

# Current Report

No. 90/13.11.2023

To: Financial Supervisory Authority  
Bucharest Stock Exchange

Current report in compliance with the stipulations of the Law no. 24/2017 (republished) and of the FSA Regulation no.5/2018 (subsequently amended and updated) regarding the Issuers of financial instruments and market operations

Date of report: **13 November 2023**

Name of issuer: **Alro S.A.**

Headquarters: **Slatina, 116 Pitesti Street, Olt County**

Telephone/ fax number: **+40 249 431 901 / +40 249 437 500**

Sole registration number at the Trade Register Office: **RO 1515374**

Trade Register Number: **J28/8/1991**

The European Unique Identifier (EUID): **ROONRCJ28/8/1991**

Legal Entity Identifier (LEI): **5493008G6W6SORM2JG98**

Subscribed and paid-in share capital: **356,889,567.5 RON**

Regulated market on which the issued shares are traded: **Bucharest Stock Exchange – Premium Tier Category**  
(market symbol: **ALR**)

We hereby inform all persons who may be interested about the following **important event to be reported**:

## Press Release

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### **ALRO Group registers a RON 2.24 billion turnover in Q1-Q3 2023 and continues to diversify its business model**

- ***Sales value follows the international aluminium quotations trend: the average LME 3-month seller stood at 2,306 USD/tonne, a 19% decrease compared to the average recorded in Q1-Q3 2022 (2,836 USD/tonne).***
- ***Higher sales volumes of extruded products, billets, slabs and coils in Q1-Q3 2023 compared to Q1-Q3 2022;***
- ***The Group net loss increased in Q1-Q3 2023 compared to Q1-Q3 2022 due to lower aluminium quotations, lower demand and higher costs with utilities;***
- ***ALRO Group continues the process of diversifying its business model and secure the supply of electricity by going forward with its partnership with Complexul Energetic Oltenia to build a natural gas power generation plant at Işalnița, Dolj and by developing a photovoltaic power plant at its own premises in Slatina;***
- ***The Group invests in increasing the efficiency of its operations, diversifying products portfolio and clients base and already commissioned a USD 11 million investment in its Eco-Recycling facility***

Slatina, 13 November 2022 – ALRO S.A. (BVB: ALR, “the Company” or “ALRO”), one of the largest vertically integrated aluminium producers in Europe, measured by production capacity, announces today its consolidated financial results for the nine months ended 30 September 2023. The Group's turnover decreased by 21% (Q1-Q3 2023: RON 2.24 billion vs Q1-Q3 2022: RON 2.8 billion), on the back of lower aluminium prices and slowing demand. ALRO Group's net result for the period was a net loss of RON 394 million (Q1-Q3 2022: a net loss of RON 110 million), without an estimated positive

impact of the new Law 206/2023 issued in July 2023 regarding the measures applicable to final customers in the electricity and natural gas market is yet to be determined.

***“The challenging international business environment continued to put even bigger pressure on our business, with aluminium quotations and demand slowing down. At local level, the utilities costs further burdened the overall budget”, said Marian NĂSTASE, Chairman of the Board of Directors, ALRO. “However, the investments we made in diversifying our products portfolio and client base paid off and we were able to partially offset these set-backs thanks to higher quantitative sales in Q3 2023. Going forward, we are committed to our plan to secure de electricity supply and to further invest in state-of-the-art technology aimed at lowering consumptions and increasing products’ quality and products’ range”.***

### **Market Update**

The aluminium quotations at London Metal Exchange (LME) continued to decrease in Q1-Q3 2023 reaching an average LME 3-month seller of 2,306 USD/tonne, meaning a 19% decrease compared to the average registered in Q1-Q3 2022 (2,836 USD/tonne). The downward trend continued in Q3 2023 when the average LME 3-month seller was down 7%, at 2,200 USD/tonne, compared to 2,358 USD/tonne, registered in Q3 2022.

At the European level, the market showed a high level of inventory being pushed for sale at discounted prices by the major distributors, putting pressure on the producers' margins, while imports of flat rolled products, primarily from China continue to influence the market to a high extent. In the aerospace sector, demand was stable in Q3 2023, the vast majority of sold flat rolled volume being covered by long-term contracts.

At local level, the electricity prices, while showing signs of decrease on the energy exchange, still stand at high quotations. A positive impact is expected by the implementation of the Law 206/2023 issued in July 2023 regarding the measures applicable to final customers in the electricity and natural gas market. However, further clarifications from the authorities are needed, to determine the application of the new law.

### **Financial and Operational Review**

The Group's sales in Q1-Q3 2023 were RON 2.24 billion, lower by 21% compared to the similar period in 2022 (respectively RON 2.8 billion). While the overall demand continued to be low, the Group benefited from its diversified products' portfolio and registered higher sales volumes for extruded products, billets, slabs and coils in Q1-Q3 2023 compared to Q1-Q3 2022.

With a strong demand for aerospace products, ALRO signed a new multi-year agreement with Airbus, for the supply of Aluminium Flat Rolled Products for aircraft manufacturing.


