ALUM SA TULCEA

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Alum activity plan for 2026

The effects of the energy crisis in recent years, amplified by the regional geopolitical context, the war in Ukraine, the conflict in the Gulf area, have generated an increase in energy and raw material prices. Thus, unsustainable costs for the production of aluminum hydroxide and calcined alumina have resulted.

For 2026, in the current market conditions and considering electricity and natural gas prices, it is proposed to keep the activity of calcined alumina production suspended.

The main activities in Alum in 2026 will be the following:

1. Packaging and delivery of wet, dry, sieved and ground aluminium hydroxide.
2. Preparing the component machinery in the manufacturing lines to resume the production of metallurgical alumina from bauxite for the period when this production will be economically viable with the normalization of electricity and natural gas prices.
3. Continue the research activity on the equipment provided by the Alum Research Department to increase Alum's competitiveness by obtaining and marketing new products with high added value.
4. Operation of ALUM as commission agent.

Staff

Considering the current state of suspension of production activity, it is envisaged to maintain 100 employees for 2026. Apart from the staff in the administrative and auxiliary sectors, the operating staff carries out activities of packaging products remaining in stock and supervising installations. Maintenance/repair activities, as well as research activity within the R&D department, are also continuing.

During the suspension of the production activity, measures will be taken to maintain all operating permits (AIM, GES, ISCIR, etc.) as well as accreditations according to the integrated management standards for which we are certified: SR EN ISO 9001:2015, SR EN ISO 14001:2015, SR EN ISO 45001:2018 AND SR EN ISO 50001:2019.

Activities carried out during the suspension of calcined alumina production

A. Commercial Department (DALV)

Considering the challenges generated by the change in the raw material supply chain for its main customer – ALRO SA, ALUM SA will continue to mediate the supply of calcined alumina from external suppliers, based on the agent contract concluded between ALRO and ALUM. In this regard, ALUM will carry out market analysis and prospecting activities, preparation in collaboration with Alro of the purchase contracts, as well as negotiation and monitoring of logistical arrangements for the delivery of alumina to the location indicated by ALRO. ALUM will also ensure the quality control of the alumina arriving at the port of Constanta and the operational support necessary for its handling and loading into wagons.

B. Production Department

During the period in which production activity is suspended in Alum, the Production Department provides management activities of the process solutions in stock. The volumes resulting from the emptying of the plant production flows are stored in the vessels of the Pre-Desilication, Red Filtration, Decomposition, Evaporation facilities.

The on-shift staff is provided for 5 positions in the factory, to ensure the supervision and operation of the facilities at the Retention Basin and basic sections, Connection Station No. 1 and in the workstations outside the factory at Step 1 Danube, Water Management Station, Red Mud pond pump station, the Pond’s thickener. The staff on shift will ensure the management and neutralization of rainwater from the technological platforms, the safe storage of solutions and the immediate resolution of any problems that may arise. These activities are intended to maintain the safety of the plant's facilities.

The maintenance and monitoring activity continue in order to maintain the red mud pond in a safe condition. New water distribution networks are being installed to moisten the surface of the landfill.

For 2026, the delivery to third parties of a total amount of 1114 tons of hydrate and special products is considered as follows:

- 539 tons of dry hydrate
- 57 tons of dry sieved hydrate
- 518 tons of wet hydrate

The bauxite processing activity continues to obtain the grade below 10 mm and humidity below 10%. The annual quantity contracted to be sold is approximately 2000 tons.

C. Maintenance and Repair Department activities

C1. Maintenance and repair activities

The main activity of the Maintenance and Repairs Department is to keep the facilities related to the technological flow in working order and carry out repairs according to the Overhauls and Repairs Plan.
For the year 2026, the activity will contain repairs and conservation operations for the machines taken out of operation following the suspension of the production activity, respectively the preparation for the restart of all the necessary equipment, ensuring the continuous operation of the machines necessary for the current activities (eg: ensuring the operation of all the water pumping equipment from the Danube to the Red Mud Pond, bauxite sieving equipment, alumina loading equipment into wagons from the Schenker Constanta berth, hydrate or alumina drying/sieving/packaging equipment).

