

# ALRO AND SUBSIDIARIES

## PRELIMINARY CONSOLIDATED AND STAND-ALONE FINANCIAL RESULTS

for the year ended  
31 December 2020

**Note:** the preliminary financial figures presented in this document are reported in accordance with the Order of the Minister of Public Finances no. 2844/2016, with subsequent amendments, which is as per the International Financial Reporting Standards (IFRS) as adopted by the European Union, except for *IAS 21 The Effects of Changes in Foreign Exchange Rates* regarding the functional currency, for the provisions of *IAS 20 Accounting for Government Grants* regarding the recognition of revenues from green certificates, and except for *IFRS 15 Revenue from Contracts with Customers* regarding the revenues from the taxes related to the distribution grid connection. These exceptions do not affect the conformity with IFRS of the preliminary financial figures of the Group and the Company.

The preliminary financial figures are not audited and do not include the results of the impairment test on investments in subsidiaries. Consequently, the final financial statements for the year 2020 may differ from these.

The functional and the presentation currency is the Romanian leu (RON). This report is prepared in RON thousand, rounded to the nearest unit.

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

## Alro Group

### Consolidated statement of profit or loss and other comprehensive income for the year 2020 - unaudited

in RON '000, except per share data

Alro Group			Alro Group		
Q4 2020	Q4 2019		Note	2020	2019
572,761	615,448	Revenue from contracts with customers	1	2,514,716	2,777,801
-556,160	-587,647	Cost of goods sold	2	-2,521,548	-2,550,785
16,601	27,801	Gross result	3	-6,832	227,016
-110,063	-71,462	General, administrative and selling expenses	4	-323,390	-280,238
139,475	19,221	Other operating income	5	735,791	167,755
-1,688	-2,347	Other operating expense		-6,142	-15,292
44,325	-26,787	Operating result (EBIT)	6	399,427	99,241
-12,450	-19,647	Interest expenses		-59,144	-77,334
-	2,562	Gains (losses) from derivative financial instruments, net		-	-3,598
-3,172	-3,572	Other financial gains / (losses), net		-14,707	-16,505
29,392	16,071	Net foreign exchange gains / (losses)	7	40,593	-34,589
58,095	-31,373	Result before income taxes		366,169	-32,785
-2,468	-13,143	Income tax		-37,190	-34,452
55,627	-44,516	Result for the period	8	328,979	-67,237
Other comprehensive income / (expense), net of tax:					
Items that will not be reclassified subsequently to profit or loss					
-7,026	-3,322	Remeasurements of post-employment benefit obligations		-7,029	-3,333
1,056	577	Income tax on items that will not be reclassified		1,056	577
Items that may be reclassified subsequently to profit or loss:					
-5,611	-5,376	Translation adjustment		-11,091	-6,266
-11,581	-8,121	Other comprehensive income / (expense) for the period, net of tax		-17,064	-9,022
44,046	-52,637	Total comprehensive income / (expense) for the period		311,915	-76,259
Result attributable to:					
55,408	-44,499	Shareholders of Alro SA		328,489	-67,734
219	-17	Non-controlling interest		490	497
55,627	-44,516			328,979	-67,237
Total comprehensive income / (expense) attributable to:					
43,868	-52,587	Shareholders of Alro S.A.		311,499	-76,719
178	-50	Non-controlling interest		416	460
44,046	-52,637			311,915	-76,259
Earnings per share					
0.078	-0.062	Basic and diluted (RON)		0.460	-0.095