While the market conditions remained challenging, ALRO maintained its long-term goals and continued the investment program focused on reducing the power dependence, further diversifying its products' portfolio and increasing the overall efficiency. Thus, it inaugurated a USD 11 million investment in technology and environment protection at its Eco Recycling Facility in Slatina, namely the installation of two double-chamber furnaces, one holding furnace and a dedicated fume collection and treatment plant. The electricity consumption for aluminium scrap recycling process is 95% lower than the one for electrolytic aluminium production, with positive impact on the overall production costs.

Furthermore, ALRO approved the start of three new investment projects, aimed at decarbonizing the technological process and increasing competitiveness. Specifically, the Group will increase the energy efficiency by installing a photovoltaic power station in ALRO's parking area, it will invest in the extending the fume treatment plant in the Cast House to the billet and slab casting machine and in technology to develop its product portfolio, namely in machines for cutting and milling of slabs for obtaining complex semi-finished high added value products designated to sophisticated aerospace and automotive applications.

These financial results are available in a separate document on the Company's website, Investor Relations category, Reports section: <http://www.alro.ro/en/reports> and at the below link:

**Marian-Daniel NĂSTASE**

**Chairman of the Board of Directors**



**Gheorghe DOBRA**

**Chief Executive Officer**



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## Notes to the Editor:

### ALRO Group

The companies' part of ALRO Group are: ALRO S.A. – manufacturer of aluminium, ALUM S.A. – producer of alumina, Extrusion S.R.L. – extrusion business line, Conef S.A. – holding and management company, Vimetco Trading – aluminium and until 1 September 2023 Sierra Mineral Holdings I, Ltd. – bauxite mining, Global Aluminium Ltd. – holding company Bauxite Marketing Ltd – marketing.

### ALRO

ALRO is subsidiary of Vimetco PLC (Republic of Cyprus), a global, vertically-integrated primary and processed aluminium producer. The structure of ALRO's shareholders is: Vimetco PLC (54.19%), Paval Holding (23.21%), Fondul Proprietatea (10.21%) and others (12.39%).

ALRO is one of the largest vertically integrated aluminium producers, by capacity, in Europe, having an installed production capacity of 265,000 tonnes per annum of electrolytic aluminium, 47,000 tonnes per annum of recycled aluminium and the Cast-House has a total cast aluminium capacity of 332,000 tonnes per annum and processing facilities of 140,000 tpa of hot and cold rolling facilities and extrusion shop.

The main market for ALRO products is represented by the European Union; the Company exports its products to the USA and Asia, as well. ALRO is ISO 9001 certified for quality management and has NADCAP and EN 9100 certificates for aerospace production organizations, ALRO's products adhere to the quality standards for primary aluminium on the LME, as well as international standards for flat rolled products.

Starting from 18 March 2019, the Index Committee of the Bucharest Stock Exchange approved the inclusion of ALRO (code ALR) in BET, the main index of the market, and in BET-TR, the total return version of BET. ALRO's shares have been listed on the Bucharest Stock Exchange since October 1997 and ALRO represents the first company in the aluminium industry present in these two indices.

Since 2020, ALRO and Vimetco Extrusion are members of ASI (Aluminium Stewardship Initiative), an international association that contributes to enhancing sustainability in the global aluminium sector.

# Quarterly Report 30 September 2023

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## ALRO GROUP

### CONSOLIDATED QUARTERLY REPORT FOR THE THIRD QUARTER OF 2023

#### Consolidated Financial Results for the Third Quarter of 2023 (Q3 2023) as Compared to the Third Quarter of 2022 (Q3 2022) (unaudited)

#### ALRO Group

The companies' part of ALRO Group are: ALRO S.A. – manufacturer of aluminium, ALUM S.A. – producer of alumina, Vimetco Extrusion S.R.L. – extrusion business line, Conef S.A. – holding and management company, Vimetco Trading – aluminium sales and until 1 September 2023 Sierra Mineral Holdings I, Ltd. – bauxite mining, Global Aluminium Ltd. – holding company and Bauxite Marketing Ltd – marketing.