The budget for these activities for the year 2026 has a value of approximately USD 50,000 for repairs made with third-party companies, for own repairs and maintenance services.

The repairs that will be carried out with own forces and will be prioritized to ensure that the essential equipment is available to restart the plant, consisting of general overhauls without replacing serviceable components. An important aspect of maintenance is the rotation of leading equipment.

A particularly important activity of the department for the year 2026 is the permanent maintenance, operation and maintenance of the facility for unloading alumina into wagons in Port Constanța.

C2. Continuous improvement activities

The most important works to improve the technological flow or to improve the Alum activity scheduled for the year 2026 are:

- Extension of the Red Mud Pond moistening system
- Removal of unusable pipes from Alum pipe racks, decommissioning of some scrapped and unused machinery for recovery as scrap metal

For the recovery activity for the purpose of recycling as scrap metal, approximately 15,000 USD were allocated for the necessary auxiliary materials (oxygen, acetylene, consumables, including oversized crane rental), with estimated revenues of approximately 130 thousand USD (equivalent to 450 tons of recovered scrap metal).

D. Activity of the Technical Quality Investments Direction

In 2026, the research activities will continue with the use of the equipment provided by the Alum Research Department to increase the competitiveness of Alum by obtaining and capitalizing on new products with high added value.
These equipment have been acquired and put into operation through the EU co financed project: „*Endow the Research & Development Department of SC ALUM SA with independent and efficient research facilities to support the economic competitiveness and business development", through the purchase procedure applicable to the projects financed by the Competitiveness Operational Programme 2014-2020, Priority Axis 1*

"Research, Technological Development and Innovation (CDI) in Support of Economic Competitiveness and Business Development".

For the ReActiv project, regarding the utilization of the red mud in cement industry, will continue the monitoring activities and obtaining final approvals related to the financial verifications.

The project was completed by submitting the final technical and financial reports of the consortium members, and the documentation is currently in the process of verification by monitoring officers.

The final conclusion of the technical-economic evaluation of the cements containing red mud developed within the project, is that the red mud offers alternatives for low-carbon cement production, but the production costs are not competitive, at least in the current economic context.

Within the CTI Department:

- the following will continue:
  - • participation in Innovation Hub meetings;
  - • monitoring the Horizon Europe platform in order to identify possible European-funded research projects that ALUM could join in order to increase competitiveness and development.
- quality control of purchased products and those delivered by ALUM (wet and dry hydrate, sieved and ground hydrate, sieved bauxite) will be ensured;
- mandatory periodic maintenance work, checks and calibrations of the equipment used in the determinations will be carried out, as well as essential verifications for equipment kept under conservation;
- the necessary steps will be taken to maintain all authorizations, permits and Alum certifications necessary for the activities carried out (including ISCIR and EMM);
- internal Quality-Environment-SSH-Energy audits will be carried out;

Investment Activity

The ALUM investment program for 2026 requires an estimated budget of USD 1,500 and includes one investment project (PPEs) necessary to continue determining, monitoring and reporting greenhouse gas (GHG) emissions.

E. Proposed budget

The budget for the year 2026 was built on the basis of the premises presented in the Activity Plan, which involves the intermediation purchase of calcined alumina from the market, with an optimized cost to cover Alro's needs.

The total budgeted revenues for the year 2026 are in the amount of 5,773,992 USD, of which revenues obtained from the sale of wet and dry hydrate in the amount of 419,769 USD, revenues obtained from agent commission 4,646,850 USD and other revenues obtained from various activities in the amount of 707,373 USD.
Total budgeted spending for 2026 is 7,771,067 USD.

Thus, in the Alum budget for the year 2026, a loss of 1,997,074 USD is estimated.

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