures regarding the application of the manual, monitoring through the periodical control program the compliance with these accounting procedures and policies, the conformity with the accounting rules, the knowing and observance of the financial-accounting laws, ensuring the fairness and completeness of the accounting records, monitoring the obtaining and presenting in the annual financial statements of quality information to the satisfaction of the users' needs.

1.5. Market

In 2021 Alum and subsidiaries recorded in the Financial Statements a turnover in amount of RON 642,092 th, structured as follows:

✓ Revenues from sales of alumina	479,355	th RON
✓ Revenues from sales of hydrate	18,088	th RON
✓ Revenues from sales of scrap iron and wastes	357	th RON
✓ Revenues from sales of bauxite	126,556	th RON
✓ Other revenues	17,736	th RON

The following table shows the distribution of the Group's consolidated sales of alumina, hydrate and bauxite by geographical market, regardless of where the goods were produced:

	Year ended December 31, 2022	Year ended December 31, 2021
Romania	462,635	666,196
European Union	14,335	73,527
Non-European Countries	74,210	36,156
United States	-	-
Africa	15,761	14,849
Asia	60,371	-
Other	14,780	32,740
Total	**642,092**	**823,468**

1.6. Competition

The competition on the alumina market is given by the sale price and quality of products. In order to get an as big as possible market share, each producer supports the marketing strategy with investments in technology and continuous modernization of the production process.

Under the circumstances of a more and more competitive global market, ALUM must continue the strategy for reducing the production cost by means of reducing consumptions (development of new ecological technologies), investing in human capital and development of new, competitive and high added value products.

1.6. Competition (continued)

In this respect, under the financing contract signed on September 8, 2016, Alum SA launched a project (SMIS 2014+) co-financed under the European Regional Development through Operational Program of Competitiveness 2014-2020 " Investing in Sustainable Development ". The equipments purchased in 2018 within these investment projects were placed into operation in 2019 and the subsidies received are recognized as income on a straight line basis during the useful life of the equipments.

The Group will continue to give a special attention to monitoring the activity and evolution of bauxite, alumina and aluminum prices on the international markets, so that the management could receive timely and relevant information in order to make the most beneficial decisions for the Group's activity.

1.7. The shareholding structure and the Registered share capital

At December 31, 2022 the shareholding structure of ALUM is as follows:

	Statutory figures					
	December 31, 2022			December 31, 2021		
	Number of shares	Nominal Value RON (thousand)	%	Number of shares	Nominal Value RON (thousand)	%
ALRO SA	81,595,860	485,495	99,4026	81,595,860	485,495	99.4026
Individuals	472,054	2,809	0,5751	472,647	2,812	0.5758
Companies	18,289	109	0,0223	17,696	105	0.0216
Total	**82,086,203**	**488,413**	**100%**	**82,086,203**	**488,413**	**100%**

On May 1, 2011 Alum acquired from Vimetco N.V, 100% of an investment company Global Aluminum Ltd. Global Aluminum Ltd, assets included 100% shareholding in a bauxite mine in Sierra Leone, Sierra Mineral Holdings 1, Ltd., and 100% shareholding in Bauxite Marketing Ltd.

The main companies in Alum Group at December 31, 2021 and December 31, 2020 are as follows:

	December 31, 2022		December 31, 2021	
Subsidiary	**Shareholding**	**Votes**	**Shareholding**	**Votes**
Global Aluminum Ltd.	100.00%	100.00%	100.00%	100.00%
Bauxite Marketing Ltd.	100.00%	100.00%	100.00%	100.00%
Sierra Mineral Holdings 1, Ltd.	100.00%	100.00%	100.00%	100.00%

1.8. Contingencies and Commitments

Contingencies

As at 31 December 2022 the Group was subject to a number of lawsuits resulting from the normal course of the business. The Management believes that these actions will not have a significant impact on the financial performance and financial position of the Group.

Taxation

The taxation system in Romania is undergoing a continuous development phase and is subject to various interpretations and constant changes which may sometimes be retroactive.
In some circumstances, the fiscal authorities may treat some aspects in a different way by calculating additional taxes, interest and penalties, which can be significant.

1.8. Contingencies and Commitments (continued)

Taxation (continued)

In Romania, according to the Fiscal Procedure Code the period for which the fiscal year remains open for fiscal verification is 5 years (term that begins on July of the year following the year for which the fiscal obligation is due).

For fiscal obligations before 25 December 2020, according to Government's derogatory regulations, following the Covid-19 pandemic, the fiscal year open for tax audit was changed to a period of 5 years and 253 days. The management considers that the tax liabilities included in these financial statements are adequate.