## Consolidated quarterly report for Q3 2023

### Highlights of the nine months ended 30 September 2023 (Q1-Q3 2023)

- Consolidated turnover decreased by 21% in Q1-Q3 2023 compared to Q1-Q3 2022. In Q3 2023, it decreased by 8% compared to Q3 2022, in line with the lower aluminium quotations both LME and sales premiums, partially offset by the quantitative increase in sales;
- The aluminium quotations price at London Metal Exchange (LME) continued to decrease in Q1-Q3 2023 reaching an average LME 3-month seller of 2,306 USD/tonne, i.e. by 19% lower compared to the average recorded in Q1-Q3 2022 (2,836 USD/tonne). A downward trend was also recorded in Q3 2023 when the average LME-3 month seller was 2,200 USD/tonne, down by 7% compared to the average reported in Q3 2022 (2,358 USD/tonne);
- Higher sales volumes of extruded products, billets, slabs and coils in Q1-Q3 2023 compared to Q1-Q3 2022, and in Q3 2023 compared to Q3 2022, the sales volumes are higher for all the aluminium business lines;
- In September 2023 ALRO Group received the amount of RON 359,430 thousand as compensation for the 2022 indirect emissions costs, resulting in a lower amount than the one registered by the Group as an estimate of compensations for indirect emissions at 31 December 2022, with the impact of RON 77,629 thousand in the 2023 result;
- Bottom-line consolidated result: net loss of RON 394,078 thousand in Q1-Q3 2023, compared to the net loss of RON 109,522 thousand in Q1-Q3 2022, with a significant downward influence coming from the correction of compensation for indirect emissions in addition to the global economic instability, with pressure on sales prices, which did not offset the high costs of inputs;
- Law 206/2023 issued in July 2023 regarding the measures applicable to final customers in the electricity and natural gas market in the period 1 April 2022 – 31 March 2023: the Group expects a positive future impact on its financial results coming from the implementation of this law, but is yet currently unable to make a certain estimation of the financial outcome. Discussions with the electricity suppliers and clarifications from the authorities to determine the application of the new law are undergoing and any material updates or further details will be disclosed subsequently as appropriate.
- In September 2023, the company CCGT Power Isalnita SA was registered, with Alro SA holding 40.1% of the shareholding and with the difference of 59.9% being held by Complexul Energetic Oltenia. The main purpose of this new company is to develop a gas-fired power production capacity of a total installed power of 850 MW;
- In September 2023, Alum Tulcea disposed of its subsidiary Global Aluminum Ltd, BVI, through which it owned the bauxite mines located in Sierra Leone.
- Refinancing status: at the date when these interim financial statements were authorized for issue, all the creditors have already approved the extension of working capital facilities for a period of three years, the closing of the transaction being scheduled shortly.

## ALRO GROUP

Indicator	Q3 2023	Q3 2022	Q1-Q3 2023	Q1-Q3 2022
Primary aluminium production (tonnes)	49,775	35,700	145,407	154,338
Processed aluminium production (tonnes)	23,605	15,048	70,345	74,376
Alumina production (tonnes)	-	8,918	-	108,405
Sales (thousand RON)*	682,834	739,791	2,241,447	2,828,034
EBITDA <sup>1</sup> (thousand RON)	-145,800	-6,088	-92,888	213,496
EBITDA margin (%)	-21.4%	-0.8%	-4.1%	7.5%
Adjusted net result <sup>2</sup> (thousand RON)	-260,164	-129,096	-352,129	-114,405
Net result (thousand RON)	-229,984	-124,839	-394,078	-109,522

## ALRO S.A.

Indicator	Q3 2023	Q3 2022	Q1-Q3 2023	Q1-Q3 2022
Primary aluminium production (tonnes)	49,775	35,700	145,407	154,338
Processed aluminium production (tonnes)	14,566	8,131	43,181	54,153
Primary aluminium sales (tonnes)	26,732	21,224	78,934	72,098
Processed aluminium sales (tonnes)	13,948	11,778	43,269	53,654
Sales (thousand RON)	609,331	684,104	1,967,974	2,656,988
EBITDA <sup>1</sup> (thousand RON)	-156,567	-30,967	-125,621	136,085
EBITDA margin (%)	-25.7%	-4.5%	-6.4%	5.1%
Adjusted net result <sup>2</sup> (thousand RON)	-231,860	-131,381	-308,417	-129,706
Net result (thousand RON)	-202,116	-125,600	-353,328	-124,886
Adjusted net result <sup>2</sup> per share (RON)	-0.325	-0.184	-0.432	-0.182
Net result per share (RON)	-0.283	-0.176	-0.495	-0.175

\*Consolidated sales for 2023 and 2022 do not include the sales of GAL Group (see Note 5 to the *Consolidate financial statements for details*).

<sup>1</sup> EBITDA earnings before interest, taxes, depreciation, amortization and impairment;  
For a fair presentation of operational results for the reporting period, EBITDA includes the operating results, of the GAL group.

<sup>2</sup> Adjusted Net Result: net result plus/(minus) non-current assets impairment, plus/(minus) the loss/(gain) from derivative financial instruments for which hedge accounting was not applied, plus/(minus) deferred tax.



## Sales

The 9-month period ended 30 September 2023 was marked by macroeconomic instability driven by the still high energy, gas and raw material prices, low consumer demand, further increases in interest rates, still persistent inflation and the geopolitical situation which remains extremely delicate.

