Ernst & Young Assurance Services SRL
Bucharest Tower Center Building, 21st Floor
15-17 Ion Mihalache Blvd., District 1
011171 Bucharest, Romania

Tel: +40 21 402 4000
Fax: +40 21 310 7193
office@ro.ey.com
ey.com

RAPORTUL AUDITORULUI INDEPENDENT
INDEPENDENT AUDITOR'S REPORT

Catre actionarii Alum SA
To the Shareholders of Alum SA

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 bilantul la data de 31 decembrie 2023, contul de profit si pierdere, situatia modificarilor capitalului propriu si situatia 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 balance sheet as at December 31, 2023, and the income statement, statement of changes in shareholders' equity and cash flow statement 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 a Societatii la data de 31 decembrie 2023, ca si a performantei financiare si a fluxurilor de trezorerie ale acesteia pentru exercitiul financiar incheiat la aceasta data, in conformitate cu Ordinul Ministrului Finantelor Publice nr. 1802/2014, cu modificarile si clarificarile ulterioare.
In our opinion, the accompanying separate financial statements give a true and fair view of the financial position of the Company as at December 31, 2023, and of its financial performance and its cash flows for the year then ended in accordance with the Order of the Minister of Public Finance no. 1802/2014 with all subsequent modifications and clarifications.

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 individuale" din raportul nostru. Suntem independenti fata de Societate conform Codului International de etica al profesionistilor contabili (inclusiv standardele internationale 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.
English translation only for information purposes. The translation of the report should be read with the 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.

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 Separate 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.

Evidentierea unor aspecte
Emphasis of matter

Atragem atentia asupra Notei 6A la aceste situatii financiare individuale, care indica faptul ca la 31 decembrie 2023 Societatea avea active nete de 102.167 mii RON, determinate ca diferenta intre activele totale si datorii totale, care reprezinta mai putin de jumatate din capitalul social al Societatii in valoare de 488.413 mii RON la 31 decembrie 2023. In conformitate cu cerintele Legii societatilor comerciale din Romania (Legea 31/1990 si modificarile ulterioare (art. 153.24)) daca o companie are active nete mai mici de 50% din capitalul social, asa cum este cazul Societatii, administratorul si actionarii ar trebui sa ia masuri pentru a remedia situatia. Opinia noastra nu este cu rezerve in ceea ce priveste aceasta chestiune.
We draw attention to Note 6A to these separate financial statements, which indicates that as of 31 December 2023 the Company had net assets of RON 102,167 thousand, determined as a difference between its total assets and its total liabilities, that is lower than half the Company's share capital at 31 December 2023 of RON 488,413 thousand. In accordance with the requirements of Romanian Company Law (Law 31/1990 and subsequent amendments (art 153.24)) if a company has net assets less than 50% of its share capital, as the Company has, action should be taken by the administrator and shareholders to rectify the situation. Our opinion is not qualified in respect of this matter.

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.

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.
English translation only for information purposes. The translation of the report should be read with the 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.

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.

Descrierea fiecarui aspect cheie de audit si a procedurilor efectuate de noi pentru a aborda respectivul aspect
Description of each key audit matter and our procedures performed to address the matter

Aspect cheie de audit	**Modul in care auditul nostru a abordat aspectul-cheie de audit**
Testarea pentru depreciere a imobilizarilor corporale in situatiile financiare individuale Informatiile prezentate de Alum cu privire la imobilizarile corporale, sunt incluse in nota 1.	
Imobilizarile corporale ale Alum au o importanta semnificativa pentru auditul nostru, avand in vedere marimea pozitiei bilantiere la 31 decembrie 2023 (80 milioane RON in bilant). Conform OMF 1802/2014, o entitate este obligata sa evalueze, cel putin la fiecare data de raportare, daca exista indicatori de depreciere si, daca exista, este necesar un test de depreciere. La 31 decembrie 2023, din cauza prezentei indicatorilor de depreciere interni si externi, cum ar fi cresterea preturilor si disponibilitatea limitata a utilitatilor si a altor materii prime, cu un 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 al imobilizarilor corporale ale unitatii generatoare de numerar ("UGN") Alum, pe baza caruia s-a stabilit ca valoarea recuperabila a imobilizarilor corporale ale unitatii generatoare de numerar a scazut sub valoarea contabila neta, prin urmare a fost recunoscuta o ajustare cu deprecierea imobilizarilor corporale.	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 OMF 1802/2014, ratele de actualizare folosite pentru actualizarea fluxurilor de numerar viitoare pentru societate,verificarea ipotezelor 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 aprobat ce au avut in vedere impactul preturilor mari actuale ale energiei asupra fluxurilor de numerar viitoare;

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.
English translation only for information purposes. The translation of the report should be read with the 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.

Evaluarea recuperabilitatii valorii contabile a imobilizarilor corporale necesita din partea conducerii 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. Avand in vedere incertitudinea in previzionarea si actualizarea fluxurilor de numerar viitoare, nivelul rationamentelor implicate si importanta imobilizarilor corporale ale Societatii la 31 decembrie 2023, aceasta arie a auditului reprezinta un aspect-cheie de audit.	d) am evaluat analiza de senzitivitate a valorii recuperabile ale UGN-ului la modificarile ipotezelor semnificative facute de conducere (cum ar fi rata de actualizare, rata de crestere si marja EBITDA) precum si coerenta celorlalte ipoteze incluse in testul de depreciere (cum ar fi preturi de vanzare viitoare, volumele produse/vandute in raport cu capacitatea existenta, costul materialelor si utilitatilor) cu mediul economic general si specific, informatii relevante despre piata si planurile de afaceri ale Societatii; 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 in the separate financial statements *Alum's disclosure about property, plant and equipment, including the related impairment, are included in Note 1*	
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 2023 (of RON 80 million in the statement of financial position). *Under OMF 1802/2014, 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 2023 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 production at Alum, an impairment test of the property, plant and equipment of the cash generating unit Alum was carried out, based on which it was determined that the recoverable value of property, plant and equipment of the cash generating unit has decreases below its carrying value, therefore an impairment charge for the property, plant and equipment has been recognized.*	*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 in 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 Order of Ministry of Finance 1802/2014, discount rates used for discounting future cash flows for the company, checked macroeconomic assumptions).* ➢ *evaluation of the competence, capabilities and objectivity of external valuator which prepared the impairment test;* *c) we compared the assumptions used within the future cash flow models to the approved budgets and business plans which considered also the impact of the current high energy prices on future cash flows;*

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.
English translation only for information purposes. The translation of the report should be read with the 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.

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. *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 2023, this audit area is considered a key audit matter.*	*d) we evaluated the sensitivity analysis of the recoverable amounts to changes in the significant assumptions made by management (such as discount rate, growth rate and EBITDA margin) as well as the consistency of other assumptions made in the impairment test (such as expected sales prices, production/sales volumes versus capacity, material and utilities cost) with the general and industry-specific economic environment, relevant available market information and the business plans of the Company;* *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 si raportul nostru de audit cu privire la acestea. Conducerea este responsabila pentru alte informatii.
The other information comprises the Administrators' 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 separate 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.

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.
English translation only for information purposes. The translation of the report should be read with the 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.

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 Ordinul Ministrului Finantelor Publice nr. 1802/2014 cu modificarile si clarificarile ulterioare, 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 separate financial statements in accordance with the Order of the Minister of Public Finance no. 1802/2014 with all subsequent modifications and clarifications, and for such internal control as management determines is necessary to enable the preparation of separate 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 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.

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

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.
English translation only for information purposes. The translation of the report should be read with the 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.

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.*

- 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.*

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.
English translation only for information purposes. The translation of the report should be read with the 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 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, actiunile intreprinse pentru eliminarea amenintarilor cu privire la independenta sau masurile de protectie aplicate pentru a reduce acele amenintari.
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.

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.
English translation only for information purposes. The translation of the report should be read with the 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.

Building a better working world

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

Raportare asupra unor informatii, altele decat situatiile financiare individuale si raportul nostru de audit asupra acestora
Reporting on Information Other than the Separate 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 administratorilor, noi am citit Raportul administratorilor si raportam urmatoarele:

a) in Raportul administratorilor nu am identificat informatii care sa nu fie consecvente, sub toate aspectele semnificative, cu informatiile prezentate in situatiile financiare individuale la data de 31 decembrie 2023, atasate;
b) Raportul 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;
c) pe baza cunostintelor noastre si a intelegerii dobandite in cursul auditului situatiilor financiare individuale intocmite la data de 31 decembrie 2023 cu privire la Societate si la mediul acesteia, nu am identificat informatii eronate semnificative prezentate in Raportul administratorilor.

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

a) in the Administrators' Report we have not identified information which is not consistent, in all material respects, with the information presented in the accompanying separate financial statements as at December 31, 2023;
b) the Administrators' 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;
c) based on our knowledge and understanding concerning the entity and its environment gained during our audit of the separate financial statements as at December 31, 2023, we have not identified information included in the Administrators' Report that contains a material misstatement of fact.

In numele,
On behalf of,

Ernst & Young Assurance Services S.R.L.
22. MAR. 2024
Signed for identification
Semnat pentru identificare

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. FA 77

Nume Auditor / Partener: Verona Cojocaru
Name of the Auditor / Partner: Verona Cojocaru

Bucuresti, Romania
Bucharest, Romania

Inregistrat in Registrul Public electronic cu nr. AF1568
Registered in the electronic Public Register under No. AF1568

22 martie 2024
22 March 2024

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.
English translation only for information purposes. The translation of the report should be read with the 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. TULCEA

THE SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

Prepared in accordance with Ministry of Public Finance Order no. 1802/2014 with subsequent amendments

This is a free translation from the original Romanian binding version.

CONTENTS **PAGE**

SEPARATE BALANCE SHEET	1 – 4
SEPARATE INCOME STATEMENT	5 – 7
SEPARATE CASH FLOW STATEMENT	8 – 9
SEPARATE STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY	10 – 11
ACCOUNTING POLICIES AND NOTES TO THE SEPARATE FINANCIAL STATEMENTS	12 – 40

ALUM S.A. TULCEA
SEPARATE BALANCE SHEET
AS AT DECEMBER 31, 2023
(all amounts are expressed in RON, unless specified otherwise)

COUNTY **TULCEA**
UNIT: **ALUM S.A. TULCEA**
ADDRESS: loc. **TULCEA**
82, **ISACCEI** Street
TELEPHONE 0240 535022 FAX 0240 535495
Trade Registry no.
J/36/29/1991

OWNERSHIP FORM 34
MAIN BUSINESS
(name of CAEN class)
Metalurgy of Aluminum
CODE CAEN CLASS 2442
VAT NO
RO2360405

Code 10

No.		Row	December 31, 2022	December 31, 2023
A	**NON-CURRENT ASSETS**			
I	**Intangible assets**			
	1 Set-up expenses	**01**	-	-
	2 Development expenses	**02**	-	-
	3 Concessions rights, patents, licenses, trademarks, similar rights and values and other intangible assets	**03**	33,305	16,723
	4 Goodwill	**04**	-	-
	5 Intangible assets for exploration and evaluation of mineral resources	**05**	-	-
	6 Advances	**06**	-	-
	Total (rows 01 to 06)	**07**	**33,305**	**16,723**
II	**Property, plant and equipment**			
	1 Land and buildings	**08**	71,750,539	41,614,588
	2 Technical installations and machinery	**09**	82,065,244	24,277,986
	3 Other fixtures, plant and furniture	**10**	485,116	80,903
	4 Investment property	**11**	-	-
	5 Tangible assets in progress	**12**	13,433,074	13,860,011
	6 Investment property in progress	**13**	-	-
	7 Tangible assets for exploration and evaluation of mineral resources	**14**	-	-
	8 Biological assets	**15**	-	-
	9 Advances	**16**	-	-
	Total (rows 08 to 16)	**17**	**167,733,973**	**79,833,488**
III	**Financial assets**			
	1 Shares held in subsidiaries	**18**	67,356,122	-
	2 Loans to Group companies	**19**	-	-
	3 Shares in associates and jointly controlled entities	**20**	-	-
	4 Loans to entities based on participating interests	**21**	-	-
	5 Other non-current investments	**22**	-	-
	6 Other borrowings	**23**	-	-
	Total (rows 18 to 23)	**24**	**67,356,122**	**-**
	Total NON-CURRENT ASSETS (rows 07+17+24)	**25**	**235,123,400**	**79,850,211**

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

ALUM S.A. TULCEA
SEPARATE BALANCE SHEET
AS AT DECEMBER 31, 2023
(all amounts are expressed in RON, unless specified otherwise)

No.		Row	December 31, 2022	December 31, 2023
B	**CURRENT ASSETS**			
I	**Inventories**			
1	Raw materials and consumables	**26**	84,496,555	75,500,957
2	Work in progress	**27**	77,329,463	51,391,003
3	Finished goods and merchandise	**28**	13,810,593	7,807,480
4	Advances	**29**	6,557,614	318,428
	Total (rows 26 to 29)	**30**	**182,194,225**	**138,017,868**
II	**Receivables**			
1	Trade receivables (net)	**31**	6,888,258	2,601,513
2	Amounts receivable from related parties	**32**	-	-
3	Amounts receivable from associates and jointly controlled entities	**33**	-	-
4	Other receivables	**34**	282,220	229,601
5	Capital subscribed and not paid in	**35**	-	-
6	Receivables representing dividends distributed during the financial year	**35a**	-	
	Total (rows 31 to 35 + 35a)	**36**	**7,170,478**	**2,831,114**
III	**Short term financial investments**			
1	Shares held in related parties	**37**	-	-
2	Other short term investments	**38**	-	-
	Total (rows 37+38)	**39**	**-**	**-**
IV	**Petty cash and bank accounts**	**40**	**38,536,100**	**20,306,508**
	TOTAL CURRENT ASSETS (rows 30+36+39+40)	**41**	**227,900,804**	**161,155,489**
C	**PREPAID EXPENSES (rows 43+44)**	**42**	**486,906**	**300,882**
	Amounts to be reversed within 1 year	**43**	486,906	300,882
	Amounts to be reversed within a period above 1 year	**44**	-	-
D	**PAYABLES WITHIN 1 YEAR**			
1	Debenture loans	**45**	-	-
2	Amounts due to credit institutions	**46**	33,321,651	3,000,741
3	Advances received from orders	**47**	39,495,154	74,327,268
4	Trade suppliers	**48**	48,357,447	24,732,214
5	Bills of exchange payable	**49**	-	-
6	Amounts due to Group companies	**50**	-	-
7	Amounts due to to associates and jointly controlled entities	**51**	-	-
8	Other payables, including tax and social security	**52**	15,275,061	6,619,015
	Total (rows 45 to 52)	**53**	**136,449,313**	**108,679,238**
E	**NET CURRENT ASSETS/NET CURRENT LIABILITIES (rows 41+43-53-70-73-76)**	**54**	**91,559,617**	**52,398,353**