Starting 2019, the Company Alum was subject to fiscal audit from the National Agency for Fiscal Administration related to income tax and VAT transactions regarding the period 2014-2018. The fiscal inspection was finalized on 27 May 2021 and the tax authorities concluded a report with a net effect of RON 19,643 thousand on income tax and RON 32 thousand on VAT, which the Company Alum recognized as an expense in a first stage, in the category Current income tax expense, and paid within the legal time frame. Subsequently, the Company filed a tax appeal to the National Agency for Fiscal Administration against the Fiscal Inspection Report. The appeal was rejected by the National Agency for Fiscal Administration, and the Company continues to defend its position through in Court of Law. At the moment is performed a fiscal expertise by an independent expert appointed by the Court.

Commitments

As of December 31, 2022, the Group has investment commitments for 2023 in amount of RON 2,295 thousand (December 31, 2021: RON 3,475 thousand).

The Group has various contracts concluded as of December 31, 2022 for the acquisition in 2023 of electricity and other materials in the amount of USD 33,624 thousand and RON 5,121 thousand, respectively (December 31, 2021: EUR 53,424 thousand, USD 61,875 thousand and RON 98,846 thousand).

2.1. Consolidated Balance Sheet for year ending 2022

	December 31, 2022	December 31, 2021	Variance 2022/2021
ASSETS			
Non-current assets			
Property, plant and equipment	243,229	262,599	(19,370)
Intangible assets	108	157	(49)
Goodwill	64,017	80,474	(16,457)
Right-of-use assets	353	1,215	(862)
Deferred tax assets	5,648	19,212	(13,564)
Other non-current financial assets	910	-	910
Total non-current assets	**314,265**	**363,657**	**(49,392)**
Current assets			
Inventories	215,865	197,263	18,602
Trade receivables, net	7,529	36,132	(28,603)
Other current financial assets	1,225	6,255	(5,030)
Other current non-financial assets	14,853	4,430	10,423
Current income tax receivable	1,673	1,556	117
Restricted cash	35,815	111	35,704
Cash and cash equivalents	3,027	3,263	(236)
Total current assets	**249,010**	**249,010**	**(74,521)**
Total assets	**612,667**	**612,667**	**(70,538)**
Shareholders' Equity and Liabilities			
Shareholders' equity			
Issued capital	488,413	488,413	-
Reserves	41,003	43,525	(2,522)
Retained earnings	(101,365)	(79,803)	(21,562)
Result for the period	(98,697)	(38,850)	(59,847)
Total shareholders' equity	**329,354**	**413,285**	**(83,931)**
Total equity	**329,354**	**413,285**	**(83,931)**
Non-current liabilities			
Bank and other loans, non-current	3,063	21,259	(18,196)
Leases, non-current	239	606	(367)
Retirement benefit obligation	4,711	7,899	(3,188)
Provisions, non-current	40,469	40,750	(281)
Subsidies, non-current portion	3,819	4,198	(379)
Other non-current financial liabilities	459	1,141	(682)
Total non-current liabilities	**52,760**	**75,853**	**(23,093)**
Current liabilities			
Trade and other payables	84,510	60,498	24,012
Contract liabilities	39,496	685	38,811
Bank and other loans, current	34,992	46,809	(11,817)
Lease liabilities	118	637	(519)
Current income tax liability	3,572	510	3,062
Provisions, short term	14,442	1,274	13,168
Subsidies, current portion	379	379	-
Other current liabilities	34,629	12,737	21,892
Total current liabilities	**212,138**	**123,529**	**88,609**
Total liabilities	**264,898**	**199,382**	**65,516**
Total shareholders' equity and liabilities	**594,252**	**612,667**	**(18,415)**

2.2. Consolidated Statement of Comprehensive Income for year ending 2022

At the end of 2022, Alum Group recorded a loss in amount of 98,697 KRON.

	2022	2021	Variance 2022/2021
Revenues from contracts with customers	642,092	823,468	(181,376)
Cost of goods sold	(616,333)	(742,405)	126,072
Gross result	**25,759**	**81,063**	**(55,304)**
Other operating revenues/income	58,755	5,679	53,076
Impairment of goodwill	(21,580)	-	(21,580)
General and administrative expenses	(70,433)	(80,165)	9,732
Other operating expenses	(65,322)	(12,124)	(53,198)
Other revenues and expenses	19	(1,719)	1,738
Operational result	**(72,802)**	**(7,266)**	**(65,536)**
Financial income	1	-	1
Interest expenses	(6,164)	(4,733)	(1,431)
Other financial expenses	(997)	(1,006)	9
Net foreign exchange differences	667	8,144	(7,477)
Financial result, net	(6,493)	2,405	(8,898)
Result before income taxes	**(79,295)**	**(4,861)**	**(74,434)**
Income tax expense	(19,402)	(33,989)	14,587
Result of the period	**(98,697)**	**(38,850)**	**(59,847)**
Earnings per share	**(1.20)**	**(0.47)**	

President of the Board of Directors
D. Sc eng. Dobra Gheorghe

General Director
D. Sc eng. Dobra Gheorghe

Finance Director
Ec. Duralia Mihaela