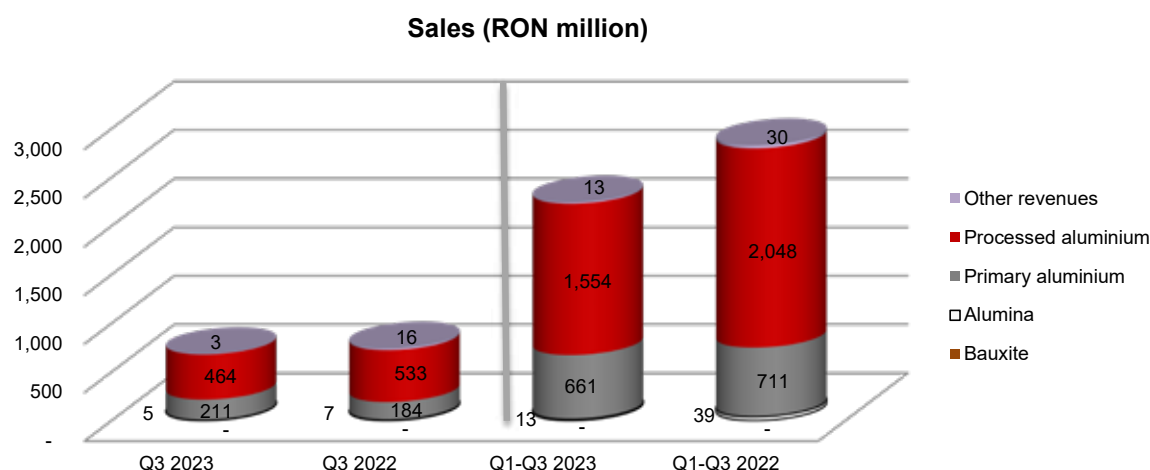
In this difficult macroeconomic environment, Alro Group focused to counteract the effects and increased its presence in the most sophisticated industrial sectors and to grow its customer portfolio. In this regard, the Group concluded new partnerships with major players in the aerospace, automotive and general engineering industries for deliveries to the European market and abroad destinations. Also, in order to be closer to our customers and to their needs by producing customised products, in the end of 2022, we started an investment in a rolled plates processing line able to process cut-to-size products according to the dimensions requested by the customers, therefore with a very high value added.

Although in the beginning of 2023 the demand in the cable industry was low, in Q3 2023 an increase was recorded in the orders in the Primary Aluminium segment, by 28% higher for wire rod and by 16% higher for billets as compared to the third quarter of 2022. However, the flat rolled products market was quite weak in Q3 2023. Some of our customers restarted stock replenishment activities, but the ordered volumes are far from the levels that define a normal market. On top of this, the signals we keep on receiving from the European markets show a high level of inventory that is being pushed for sale at discounted prices by the major distributors, putting pressure on the producers' margins. Imports of flat rolled products, primarily from China continue to influence the market to a high extent, and there are significant price differences for 6xxx, 2xxx and 7xxx series rolled products. Looking to the statistics of imports of flat rolled products from China, we see a decrease in volumes compared to the past months, which will help the European producers, if maintained. In the aerospace sector, demand was stable in Q3 2023, the vast majority of sold flat rolled volume being covered by long-term contracts, while the availabilities in the spot market are scarce. In October 2023, the Group concluded a new contract with Airbus for deliveries starting January 2024. Although market uncertainty remained extremely high in Q3 2023, the stable demand from the aerospace industry led to an increase in volumes of flat rolled products sold by 18% as compared to Q3 2022. Supporting the Group's targets in the increase of high profitability sales, the volumes of extruded products sold in Q3 2023 were 39% higher than in Q3 2022, with an upward trend in volumes of customised profiles as a result of the investments the Group made last year in a state-of-the-art extrusion press.

After the record values noted in the beginning of 2022 due to the war started in Ukraine, in Q1-Q3 2023, LME quotations went on an expected downward trend, in such a way that the average 3M seller LME quotation was USD 2,306/tonne, down by 19% as compared to Q1-Q3 2022, when the average 3M seller LME quotation was USD 2,836/tonne, and down by 7% in Q3 2023 as compared to the 3rd quarter of the previous year (Q3 2023: USD 2,200/tonne; Q3 2022: USD 2,358/tonne). At the same time, premiums also continued to decline significantly in Q3 2023 due to aggressive competition, particularly from Turkey. We expect average net achieved premiums to continue to decline in the last quarter of 2023, if the market does not recover.

**The Group's consolidated turnover** was RON 2,241,447 thousand in Q1-Q3 2023, lower by 21% than the one recorded in the same period of last year (Q1-Q3 2022: RON 2,828,034 thousand). The decrease is attributed on the one hand to lower aluminium prices, both LME and premiums, compared to the same period of last year, and on the other hand to lower sales volumes for plates as a result of lower demand in many industrial sectors and strong competition from producers abroad. On a quarterly basis, the unfavourable factors (average LME 3 months seller quotation lower by USD 158/tonne in Q3 2023 as compared to Q3 2022, reduced demand in some sectors, decreasing sales premiums, lower exchange rates), were partially offset by the Group's efforts to strengthen its position in international markets, which were materialised in higher sales volumes for certain products, and this was reflected in the consolidated turnover, which was 8% lower in Q3 2023 versus Q3 2022, but to a much lower extent compared to the cumulative reporting period (Q3 2023: RON 682,834 thousand; Q3 2022: RON 739,791 thousand).