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

ALUM S.A. TULCEA
SEPARATE BALANCE SHEET
AS AT DECEMBER 31, 2023
(all amounts are expressed in RON, unless specified otherwise)

No.		Row	December 31, 2022	December 31, 2023
F	**TOTAL ASSETS MINUS CURRENT LIABILITIES (rows 25+44+54)**	**55**	**326,683,017**	**132,248,564**
G	**PAYABLES IN A PERIOD ABOVE 1 YEAR**			
1	Debenture loans	**56**	-	-
2	Amounts due to credit institutions	**57**	3,089,734	-
3	Advances received from orders	**58**	-	-
4	Trade suppliers	**59**	-	-
5	Bills of exchange payable	**60**	-	-
6	Amounts due to Group companies	**61**	-	-
7	Amounts due to associates and jointly controlled entities	**62**	-	-
8	Other payables, including tax and social security	**63**	459,091	220,010
	Total (rows 56 to 63)	**64**	**3,548,825**	**220,010**
H	**PROVISIONS**			
1	Provisions for employees benefits	**65**	1,940,085	1,980,904
2	Provisions for taxes	**66**	-	-
3	Other provisions	**67**	35,766,728	24,440,187
	Total (rows 65 to 67)	**68**	**37,706,813**	**26,421,091**
I	**DEFERRED INCOME**			
1	Subsidies for investments (rows 70+71)	**69**	4,198,145	4,198,145
	Amounts to be reversed within 1 year	**70**	378,780	378,780
	Amounts to be reversed within a period above 1 year	**71**	3,819,365	3,440,585
2	Deferred income (rows 73+74)	**72**	-	-
	Amounts to be reversed within 1 year	**73**	-	-
	Amounts to be reversed within a period above 1 year	**74**	-	-
3	Deferred income for assets transferred from clients (rows 76+77)	**75**	-	-
	Amounts to be reversed within 1 year	**76**	-	-
	Amounts to be reversed within a period above 1 year	**77**	-	-
4	Negative goodwill	**78**	-	-
	TOTAL (rows 69+72+75+78)	**79**	**4,198,145**	**3,819,365**
J	**EQUITY AND RESERVES**			
I	**Equity**			
1	Capital subscribed and paid in	**80**	488,412,908	488,412,908
2	Capital subscribed and not paid in	**81**	-	-
3	State regis patrimony (State-owned shares)	**82**	-	-
4	Patrimony of national research and development institutes	**83**	-	-
5	Other equity items	**84**	-	-
	TOTAL (rows 80 to 84)	**85**	**488,412,908**	**488,412,908**

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

ALUM S.A. TULCEA
SEPARATE BALANCE SHEET
AS AT DECEMBER 31, 2023
(all amounts are expressed in RON, unless specified otherwise)

No.		Row	December 31, 2022	December 31, 2023
II	**Share premiums**	**86**	**-**	**-**
III	**Revaluation reserves**	**87**	**18,658,976**	**16,591,359**
IV	**Reserves**			
	1 Legal reserves	**88**	20,389,951	20,389,951
	2 Statutory or contractual reserves	**89**	-	-
	4 Other reserves	**90**	53,511	53,511
	TOTAL (rows 88 to 90)	**91**	**20,443,462**	**20,443,462**
	Own shares	**92**	-	-
	Gains related to equity instruments	**93**	-	-
	Losses related to equity instruments	**94**	-	-
V	**PROFIT OR LOSS CARRIED FORWARD**			
	– C balance	**95**	-	-
	– D balance	**96**	122,406,950	238,472,350
VI	**PROFIT OR LOSS FOR THE YEAR**			
	– C balance	**97**	-	-
	– D balance	**98**	123,500,381	184,808,501
	Allocation of profit	**99**	-	-
	Total equity (rows 85+86+87+91-92+93-94+95-96+97-98-99)	**100**	**281,608,015**	**102,166,879**
	Public patrimony	**101**	-	-
	Private patrimony	**102**	-	-
	TOTAL EQUITY AND RESERVES (rows 100+101+102)	**103**	**281,608,015**	**102,166,879**

These separate financial statements were approved today, March 22, 2024.

Gheorghe Dobra
General Manager

Mihaela Duralia
Chief Financial Officer

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

ALUM S.A. TULCEA
SEPARATE CASH FLOW STATEMENT
AS AT DECEMBER 31, 2023
(all amounts are expressed in RON, unless specified otherwise)

Code 20 No.		Row	Year ended December 31, 2022	Year ended December 31, 2023
1	**Net turnover (rows 02+03-04+06)**	**01**	**501,771,469**	**286,545,218**
	of which, the net turnover corresponding to the predominant activity actually carried out	**01a**	418,342,722	279,461,966
	Income from production sold	**02**	420,748,067	17,986,745
	Income from sales of goods	**03**	81,023,402	268,558,473
	Commercial discounts granted	**04**	-	-
	Income from operating subsidies pertaining to net turnover	**06**	-	-
2	Income pertaining to the cost of the Work in progress			
	– C balance	**07**	2,905,124	-
	– D balance	**08**	-	26,081,039
3	Production of intangible and tangible assets	**09**	503,457	7,006
4	Income from revaluation of tangible assets	**10**	-	-
5	Income from investment property production	**11**	-	-
6	Income from operating subsidies	**12**	91,960	10,681
7	Other operating income	**13**	54,524,498	11,895,329
	out of which, income from negative goodwill	**14**	-	-
	out of which, income from subsidies for investments	**15**	378,780	378,780
	Total operating income (rows 01+07-08+09+10+11+12+13)	**16**	**559,796,508**	**272,377,194**
8	a) Raw materials and consumables	**17**	139,714,295	2,473,870
	Other material expenses	**18**	839,535	343,233
	b) Utilities expenses, out of which:	**19**	213,378,323	6,008,075
	- expenses with energy consumption (acc. 6051)	**19a**	48,624,076	5,840,990
	- expenses with natural gas consumption (acc. 6053)	**19b**	164,403,950	53,804
	c) Merchandise expenses	**20**	75,933,045	249,429,372
	Commercial discounts received	**21**	1,519	-
9	**Personnel related expenses (rows 23+24), out of which:**	**22**	**58,575,322**	**26,748,235**
	a) Salaries and wages	**23**	56,367,019	25,745,829
	b) Social security	**24**	2,208,303	1,002,406
10	**a) Adjustments for tangible and intangible assets value (rows** 26a**+26-27)**	**25**	**23,171,196**	**88,562,880**
	a.1) Operating expenses regarding depreciation of fixed assets (acc. 6811)	**26a**	23,112,666	19,088,825
	a. 2) Other expenses	**26**	58,530	69,474,055
	a. 3) Revenues	**27**	-	-
	b) Adjustments for current assets value (rows 29-30)	**28**	**6,679**	**7,303,809**

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

Code 20 No.		Row	Year ended December 31, 2022	Year ended December 31, 2023
	b. 1) Expenses	**29**	6,679	7,303,809
	b. 2) Revenues	**30**	-	-
11	**Other operating expenses (rows 32 to 37)**	**31**	**24.112.377**	**20.411.487**
	11.1. External services	**32**	16,539,836	15,111,838
	11.2. Expenses with royalties, management locations and rents (acc. 612), of which:	**33**	473,147	313,704
	- expenses with royalties (acc. 6121)	**33a**	-	-
	- expenses with management locations (acc. 6122)	**33b**	-	-
	- rent expenses (acc. 6123)	**33c**	473,147	313,704
	11.3. Expenses related to intellectual property rights (acc. 616), of which:	**33d**	-	-
	- expenses incurred with affiliates	**33e**	-	-
	11.4. Management expenses (acc. 617), of which:	**33f**	177,607	178,272
	- expenses incurred with affiliates	**33g**	-	-
	11.5. Consulting expenses (acc. 618), of which:	**33h**	1,995,804	1,763,126
	- expenses incurred with affiliates	**33i**	-	-
	11.6. Other taxes and similar payments;expenses for transfers and contributions due based on special normative acts	**33j**	1,943,384	1,643,780
	11.7. Expenses on environmental protection	**34**	600,838	396,144
	11.8. Expenses from revaluation of tangible assets	**35**	-	-
	11.9. Expenses related to calamities and other similar events	**36**	-	-
	11.10. Other expenses	**37**	2,381,762	1,004,623
12	**Impairment adjustments (rows 40-41)**	**39**	**7,473,416**	**(11,821,918)**
	Expenses	**40**	11,847,402	122,420
	Income	**41**	4,373,986	11,944,338
	Total operating expenses (rows 17 to 20-21+22+25+28+31+39)	**42**	**543.202.667**	**389.459.045**
	Operating Result			
	- profit (rows 16-42)	**43**	16.593.841	-
	- loss (rows 42-16)	**44**	-	117.081.851
13	Income from participating interests	**45**	-	-
	- of which, income from affiliates	**46**	-	-
14	Interest income	**47**	1,408	791
	- of which, income obtained from affiliates	**48**	-	-

15	Income from operating subsidies for the interest owed	**49**	-	-
16	Other financial income	**50**	27,635,921	15,189,265
	- of which, income from other financial investments	**51**	-	-
	Total financial income (rows 45+47+49+50)	**52**	**27,637,329**	**15,190,056**
17	Adjustments for long term financial assets and financial investments held as current assets (rows 54-55)	**53**	**128,669,773**	**279,027,298**
	Expenses	**54**	128,669,773	57,649,344
	Income	**55**		336,676,642
18	Interest expenses	**56**	3,925,160	3,211,076
	- of which, expenses incurred with affiliates	**57**	-	-
	Other financial expenses	**58**	30,258,012	358,732,928
	Total financial expenses (rows 53+56+58)	**59**	**162,852,945**	**82,916,706**
	Financial loss			
	- profit (rows 52-59)	**60**	-	-
	- loss (rows 59-52)	**61**	135,215,616	(67,726,650)
	Total income (rows 16+52)	**62**	**587,433,838**	**287,567,250**
	Total expenses (rows 42+59)	**63**	**706,055,612**	**472,375,751**
19	**Gross loss**		-	-
	- profit (rows 62-63)	**64**	-	-
	- loss (rows 63-62)	**65**	118,621,774	184,808,501
20	Income tax	**66**	4,856,876	-
21	Expenses with profit tax resulting from settlements within the fiscal group (acc. 694)	**66a**	-	-
22	Income from profit tax resulting from settlements within the fiscal group (acc. 794)	**66b**	-	-
23	Income tax specific to certain activities	**67**	21,731	-
24	Other taxes not included in the captions above	**68**	-	-
	Net loss for the year		-	
	- profit (rows 64-65-66-67-68-66a+66b)	**69**	-	-
	- loss (rows 65+66+67+68-64+66a-66b)	**70**	123,500,381	184,808,501

These separate financial statements were approved today, March 22, 2024.

Gheorghe Dobra
General Manager

Mihaela Duralia
Chief Financial Officer

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

ALUM S.A. TULCEA
SEPARATE CASH FLOW STATEMENT
AS AT DECEMBER 31, 2023
(all amounts are expressed in RON, unless specified otherwise)

	Year ended December 31, 2022	Year ended December 31, 2023
Cash flows from operations		
Gross loss	**(118,621,774)**	**(184,808,501)**
Adjustments for:		
Amortization/depreciation of intangible and tangible assets	23,112,666	19,088,825
Adjustment for the impairment of tangible assets	-	69,466,131
Adjustment for the impairment of investment in subsidiaries	128,702,336	57,649,344
Loss related to sale of investment in subsidiaries	-	6,525,908
Adjustments for the impairment of receivables	6,679	(324,735)
Provisions	7,499,383	(11,806,583)
Adjustments for the impairment of inventories	-	6,986,485
(Profit)/loss from foreign exchange differences	4,381,025	(1,044,589)
Net earning pertaining to disposals of tangible assets	7,428	4,914
Interest income	(274,979)	(198,370)
Interest expenses	3,925,160	3,211,076
Dividend income	-	-
Cash from operations before changes to working capital	**48,737,923**	**(35,250,095)**
(Increase)/decrease of inventories	(9,914,211)	37,189,872
Decrease of trade receivables and other receivables	28,111,082	4,779,616
Increase in trade payables and other payables	33,096,610	15,528,302
Cash from operations	**100,031,404**	**22,247,695**
Interests received	185,028	285,680
Interests paid	(2,903,743)	(1,662,121)
Income tax paid	(1,810,810)	(314,994)
Net cash from operations	**95,501,878**	**20,556,260**
Cash flow from investment activities		
Purchases of tangible and intangible assets	(21,561,148)	(9,219,417)
Proceeds from the sale of investment in subsidiaries	-	3,180,870
Proceeds from the sale of fixed assets	349,656	-
Net cash from investment activities	**(21,211,492)**	**(6,038,547)**
Cash flow from financing activities		
Variation of short-term loans	-	(13,264,392)
Repayment of loans	(36,457,828)	(19,482,914)
Net cash from financing activities	**(36,457,828)**	**(32,747,306)**

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

	Year ended December 31, 2022	Year ended December 31, 2023
Cash and cash equivalents at the beginning of the year	703,542	38,536,100
Variation of cash and cash equivalents	37,832,558	(18,229,592)
Cash and cash equivalents at the end of the year	**38,536,100**	**20,306,508**

These separate financial statements were approved today, March 22, 2024.

Gheorghe Dobra
General Manager

Mihaela Duralia
Chief Financial Officer

ALUM S.A. TULCEA
SEPARATE STATMENT OF CHANGES IN SHAREHOLDERS' EQUITY
AS AT DECEMBER 31, 2023
(all amounts are expressed in RON, unless specified otherwise)

Element of equity	Balance as at January 1, 2022	Increases	out of which transfers	Decreases	out of which transfers	Balance as at December 31, 2022
Capital subscribed and paid in (Note 7)	488,412,908	-	-	-	-	488,412,908
Legal reserves	20,389,952	-	-	-	-	20,389,952
Reserves representing surplus realized from revaluation reserves	-	-	-	-	-	-
Other reserves	53,511	-	-	-	-	53,511
Revaluation reserves	20,918,937	-		2,259,962	2,259,962	18,658,975
Retained earnings	(94,468,428)	(27,230,743)	(27,230,743)	-	-	(121,699,171)
Retained earnings from the correction of accounting errors	(707,779)	-	-	-	-	(707,779)
Result for the year	(29,490,705)	(123,500,381)	-	(29,490,705)	(29,490,705)	(123,500,381)
Allocation of profit	-	-	-	-	-	-
Total	**405,108,396**	**(150,731,125)**	**(27,230,743)**	**(27,230,743)**	**(27,230,743)**	**281,608,015**

These separate financial statements were approved today, March 22, 2024.