**Alro**
**Separate statement of profit or loss and other comprehensive income for the year 2020 - unaudited**

in RON '000, except per share data

Alro stand alone				Alro stand alone	
Q4 2020	Q4 2019		Note	2020	2019
543,102	561,439	Revenue from contracts with customers	1	2,307,360	2,492,611
-557,434	-569,256	Cost of goods sold	2	-2,445,143	-2,434,648
<b>-14,332</b>	<b>-7,817</b>	<b>Gross result</b>	<b>3</b>	<b>-137,783</b>	<b>57,963</b>
-76,925	-44,477	General, administrative and selling expenses	4	-218,076	-178,821
-61	-573	Impairment of investments		-1,178	-48,873
98,593	4,468	Other operating income	5	650,663	87,906
-502	-313	Other operating expense		-1,766	-6,747
<b>6,773</b>	<b>-48,712</b>	<b>Operating result (EBIT)</b>	<b>6</b>	<b>291,860</b>	<b>-88,572</b>
-10,647	-17,081	Interest expenses		-51,017	-67,815
-	2,562	Gains (losses) from derivative financial instruments, net		-	-3,598
-2,880	-3,314	Other financial gains / (losses), net		-13,379	33,031
26,984	14,986	Net foreign exchange gains / (losses)	7	34,678	-31,585
<b>20,230</b>	<b>-51,559</b>	<b>Result before income taxes</b>		<b>262,142</b>	<b>-158,539</b>
-1,037	8,620	Income tax		-26,531	5,638
<b>19,193</b>	<b>-42,939</b>	<b>Result for the period</b>	<b>8</b>	<b>235,611</b>	<b>-152,901</b>
		<b>Other comprehensive income / (expense), net of tax:</b>			
		<i>Items that will not be reclassified subsequently to profit or loss</i>			
-5,702	-3,086	Remeasurements of post-employment benefit obligations		-5,702	-3,086
912	494	Income tax on items that will not be reclassified		912	494
<b>-4,790</b>	<b>-2,592</b>	<b>Other comprehensive income / (expense) for the period, net of tax</b>		<b>-4,790</b>	<b>-2,592</b>
<b>14,403</b>	<b>-45,531</b>	<b>Total comprehensive income / (expense) for the period</b>		<b>230,821</b>	<b>-155,493</b>
		<b>Earnings per share</b>			
0.027	-0.060	Basic and diluted (RON)		0.330	-0.214

## Alro Group

### Consolidated statement of financial position as of 31 December 2020 - unaudited in RON '000

		Alro Group	
	Note	31 December 2020	31 December 2019
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment		1,089,217	1,169,009
Investment properties		664	696
Intangible assets		5,957	9,611
Goodwill		88,856	94,284
Right-of-use assets		10,731	13,258
Deferred tax asset		36,212	37,294
Other non-current assets	10	45,329	3,866
<b>Total non-current assets</b>		<b>1,276,966</b>	<b>1,328,018</b>
<b>Current assets</b>			
Inventories		678,445	828,948
Trade receivables, net		51,389	76,352
Current income tax receivable		642	6,225
Other current assets	9	504,575	93,137
Restricted cash	10	95	46,164
Cash and cash equivalents		105,500	83,182
<b>Total current assets</b>		<b>1,340,646</b>	<b>1,134,008</b>
<b>Total assets</b>		<b>2,617,612</b>	<b>2,462,026</b>
<b>Shareholders' Equity and Liabilities</b>			
<b>Shareholders' equity</b>			
Share capital		370,037	370,037
Share premium		86,351	86,351
Other reserves		335,158	342,667
Retained earnings		-40,769	36,446
Result for the period		328,489	-67,734
<b>Equity attributable to shareholders of Alro S.A.</b>		<b>1,079,266</b>	<b>767,767</b>
Non-controlling interest		2,601	2,185
<b>Total shareholders' equity</b>		<b>1,081,867</b>	<b>769,952</b>
<b>Non-current liabilities</b>			
Bank and other loans, non-current	10	848,285	374,271
Leases, non-current		3,712	6,161
Provisions, non-current		37,463	36,704
Post-employment benefit obligations		49,430	46,637
Government grants, non-current portion		43,703	47,970
Other non-current liabilities		1,148	890
<b>Total non-current liabilities</b>		<b>983,741</b>	<b>512,633</b>
<b>Current liabilities</b>			
Bank and other loans, current	10	120,293	869,667
Leases, current		3,401	4,321
Provisions, current	4	33,276	2,793
Trade and other payables		233,742	206,386
Current income taxes payable		15,700	2,551
Government grants, current portion		4,267	4,267
Other current liabilities		141,325	89,456
<b>Total current liabilities</b>		<b>552,004</b>	<b>1,179,441</b>
<b>Total liabilities</b>		<b>1,535,745</b>	<b>1,692,074</b>
<b>Total shareholders' equity and liabilities</b>		<b>2,617,612</b>	<b>2,462,026</b>