Revenues from contracts with customers (RON '000)	Q3 2023	Q3 2022	Q1-Q3 2023	Q1-Q3 2022
Revenues from the alumina segment	4,815	7,042	13,201	39,313
Revenues from the primary aluminium segment	211,285	184,237	661,056	711,096
Revenues from the processed aluminium segment	463,949	532,614	1,554,458	2,047,585
Other	2,785	15,898	12,732	30,040
<b>Total</b>	<b>682,834</b>	<b>739,791</b>	<b>2,241,447</b>	<b>2,828,034</b>

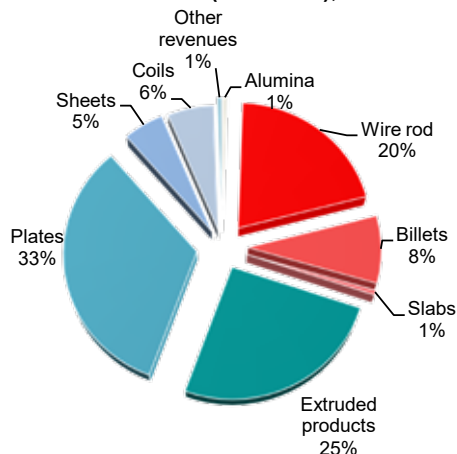


In Q1-Q3 2023, the Primary segment reported lower sales by 7% compared to Q1-Q3 2023 (9 months 2023: RON 661,056 thousand; 9 months 2022: RON 711,096 thousand), but an increase by 15% in Q3 2023 compared to the one recorded in the same quarter of the previous year (Q3 2023: RON 211,285 thousand, Q3 2022: RON 184,237 thousand). Although at the beginning of 2023, it was a weak season for the cable industry, in Q3 2023 the demand for wire rod was good, but with more aggressive competition from suppliers from Malaysia, India and Russia. Even though the available quantities on the spot market were limited, in Q1-Q3 2023, the Group sold 8,187 tonnes more wire rod compared to Q1-Q3 2022 and in Q3 2023 more than 5,750 tonnes of wire rod compared to Q3 2022. In 2022, to offset the reduction of the electrolytic aluminium production following the temporary suspension of production in three of the five Electrolysis potrooms in the first part of the year, the Group entered into wire rod processing contracts with a number of customers and agreed to process the metal supplied by them, the related revenue being recognised only as a processing premium charged to these customers. In 2023, the majority of wire rod sales was made from metal produced or acquired by Alro, so the value reflected not only the processing to wire rod, but also the metal. In this context, the Group processed over 3,100 tons of wire rod in Q3 2022 (Q3 2023: 0). In March 2023 there were signs of improvement in billets demand, and then the demand for this product line dropped from May 2023, so in Q1-Q3 2023 the billets sales decreased by almost 900 tonnes compared to Q1-Q3 2022 and by almost 340 tons in Q3 2023 compared to Q3 2022, in correlation with the building and construction sector. The billet stocks accumulated by distributors appear to have decreased, but nevertheless the demand for billets is still low. In addition, the Group has concluded processing agreements with its customers and in Q1-Q3 2023 it processed more than 2,380 tonnes billets (Q1-Q3 2022: nil) and in Q3 2023 more than 940 tonnes of billets (Q3 2022: nil). As for the slab market, the Group seized the market opportunities and sold 1,030 tonnes of slabs during the first 9 months of 2023 (during the first 9 months of 2022: nil), and in Q3 2023 almost 400 tonnes of slabs (Q3 2022: nil).

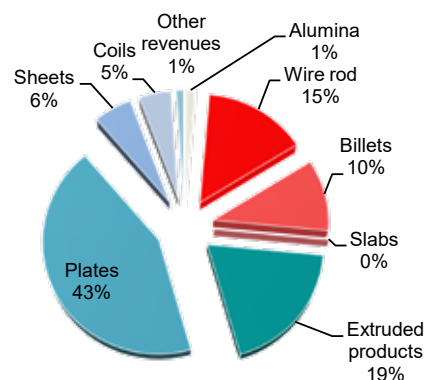
The sales value from the Processing Aluminium segment decreased by 24% in Q1-Q3 2023 as compared to the same period of the previous year (9 months 2023: RON 1,554,458 thousand; 9 months 2022: RON 2,047,585 thousand). Following the same trend, in Q3 2023, the revenues obtained from the sale of processed products decreased by 13% compared to Q3 2022 (Q3 2023: RON 463,949 thousand; Q3 2022: RON 532,614 thousand), amid lower LME and sales premiums, partially offset by higher sales volumes. A positive trend was recorded on the extruded products, as the Group delivered 6,454 tonnes more in Q1-Q3 2023 versus Q1-Q3 2022 and 2,560 tonnes more in Q3 2023 as compared to Q3 2022, thus proving the success of the investment in the new extrusion press. As regards the flat rolled products, the first half of 2023 was marked by low demand in all industrial sectors (except for aerospace and automotive), abundance of metal in European warehouses at key distributors and strong competition between European and non-European producers, which increased the pressure on price for all flat rolled products. However, in Q3 2023, the demand for the aerospace sector remained stable, so that in this quarter the Group increased its flat rolled sales volume by 2,170 tonnes as compared to Q3 2022. In Q4 2023, the Group concluded a new contract with Airbus, this agreement representing a clear recognition of our ability to supply the highest quality aluminium plates to the aerospace industry.