Gheorghe Dobra
General Manager

Mihaela Duralia
Chief Financial Officer

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

Element of equity	Balance as at January 1, 2023	Increases	out of which transfers	Decreases	out of which transfers	Balance as at December 31, 2023
Capital subscribed and paid in (Note 7)	488,412,908	-	-	-	-	488,412,908
Legal reserves	20,389,952	-	-	-	-	20,389,952
Reserves representing surplus realized from revaluation reserves	-	-	-	-	-	-
Other reserves	53,511	-	-	-	-	53,511
Revaluation reserves	18,658,975	-	-	2,067,617	2,067,617	16,591,358
Retained earnings	(121,699,171)	(121,432,764)	(121,432,764)	5,367,365	-	(237,764,570)
Retained earnings from the correction of accounting errors	(707,779)	-	-	-	-	(707,779)
Result for the year	(123,500,381)	(184,808,501)	-	(123,500,381)	(123,500,381)	(184,808,501)
Allocation of profit	-	-	-	-	-	-
Total	**281,608,015**	**(306,241,265)**	**(121,432,764)**	**(116,065,399)**	**(121,432,764)**	**102,166,879**

These separate financial statements were approved today, March 22, 2024.

Gheorghe Dobra
General Manager

Mihaela Duralia
Chief Financial Officer

10 NON-CURRENT ASSETS

a) Property, plant and equipment

COST	Balance as at January 1, 2023	Increases	Decreases	Balance as at December 31, 2023
Land, lanscaping and buildings	99,675,913	-	1,178,795	98,497,118
Installations and machinery	441,040,998	1,365,389	3,551,816	438,854,571
Measurement, control, adjustment installations and devices	22,352,206	8,211	1,161,541	21,198,875
Vehicles	20,214,903	-	144,994	20,069,911
Other installations, tools	1,075,646	-	26,476	1,049,169
Advances and tangibles in progress	15,224,573	1,800,536	1,373,600	15,651,509
TOTAL	**599,584,237**	**3,174,136**	**7,437,219**	**595,321,154**

ACCUMULATED DEPRECIATION	Balance as at January 1, 2023	Depreciation recorded during the year	Depreciation of scrapped fixed assets	Balance as at December 31, 2023
Land, landscaping and buildings	27,752,773	5,238,788	410	32,991,152
Installations and machinery	368,503,629	11,504,609	3,551,816	376,456,421
Measurement, control, adjustment installations and devices	14,815,598	1,661,816	1,161,541	15,315,873
Vehicles	17,225,188	565,226	144,991	17,645,423
Other installations, plant	590,530	86,067	26,476	650,120
TOTAL	**428,887,718**	**19,056,505**	**4,885,234**	**443,058,989**

1 NON-CURRENT ASSETS (continued)

ADJUSTMENT FOR IMPAIRMENT

	Balance as at January 1, 2023	Increases	Transfers	Decreases	Balance as at December 31, 2023
Constructions	172,601	23,718,778	-		23,891,379
Installations and machinery	998,446	45,747,353	-	-	46,745,799
Tangible assets in progress	1,791,499	-	-	-	1,791,499
Total	**2,962,546**	**69,466,131**	**-**	**-**	**72,428,677**
Net value	**167,733,974**				**79,833,489**

Tangible assets in progress include improvements made to the existent fixed assets and new investments in equipment that have not been put in operation yet.

As of December 31, 2023 the net book value of tangible assets acquired through finance leasing is RON 124,630 (December 31, 2022: RON 231,355).

The gross book value of the fully depreciated fixed assets as of December 31, 2023 is in amount of RON 182,568,419 (2022: RON 151,989,098).

The gross book value of the fixed assets scrapped in 2023 is in amount of RON 4,890,149 (2022: RON 880,053).

The net book value of the idle assets as a result of temporary suspension of the calcined alumina production activity in 2022 as of December 31, 2023 is in amount of RON 86,084 thousand (2022: RON 103,319 thousand).

As of December 31, 2023 the pledged fixed assets had a net book value of RON 44,820 thousand (December 31, 2022: RON 133,199 thousand).

Impairment tests for property, plant and equipment

The Company performs its annual impairment test in the end of the financial year and when circumstances indicate that the carrying value may be impaired. As a result of the several factors, such as increasing prices and scarce availability of energy products and other raw materials with a negative impact on the production costs, which caused the Company to take a decision last year to temporary suspend the alumina production operations, a test of the property, plant and equipment of the company was carried out as at 31 December 2023 and 31 December 2022.

The results of the impairment tests performed are presented further below.

As a result of the impairment review carried out by Alum, it was determined that the recoverable value of property, plant and equipment was materially different from its carrying value, therefore an additional impairment in amount of RON 69,472 thousand was recognized as at 31 December 2023 (31 December 2022: no additional impairment was recognized for the property, plant and equipment of alumina cash-generating unit).

1 NON-CURRENT assets (continued)

Impairment tests for property, plant and equipment (continued)

The impairment test was based on a valuation report made by an independent valuator, which assumes only one CGU exist.

The recoverable value of the cash generating unit (CGU) Alum was determined based on a fair value of CGU less costs to sell calculation by using future cashflows extracted from the business plan for the next 5 years estimated by the management. The terminal value was determined by using a growth rate of 2% per annum. The cash flow projections are based on existing plans, which assumes the production is resumed only in 2027 and until then ALUM is continuing buying alumina from the market at lower prices than its own cost of production and reselling it to ALRO. The management estimates that the raw materials and gas prices will stabilize to a sustainable level, enabling ALUM to resume alumina production in 2027 and fulfil ALRO's requirements for this primary raw material in its electrolysis facilities. Additionally, the company's strategic roadmap includes plans to recommence production and sales of aluminium hydrate and other specialized alumina products to third-party customers.

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

	2023	2022
Discount rate	13.60%	13.80%
Growth rate, average of next five years	18.39%	5.31%
EBITDA margin, average of next five years	1.93%	4.44%
EBITDA margin, terminal value	7.34%	5.82%

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:

	2023	2022
Discount rate	8.79%	13.72%
Growth rate, average of next five years	30.00%	5.91%
EBITDA margin, average of next five years	7.38%	4.50%
EBITDA margin, terminal value	10.10%	5.86%

b) Intangible assets

COST

	Balance as at January 1, 2023	Increases	Decreases	Balance as at, December 31, 2023
Development expenses	5,034,412	-	-	5,034,412
Intangible assets for the exploitation and evaluation of mineral resources	-	-	-	-
Other fixed assets	564,257	15,738	-	579,995
Total	**5,598,669**	**15,738**	**-**	**5,614,407**

1 NON-CURRENT ASSETS (continued)

ACCUMULATED AMORTIZATION

	Balance as at January 1, 2023	Increases	Decreases	Balance as at, December 31, 2023
Development expenses	5,034,412	-	-	5,034,412
Intangible assets for the exploitation and evaluation of mineral resources	-	-	-	-
Other fixed assets	530,953	32,320	-	563,274
Total	**5,565,365**	**32,320**	**-**	**5,597,684**
Net value	**33,305**			**16,723**

The development expenses include projects and solution and efficiency studies related to the study of the process of silica removal and technological sizing per variants, increasing the capacity of the static kiln and technical and technological rehabilitation amortized over a period of 5 years.

b) Long term financial investments

In May 2011, the Company purchased 100% of the share capital of Global Aluminium Ltd BVI, with the head office in Trinity Chambers, PO Box 4301, Road Town Tortola, British Virgin Islands, for the amount of USD 30 million, the equivalent of RON 82,581,000.

In December 2021 Alum increased the share capital of its subsidiary Global Aluminium Ltd with a amount of USD 60,200 thousand (RON 263,802 thousand) by conversion of receivables and advances for stocks from Sierra Mineral Holding 1 Ltd. Subsequentlty were recorded adjustments for the depreciation of this financial asset.

On 31 May 2023, Alum publicly announced the convening of the Extraordinary General Meeting for the approval of the sale, as sole shareholder, of 100% of the share capital of Global Aluminum Ltd. (GAL group). On 10 July 2023 in the Extraordinary General Meeting of Shareholders of Alum SA, approved the sale of GAL for a cash consideration of USD 2,000 thousand, less an amount equal to the Intercompany Debt Amount, which at that date was of USD 1,300 thousand. The disposal of Global Aluminum Ltd. was completed on 1 September 2023 and the consideration received for the net assets disposed amounted RON 3,181 thousand (USD 700 thousand equivalent).

	Year ended December 31, 2023	Year ended December 31, 2022
1 January investment	346,383,420	346,383,420
1 January depreciation	(279,027,298)	(150,357,525)
1 January net value	67,356,122	196,025,895
Outputs - sale of participation titles	346,383,420	-
Impairment loss of financial assets	(57,649,344)	(128,669,773)
Reversal of impairment of financial assets	336,676,642	-
31 December investment	**-**	**346,383,420**
31 December depreciation	**-**	**(279,027,298)**
31 December net value	**-**	**67,356,122**

11 PROVISIONS

	Balance as at January 1, 2023	Increases	Decreases	Balance as at December 31, 2023
Provisions for pensions and similar obligations	1,940,085	122,420	81,601	1,980,904
Provision for CO2 certificates	11,847,402	-	11,847,402	-
Provisions for rehabilitation	23,919,326	1,694,331	1,173,471	24,440,187
Total	**37,706,813**	**1,816,751**	**13,102,474**	**26,421,091**

The provision for pensions and similar obligations has been constituted for the Company's obligation to give retirement benefits to the employees in accordance with the provisions of the collective employment contract, on the basis of an computation updated as of December 31, 2023.

The amount of RON 11,847 thousand representing a provision recognized by the Company for CO2 certificates needed to be acquired for the year 2022 in accordance with the legal requirements, was reversed in 2023 (2022: RON 1,274 thousand). No such provision was recognised in 2023, as the Company has a surplus of certificates as at 31 December 2023 over the ones needed to be acquired for 2023.

The provision for rehabilitation is related to the premises where it is deposited the residue from production in the form of the red mud lake. According to the environmental regulations, the red mud lake must be restored until a certain date specified by specific authorisations, on which date it may be closed down or extended. The provisions are based on the estimation of expenses necessary to perform the restoration works for the time when they are expected to be incurred, discounted to their present value at December 31, 2023 and are related to the red mud lake rehabilitation in an amount of RON 24,440 thousand, (2022: RON 23,919 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 a discount rate of 5.670% (2022: 7.084%). Furthermore, the timing of rehabilitation will depend on when the site cease to store at economically viable rates.

The increase in the provision for rehabilitation reflects the expense with the related interest, and the reduction represents the updating of the value of the obligation, recorded in correspondence with the fixed asset to which it refers.

3 ALLOCATION OF PROFIT

The Company recorded a loss of RON 184,808,501 for the year ended December 31, 2023 (RON 123,500,381 loss for the year ended December 31, 2022).

The result recorded for the year ended December 31, 2022 has been carried forward according to the legislation during 2023.

4 ANALYSIS OF THE OPERATING RESULT

	Caption	Year ended December 31, 2022	Year ended December 31, 2023
1.	**Net turnover**	**501,771,469**	**286,545,218**
2.	**Cost of goods sold and services provided (3+4+5+6)**	**485,261,950**	**316,560,862**
3.	Basic activity expenses	215,716,243	26,074,033
3.1	Raw materials and materials	129,469,991	26,074,033
3.2	Direct salary expenses	10,486,274	-
3.3	Other direct material expenses	75,759,979	-
4.	Auxiliary activity expenses	154,815,073	15,979,350
5.	Production overheads	38,797,589	25,078,107
6.	Expenses regarding the materials sold	75,933,045	249,429,372
7.	**Gross result pertaining to net turnover (1-2)**	**16,509,519**	**(30,015,644)**
8.	Marketing expenses	1,459,239	992,469
9.	General administrative expenses	35,497,709	30,371,817
10.	Other operational expenses	21,949,175	79,552,268
11.	Other operating income	58,990,444	23,850,348
12.	**Operating result (7-8-9-10+11)**	**16,593,841**	**(117,081,851)**

5 RECEIVABLES AND PAYABLES

Receivables	Balance as at December 31, 2023	Due	
		within 1 year	over 1 year
Domestic clients	4,374,397	4,374,397	-
Foreign clients	125,301	125,301	-
Adjustment for the impairment of doubtful receivables	(3,460,274)	(3,460,274)	-
Trade receivables	**1,039,425**	**1,039,425**	**-**
Non-chargeable VAT	39,643	39,643	-
Advances to personnel	36,752	36,752	-
Other receivables	1,826,714	1,826,714	-
Sundry debtors	9,265	9,265	-
Adjustments for the impairment of other receivables	(120,684)	(120,684)	-
Other receivables	**1,791,689**	**1,791,689**	**-**
Total	**2,831,114**	**2,831,114**	**-**

5 RECEIVABLES AND PAYABLES (continued)

Receivables	Balance as at December 31, 2022	Due within 1 year	Due over 1 year
Domestic clients	9,273,482	9,273,482	-
Foreign clients	171,243	171,243	-
Adjustment for the impairment of doubtful receivables	(3,467,684)	(3,467,684)	-
Trade receivables	**5,977,041**	**5,977,041**	**-**
Non-chargeable VAT	27,915	27,915	-
Advances to personnel	114,260	114,260	
Other receivables	1,156,701	1,156,701	-
Sundry debtors	15,245	15,245	
Adjustments for the impairment of other receivables	(120,684)	(120,684)	-
Other receivables	**1,193,437**	**1,193,437**	**-**
Total	**7,170,478**	**7,170,478**	**-**

A part of the Company's receivables, RON 240 thousand at December 31, 2023, (RON 5,036 thousand at December 31, 2022) are pledged to secure the loans obtained from banks.
The Company sells a part of trade receivables under the existing factoring facility 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:

	31 December 2023	31 December 2022
Factoring cap amounts, of which:	4,974,600	4,946,900
Factoring amounts utilised	247,213	177,638

Movement in allowance for doubtful receivables is as follows:

	2022	2023
Balance at beginning of the year	3,461,005	3,467,684
Charge during the year	6,679	-
Release during the year	-	7,411
Balance at end of the year	**3,467,684**	**3,460,273**

Company’s receivables from affiliates are presented in Note 10.8.