# Alro

## Separate statement of financial position as of 31 December 2020 - unaudited in RON '000

		Alro Stand-alone	
	Note	31 December 2020	31 December 2019
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment		790,878	839,732
Investment properties		4,439	4,761
Intangible assets		5,653	9,287
Investments		398,790	399,968
Right-of-use assets		8,496	10,630
Deferred tax asset		5,929	11,192
Other non-current assets	10	45,329	3,866
<b>Total non-current assets</b>		<b>1,259,514</b>	<b>1,279,436</b>
<b>Current assets</b>			
Inventories		473,979	576,332
Trade receivables, net		79,719	58,538
Current income tax receivable		-	5,917
Other current assets	9	469,686	84,599
Restricted cash	10	-	45,200
Cash and cash equivalents		88,750	72,546
<b>Total current assets</b>		<b>1,112,134</b>	<b>843,132</b>
<b>Total assets</b>		<b>2,371,648</b>	<b>2,122,568</b>
<b>Shareholders' Equity and Liabilities</b>			
<b>Shareholders' equity</b>			
Share capital		370,037	370,037
Share premium		86,351	86,351
Other reserves		306,191	306,191
Retained earnings		-25,823	131,868
Result for the period		235,611	-152,901
<b>Total shareholders' equity</b>		<b>972,367</b>	<b>741,546</b>
<b>Non-current liabilities</b>			
Bank and other loans, non-current	10	806,244	256,699
Leases, non-current		2,726	4,821
Provisions, non-current		1,389	1,337
Post-employment benefit obligations		41,278	39,492
Government grants, non-current portion		35,745	39,187
Other non-current liabilities		422	371
<b>Total non-current liabilities</b>		<b>887,804</b>	<b>341,907</b>
<b>Current liabilities</b>			
Bank and other loans, current	10	80,141	804,980
Leases, current		2,742	3,495
Provisions, current	4	28,620	2,700
Trade and other payables		309,351	151,955
Current income taxes payable		2,161	-
Government grants, current portion		3,442	3,442
Other current liabilities		85,020	72,543
<b>Total current liabilities</b>		<b>511,477</b>	<b>1,039,115</b>
<b>Total liabilities</b>		<b>1,399,281</b>	<b>1,381,022</b>
<b>Total shareholders' equity and liabilities</b>		<b>2,371,648</b>	<b>2,122,568</b>

**Alro Group**  
**Consolidated statement of cash flows for the year 2020 - unaudited**  
in RON '000

<b>Alro Group</b>			<b>Alro Group</b>	
<b>Q4 2020</b>	<b>Q4 2019</b>		<b>2020</b>	<b>2019</b>
		<b>Cash flow from operating activities</b>		
58,095	-31,373	Result before income taxes	366,169	-32,785
		<i>Adjustments for:</i>		
39,437	40,328	Depreciation and amortisation	166,987	152,754
4	-	Impairment of property, plant and equipment	4	-4,790
29,768	-1,141	Movement in provisions	30,482	-28,440
-6,571	434	Change in allowance for impairment of inventory	-3,659	14,252
259	-81	Change in allowance for impairment of doubtful receivables	391	-274
9	171	Loss on disposal of property, plant and equipment	445	6,114
-31,549	-2,989	Net foreign exchange (gains)/ losses on loans revaluation	-44,140	43,500
-870	-820	Interest income	-3,523	-4,866
12,450	19,647	Interest expense	59,144	77,334
-	-1	Dividend income	-2	-1
-	-2,562	Effect of derivative financial instruments	-	3,598
		<i>Changes in working capital:</i>		
-71,205	17,247	Change in inventories	154,524	-4,399
-97,757	6,671	Change in trade receivables and other assets	-393,403	-9,836
49,798	-26,817	Change in trade and other payables	73,862	-11,257
-3,564	-639	Income taxes (paid)/refunded	-17,560	-37,342
-22,717	-15,945	Interest paid	-67,000	-71,773
-	-2,399	Cash receipts/ (Payments) from derivatives, net	-701	5,752
<b>-44,413</b>	<b>-269</b>	<b>Net cash generated by / (used in) operating activities</b>	<b>322,020</b>	<b>97,541</b>
		<b>Cash flow from investing activities</b>		
-22,121	-46,234	Purchase of property, plant and equipment and intangible assets, net	-82,567	-159,056
-	-484	Government grants received	-	4,411
602	61	Proceeds from sale of property, plant and equipment	1,472	1,003
-	-	Dividends received	2	-
30,890	8,447	Change in restricted cash	869	7,407
959	1,162	Interest received	3,523	4,866
<b>10,330</b>	<b>-37,048</b>	<b>Net cash used in investing activities</b>	<b>-76,701</b>	<b>-141,369</b>
		<b>Cash flow from financing activities</b>		
86	35,208	Proceeds from loans and leasing	104,047	408,617
-191,856	-125,684	Repayment of loans	-326,920	-160,490
-12	-130	Dividends paid	-56	-324,779
<b>-191,782</b>	<b>-90,606</b>	<b>Net cash provided by/(used in) financing activities</b>	<b>-222,929</b>	<b>-76,652</b>
<b>-225,865</b>	<b>-127,923</b>	<b>Net change in cash and cash equivalents</b>	<b>22,390</b>	<b>-120,480</b>
<b>331,417</b>	<b>211,175</b>	<b>Cash and cash equivalents at beginning of period</b>	<b>83,182</b>	<b>203,609</b>
-52	-70	Effect of exchange rate differences on cash and cash equivalents	-72	53
<b>105,500</b>	<b>83,182</b>	<b>Cash and cash equivalents at end of period</b>	<b>105,500</b>	<b>83,182</b>