The share of Processed aluminium to total sales, including high and very high value-added products, remained prevalent, although slightly decreasing as compared to the same period of previous year (69% in Q1-Q3 2023 of total Group sales, as compared to 72% in Q1-Q3 2022), while the share of the Primary Aluminium segment in total Group sales increased from 25% in Q1-Q3 2022 to 29% in Q1-Q3 2023.

**Sales structure (RON '000), Q1-Q3 2023**



**Sales structure (RON '000), Q1-Q3 2022**



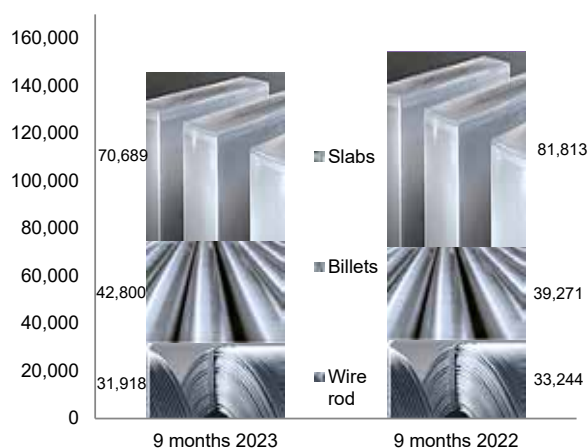
## Production

At the beginning of 2022, the Group took several strategic measures, such as temporarily shutting down three of its five electrolysis potrooms, and in Q3 2022 temporarily shutting down the alumina production unit in Tulcea. The pots remained idle in 2023, and the Parent Company continued to produce electrolytic aluminium at reduced capacity, with alumina purchased from third-party suppliers through its Alum subsidiary.

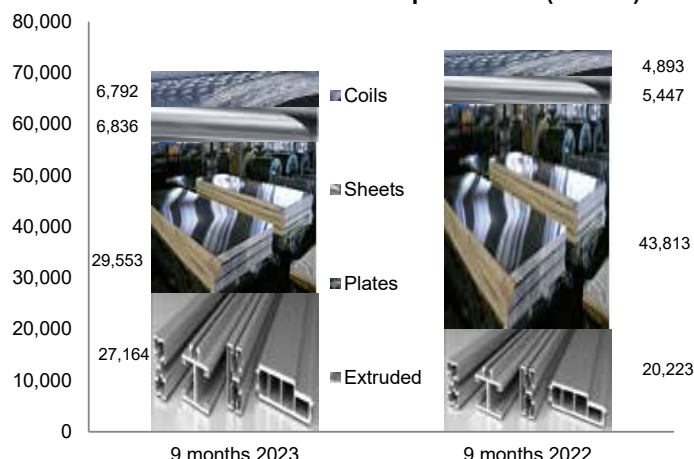
In order to offset the reduction of the electrolytic aluminium production, during the year 2023, the Group purchased aluminium ingots from the market. In addition, the Group concluded processing contracts with customers for processing the metal delivered by these customers and charging a processing fee for the specific products ordered, i.e. billets. In Q1-Q3 2023, the Group processed 8,625 tonnes of billets through such contracts (out of which in Q3 2023: 3,099 tonnes), as compared to 5,076 tonnes of billets processed in Q1-Q3 2022 (out of which in Q3 2022: 1,716 tonnes). The total production of billets including the processed ones was by 3,529 tonnes higher in Q1-Q3 2023 vs Q1-Q3 2022, in line with the demand for such product.

For flat rolled products, first half of the year was defined by low demand in all industrial sectors (except the aerospace and automotive), abundance of metal in European warehouses among the key distributors, intense competition between both European and non-european producers. These factors have led to the limitation of our flat rolled production, which was lower by more than 10,970 tonnes in Q1-Q3 2023 as compared to Q1-Q3 of the previous year. The same downward trend was maintained for production of slabs, in accordance with the production of flat rolled products. Although the flat rolled products market faced unfavourable conditions in Q3 2023, in the aerospace sector the demand is still stable and the Group concluded new agreements to supply our products to the aerospace, automotive and general engineering industry. In this respect, the Group produced over 6,400 tonnes more flat rolled products in Q3 2023 as compared to Q3 2022. Significant growth was also reported in the extruded products sector as the Group's subsidiary, Vimetco Extrusion, kept pace with the market demand and its products were developed through investments in the extrusion line. Under these conditions, in Q1-Q3 2023, the Group produced over 6,940 tonnes more high added value standard and custom profiles as compared to Q1-Q3 2022 (in Q3 2023 over 2,120 tonnes profiles more than in Q3 2022).