Payables	Balance as at December 31, 2023	Due within 1 year	Due over 1 year
Trade payables and similar accounts	24,732,214	24,732,214	-
Payables to clients	74,327,268	74,327,268	-
Bank loans	3,000,741	3,000,741	-
VAT payable	1,755,825	1,755,825	-
Guarantees received from suppliers	1,153,030	933,020	220,010
Dividends payable	4,534	4,534	-
Sundry creditors	2,784	2,784	-
Other payables	3,922,852	3,922,852	-
Total	**108,899,248**	**108,679,238**	**220,010**

5 RECEIVABLES AND PAYABLES (continued)

Payables	Balance as at December 31, 2022	Due	
		within 1 year	over 1 year
Trade payables and similar accounts	48,357,447	48,357,447	-
Payables to clients	39,495,154	39,495,154	-
Bank loans	36,411,385	33,321,651	3,089,734
Other loans and similar debts	-	-	-
VAT payable	7,408,450	7,408,450	-
Guarantees received from suppliers	1,198,738	739,647	459,091
Dividends payable	4,534	4,534	-
Sundry creditors	422	422	-
Other payables	3,550,100	3,550,100	-
Income tax	3,571,907	3,571,907	-
Total	**139,998,138**	**136,449,313**	**3,548,825**

Company's payables to affiliates are presented in Note 10.8.

On May 17, 2019, Alum concluded a loan agreement amounting to USD 20 million with Black Sea Trade and Development Bank and a loan agreement amounting to USD 5 million with Garanti Bank Romania, respectively. The scope of these loan facilities was to finance mainly investments, and they were repaid in seven half-yearly instalments after a grace period of two years. The last loan installment was paid in May 2023 (31 December 2022: USD 3,571 thousand).

In February 2021, the Company 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. The loan was not extended and in July 2023, the Company reimbursed the drawn amount from the revolving facility of RON 13,264 thousand, i.e. the equivalent of USD 2,920 thousand. As of December 31, 2022, the balance of the loans was of RON 13,533 thousand, i.e. the equivalent of USD 2,920 thousand. 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 2023, the balance of the loan was of USD 676 thousand (31 December 2022: USD 1,333 thousand). In 2023, the interest rates ranged between 7,54% and 8,70% (2022: 3,25% and 8,70%).

According to the existing borrowing agreements, at 31 December 2023, the Company is no subject to certain restrictive covenants and at December 2022, the Company fell within the covenants in respect of its loans. 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.

The Company borrowings are secured with accounts receivable amounting to RON 240 thousand (2022: RON 5,036 thousand), with current account opened with banks amounting to RON 529 thousand (2022: RON 2,717 thousand), with property, plant and equipment (land, buildings, equipment) of RON 44,820 thousand (2022: RON 133,199 thousand) and with inventories of RON 137,699 thousand (2022: RON 175,637 thousand).

In 2023, the Company paid all the deferred tax liabilities according to the Government's set of measures implemented in 2020 to support businesses during the Covid-19 pandemic, companies in Romania were allowed to postpone the payment of taxes, under certain conditions, and benefit from payment instalments, for a maximum period of 12 months.

5 RECEIVABLES AND PAYABLES (continued)

The Company adopted strategies to benefit its overall cashflow and, took the opportunity to defer the payment of the following principal tax liabilities, payable by monthly instalments until July 2023: wages and social security taxes in total amount of RON 1,701 thousand, tax on salaries in total amount of RON 301 thousand, income tax in total amount of RON 521 thousand and VAT payable in total amount of RON 3,289 thousand.

6 SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

These separate financial statements are the responsibility of the Company's management and are prepared in compliance with the Accounting Law 82/1991 (as republished) and with Order of Ministry of Public Finance no. 1802/2014 ("OMF no. 1802/2014"), with the subsequent amendments.

OMF no.1802/2014, as revised is harmonised with the stipulations of the following directives:

a) Directive 2013/34/EU of the European Parliament and of the Council on the annual individual financial statements, consolidated financial statements and related reports of certain types of undertakings, amending Directive 2006/43/EC of the European Parliament and of the Council and repealing the Directives 78/660/EEC and 83/349/EEC, published in the Official Journal of the European Union series L, no. 182 of June 29, 2013;
b) Directive 2014/95/EU of the European Parliament and of the Council of October 22, 2014 amending Directive 2013/34/EU as regards disclosure of non-financial information and diversity information by certain large undertakings and groups, published in the Official Journal of the European Union, Series L, no. 330 dated November 15, 2014 and differs from the International Financial Reporting Standards. As a result, these financial statements are not to be considered as being in accordance with the International Financial Reporting Standards.

These financial statements, prepared in accordance with OMF no. 1802/2014 as revised, are not to be used by third parties or users of the financial statements that are not familiar with OMF no. 1802/2014 as revised, applicable in Romania.

The financial statements refer only to Alum S.A.

The company had subsidiaries (Alum S.A. is the parent company of the Alum group (Note 1)) and it was necessary, according to the requirements of OMF 1802/2014, to draw up consolidated financial statements. The consolidated financial statements of the Alum group are drawn up in accordance with the International Financial Reporting Standards as endorsed by the European Union and are issued in a separate document.

The accounting records on the basis of which these financial statements were prepared are kept in lei ("RON") at historical cost, except for the situations in which the fair value was used, according to the accounting policies of the Company and according to OMF no. 1802/2014.

A. Accounting principles

Currency of presentation

These separate financial statements are presented in RON, except for the cases in which is specified another currency.

These separate financial statements for the period ended December 31, 2023 have been prepared in accordance with the following accounting principles:

6 SIGNIFICANT ACCOUNTING POLICIES (continued)

A. Accounting principles (continued)

Going concern

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

In 2023, the Company and the group to which it belongs and the aluminum industry in general continued facing a multitude of challenges, as producers grappled with various difficulties throughout the year. One of the primary obstacles encountered by European aluminum producers was the persistent volatility in raw material prices, exacerbated by global geopolitical tensions and supply chain disruptions. The ongoing Russia-Ukraine conflict continued to impact the aluminum market, contributing to uncertainty and price fluctuations in key raw materials. This instability not only disrupted supply chains but also led to significant cost pressures, affecting the profitability and operational efficiency. Furthermore, the aluminum industry in the EU encountered challenges related to energy costs, with soaring electricity and gas prices further straining margins. As energy-intensive operations, aluminum smelters and refineries faced significant increases in production costs, posing a significant hurdle for producers in maintaining competitiveness in the global market.

In response to the above, already since 2022, ALUM and the group to which it belongs developed and implemented scenarios for operating at a minimum break-even point or reducing financial losses by suspending certain production activities and switching some production equipment to stand-by. Thus, ALRO has reduced the primary aluminum production by 60% by shutting down three electrolysis pot rooms and focused on shifting more and more to high value products. ALUM has revised its manufacturing schedule according to the level of calcined alumina required for ALRO, subsequently suspending alumina production operations starting on 1st August 2022, while retaining its key specialists. During 2023, as market conditions continued to remain challenging, the production remained suspended and ALUM:
- kept its CAPEX at a minimum level, but continued to perform maintenance works to ensure the equipment and installations are ready for restarting;
- continued the investment objectives on the environment line and compliance with ANRE recommendations and its compliance projects;
- continued the research activity in the installations within the project financed from European funds and within the projects carried out at the European level (Removal, Rescue and Reactiv);
- continued optimizing acquisitions of materials and inventory levels;
while main activity consisted of purchasing alumina from the market and selling it to ALRO to assure its production requirements. Also, in 2023, ALUM and the group to which it belongs, decided to dispose of its loss-making bauxite division, by selling its holding in Global Aluminium Ltd. (GAL group).

For the year ended 31 December 2023, the Company incurred a loss of RON 184,809 thousand, of which a significant part relates to impairment for plant, plant property and equipment amounting RON 69,466 thousand and losses recorded at disposal of bauxite division amounting RON 64,175 thousand (2022: loss of RON 123,500 thousand, mainly consisting of the impairment for bauxite division).

As a result, on 31 December 2023, the statutory net assets decreased below half of its share capital. According to the provisions of the Companies Law 31/1990, amended and supplemented by Law 441/2006 (Article 153.24), if the Company records net assets with a value less than 50% of the value of subscribed share capital, as it is the Company's situation, measures must be taken by the administrator and Company's shareholders in order to correct the situation.

6 SIGNIFICANT ACCOUNTING POLICIES (continued)

A. Accounting principles (continued)

Going concern (continued)

In terms of liquidity, in 2023 the Company repaid the majority of its loans in accordance with the schedules contracted, its remaining exposure towards banks at year end has been significantly reduced (by RON 3,001 thousand), and at as of 31 December 2023, its current assets exceed its current liabilities by RON 52,476 thousand. Its trading activity throughout the year has been supported through advances received from ALRO.

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

The management has developed medium term forecasts and projections of cash-flows and liquidity needs considering the current and forecasted market conditions and reasonably possible changes in trading performance based on such conditions, as well as the climate change and decarbonisation actions impact on the operations. These forecasts considered a prudent scenario, under which production is resumed only in 2027, when the evolution of prices of energy and gas reaches sustainable long-term prices that will enable the Company to resume production at profitable levels, being fully aligned with its ALRO's forecasts and projections.

The Company will maintain the production capacities in full operating capacity, to enable the production to be resumed in 1 month once the decision is taken. The 1-month period is required in order to build up and restore the hydrate concentration into the installations. The current state of production capacity provides the flexibility and ability to react and benefit from opportunities on the market.

The forecasts show a significant improvement of the Company results in future periods, which will return on profit once production is resumed. During this period the Company depends on its parent, ALRO, for operational and financial support, which issued a support letter dated March 19, 2024, stating its ability and intent to support ALUM for the foreseeable period.

Notwithstanding the challenges and uncertainties, the management expects that, based on the most recent forecasts, support from its shareholder and ability to adapt its cash-flows, when necessary, 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.

Consistency principle

The same rules, methods, norms regarding the evaluation, registration and presentation in the accounting of the elements of patrimony are used, in order to ensure the comparability in time of the accounting information.

In the preparation of these non-consolidated financial statements, all value adjustments due to the depreciation of the assets' value have been taken into consideration, also all foreseeable obligations and potential losses which appeared during the financial year concluded or during any of the previous years.

Offsetting principle

The value of the items representing assets were not offset against the values of the items representing liability, i.e., revenues against expenses. Potential offsets between receivables and liabilities to the same entity performed in compliance with the legal provisions may only be recorded after entering in the books the related revenues and expenses.

6 SIGNIFICANT ACCOUNTING POLICIES (continued)

A. Accounting principles (continued)

Substance over form principle

The information disclosed in the non-consolidated financial statements reflect the economic substance of the events and transactions, not only their legal form.

Materiality principle

Any item that are material are disclosed separately in the financial statements.

Matching principle

In the preparation of these non-consolidated financial statements, all revenues and expenses for the financial year were taken into account, regardless of their date of collection or payment.

Principle of valuation of asset and liability items

In order to determine the total value corresponding to a balance sheet position, the value of each individual element of asset and liability was separately determined.

B. Significant accounting policies

Treatment of accounting errors

Any possible errors of the current period noted in the same period are corrected before the separate financial statements are authorised to be issued. However, it is possible that certain significant errors are discovered subsequently to the period to which they refer. These errors pertaining to a prior period are retrospectively corrected and recorded in the account “Retained earnings from the correction of errors”.

Translation of foreign transactions

The Company’s transactions expressed in a foreign currency are recorded as at the exchange rates

valid on the date of the transactions. The earnings and losses resulted from the settlement of the transactions in a foreign currency and from the translation of the monetary assets and liabilities in a foreign currency are recognized in the income statement. Such balances are translated in RON at the official exchange rate of the National Bank of Romania valid at the end of each month.

As at December 31, 2023, the official exchange rate used was USD 1 = RON 4,4958 and EUR 1 = RON 4,9746.

As at December 31, 2022, the official exchange rate used was USD 1 = RON 4,6346 and EUR 1 = RON 4,9474.

Property, plant and equipment

a. Cost

Property, plant and equipment are initially stated at acquisition cost, Property, plant and equipment have been revalued based on several government decisions, by adjusting the historic cost with indexes set by the respective government decisions. The increases in the book values of the property, plant and equipment resulted from the revaluations made in the past which were initially credited in the revaluation reserves or share capital, in accordance with the provisions of the respective laws.

6 SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment (continued)

The constructions were subsequently revalued, based on revaluations carried out by qualified professionals. The revaluation difference is reflected in the revaluation reserve. The last revaluation of the constructions for financial reporting purposes was performed as at December 31, 2020 by an independent appraiser, a member of ANEVAR. The revaluation aimed to adjust the net book values of the elements included in this category to their fair value considering their physical state and market value. The revaluations of the constructions are done with sufficient regularity, so that the book value does not differ substantially from the one that would be determined using the fair value from the balance sheet date.

At December 31, 2023, based on the market evolution, the Company concluded that a new revaluation at the current balance sheet date is not required.

The maintenance and repairs to the fixed assets are charged to expenses as incurred.
Non-current assets in the form of inventory items, such as small tools, are charged to expenses when put into operation and are not included in the book value of the tangible assets.

The tangible assets that are scrapped are written off the balance sheet together with the corresponding accumulated depreciation. Any profit or loss resulted from such an operation is included in the current profit and loss account. Significant upgrading are capitalized when they meet the defining criteria of the assets. The earnings and losses from the disposal of fixed assets are determined based on their book value and are included in the operating profit determination.

Temporarily idle property, plant and equipment are assessed for impairment individually. For assets put in conservation for an undefined period in accordance with the Board of Directors decision, the Group recognizes an impairment loss equal to their carrying value as at the date of the transfer. Subsequently, these assets are reviewed for possible reversal of impairment, depending on the Group's plans to operate them in the future.

b. Depreciation

Depreciation is calculated at revalued cost on a straight-line basis, for all categories of fixed assets, Depreciation is calculated throughout the estimated useful life of the assets, as follows:

	Years
Buildings and special constructions	2 - 52
Technical installations and machinery	1 - 25
Equipment and vehicles	1 - 25

Land is not depreciated as it is assumed that it has an indefinite useful life.

The earnings and losses generated by the disposal of land and fixed assets are determined by comparison to their book value and are included in the determination of the operating profit.

Impairment of property, plant and equipment

The Company must make sure that its assets are not recorded at a value that exceeds their recoverable amount, an asset is recorded at a value higher than its recoverable amount, if its book value exceeds the amount recoverable from the use or disposal of the asset.

The fixed assets held and used by an entity should be analyzed from the point of view of diminishing the value of such an asset whenever events occur that indicate the possibility of not recovering the book value of an asset from the future cash flows, In cases where the estimated future cash flows are insufficient to cover the book value of the asset, there needs to be applied an adjustment to reflect the impairment of the fixed assets.

6 SIGNIFICANT ACCOUNTING POLICIES (continued)

Intangible assets

Development expenses

Development expenses are capitalised and amortised on a straight line basis for a period from 3 to 5 years.

Licenses and software

Usually, the costs associated with the development and maintaining the computer software are charged to expenses as incurred. Direct costs associated with computer software whose future economic benefits are probable and for a period of more than one year are recognised as intangible assets.

The expense with the purchased computer software is capitalised and amortised on a straight-line basis throughout their useful life, without exceeding a period of 5 years, Intangible assets are not revalued.
The book value of each intangible asset is verified annually and adjusted from the point of view of the permanent impairment, where necessary.