Alro

Separate statement of cash flows for the year 2020 - unaudited  
in RON '000

Q4 2020    Q4 2019		Alro Stand-alone 2020    2019	
		<b>Cash flow from operating activities</b>	
20,230	-51,559	Result before income taxes	262,142    -158,539
		<i>Adjustments for:</i>	
25,433	26,865	Depreciation and amortisation	109,182    101,886
61	573	Impairment of investments	1,178    48,873
-	-	Impairment of property, plant and equipment	-    -4,754
25,920	1	Movement in provisions	25,920    -23,906
-6,685	122	Change in allowance for impairment of inventory	-3,773    13,940
490	66	Change in allowance for impairment of doubtful receivables	1,040    35
-56	13	Losses/(gains) on disposal of property, plant and equipment	-153    5,406
-28,886	-14,974	Net foreign exchange (gains)/ losses on loans revaluation	-40,178    40,273
-846	-784	Interest income	-3,408    -4,487
10,647	17,081	Interest expense	51,017    67,815
-	-1	Dividend income	-2    -48,325
-	-2,562	Effect of derivative financial instruments	-    3,598
		<i>Changes in working capital:</i>	
-60,461	19,066	Change in inventories	107,833    36,052
-107,912	35,809	Change in trade receivables and other assets	-413,723    136,292
41,667	2,289	Change in trade and other payables	166,015    9,157
-	-	Income taxes (paid)/refunded	-12,278    -10,927
-20,657	-12,760	Interest paid	-60,921    -64,973
-	-2,399	Cash receipts/ (Payments) from derivatives, net	-701    5,752
<b>-101,055</b>	<b>16,846</b>	<b>Net cash generated by / (used in) operating activities</b>	<b>189,190    153,168</b>
		<b>Cash flow from investing activities</b>	
-13,659	-14,457	Purchase of property, plant and equipment and intangible assets, net	-48,565    -84,760
-	-	Government grants received	-    3,572
56	6	Proceeds from sale of property, plant and equipment	98    148
-	-	Dividends received	2    48,324
30,000	1	Change in restricted cash	-    5,085
846	784	Interest received	3,408    4,487
<b>17,243</b>	<b>-13,666</b>	<b>Net cash used in investing activities</b>	<b>-45,057    -23,144</b>
		<b>Cash flow from financing activities</b>	
118	4,206	Proceeds from loans and leasing	101,065    290,603
-144,995	-125,968	Repayment of loans	-228,938    -159,747
-12	-144	Dividends paid	-56    -324,779
<b>-144,889</b>	<b>-121,906</b>	<b>Net cash provided by/(used in) financing activities</b>	<b>-127,929    -193,923</b>
<b>-228,701</b>	<b>-118,726</b>	<b>Net change in cash and cash equivalents</b>	<b>16,204    -63,899</b>
<b>317,451</b>	<b>191,272</b>	<b>Cash and cash equivalents at beginning of period</b>	<b>72,546    136,445</b>
<b>88,750</b>	<b>72,546</b>	<b>Cash and cash equivalents at end of period</b>	<b>88,750    72,546</b>