**Primary aluminium production (tonnes)**



**Processed aluminium production (tonnes)**



The cost of goods sold decreased by 4% in Q1-Q3 2023 (RON 2,370,746 thousand) versus Q1-Q3 2022 (RON 2,468,000 thousand), but increased by 10% in Q3 2023 as compared to the same period of last year (Q3 2023: RON 761,007 thousand as compared to Q3 2022: RON 694,184 thousand) due to the quantitative increase in sales. Although the price of electricity had a downward trend on the market in 2023, as the Government intervened to stabilise the energy prices through the Government Ordinance no. 27/2002 as adjusted, the Group continued to face pressure from the high cost of electricity due to the one-year contracts signed with a nuclear energy producer at much higher prices right before the publication of OUG 27. At the same time, the price of raw materials (scrap and primary metal purchased from third parties), which is linked to the LME quotation, recorded a decrease in Q3 2023 as compared to Q3 2022, in line with the downward trend in aluminium prices. As a result of the temporary suspension of alumina production at Alum in August 2022, in Q3 2023 the Group purchased alumina from the market at a lower cost than the one produced by its subsidiary in 2022. However, due to the stocks of raw materials purchased by the Group in 2022 when acquisition prices were in general higher, the consumption cost of certain materials increased in Q1-Q3 2023 vs the same period of 2022. The Group also purchased higher quantities of aluminium scrap and ingots for its liquid aluminium production, which increased by 12,170 tonnes in Q1-Q3 2023 as compared to Q1-Q3 2022 (in Q3 2023 more by 10,200 tonnes as compared to Q3 2022), in line with the Group's strategy to reduce its specific electricity consumption and increase the sustainability of its business by expanding its Eco-Recycling capacity. This increase of metal from the market (ingots plus scrap) used in production offset the amount of electrolytic aluminium that was no longer produced as a result of temporary suspension of 3 electrolysis potrooms in Q1 2022.

Although the Group took advantage of the opportunities of increasing demand in the aerospace sector and in the primary and extruded products market, however factors such as: the negative market influence, marked by intense competition, which increased pressure on sale prices, the downward LME trend, the further increase in prices for most raw materials and the still high price of electricity, led to a negative **gross result** of RON 129,299 thousand, recorded in the first 9 months of 2023 as compared to the positive gross result of RON 360,034 thousand reported in the first 9 months of 2022.

In Q1-Q3 2023, **Other operating income** was of RON 241,838 thousand (in Q1-Q3 2022: RON 33,413 thousand). This category mainly includes compensation to which the Group is entitled for indirect emissions included in the energy price, as per the EU Emissions Trading Scheme (ETS) and the European Directive adopted in the Romanian legislation, and recognized by the Group on an accrual basis. In September 2023, the Group received RON 359,430 thousand as compensation for 2022 indirect emissions costs, resulting in a lower amount than the one registered by the Group as an estimate on 31 December 2022. The difference between these two amounts represents RON 77,629 thousand less received in 2023 for 2022, compared to the amount estimated and accounted for in 2022. The main explanation for this difference is linked to the pro-rata allocation of the capped budget of EUR 150 m to all beneficiaries of the scheme correlated with the reduced level of 2022 production of Alro compared to 2021. Following the analysis of all the inputs and data related to the recognition of income from the Compensation scheme, the Group introduces a new measurement basis to recognize the compensation by calculating the attributable compensation with reference to the CO<sub>2</sub> certificates in correlation with the actual production, while the number of certificates for the rest of beneficiaries is determined based on the prior year figure adjusted to the extent possible with available market data. As such the Company accounted in *Other operating income* for minus RON 77,629 thousand in relation to 2022 compensation and for only RON 277,668 thousand for 9 months 2023 instead of RON 328,813 thousand initially estimated for 9 months 2023 based on the prior methodology followed as such in the interim financial statements for 6 months 2023.

Had the Group been able to recognize the compensation for the year 2022 received in September 2023 in the period of 9 months ending 30 September 2022 and not required to correct in 2023 the difference of RON 77,629 thousand, the adjusted EBITDA and PBIT for both periods would have been as follows:

	Q1-Q3 2023	Q1-Q3 2022
Other operating income from subsidies	277,668	269,573
EBITDA	-15,259	483,069
Result before income taxes from continuing operations	-237,861	223,632

For more details, see also the *Interim condensed consolidated financial statements for the nine months ended 30 September 2023*. In addition, in Q1-Q3 2023 this category included income from the reversal of a provision for CO<sub>2</sub> certificates needed to be acquired for the year 2022 of RON 11,847 thousand, recognised by one of the Group's subsidiaries at the end of 2022 (Q1-Q3 2022: RON 1,274 thousand). The Group also received in Q1-Q3 2023 an amount of RON 8,361 thousand (Q1-Q3 2022: 0), representing an indemnity for a piece of equipment that had been damaged in a fire that occurred in 2018 at the premises of the Parent Company's Processing Division and an amount of RON 6,091 thousand representing indemnities received from the insurance company for fire that broke out at the Eco recycling section of the aluminium plant in Slatina in July 2022 (in Q1-Q3 2022: nil), recorded in the same category, i.e. *Other operating income*. In Q3 2022, the Group took advantage of the high price of CO<sub>2</sub> emission certificates and recorded income from sale of emission certificates in the amount of RON 23,735 thousand.