Inventories

Inventories are recorded at the lower of evaluated cost and net realizable value, determined based on the FIFO ("first in, first out") method. The cost of the finished and semi finished products includes raw materials, direct salary expenses, other direct expenses and production overheads (based on the normal production capacity), but excludes the general administrative expenses, marketing expenses and financial expenses. Net realizable value is determined based on the sale price under normal conditions. Adjustments are recorded for the impairment of slowly moving, deteriorated and obsolete inventories.

Trade receivables

Trade receivables are recorded at anticipated net realizable value. For doubtful receivables, an estimated adjustment is made based on an analysis of all amounts outstanding at year end. Non-recoverable receivables are charged against income in the year when they are identified.

Other receivables

Receivables are recorded at a value estimated to be recovered.

Cash and cash equivalents

Cash and cash equivalents are disclosed in the non-consolidated balance sheet at cost. For the non-consolidated cash flow statement, cash and cash equivalents include petty cash, current accounts, demand deposits with banks and letters of credit.

Payables

Payables are recorded at nominal value.

Provisions

Provisions are recognized as at the time when the Company has a legal or constructive obligation resulted from past events, when an outflow of resources embodying economic benefits is necessary to settle the obligation and when a reliable estimate can be made with regard to the value of the obligation.

6 SIGNIFICANT ACCOUNTING POLICIES (continued)

Provision for decommissioning

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 of the decommissioning liability. The unwinding of the discount is expensed as incurred and recognised in the statement of profit or loss as a finance cost. 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.

Contributions for employees

The Company pays contributions to the State Budget as the mandatory work insurance contribution and the employees pay contributions to the State Budget for social insurance and health insurance according to the levels established by the law and in effect during the year, calculated on the basis of the gross salaries. The value of these contributions is recorded in the income statement in the same period as the related salary expenses.

Retirement and other post-retirement benefits

In the normal course of its business, the Company makes payments to several institutions of the Romanian state on account of the pensions of its employees. All the Company employees are members of the pensions plan of the Romanian State.

Starting with 01.04.2017, the Company pays a contribution to the voluntary pension fund for employees of the Company adhering to it, in amount of EUR 200/year, tax deductible, representing RON 75 per employee monthly. Starting with 01.04.2018 the monthly contribution increased to RON 100 per employee, and from 01.04.2019 the monthly contribution increased to RON 150 per employee.

Upon retirement, the Company offers its employees, according to the collective employment contract, a bonus ranging between 2 - 6 salaries, plus permanent bonuses for the last worked month, according to the length of service in the Company. For these amounts, the Company records in the financial statements a provision revised annually by an actuarial calculation expert.

Borrowings

Short and long term borrowings are presented at the outstanding value as at the date of the non-consolidated balance sheet date. The current part of the long term loans and the accumulated interest as at the balance sheet date are classified as “Payables within one year”. The costs related to obtaining the loans are recorded as expenses in advance and amortized over the loan period when they are significant.

Financial leases

Financial lease is the lease obligation that transfers, to a large extent, all the risks and benefits related to the ownership over the asset. The title can be eventually transferred or not.
Financial lease operations are recorded at the fair values of the leased item or by the discounted value of the minimum lease payments, if the latter is lower. To calculate the discounted value of the minimum lease payments, the discount is considered the effective interest rate of the lease agreement.

6 SIGNIFICANT ACCOUNTING POLICIES (continued)

Grants

Grants for assets, including non-monetary grants at fair value, are recorded in accounting as investment grants and are recognised in the balance sheet as deferred income. The deferred income is recorded in the profit and loss account as the expenses with the depreciation are recorded or at the scrapping or disposal of the assets.

Grants related to income include all grants, other than those for assets. Grants are recognised, on a systematic basis, during the period in which the expenses corresponding to these grants were recognised.

Share capital

The share capital composed of ordinary shares is recorded at the value established on the basis of the deeds of incorporation and addenda, as the case may be, as well as the supporting documents regarding the capital payments.

The repurchased own shares, according to the law, are presented in the balance sheet as a correction of the equity.

Gains or losses related to the issuance, redemption, sale, disposal for free or cancellation of the equity instruments of the entity (shares) are recognized directly in the equity in the lines of "Gains / or Losses related to equity instruments" .

Retained earnings

The legal reserve is created in accordance with the provisions of the Companies Law, according to which 5% of the annual accounting profit before tax is transferred to legal reserves until their balance reaches 20% of the Company's share capital.

The accounting profit left after the distribution of the realised legal reserve share, within the limit of 20% of the share capital is taken in the retained earnings at the beginning of the financial year following the one for which the annual financial statements are drawn up, from where it will be distributed to the other legal destinations.

The bookkeeping of the destinations of the accounting profit is made in the following year after the general meeting of the shareholders or associates who approved the distribution of the profit, by recording the amounts representing dividends due to the shareholders or associates, reserves and other destinations, according to the law. The records made regarding the distribution of the profit cannot be reversed.

The increases in the retained earnings representing the surplus realised from revaluation reserves were constituted by the transfer from the revaluation reserve of the amounts corresponding to the revalued assets as they were used by the company. The surplus realised from the revaluation reserves thus created is distributable, while the revaluation reserve is not distributable. The Company does not intend to distribute the surplus realised from revaluation reserves in the balance on December 31, 2023.

In the situation in which the surplus realised from revaluation reserves is distributed, from a fiscal point of view it will be taxed in so far as, according to the tax legislation applicable at the time of the revaluation, the expenses with the depreciation related to the revalued fixed assets were considered deductible expenses in the calculation of the profit tax and the surplus realised from the revaluation reserves, respectively, has not already been assimilated to the income for the calculation of the profit tax.

6 SIGNIFICANT ACCOUNTING POLICIES (continued)

Income

The income from sales is recorded upon the delivery of the products and, when applicable, upon their receipt by the client, or upon the provision of services. Recording is made net of VAT, and any potential sale fees or commercial discounts.

The Company uses CO2 certificates. The certificates are recognised in the financial statements based on the net exposure/emission method. According to this method, it is recognised as a liability the value of the certificates for the emission that exceeds the equivalent of the certificates granted according to GD 780/2006 issued by the National Environment Authority.

The Company estimates the annual amount of emissions as at each balance sheet date and recognizes the supplementary liability at the market value of the additional certificates that need to be purchased or at the level of the penalties that need to be paid according to the laws in force.

The additional liability is recognized in the income statement based on the unit of production method. If the Company estimates the use of a lower number of certificates than the allocated level, the income resulted from the sale of the supplementary certificates is recognized only at the time of the actual sale.

Income tax

Income tax is calculated based on the result of the year corrected for various elements that are neither taxable nor deductible. It is calculated using the income tax rate in effect as at the balance sheet date.

Financial instruments

The financial instruments recorded in the non-consolidated financial statements include cash and cash equivalents, receivables and trade receivables, other assets and long term liabilities. The particular methods of recognition adopted are presented in the individual accounting policies associated to each element.

7 SHARE CAPITAL

The share capital is in amount of RON 488,412,908 representing 82,086,203 shares having a nominal value of RON 5.95 per share. The share capital subscribed and paid in as at December 31, 2023 is in amount of RON 488,412,908.

	Value
As at January 1, 2023	488,412,908
Increases	-
As at December 31, 2023	**488,412,908**

	2022		
	Number of shares	Nominal value	%
ALRO S.A.	81,595,860	485,495,367	99.4026
Individuals	472,054	2,808,721	0.5751
Legal entities	18,289	108,820	0.0223
Total	**82,086,203**	**488,412,908**	**100**

7 SHARE CAPITAL (continued)

	2023		
	Number of shares	Nominal value	%
ALRO S.A.	81,595,860	485,495,367	99.4026
Individuals	470,658	2,800,415	0.5734
Legal entities	19,685	117,126	0.0240
Total	**82,086,203**	**488,412,908**	**100**

8 INFORMATION REGARDING THE EMPLOYEES, ADMINISTRATORS AND DIRECTORS

	2022	2023
Average number of employees	638	251

Salaries expenses per categories of personnel in 2022 were:

	No. of employees	Salaries RON
Management	14	4,229,638
Administrative staff	136	12,958,406
Operatives	488	36,222,306
TOTAL	**638**	**53,410,350**

Salaries expenses categories of personnel in 2023 were:

	No. of employees	Salaries RON
Management	13	3,527,799
Administrative staff	92	9,332,087
Operatives	146	11,341,930
TOTAL	**251**	**24,201,816**

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 55 employees were included in the restructuring process (of which 53 ceased activity by application of the collective redundancies procedure). The restructuring was carried out according to the provisions of the law and the Collective Labour Bargain concluded at company level. The compensatory salaries amounted to RON 1,907,220.

9 MAIN FINANCIAL RATIOS

Caption	2022	2023
Liquidity ratios		
Current ratio (current capital ratio)	1.67	1.49
Quick ratio (acid test)	0.34	0.22
Risk ratios		
Gearing	1.10	-
Interest cover ratio	(29. 22)	(56.55)

9 MAIN FINANCIAL RATIOS (continued)

Activity ratios (management ratios)		
Turnover of stocks	2.74	1.98
Days in stock	133.31	184.60
Turnover of receivables – days	14.82	6.04
Turnover of payables – days	36.31	46.55
Turnover of fixed assets	2.13	3.59
Turnover of total assets	1.08	1.19
Profitability ratios		
Return on capital employed	(0.40)	(1.78)
Earnings per share RON	(1.45)	(2.25)
Gross margin – %	3.31	(40.86)

The indicators presented above are not detailed in OMF no. 1802/2014

10 OTHER INFORMATION

10.1 Information regarding the presentation of the Company

The Company was initially incorporated in March 1972, ALUM S,A, Tulcea being the only producer of calcined alumina in Romania.

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

Bayer method, which uses caustic soda to produce a solution, is used to extract the aluminum hydroxide from the processing of bauxite in order to obtain aluminum oxide, the raw material for the production of alumina. The production capacity of the refinery is of about 600,000 ton/year.

The Company's shares are admitted for trading on the alternative transactional system AeRO within Bucharest Stock Exchange.In 2023, the price per share was as follows:

	RON
- minimum price	2.00
- maximum price	4.82
- average price	3.41

10.2 Turnover

	Year ended December 31, 2022	**Year ended December 31, 2023**
Revenues from sales of alumina	479,354,739	272,810,495
Revenues from sales of hydrate	18,682,034	6,651,471
Revenues from sales of scrap iron and waste	357,134	3,610,830
Revenues from sales of utilities	1,902,399	1,785,936
Revenues from sundry activities	1,475,164	1,686,485
Total	**501,771,469**	**286,545,218**

10 OTHER INFORMATION (continued)

10.2 Turnover (continued)

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

	Year ended December 31, 2022	Year ended December 31, 2023
Romania	464,635,708	276,406,105
European Union	14,334,828	2,972,780
Non-EU European countries	8,019,902	5,669,644
Other countries	14,781,032	1,496,690
Total	**501,771,469**	**286,545,218**

10.3 Other material expenses

	Year ended December 31, 2022	Year ended December 31, 2023
Packaging materials expenses	550,945	231,055
Work protection materials	219,762	86,300
Inventory items expenses	68,828	25,879
Total	**839,535**	**343,233**

10.4 External services

	Year ended December 31, 2022	Year ended December 31, 2023
Third parties repairs	3,553,256	510,101
Insurance	419,414	513,062
Transport	492,701	366,998
Audit	864,899	1,056,169
Security services	3,916,848	5,347,618
Other services	7,292,718	7,317,891
Total	**16,539,836**	**15,111,838**

10.5 Petty cash and bank accounts

	December 31, 2022	December 31, 2023
Bank accounts	2,764,516	589,411
Petty cash	4,059	3,913
Letters of credit	35,767,526	19,713,184
Total	**38,536,100**	**20,306,508**

10 OTHER INFORMATION (continued)

10.6 Inventories

Inventories are presented in the balance sheet after deducting the impairment adjustments.

	December 31, 2022	December 31, 2023
Raw materials, materials and goods	83,983,489	79,141,395
Work in progress	61,603,162	46,958,951
Materials in the form of inventory items	713,652	642,631
Semi finished products and finished goods	29,139,625	17,702,797
Packaging	196,683	240,150
Adjustments for the impairment of inventories	-	(6,986,485)
Advances for inventories	6,557,614	318,428
Total	**182,194,225**	**138,017,868**

The value of inventories pledged for securing the Company's borrowings amounts RON 137,699 thousand (31 December 2022: RON 175,637 thousand).

10.7 Indicators regarding the earnings per share

The basic earnings per share is calculated by dividing the net profit distributable to the shareholders by the weighted average number of ordinary shares in circulation during the year, less the shares redeemed by the Company during the year. There were no ordinary potentially diluted shares during the year.

	2022	2023
Net profit/(loss) for the year	(123,500,381)	(184,808,501)
Number of shares	82,086,203	82,086,203
Earnings per share, basic – RON	(1.50)	(2.25)
Average market price per share	2.40	3.41

10.8 Transactions and balances with affiliates

Affiliates are entities with direct or indirect common shareholders, directors or managers. A significant part of the Company transactions is conducted with related parties. The nature of the relations with the affiliates with which the Company conducted significant transactions or which have significant balances not settled as at the balance sheet date are detailed below.

The relations were established in the normal course of the Company’s activity.

10 OTHER INFORMATION (continued)

10.8 Transactions and balances with related parties (continued)

Affiliate	Affiliate type	Transaction type
Alro S.A.	Shareholder	Sales/purchases of goods/services
Sierra Minerals Holding Ltd.	Former subsidiary, deconsolidated starting with September 2023	Sales/purchases of goods/services
Vimetco Management Romania S.R.L.	Common shareholder	Purchases of goods and services
Vimetco Extrusion	Common shareholder	Sales/purchases of goods
Conef Gaz S.R.L.	Common shareholder	Purchases of goods
Centrul Rivergate	Common shareholder	Sales/purchases of goods/services
Rivergate Fire	Common shareholder	Sales/purchases of goods/services

The transactions and balances with affiliates are detailed below:

(i) Sales

	December 31, 2022	December 31, 2023
ALRO Slatina (goods, services)	456,902,244	267,053,441
CENTRUL RIVERGATE	38,287	38,413
SIERRA MINERALS HOLDING LTD.	90,360	197,579
VIMETCO EXTRUSION	1,228	-
Total	**457,032,119**	**267,289,433**

(ii) Purchases

	December 31, 2022	December 31, 2023
ALRO Slatina	49,804,632	6,451,173
CENTRUL RIVERGATE	3,997,878	5,369,396
VIMETCO MANAGEMENT ROMANIA	982,199	892,301
RIVERGATE FIRE	3,676,205	4,741,319
CONEF GAZ (natural gas)	164,414,213	-
SIERRA MINERALS HOLDING LTD. (bauxite)	23,130,619	-
Total	**246,005,747**	**17,454,189**

(iii) Receivables

	December 31, 2022	December 31, 2023
SIERRA MINERALS HOLDING LTD. – receivables, gross	6,197,965	-
CENTRUL RIVERGATE	3,806	3,829
VIMETCO POWER	3,153,001	3,153,001
ALRO Slatina	5,200,067	231,181
Total	**14,554,840**	**3,398,561**

10 OTHER INFORMATION (continued)

10.8 Transactions and balances with related parties (continued)

(iv) Payables

	December 31, 2022	December 31, 2023
ALRO Slatina	40,435,586	75,137,299
CENTRUL RIVERGATE	388,421	569,567
RIVERGATE FIRE	360,174	498,329
VIMETCO MANAGEMENT ROMANIA	113,432	100,793
Total	**41,297,612**	**76,305,988**

The remuneration of directors and other members of key management during 2023 was in amount of RON 2,775,627 (2022: RON 2,748,826).