**Alro Group**
**Consolidated statement of changes in shareholders' equity for the year 2020 - unaudited**

in RON '000

			Other reserves			Retained earnings	Result for the period	Attributable to shareholders of Alro SA	Non-controlling interests	Total shareholders' equity
	Share capital	Share premium	Other reserves	Translation reserve	Total other reserves					
<b>Balance at 1 January 2019</b>	<b>370,037</b>	<b>86,351</b>	<b>367,834</b>	<b>-23,501</b>	<b>344,333</b>	<b>135,358</b>	<b>235,006</b>	<b>1,171,085</b>	<b>1,739</b>	<b>1,172,824</b>
Result for the period	-	-	-	-	-	-	-67,734	-67,734	497	-67,237
<b>Other comprehensive income / (expense)</b>										
Translation adjustment	-	-	-	-6,229	-6,229	-	-	-6,229	-37	-6,266
Remeasurements of post-employment benefits	-	-	-	-	-	-3,333	-	-3,333	-	-3,333
Deferred tax on benefits remeasurement	-	-	-	-	-	577	-	577	-	577
<b>Other comprehensive income / (expense)</b>	-	-	-	-6,229	-6,229	-2,756	-	-8,985	-37	-9,022
<b>Total comprehensive income / (expense)</b>	-	-	-	-6,229	-6,229	-2,756	-67,734	-76,719	460	-76,259
<b>Transactions with owners of the company recognized directly in equity</b>										
<b>Distributions to owners of the company</b>										
Appropriation of prior year result	-	-	4,563	-	4,563	230,443	-235,006	-	-	-
Dividends distribution	-	-	-	-	-	-326,600	-	-326,600	-14	-326,614
<b>Balance at 31 December 2019</b>	<b>370,037</b>	<b>86,351</b>	<b>372,397</b>	<b>-29,730</b>	<b>342,667</b>	<b>36,446</b>	<b>-67,734</b>	<b>767,767</b>	<b>2,185</b>	<b>769,952</b>
<b>Balance at 1 January 2020</b>	<b>370,037</b>	<b>86,351</b>	<b>372,397</b>	<b>-29,730</b>	<b>342,667</b>	<b>36,446</b>	<b>-67,734</b>	<b>767,767</b>	<b>2,185</b>	<b>769,952</b>
Result for the period	-	-	-	-	-	-	328,489	328,489	490	328,979
<b>Other comprehensive income / (expense)</b>										
Translation adjustment	-	-	-	-11,024	-11,024	-	-	-11,024	-67	-11,091
Remeasurements of post-employment benefits	-	-	-	-	-	-7,021	-	-7,021	-8	-7,029
Deferred tax on benefits remeasurement	-	-	-	-	-	1,055	-	1,055	1	1,056
<b>Other comprehensive income / (expense)</b>	-	-	-	-11,024	-11,024	-5,966	-	-16,990	-74	-17,064
<b>Total comprehensive income / (expense)</b>	-	-	-	-11,024	-11,024	-5,966	328,489	311,499	416	311,915
<b>Transactions with owners of the company recognized directly in equity</b>										
<b>Distributions to owners of the company:</b>										
Appropriation of prior year result	-	-	3,515	-	3,515	-71,249	67,734	-	-	-
<b>Balance at 31 December 2020</b>	<b>370,037</b>	<b>86,351</b>	<b>375,912</b>	<b>-40,754</b>	<b>335,158</b>	<b>-40,769</b>	<b>328,489</b>	<b>1,079,266</b>	<b>2,601</b>	<b>1,081,867</b>