10.9 Legal reserve

As at December 31, 2023, the legal reserve amounted to RON 20,389,951 (December 31, 2022: RON 20,389,951).

10.9 Information regarding the income tax

The Company records net income tax in accordance with the financial statements, in compliance with the laws in force regarding the income tax.

The reconciliation between the result of the year and the fiscal result for the year is presented below:

	Year ended December 31, 2022	Year ended December 31, 2023
Total income	587,433,838	287,567,250
Total expenses	(706,055,612)	(472,375,751)
Gross profit	**(118.621.774)**	**(184.808.501)**
Non-taxable income deductions	-	(11,944,338)
Elements similar to income	823,695	-
Non taxable income	(4,373,986)	(8,073,360)
Non deductible expenses	155,948,623	100,854,480
Loss previous years	-	(158,480,336)
Fiscal profit/(loss)	**33,776,558**	**(262,452,055)**
Income tax	**4,856,876**	**-**

10 OTHER INFORMATION (continued)

10.10 Information regarding the income tax (continued)

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 capital expenditure and development purposes. As these loans are expressed in foreign currency, due to the devaluation of RON against major currencies, these resulted in significant foreign exchange losses, which have limited deductibility for income tax purposes.

As at 31 December 2023 the Company has a balance of RON 4,214 thousand (2022: RON 8,073 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.

The analysis and change of the fiscal treatment of the adjustments for the depreciation of the Alum investment in Global Aluminum Ltd constituted in the previous years (respectively 2021 and 2022), as deductible elements, generated a correction of the current income tax in amount of RON 5,367 thousand in Company's financial statements for the year ended on December 31, 2023, recorded in the carried forward result based on the submitted rectification statement.

10.11 Guarantees and commitments

The Company has the following investment commitments as at December 31, 2023 for 2024:

Description	**th. USD**
Extending the surface of the red mud pond and securing the red mud storage in the S + SE area	61
Maintenance Capex	95
Endowments	6
Total	**162**

10.12 Contingencies

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 ".

During the monitoring period 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.

Based on the annual monitoring reports the above compliance criteria are met.

10 OTHER INFORMATION (continued)

10.12 Contingencies (continued)

Litigations

As at December 31, 2023, the Company was subject to a number of disputes in court resulted from the normal course of its business.

On 20.09.2019 we filed appeal at Tulcea Court against the Decision no. 64411/21.08.2019 issued by Ministry of European Funds - DGPEC, by which we asked for its cancellation as well as the financial corrections established in the Alum task in the amount of RON 631,300.
By Decision no. 1252/21.12.2020, the Court admitted Alum's request and ordered the annulment of Decisions and the Notes on irregularities and establishing financial corrections issued by the same defendant. An appeal was filed by the Ministry of European Funds - DGPEC, an action registered at the Constanta Court of Appeal in July 2021.The file was transferred starting from 01.01.2022 to the fiscal administrative litigation section. The court decided to suspend the trial due to the suspicion of the use of a false document in the process by the opposing party, further notifying the competent prosecutor's office to investigate these aspects.The judgement of the trial will be resumed later depending on what the prosecutor's office will order following the investigations it will carry out.

Following the fiscal inspection carried out by ANAF, DGFP Galați, through AJFP Constanța, having as objectives: the verification of the value added tax in the period 01.12.2014-31.12.2018 and the verification of the profit tax in the period 01.01.2014-31.12.2018, according to the approval of fiscal inspection no. F-CT 782/ 15.11.2019 and completed on 27.05.2021, an additional profit tax of 19,643,114 lei and VAT in the amount of 31,587 lei has been established. The amount of 19,674,701 lei was paid by Alum within the communicated legal term. The company filed appeal against the tax decision, and will use all the means provided by law to cancel it and recover the amounts paid according to the decision. Alum considers the tax decision to be unfounded and illegal. 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 defent its position in Court and in December 2022 it was requested to carry out the judicial expertise in the specialty of accounting/taxation. It was performed a fiscal expertise by an independent expert appointed by the Court. In November 2023 the Court ruled in the Company's favor by ordering the restitution to Alum of an amount of about RON 18,213 thousand out of the total of about RON 19,675 thousand that was the subject of the tax act. The solution can be appealed by the National Agency for Fiscal Administration.

The management considers that based on the lawyers opinion these actions will not have a significant effect on the non-consolidated economic results and non-consolidated financial position of the Company.

As at December 31, 2023, the Company had in the balance the amount of RON 227,917 for doubtful or litigating receivables (other than affiliates), amount for which an impairment adjustment has been recorded (Note 5).

Taxation

The taxation system in Romania is 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.

10 OTHER INFORMATION (continued)

10.12 Contingencies (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.

In accordance with the provisions issued by the Ministry of Public Finance, which regulate the tax regime of the elements of equity that have not been subject to income tax as at the date of recording in the accounts, considering their nature, should the Company change the destination of the revaluation reserves in the future (to cover losses or to distribute to the shareholders), this will lead to supplementary income tax liabilities.

Until 31 December 2023 the tax losses in Romania could have been carried forward and used against future taxable profits for a period of maximum 7 years. Starting 1 January 2024, the utilization of fiscal losses carried forward from prior years, for the purpose of calculating the current fiscal year's result, is limited to a period of 5 years and only up to 70% of the taxable profits generated in the period. However, losses carried forward prior to 2024 are eligible for utilization at the same 70% rate against taxable profits, spread over a 7-year period.

Alum, being part of Vimetco Group, a multinational enterprize group is within the scope of the OECD Pillar Two model legislation, which was enacted in Romania, the jurisdiction in which Alro and subsidiaries are incorporated. Law no. 431/2023, published on 5 January 2024, transposes the provisions of Directive (EU) 2022/2523 to introduce into the Romanian legislation a complex system of rules for an effective minimum taxation of 15% for multinational enterprise groups and large-scale domestic groups with annual consolidated revenues of at least EUR 750 million in at least two of the four previous financial exercises.

The law applies in respect of financial years beginning on or after 31 December 2023, except for the UTPR, which applies in respect of financial years beginning on or after 31 December 2024.

Under the legislation, the group is liable to pay a top-up tax for the difference between their GloBE effective tax rate per jurisdiction and the 15% minimum rate. The group applies the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes, as provided in the amendments to IAS 12 issued in May 2023.

The group is in the process of assessing its exposure to the Pillar Two legislation for when it comes into effect. From the preliminary analysis made, all entities within the group, which recorded profits in 2023 and 2022, have an effective tax rate that exceeds 15%, therefore the group might not be exposed to paying Pillar Two income taxes.

While the average effective tax rate currently exceeds 15%, it's important to note that the group might be exposed to paying Pillar Two income taxes in the future. This is due to the impact of specific adjustments envisaged in the Pillar Two legislation which give rise to different effective tax rates compared to those calculated in the table above. Due to the complexities in applying the legislation and calculating GloBE income, the quantitative impact of the enacted or substantively enacted legislation is not yet reasonably estimable. Consequently, even entities with an accounting effective tax rate above 15% may encounter Pillar Two tax implications.

10 OTHER INFORMATION (continued)

10.12 Contingencies (continued)

Taxation (continued)

From 2024, a minimum turnover tax (IMCA) will be applied to the profit tax. IMCA has a quota of 1% and applies, starting from 2024, to companies with a turnover of over 50 million EUR in the previous year. Specifically, IMCA is owed by firms that would normally owe less corporate tax than this minimum threshold or that would not owe corporate tax at all (because they have a tax loss).

Transfer price

The fiscal legislation in Romania includes rules regarding the transfer prices between affiliates since the year 2000. The current legislative framework defines the “arm’s length” principle for related-party transactions, as well as the methods of establishing transfer prices. As a result, it is expected that the tax authorities initiate thorough verifications of transfer prices in order to make sure that the fiscal result and/or the customs value of the imported goods is not distorted by the effect of the prices used in the relations with related parties.

The Company cannot quantify the result of such verifications, but the management considers that the related party transactions are in agreement with the fiscal legislation in Romania with regard to the transfer price and the necessary documentation regarding the transfer prices is available and can be presented to the authorities in case of a tax audit.

Environment

In preparing the Separate Financial Statements, management has considered the impact of climate change, particularly in the context of the disclosures included in the Sustainability Report.
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 December 31, 2023, 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 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.

10 OTHER INFORMATION (continued)

10.12 Contingencies (continued)

Environment (continued)

Sustainable energy supply

The Alro Group has taken further steps to develop a plant of renewable energy production. In September 2023, a new company CCGT Power Isalnita SA was registered, with Complexul Energetic Oltenia holding an interest of 59.9% and Alro SA holding 40.1% of the shareholders equity. The new established company will build a 850 MW natural gas power plant which will replace two old coal-fired installations, each with the capacity of 315 MW. The plant will be prepared to consume a mix of gas/hydrogen when this is available. The total project value is estimated at EUR 506 million, out of which EUR 253 million will be financed by the Modernisation Fund, a new financing tool that contributes to the objectives of the European Green Deal by supporting a socially just transition to a green economy. This initiative may give rise to Research and development costs in future that might be capitalized on the Statement of Financial Positions, or expensed, in line with the accounting policies. The Alro Group achieves the legal target of renewable energy purchases.

10.13 Financial Auditor's Fee

The fee for the financial audit of the annual financial statements for the year ended December 31, 2023 is in accordance with the audit service rendering agreement and is in amount of RON 146,000 (2022: RON 229,000).

10.14 Risk management

a. Foreign exchange ("FX") risk

FX risk is the risk that the value of a financial instrument should fluctuate because of the variations in the FX rate.

The Company is exposed to the fluctuations in the FX rates in the commercial and financing transactions. FX risk results from the commercial assets and liabilities recognized, including borrowings, expressed in foreign currencies. Given the high associated costs, the Company's policy is not to use derivative financial instruments to mitigate this risk.

b. Interest rate risk regarding the cash flow and fair value

The interest rate risk regarding the cash flow is the risk that the future cash flows should fluctuate due to the variations in the market interest rates. The interest rate risk at fair value is the risk that the value of a financial instrument fluctuates due to the variation in the market interest rate. The financial instruments bear interest at market values and, as a result, it is considered that their fair values do not significantly differ from the book values.

c. Credit risk

Credit risk is the risk that one of the parties of a financial instrument fails to meet the obligation assumed causing a financial loss to the other party. The Company is subject to a credit risk due to its trade receivables and other types of receivables. The Company has policies meant to ensure that the sales are made to clients with proper references regarding their creditworthiness.

The receivables are mainly related to Alro. The company is dependent operationally and financially on Alro.

10 OTHER INFORMATION (continued)

10.14 Risk management (continued)

The due date of the liabilities is carefully monitored and the amounts due after exceeding due date are promptly monitored. Trade receivables (clients) are presented net of the adjustments for doubtful receivables impairment (Note 5). The Company develops policies that limit the value of the credit exposure against any financial institution.

d. Liquidity risk

Liquidity risk (also called financing risk) is the risk that an entity encounters difficulties in obtaining the funding necessary for meeting the commitments pertaining to the financial instruments. Liquidity risk may result from the incapacity to rapidly sell a financial asset at a value close to its fair value.

A prudent liquidity risk management involves maintaining sufficient cash and credit lines available, by continuously monitoring the estimated and actual cash flow, by correlating the due dates of the financial assets and liabilities. Due to their nature, the Company aims at maintaining flexibility in the financing possibilities, including by the support of the majority shareholder.

e. Fair value of the financial instruments

Fair value is the amount for which a financial instrument can be traded between willing and knowledgeable parties in an arm's length transaction. Specific recognition methods are presented in the individual policies corresponding to each element. The book values of the financial instruments as at the closing date of the balance sheet approximate their fair values, according to the mentions in the accounting policies of the Company and according to OMF no. 1802/2014 as revised.

The Company does not use financial instruments traded on active markets.

10.15 Grants

	2022 th. RON	2023 th. RON
Balance as at 1 January	**4,577**	**4,198**
Increases during the year	-	-
Revenues recognized in income statement	379	189
Balance as at 31 December	**4,198**	**4,009**
Out of which:		
Short term	379	379
Long term	3,819	3,441

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 equipments purchased in 2018 as part of these investment projects were put into operation in 2019 and the subsidies received are recognized as income on a straight line basis during the useful life of the equipments.

As at 31 December 2023 there are no contingent liabilities attached to these grants.

10.16 Subsequent events

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

Report of the directors
and
their discharge from liabilities

- 2023 -

This is a free translation from the official Romanian version

CONTENTS

1.1 Company orientation
1.2 Management and organizational culture
1.3 Corporate social responsibility
1.4 Internal control
1.5 Financial risk management policies
1.6 Market
1.7 Competition
1.8 Shareholding structure and Share capital

2.1 Status of synthetic indicators defining company's activity for 2023
2.2 Economic indicators chart for 2023
2.3 Profit and loss account for 2023
2.4 Discharge from liabilities of the Board of Directors for 2023

Report of the directors for 2023
and their discharge from liabilities

1.1 Company orientation

The main goal of ALUM SA ("ALUM"/ "Company") 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 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 the Company established the following main objectives, as general business conduct:

- 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;
- Ensuring raw materials and energy resources on long term basis;
- 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;

1.1.1. The main development directions of 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 2023, ALUM production units remained idle (no production of calcined alumina), while in 2022, before the production was suspended, it had produced 108,405 tonnes of alumina.