**Alro**
**Separate statement of changes in equity for the year 2020 - unaudited**  
in RON '000

	Share capital	Share premium	Other reserves	Retained earnings	Result for the period	Total
<b>Balance at 1 January 2019</b>	<b>370,037</b>	<b>86,351</b>	<b>306,191</b>	<b>235,103</b>	<b>225,957</b>	<b>1,223,639</b>
Result for the period	-	-	-	-	-152,901	<b>-152,901</b>
<b>Other comprehensive income / (expense)</b>						
Remeasurements of post-employment benefits	-	-	-	-3,086	-	<b>-3,086</b>
Deferred tax on benefits remeasurement	-	-	-	494	-	<b>494</b>
<b>Total other comprehensive income / (expense)</b>	-	-	-	<b>-2,592</b>	-	<b>-2,592</b>
<b>Total comprehensive income / (expense)</b>	-	-	-	<b>-2,592</b>	<b>-152,901</b>	<b>-155,493</b>
<b>Transactions with owners of the company recognized directly in equity</b>						
<b>Distributions to owners of the company</b>						
Appropriation of prior year result	-	-	-	225,957	-225,957	-
Dividends distribution	-	-	-	-326,600	-	<b>-326,600</b>
<b>Balance at 31 December 2019</b>	<b>370,037</b>	<b>86,351</b>	<b>306,191</b>	<b>131,868</b>	<b>-152,901</b>	<b>741,546</b>
<b>Balance at 1 January 2020</b>	<b>370,037</b>	<b>86,351</b>	<b>306,191</b>	<b>131,868</b>	<b>-152,901</b>	<b>741,546</b>
Result for the period	-	-	-	-	235,611	<b>235,611</b>
<b>Other comprehensive income / (expense)</b>						
Remeasurements of post-employment benefits	-	-	-	-5,702	-	<b>-5,702</b>
Deferred tax on benefits remeasurement	-	-	-	912	-	<b>912</b>
<b>Total other comprehensive income / (expense)</b>	-	-	-	<b>-4,790</b>	-	<b>-4,790</b>
<b>Total comprehensive income / (expense)</b>	-	-	-	<b>-4,790</b>	<b>235,611</b>	<b>230,821</b>
<b>Transactions with owners of the company recognized directly in equity</b>						
<b>Distributions to owners of the company</b>						
Appropriation of prior year result	-	-	-	-152,901	152,901	-
<b>Balance at 31 December 2020</b>	<b>370,037</b>	<b>86,351</b>	<b>306,191</b>	<b>-25,823</b>	<b>235,611</b>	<b>972,367</b>

## Notes to the preliminary consolidated financial results

### - unaudited -

1. Alro Group ended the year 2020 with a turnover of RON 2,514,716 thousand (lower by 9% as compared to 2019), an EBIT of RON 399,427 thousand (higher by RON 300,186 thousand than the EBIT in the previous year) and a consolidated net profit of RON 328,979 thousand as compared to a net loss of RON 67,237 thousand reported in 2019.

As early as the first quarter of 2020, the coronavirus pandemic spread around the world, and the number of disease cases began to grow significantly. This has forced state governments to take unprecedented measures such as shutting down economic activities and restricting the movement of people. The aluminum industry was immediately impacted and deliveries to severely affected countries such as Italy, Spain, Great Britain, France, Germany, Poland were partly stopped due to restrictions on transports and national regulations on the movement of goods.

In the second quarter of 2020, most of the European countries applied measures to gradually ease restrictions on business circulation and activities; however, by the end of 2020 the effects of the second wave of the pandemic began to be felt even stronger. Thus, most European countries began to apply restrictions and the measure of partial isolation was implemented. In addition, the COVID-19 epidemic crisis came amid existing trade tensions and Brexit uncertainties.

In this context, Alro Group has efficiently managed the coronavirus pandemic by implementing complex protocols and procedures in its work locations, which were put in place since the beginning of the pandemic, and the Group has thus ensured the continuity of the course of activity under safe conditions.

On the background of pandemia the LME aluminium prices crashed below the 1,500 USD/tonne level in March - April 2020, while starting June 2020 the aluminium prices increased and exceeded 2,000 USD/tonne in the end of the year. Signs of recovery have started to be visible in Q4 2020, and the LME quotation gradually reached an average of 2,018 USD/ton in December 2020. Thus, the LME average value gained 164 USD/ton in Q4 2020 (1,916 USD/ton) as compared to Q4 2019 when the average LME was 1,752 USD/ton. Even so, the current pandemic context has influenced the level of demand in all business areas of the Group, which determined a decrease by 7% of sales revenues in Q4 2020 as compared to Q4 2019 (from RON 615,448 thousand reported in Q4 2019 to RON 572,761 thousand reported in Q4 2020).