During 2023, Alum kept its CAPEX at a minimum level, but continued to perform maintenance work and its compliance projects, as follows:

- increasing the storage capacity of the red mud pond by elevating the dikes throughout the perimeter +51 mdm;
- purchasing land needed for extending the surface of the red mud pond and securing the red mud storage in the S + SE area;
- finalized consolidation works for the foundations of 4 precipitation vessels;
- finalized belt rehabilitation works for 2 precipitation vessels;
- finalized design works needed for the rehabilitation of transformer station's building;

In 2023, the Company and the group to which it belongs and the aluminum industry in general continued facing a multitude of challenges, as producers grappled with various difficulties throughout the year. One of the primary obstacles encountered by European aluminum producers was the persistent volatility in raw material prices, exacerbated by global geopolitical tensions and supply chain disruptions. The ongoing Russia-Ukraine conflict continued to impact the aluminum market, contributing to uncertainty and price fluctuations in key raw materials. This instability not only disrupted supply chains but also led to significant cost pressures, affecting the profitability and operational efficiency. Furthermore, the aluminum industry in the EU encountered challenges related to energy costs, with soaring electricity and gas prices further straining margins. As energy-intensive operations, aluminum smelters and refineries faced significant increases in production costs, posing a significant hurdle for producers in maintaining competitiveness in the global market.

In response to the above, already since 2022, ALUM and the group to which it belongs developed and implemented scenarios for operating at a minimum break-even point or reducing financial losses by suspending certain production activities and switching some production equipment to stand-by. Thus, ALRO has reduced the primary aluminium production by 60% by shutting down three electrolysis pot rooms and focussed on shifting more and more to high value products. ALUM has revised its manufacturing schedule according to the level of calcined alumina required for ALRO, subsequently suspending alumina production operations starting on 1st August 2022, while retaining its key specialists.

During 2023, as market conditions continued to remain challenging, the production remained suspended and ALUM:
- kept its CAPEX at a minimum level, but continued to perform maintenance works to ensure the equipment and installations are ready for restarting;
- continued the investment objectives on the environment line and compliance with ANRE recommendations and its compliance projects;
- continued the research activity in the installations within the project financed from European funds and within the projects carried out at the European level (Removal, Rescue and Reactiv);
- continued optimizing acquisitions of materials and inventory levels;
while main activity consisted of purchasing alumina from the market and selling it to ALRO to assure its production requirements. Also, in 2023, ALUM and the group to which it belongs, decided to dispose of its loss-making bauxite division, by selling its holding in Global Aluminium Ltd. (GAL group).

For the year ended 31 December 2023, the Company incurred a loss of RON 184,809 thousand, of which a significant part relates to impairment for plant, plant property and equipment amounting RON 69,466 thousand and losses recorded at disposal of bauxite division amounting RON 64,175 thousand (2022: loss of RON 123,500 thousand, mainly consisting of the impairment for bauxite division).

As a result, on 31 December 2023, the statutory net assets decreased below half of its share capital. According to the provisions of the Companies Law 31/1990, amended and supplemented by Law 441/2006 (Article 153.24), if the Company records net assets with a value less than 50% of the value of subscribed share capital, as it is the Company's situation, measures must be taken by the administrator and Company's shareholders in order to correct the situation.

Regarding the activity carried out by company ALUM in 2023, as a result of the impossibility in providing electricity and gas at prices that would make it sustainable and efficient to keep the entire production capacity of ALUM in operation (an aspect that became more acute, since 2022 when crises started), further drastic cost reduction measures were required, which mainly affected the workforce.

Thus, the company Alum was forced to maintain the measure of suspending the production activity and applying a new staff layoff program, maintaining only a core of experienced employees, with which it could act effectively in case of the restart of the activity. The situation has remained the same at December 31, 2023, with the company having suspended production activity and a number of 188 active employees.

In terms of liquidity, in 2023 the Company repaid the majority of its loans in accordance with the schedules contracted, its remaining exposure towards banks at year end has been significantly reduced (by RON 3,001 thousand), and at as of 31 December 2023, its current assets exceed its current liabilities by RON 52,476 thousand. Its trading activity throughout the year has been supported through advances received from ALRO.

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.

The management has developed medium term forecasts and projections of cash-flows and liquidity needs considering the current and forecasted market conditions and reasonably possible changes in trading performance based on such conditions, as well as the climate change and decarbonisation actions impact on the operations. These forecasts considered a prudent scenario, under which production is resumed only in 2027, when the evolution of prices of energy and gas reaches sustainable long-term prices that will enable the Company to resume production at profitable levels, being fully aligned with its ALRO's forecasts and projections.

The Company will maintain the production capacities in full operating capacity, to enable the production to be resumed in 1 month once the decision is taken. The 1-month period is required in order to build up and restore the hydrate concentration into the installations. The current state of production capacity provides the flexibility and ability to react and benefit from opportunities on the market.

The forecasts show a significant improvement of the Company results in future periods, which will return on profit once production is resumed. During this period the Company depends on its parent, ALRO, for operational and financial support, which issued a support letter dated March 19, 2024, stating its ability and intent to support ALUM for the foreseeable period.

Notwithstanding the challenges and uncertainties, the management expects that, based on the most recent forecasts, support from its shareholder and ability to adapt its cash-flows, when necessary, 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.

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 2023, 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 Material 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.

Sustainable energy supply

As main energy supplier for Alum, ALRO has taken further steps to develop a plant of renewable energy production. In September 2023, a new company CCGT Power Isalnita SA was registered, with Complexul Energetic Oltenia holding an interest of 59.9% and ALRO SA holding 40.1% of the shareholders equity. The new established company will build a 850 MW natural gas power plant which will replace two old coal-fired installations, each with the capacity of 315 MW. The plant will be prepared to consume a mix of gas/hydrogen when this is available. The total project value is estimated at EUR 506 million, out of which EUR 253 million will be financed by the Modernisation Fund, a new financing tool that contributes to the objectives of the European Green Deal by supporting a socially just transition to a green economy. This initiative may give rise to Research and development costs in future that might be capitalized on the Statement of Financial Positions, or expensed, in line with the accounting policies. The ALRO Group achieves the legal target of renewable energy purchases.

1.1.2. Branch offices of ALUM

We mention that ALUM does not have fiscally registered branch offices.

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
- **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 at 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 requirements 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 exercises 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.

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 interested parties, the opportunity to negotiate collectively, constructive social dialogue in the organization;
- A properly working environment, safe and fair;
- Better control of processes and risks, protecting health, reducing administrative costs
- Promoting the principles of respect for employees, for the local community and respect for professional ethics;
- Improved working conditions;
- Commercial risk management;
- Efficiency and effectiveness in the application of corrective and preventive actions;
- Differentiation from global competitors.

In order to implement CSR in Alum were made the following steps:

- In order to maintain a close and continuous relationship with the local community in which ALUM operates, a series of internal procedures have been developed: for the development of the mechanism regarding the resolution of petitions (procedure for the resolution of petitions), the organization of hearings, as well as the procedure regarding the relationship with mass media. In this way, the Company shows its openness to listening and solving the problems of the community and/or other interested parties (citizens, employees, local authorities, collaborating companies, etc.). The society is involved in education, training and other activities of social utility.
- A procedure has also been developed regarding the granting of sponsorships that members of the local or national community can benefit from (educational units, students, talented students or students with special potential, hospital units, etc.). Sponsorships are carried out in compliance with the legislation in force.
- Questionnaires were developed and distributed regarding the way in which the Company is perceived within the community by the various interested parties with whom it comes into contact (public administration, financial-banking institutions, cultural and sports organizations, religious, educational, protection the environment, etc.). Following the feedback received from such entities, it resulted that Alum is actively involved in the life of the local community, having a determining influence.
- Considering ALUM's policy regarding staff consultation in the field of quality, environment, health, occupational safety and energy, according to procedures PS-09 "Communication, consultation, participation" and PO-134-04 "Evaluation of customer satisfaction and other ALUM stakeholders", an analysis of the degree of satisfaction of the employees was carried out in order to improve the activity, as well as the external recognition of the quality of the activities carried out. The result was satisfactory.

- Maintaining a continuous dialogue with the local community, ALUM representatives being actively involved as members of various organizations (Romanian Red Cross - Tulcea branch, County Commission for Equal Opportunities between Women and Men, Local Social Partnership Development Committee Tulcea, Advisory Council Tripartite constituted at the level of the Tulcea Territorial Labor Inspectorate, etc.), as well as voluntary activities in which employees of the company participate (charitable actions, blood donations, etc.).

Within ALUM, measures were taken to improve diversity in the Company. At the general level of the organization, in ALUM there are 37 employees with leadership position (of which 35.14% are women) and 151 employees without lidership position (of which 23.84% are women).
Particularly, the percentage of women in the company at the end of 2023 in different categories is:

- management (directors within the meaning of law 31/1990 of companies, republished) = 50% women;
- executive leadership (management) = 18.2% women;
- level 2 management (heads of various work departments) = 42.3% women;
- TESA staff without position = 52% women.

ALUM was involved in the relationship with the community and by providing material support to disadvantaged population categories.

Employees are encouraged to participate in various charitable activities, donations. Thus, at the initiative of ALUM employees, during the Easter and Christmas holidays, voluntary actions were carried out to collect material goods (clothes, sweets, books, toys, etc.) for children from disadvantaged families, as well as food for several families needy. Also, during the Easter and Christmas holidays, ALUM offered food and gifts to institutionalized children and elderly people.

Despite the current difficult situation facing the society, ALUM proves to be an active partner of the local community, getting involved in various social activities in the area, acting on several directions, through:

- Continuation of a sports-educational partnership for training the children of Alum employees in sports activities (swimming) while also supporting the organization and participation of children in sports competitions (swimming, triathlon).
- At the level of the Local Social Partnership Development Committee (CLDPS), ALUM has 2 representatives (one full member and one alternate). To support 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 (the previous school year, 2022-2023, as well as the school year 2023-2024);
- ALUM participated, through its representatives, as evaluators in the professional qualification certification exams of the vocational education graduates within the LTHC;
- ALUM is part of the County Commission for Equal Opportunities (COJES), having one member and one alternate. Through its members, ALUM participates in various meetings and information sessions which it later disseminates to employees;
- ALUM specialists participated in a locally organized seminar, which addressed the topic of the application of integrated solutions applicable to the digitization of HSE and HR activities. The event was organized with the support and participation of the General State Inspectorate - Labor Inspection and ITM Tulcea.
- ALUM participated in the training session with the theme "Prevention of disasters caused by human intervention" within the "CLEAN RIVER" project financed by the European Union through the Joint Operational Program Romania-Ukraine 2014-2020. The general objective of the project was the prevention and exclusion of emergency situations caused by man-made disasters in the collection systems in the border area of the Danube Delta (domain of increasing the capacity to respond to emergency situations).

ALUM also joined companies that provided humanitarian assistance by providing aid to refugees in Ukraine; thus, also until March 2023, ALUM hosted a group of refugees, providing them with accommodation in the rooms located within the Professional Development Center on the company's premises, also providing the necessary food. Alum continues to provide direct support to the needs of Ukrainian refugees, but also joins the efforts of the authorities and civil society to overcome this humanitarian crisis.

Starting with 2017, ALRO Group publishes, 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 to the communities in which the Group and its subsidiaries operate.

ALUM is part of ALRO Group and, although it does not have a legal requirement for preparing a Sustainability Report (i.e. a Non-Financial Report), for the year ending on December 31, 2023, this is met by the fact that the Parent-Company, ALRO decided to prepare a Consolidated Non-Financial Report, i.e. ALRO Group's Sustainability Report. This Report is available for the public to consult on ALUM's website.

1.4 Internal control

Company's internal control aimes at ensuring:

- Compliance with the existing law;
- Implementation of decisions taken by the Company's management;
- Proper functioning of the internal affairs of the Company;
- Reliability of financial information;
- The effectiveness of its operations;
- Efficient use of resources;
- Prevention and control of risks of not achieving the objectives set.

As a result, the main objectives of the internal control procedures:

- on one hand, the Company's business registration and tracking behavior of staff within the framework defined by applicable laws, values, rules and internal rules of society;
- on the other hand, checking whether the accounting, financial and business management information communicated accurately reflect the situation of society.

Control activities are an integral part of the process by which the entity seeks to achieve management objectives. Control concerns the application of rules and internal control procedures at all levels: approval, authorization, verification, assessment of operational performance, asset security, separation of functions.

1.5 Financial risk management policies

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

Currency risk

The Company 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 vast majority 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 Company's receivables are linked to USD of EUR while the liabilities are denominated in RON. 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.

In the context of the conflict between Russia and Ukraine, started on February 24, 2022, the EU, USA, UK and other countries imposed various sanctions against Russia, including financing restrictions on certain Russian banks and state-owned companies as well as personal sanctions against a number of individuals. Considering the geopolitical tensions, since February 2022, there has been an increase in financial markets volatility and exchange rate depreciation pressure.

Interest rate risk

The Company's interest rate risk arises mainly from loans taken. Borrowings received at floating rates expose the Company to cash flow interest rate risk. The interest rates on the Company's existing credit facilities are based on the London Interbank Offered Rate ("LIBOR") and starting 1 July 2023 on the CME Term SOFR for USD borrowings. The Company borrowings are contracted at floating interest rates. The sensitivity analyses below have been determined based on the exposure to interest rates on 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 would be higher/lower by 1% and all other variables would be constant, the Entity's result would increase/decrease by RON 30 thousand (2021: RON 362 thousand).

On 17 May 2018, ALUM concluded a loan in amounting to USD 20 million with Black Sea Trade and Development Bank and USD 5 million with Garanti Bank Romania S.A., respectively. The scope of these loan facilities was to finance mainly investments, and they were repaid in seven half-yearly instalments after a grace period of two years. The last loan installment was paid in May 2023 (31 December 2022: USD 3,571 thousand). In 2023, interest rates ranged from 7.54% to 8.70% (2022: 3.25% to 8.70%).

In February 2021, the Company 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. The loan was not extended and in July 2023, the Company reimbursed the drawn amount from the revolving facility of RON 13,264 thousand, i.e. the equivalent of USD 2,920 thousand. As of December 31, 2022, the balance of the loans was of RON 13,533 thousand, i.e. the equivalent of USD 2,920 thousand. 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 2023, the balance of the loan was of USD 676 thousand (31 December 2022: USD 1,333 thousand).

According to the existing borrowing agreements, at 31 December 2023, the Company is no subject to certain restrictive covenants and at December 2022, the Company fell within the covenants in respect of its loans. These covenants required the Company, among other things, to maintain a minimum or maximum level for certain financial ratios, including: financial debt to EBITDA and current ratio.

Alum has a factoring facility for non-regressive factoring operations. The global factoring limit is in amount of 1,000,000 EUR, extended until 30.09.2024, of which as of December 31, 2023 the amount of 49,695 EUR was used. The factoring ceiling is of the “revolving” type, which is reconstituted as the covered receivables are collected.

Credit risk

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the Company. The Company 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.