The Processed Aluminum Division was significantly affected by the pandemic, since the flat rolled products are mainly exported to European countries, and recorded a decrease by 8% in the sales value in 2020 as compared to 2019, mainly due to the decrease by 36% in the sales of coils, which was influenced by the decline in demand from the aerospace and automotive industries. However, signs of recovery have been noted starting Q2 and Q3 2020 for plate deliveries which were 2,100 tonnes higher in 2020 as compared to 2019. In spite of the new lockdowns imposed by several West European countries, of uncertainties caused by Brexit and of the trucks shortage during the winter holidays, in Q4 2020, the value of the processed aluminum products sales increased by 1.5%, and the plates deliveries were higher by more than 1,200 tons as compared to the same period of the previous year, the plates being the product of the Group with the highest value added. As regards the other types of flat rolled products, i.e. sheets and coils, although the sales of these products went down in Q4 2020, our customers in the automotive and construction sectors began to improve their activity towards the end of 2020, which determined an increase in the demand for these types of products and we expect this to reflect in higher sales in the first quarter of the next year.

In spite of the negative factors that constrain aluminum producers at this time, a good performance of processed aluminum sales was achieved for quantitative sales of extruded products, which increased by 22% in 2020 as compared to 2019 and by 23% in Q4 2020 as compared to Q4 2019. The Group seized the existing demand opportunities in the solar panel market and sold 4,500 tons more extruded products in 2020 as compared to the same period of the previous year and 1,000 tons more if we speak about the fourth quarter.

In Q4 2020, the subsidiary of Alro Group, Vimetco Extrusion, an extruded products manufacturer, became a supplier for one of the most sophisticated industries, providing high and very high value-added products for the heliports construction. Vimetco Extrusion concluded a partnership with ABC Development Aviation, a company certified by AACR (Romanian Civil Aeronautical Authority) as developer and installer of aerodrome elements and infrastructure for developing helideck platforms made in Romania.

As regards the Primary Aluminum Division, the sales volume recorded an increase by 1% in 2020 as compared to 2019, mainly due to the aluminum wire rod sales. Demand for aluminum wire rod was stable in 2020, during this period of economic decline, as cable manufacturers are considered essential in the supply chain since they have public utilities companies in their client portfolios. In 2020, the Group's aluminum wire rod sales were more than 2,700 tons higher than last year. However, some of our customers reported short-staffing and impossibility to continue their activity at the expected level due to the quarantine imposed by the COVID-19 pandemic, which led to a decrease by 3% in the volume of primary products sales in Q4 2020 as compared to Q4 2019.

Another range of primary products where the Group recorded increased sales is billets. In this area, the Group managed to sell over 300 tons more billets in Q4 2020 as compared to Q4 2019, due to the increase in demand in the extruded sector starting September 2020.

2. Regarding **the cost of goods sold**, the Group reported RON 29,237 thousand less in 2020 as compared to 2019 (2020: RON 2,521,548 thousand versus 2019: RON 2,550,785 thousand) and RON 31,487 thousand less in Q4 2020 as compared to Q4 2019 (Q4 2020: RON 556,160 thousand versus Q4 2019: RON 587,647 thousand), thanks to the decrease in the raw materials purchase prices, in line with the prices on specific markets and with the Group's strategy to reduce costs in 2020, but this benefit was partly impaired by the existing electricity prices on the Romanian market, which continued to show an upward trend.

3. In 2020, the Group reported a negative **gross result** in the amount of RON 6,832 thousand (2019: gross profit RON 227,016 thousand) which was influenced by a combination of factors, namely: conditions of the market that recorded low aluminum price levels in the first part of year, lower demand for aluminum due to the global crisis caused by the coronavirus pandemic and an upward trend in electricity prices. Since towards the end of the year 2020 there was a slight recovery of LME quotations and demand for certain products, especially those with high value added, the Group recorded a positive gross result in amount of RON 16,601 thousand in Q4 2020 as compared to a positive gross result of RON 27,801 thousand in Q4 2019. The cost of goods sold which led to a gross loss in 2020 does not include the compensation granted to the Group, which was included under *Other operating income*.

4. **The general, administrative and selling expenses** were higher in 2020 as compared to 2019 due to the recognition of a provision in amount of RON 29,665 thousand in Q4 2020, in accordance with the clauses of the collective labour agreement and the GMS decisions regarding management remuneration.

5. In 2020, **other operating income** in 2020 mainly includes the subsidy of RON 647,243 thousand (in 2019: 0) recorded by Alro Group as a compensation for higher energy costs in accordance with EU legislation on the EU-ETS scheme for the years 2019 and 2020. In Q4 2020, the Group recognized revenues from subsidies related to the EU-ETS compensation scheme in the amount of RON 99,324 thousand (Q4 2019: 0). Additionally, an amount of RON 73,668 thousand (in 2019: RON 120,197 thousand) from the sale of greenhouse gas emission certificates is included in the category *Other operating income* in 2020, as the Group had the benefit of an increase in the market prices of carbon dioxide emission certificates. The group had a surplus of emission certificates, as a result of sustained efforts to invest in energy efficiency increase over the last years. As for the quarter, in Q4 2020 the sales of emission certificates were in the amount of RON 37,607 thousand (Q4 2019: RON 12,499 thousand).

6. The Group's **operating result** for the year 2020 amounts to RON 399,427 thousand as compared to RON 99,241 thousand in 2019, mainly from the compensation recognized in the category of *Other operating income*, as mentioned above. Therefore, the Group reported a 4-time higher EBIT level as compared to the previous year. A similar evolution was recorded in the quarterly figures where the Group reported a positive EBIT of RON 44,325 thousand in Q4 2020 as compared to a negative EBIT in the amount of RON 26,787 thousand in Q4 2019.

7. **Net foreign exchange gains / (losses)** are mainly amounts with no effect on the cash flow, arising from the revaluation of the Group's loans and other foreign currency liabilities. While in 2019 overall the Group recognized a foreign exchange loss, in 2020 and in Q4 for both 2020 and 2019, the Group recorded gains from exchange rate differences, especially from the revaluation of USD-denominated loans considering that the Romanian leu appreciated during these quarters.

8. The Group's **net result** in 2020 is a net profit of RON 328,979 thousand as compared to a RON 67,237 thousand loss reported in 2019. The same trend continues to exist in Q4 2020, when the net profit was RON 55,627 thousand as compared to the net loss of RON 44,516 thousand reported in Q4 2019.

Reconciliation of **adjusted net result** with the net result of Alro Group:

in RON '000	in RON '000		in RON '000	in RON '000
Q4 2020	Q4 2019		2020	2019
55,627	-44,516	<b>Result for the period</b>	328,979	-67,237
4	-	Plus/(minus) charge/ (reversal) of non-current assets impairment expense/(income)	4	-4,790
-	-2,562	Plus/(minus) the loss/(gain) from derivative financial instruments for which hedge accounting was not applied	-	3,598
-8,019	12,430	Plus/(minus) deferred tax expense	839	15,093
47,612	-34,648	<b>Adjusted net result</b>	329,822	-53,336

9. As per European and Romanian regulations, the Group is entitled to receive the aforesaid compensations for the high electricity prices incurred in 2019 and in 2020 resulting from the indirect emission costs under the EU Emission Trading Scheme (ETS). Both compensations for the years 2019 and 2020 were booked in 2020, as the conditions to benefit from these were fulfilled in 2020. In September 2020, the Group collected RON 249,946 thousand as compensations for the electricity costs incurred in 2019, whereas the compensations for the year 2020 recognized as receivable under **Other current assets** on the Statement of Financial Position at 31 December 2020 were of RON 397,297 thousand.

10. **Bank loans:** in November 2020, the Parent company re-negotiated and signed the extension until November 2023 of the revolving loan agreement with a nominal value of USD 120,000 thousand with a syndicate of banks, and until February 2024 of the non-cash financing line of USD 30,000 thousand. At the same time, in November 2020 the Parent company signed the extension until November 2023 of another revolving loan amounting to RON 180,000 thousand contracted from a commercial bank. Consequently, cash collateral of RON 45,200 thousand pledged in relation to some of the extended loans for more than one year was reclassified from **Restricted cash** (at 31 December 2019) to **Other non-current assets** (at 31 December 2020).

11. As of the date of this report, the Company is in progress with the annual impairment test analysis. Depending on the result of these analyses, the final figures for 2020 may significantly differ from the preliminary ones. Based on the preliminary outcome of the impairment test analysis, which will be subsequently finalised and audited, the management does not expect any negative impact occurring from these impairment assessments.

**Gheorghe Dobra**  
Chief Executive Officer



**Genoveva Nastase**  
Chief Financial Officer