Trade receivables consist of number of customers, spread across diverse industries and geographical areas. In order for the Company 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 are not covered by factoring contracts, the financial quality of the debtors is permanently monitored, and the Company exposure from the concluded transactions is spread amongst approved counterparties. The Company 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.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding and the ability to close out market positions. Management monitors rolling forecasts of the company’s liquidity reserve and cash and cash equivalents on a regular basis.

In terms of liquidity, in 2023 the Company repaid its liabilities and loans in accordance with the schedules as agreed in the contracts and it renegotiated revolving facilities that were due to manage liquidity risk. Other actions put in place to manage the liquidity of the Company and assuring a satisfactory level of cash in times of more uncertainty than usually were: limiting CAPEX to strictly necessary investments, optimizing acquisitions of materials and inventory levels.

1.6 Market

In 2023 Alum had a turnover in amount of RON 286,545 th. structured as follows:

✓ Revenues from sales of alumina	272,810	th RON
✓ Revenues from sales of hydrate	6,651	th RON
✓ Revenues from sales of scrap iron and wastes	3,611	th RON
✓ Revenues from sales of utilities	1,786	th RON
✓ Other revenues	1,686	th RON

While primarily supplying alumina to the Group, Alum also sells aluminum hydroxide and other specialty alumina products (including calcined alumina with different grain sizes, low soda alumina and alpha-alumina) to third party customers, 98% of the company's revenues consist of sales alumina and hydrate, most of them to one customer Alro (96%).

1.7 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.

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 put into operation in 2019 and the subsidies received are recognized as income on a straight line basis during the useful life of the equipments.

1.8 Shareholding structure and share capital

SHAREHOLDERS	Number of shares	Owned percentage (%)
ALRO SA SLATINA	81,595,860	99.4026
Other shareholders – natural persons	470,658	0.5734
Other shareholders – legal persons	19,685	0.0240
TOTAL	**82,086,203**	**100**

On 31.12.2023, the share capital is of 488,412,908 RON and the number of issued shares 82,086,203.

2.1 Status of synthetic indicators defining company's activity as compared to the income and expenditure budget

SYNTHETIC INDICATORS	Actual 2022	Budget 2023	Actual 2023	Difference as compared to Budget	%	Difference as compared to 2022	%
	RON	RON	RON	RON		RON	
TURNOVER	**501,771,469**	**319,216,914**	**286,545,218**	**(32,671,696)**	**90**	**(215,226,251)**	**57**
TOTAL OPERATING REVENUES	**559,796,508**	**299,474,612**	**272,377,194**	**(27,097,418)**	**91**	**(287,419,314)**	**49**
TOTAL OPERATING EXPENSES	**543,202,667**	**351,778,000**	**389,459,045**	**37,681,045**	**111**	**(153,743,622)**	**72**
of which: raw material and material expenses	139,714,295	3,928,816	2,473,870	(1,454,945)	63	(137,240,425)	2
- other expenses (inventory objects)	839,535	236,364	343,233	106,870	145	(496,302)	41
- energy, gas and water expenses	213,977,286	5,142,936	6,403,152	1,260,216	125	(207,574,134)	3
- staff expenses	58,575,322	25,697,113	26,748,235	1,051,122	104	(31,827,087)	46
- depreciation expenses	23,112,666	19,080,756	19,088,825	8,070	100	(4,023,841)	83
- third parties services	21,128,258	25,726,573	19,010,720	(6,715,852)	74	(2,117,538)	90
- merchandise expenses	75,933,045	271,845,445	249,429,372	(22,416,073)	92	173,496,327	328
- other expenses (penalties, disposal of fixed assets)	2,383,636	120,000	1,005,690	885,690	838	(1,377,946)	42
- value adjustments	7,538,624		64,955,947	64,955,947		57,417,323	862
Operating result	**16,593,841**	**(52,303,388)**	**(117,081,851)**	**(64,778,463)**	**224**	**(133,675,692)**	**(706)**
FINANCIAL REVENUES	27,637,329	-	15,190,056	15,190,056	-	(12,447,273)	55
FINANCIAL EXPENSES	162,852,945	3,718,615	82,916,706	79,198,091	2,230	(79,936,239)	51
Financial result	**(135,215,616)**	(3,718,615)	(67,726,650)	(64,008,035)	1,821	67,488,966	50
TOTAL REVENUES	587,433,838	299,474,612	287,567,250	(11,907,362)	96	(299,866,588)	49
TOTAL EXPENSES	706,055,612	355,496,615	472,375,751	116,879,136	133	(233,679,861)	67
GROSS PROFIT	**(118,621,774)**	**(56,022,003)**	**(184,808,501)**	**(128,786,498)**	**330**	**(66,186,727)**	**156**
PROFIT TAX	4,856,876	-	-	-		(4,856,876)	
SPECIFIC TAX	21,731	-	-	-		(21,731)	
NET PROFIT	**(123,500,381)**	**(56,022,003)**	**(184,808,501)**	**(128,786,498)**	**330**	**(61,308,120)**	**150**

The turnover was below the budgeted value mainly due to the lower quantities sold than the forcasted ones, the main variations being as follows:

		Value:	
turnover	**-**	**32,672**	**th RON**
The difference from forecasts was mainly determined by:			
- alumina sales	-	30,318	th RON
- hydrate sales	-	4,539	th RON
- revenues from scrap sales	+	3,523	th RON
- revenues from utilities sales	+	165	th RON
- other revenues	-	1,503	th RON
other operating revenues			
- revenues from CO2 certificates sales	+	8,997	th RON
- revenues from fixed assets	+	7	th RON
- revenues from stored production	-	2,479	th RON
- other operating revenues	-	951	th RON

In 2023 the category Other operating revenues includes an amount of RON 379 thousand representing government grants from EU funds received by the Company for purchasing of equipments for research and development activities. The grants are recognized as income linearly during the useful life of the equipments for which they were received.

In 2023, the Company sold CO2 emission certificates of RON 8,997 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. The Company was in the position to have a surplus of emission certificates.

Operational expenses have been higher than the budget by RON 37,681 thousand, the main variations being as follows:

		Value:	
- raw materials and materials expenses	-	1,455	th RON
- raw materials expenses	+	391	th RON
- other material expenses (fuel, spare parts, auxiliary materials)	-	1,846	th RON
- energy and water expenses	+	1,206	th RON
- natural gas expenses	+	54	th RON
- merchandises expenses	-	22,416	th RON
- staff expenses	+	1,051	th RON
- value adjustments (provisions)	+	64,956	th RON
- depreciation expenses	+	8	th RON
- other expenses (penalties, ceased assets, other operating expenses)	+	993	th RON
- third parties services (commissions, insurrances, transport, processing, advertising, import – export services, etc,)	-	6,716	th RON

As a result of the impairment review carried out by Alum, it was determined that the recoverable value of property, plant and equipment was materially different from it carrying value, therefore an impairment in amount of RON 69,466 thousand was recognized as at 31 December 2023. The impairment test was based on a valuation report made by an independent appraiser.

As at December 31, 2023 the stocks of finished goods and work in progress were recognized at their net realisable value by recording an impairment in amount of RON 6,987 thousand.

The amount of RON 11,847 thousand representing a provision recognized by the Company for CO2 certificates needed to be acquired for the year 2022 in accordance with the legal requirements, was reversed in 2023.

The CO2 emission certificates resulting from the Greenhouse Gas Emission Monitoring Report for 2023 will be handed over to the authorities from the surplus of emission certificates available to the Company on December 31, 2023.

Thus, on December 31, 2023, there is no need to record a provision for CO2 certificates.

The financial revenues were excedeed by 15,190 th RON, being due to :

✓	revenues from exchange rate differences (unbudgeted)	+ 11,811 th RON
✓	revenues from interests	+ 198 th RON
✓	revenues from sale of investment in subsidiaries	+ 3,181 th RON

The financial expenses were exceded by 79,198 th RON and factorially, they were due to:

✓	expenses with exchange rate differences (unbudgeted)	+ 12,332 th RON
✓	expenses with sale of investment in subsidiaries	+ 67,356 th RON
✓	expenses with interests	- 490 th RON

On 31 May 2023, Alum publicly announced the convening of the Extraordinary General Meeting for the approval of the sale, as sole shareholder, of 100% of the share capital of Global Aluminum Ltd. (GAL group). On 10 July 2023 in the Extraordinary General Meeting of Shareholders of Alum SA, approved the sale of GAL for a cash consideration of USD 2,000 thousand, less an amount equal to the Intercompany Debt Amount, which at that date was of USD 1,300 thousand. The disposal of Global Aluminum Ltd. was completed on 1 September 2023 and the consideration received for the net assets disposed amounted RON 3,181 thousand (USD 700 thousand equivalent).

Concluding, at the end of 2023 ALUM registered a loss of 184,809 th RON compared to the budgeted loss of 56,022 th ron.

❖ **Fiscally non-deductible expenses**

The fiscally non-deductible expenses amount to 100.85 million RON of which the most important are the following:

- expenses with fiscally non-deductible value adjustments in the amount of 76.58 million RON out of which:
  - RON 69.47 million depreciation of tangible assets;
  - RON 6.99 million depreciation of current assets;
- depreciation expenses for fixed assets in technological conservation in amount of 17.46 million RON;
- other fiscally non-deductible expenses (compensations, amortization of fixed assets written off, interest for the value adjustment for the estimated expenses to close the red mud lake, fines, penalties, fuel) in the amount of 2.43 million RON;
- non-deductible interest expenses in the amount of RON 4.21 million;

❖ **Investments**

ALUM has forecasted and approved for 2023 an investment program in amount of 1,050 th. USD.

The status for the 2023 investment achievements is as follows:

No.	Investment project	Budget (th. USD)	CAAN (th. USD)	Achieved (th. USD)	Differences (th. USD)
1	Increasing the storage capacity of the red mud pond by elevating the dikes throughout the perimeter +51mdm	50	0	0	(50)
2	Extending the surface of the red mud pond and securing the red mud storage in the S + SE area	200	0	2	(198)
3	Energy efficiency of Alum S.A. by installing a photovoltaic park within Alum S.A.	160	0	0	(160)
4	Maintenance Capex	490	20	388	(122)
5	PPE	50	0	0	(50)
6	Endowments	100	0	8	(92)
	TOTAL	**1,050**	**20**	**398**	**(672)**

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 is the number of staff in the R & D department that needs to grow by 16 people by March 8, 2019, was achieved.

During the monitoring period 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.

Based on the annual monitoring reports the above compliance criteria are met.

As at 31 December 2023 there are no contingent liabilities attached to this contract.

❖ **Litigations status**

On 31.12.2023 ALUM is involved in some litigations as a result of its normal activity.

On 20.09.2019 we filed appeal at Tulcea Court against the Decision no. 64411/21.08.2019 issued by Ministry of European Funds - DGPEC, by which we asked for its cancellation as well as the financial corrections established in the ALUM task in the amount of RON 631,300.
By Decision no. 1252/21.12.2020, the Court admitted Alum's request and ordered the annulment of Decisions and the Notes on irregularities and establishing financial corrections issued by the same defendant. An appeal was filed by the Ministry of European Funds - DGPEC, an action registered at the Constanta Court of Appeal in July 2021.The file was transferred starting from 01.01.2022 to the fiscal administrative litigation section.

The court decided to suspend the trial due to the suspicion of the use of a false document in the process by the opposing party, further notifying the competent prosecutor's office to investigate these aspects.The judgment of the trial is to be resumed later depending on what the prosecutor's office will order following the investigations it will carry out.
Following the fiscal inspection carried out by ANAF, DGFP Galați, through AJFP Constanța, having as objectives: the verification of the value added tax in the period 01.12.2014-31.12.2018 and the verification of the profit tax in the period 01.01.2014-31.12.2018, according to the approval of fiscal inspection no.F-CT 782/ 15.11.2019 and completed on 27.05.2021, an additional profit tax of 19,643,114 RON and VAT in the amount of 31,587 RON has been established. The amount of 19,674,701 RON was paid by Alum within the communicated legal term. 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. On 08.03.2022, Alum filed an appeal in court against decision no. 264/10.09.2021 and in december 2022 it was requested to carry out the judicial expertise in the specialty of accounting/taxation. It was performed a fiscal expertise by an independent expert appointed by the Court. In November 2023 the Court ruled in our favor by ordering the restitution to Alum of an amount of about RON 18,213 thousand out of the total of about RON 19,675 thousand that was the subject of the tax act. The solution can be appealed by the National Agency for Fiscal Administration.

On the basis of the legal consulting provided by the Company's lawyers, the management considers that those litigations won't have negative effects on the results or on the financial postion of the Company.
On December 31, 2023 the Company had in its balance the amount of RON 227,917 for uncertain clients or under litigation, amount for which value adjustment is registered.

2.2 Economic indicators chart

Caption	2022	2023
Liquidity ratios		
Current liquidity ratio (current capital ratio)	1.67	1.49
Quick liquidity ratio (acid test)	0.34	0.22
Risk ratios		
Gearing	1.10	1.10
Interest cover ratio	(29.22)	(56.55)
Activity ratios (management ratios)		
Turnover of inventories	2.74	1.98
Days in store	133.31	184.60
Turnover of trade receivables – days	14.82	6.04
Turnover of trade payables – days	36.31	46.55
Turnover of fixed assets	2.13	3.59
Turnover of total assets	1.08	1.19
Profitability ratios		
Profitability of capital employed	(0.40)	(1.78)
Gross margin from sales – %	3.31	(40.86)
Result per share RON	(1.45)	(2.25)

Analyzing the economic – financial indicators, the following conclusions may be drawn:

- the inventory turnover decreased as compared to the previous year due to the decrease of cost of sales and decrease of stocks.
- as regards the receivables recovery period, respectively the period for reimbursing the debts, ALUM collects its receivables at 6 days and pays its commercial debts at 47 days.
- regarding the fixed assets turnover, it increased due to the decrease of turnover more than the decrease of the fixed assets.
- the turnover of the total assets increased due to the decrease of the turnover and the decrease of total assets.

2.3 Profit and loss account

Considering all the above, we submit to the approval of the General Shareholders Meeting the following:

- profit and loss account
- balance sheet
- statement of changes in equity
- statement of cashflows
- notes to financial statements

2.4 Discharging from liabilities of the Board of Directors for 2023

For the period 01.01.2023 – 31.12.2023 based on the Decision no. 49/08.04.2022 of the Extraordinary General Shareholders Meeting and OGSM Decision no. 53 dated August 17, 2023, the Board of Directors consisted of:

1. Dobra Gheorghe	-	Chairman
2. Higer Igor	-	Vice Chairman
3. Cilianu Marin	-	Member
4. Popa Ioan	-	Member
5. Duralia Mihaela	-	Member

We propose the discharge from liabilities of the Board of Directors of ALUM SA Tulcea for 2023.

CHAIRMAN OF THE BOARD OF DIRECTORS
PhD Eng Gheorghe Dobra