In Q1-Q3 2023, the category **Other operating expenses** included the depreciation of idle plants of RON 27,648 thousand (in Q1-Q3 2022: RON 17,903 thousand), having in view the temporary suspension of the operations of 3 electrolysis halls and of the alumina plant in Tulcea in 2022 (Q3 2023: RON 8,824 thousand; Q3 2022: RON 9,190 thousand), as well as costs that were recognized by Alum during the subsequent period to the production capacity shutdown in August 2022 (Q1-Q3 2023: RON 29,126 thousand versus Q1-Q3 2022: RON 15,791 thousand; Q3 2023: RON 8,012 thousand versus Q3 2022: RON 15,791 thousand).

Considering the difficult economic context of the year 2023, as well as the capped government grants as mentioned above, **the operational result (EBIT)** of the Group in Q1-Q3 2023 was negative of RON 182,638 thousand compared to a positive EBIT of RON 145,705 thousand recorded in the same period of the previous year.

In Q1-Q3 2023 **interest expenses** increased by 61% as compared to Q1-Q3 2022, respectively by 17% in Q3 2023 versus Q3 2022, due to the increase in LIBOR, EURIBOR and ROBOR reference rates. For the period starting 1 July 2023 a new reference rate, namely, CME Term SOFR, was used instead of USD LIBOR (London Interbank Offered Rate) in the existing facilities of the Group. CME Term SOFR means the Term SOFR reference rate administered by CME Group Benchmark Administration Limited (or any other person which takes over the administration of that rate). The replacing of the old reference rate with the new one was made according to the interest calculation algorithm stipulated by each financing contract. At the same time, the new SOFR reference rates were higher than the LIBOR reference rates used in the interest calculation in Q3 2022.

**The net foreign exchange losses** (Q1-Q3 2023: RON 28,265 thousand compared to Q1-Q3 2022: RON 112,421 thousand) come mainly from the revaluation of the loans and other liabilities of the Group in foreign currency as a result of the depreciation of the Romanian leu in relation to the US dollar (4.6864 USD/RON on 30 September 2023 compared to 4.6346 USD/RON on 31 December 2022 and 5.0469 USD/RON on 30 September 2022 compared to 4.3707 USD/RON on 31 December 2021). At the level of the third quarter the evolution was in the same direction with the Group reporting net foreign exchange losses of RON 37,243 thousand in Q3 2023 (Q3 2022: RON 47,584 thousand).

In Q1-Q3 2023 as compared to Q1-Q3 2022, in spite of the decrease in aluminium price and demand continuing a negative trend, both in terms of quantity and premiums, the Group grew the efforts to increase its sales, thanks to the opportunities existing in Q3 2023 in several industrial sectors, such as: aerospace, automotive and general engineering. However, the unfavourable global economic environment with increase in interest rates and inflation, the unstable geo-political context, supply chain disruptions, the pressure of energy and raw material price still high, plus the adjustment for 2022 compensation for indirect emissions negatively impacted the **Group's net result** in Q1-Q3 2023, which was a loss of RON 394,078 thousand as compared to the net loss of RON 109,522 thousand reported in Q1-Q3 2022. In line with the reporting period's evolution, the net result of the 3<sup>rd</sup> quarter of 2023 was negative amounting to RON 229,984 thousand compared to the net loss of RON 124,839 thousand recorded in Q3 2022.



The reconciliation between the net result and the adjusted net result for Q1-Q3 2023 and Q1-Q3 2022 is detailed below:

Adjusted net result	Q3 2023	Q3 2022*	Q1-Q3 2023	Q1-Q3 2022*
<b>NET RESULT (RON '000)</b>	<b>-229,984</b>	<b>-124,839</b>	<b>-394,078</b>	<b>-109,522</b>
Plus/(minus) charge/ (reversal) of non-current assets impairment expense/(income)	-11	-	8,090	-
Impairment of goodwill	-81	-	62,981	-
Plus/(minus) the loss/(gain) from derivative financial instruments for which hedge accounting was not applied	-	-	-	2,446
Plus/(minus) deferred tax expense/ (income)	-30,088	-4,257	-29,122	-7,329
<b>ADJUSTED NET RESULT</b>	<b>-260,164</b>	<b>-129,096</b>	<b>-352,129</b>	<b>-114,405</b>

### Strategic investment / divesting

There are several investing projects started or followed in the Q1-Q3 2023 period, out of which the following ones have a great weight in the Company strategy to align to the most recent standards of sustainability and good practices:

In September 2023, the company CCGT Power Isalnita SA was registered, Alro SA having 40.1% of the shareholding (with the difference of 59.9% being held by Complexul Energetic Oltenia), and through which a gas-fired power production capacity of a total installed power of 850 MW will be developed. The project represents an investment in the construction of a combined cycle power plant leading to the revamping of the energy systems improvement of the energy efficiency including the reduction of CO<sub>2</sub> emissions. The project will benefit from a non-refundable financing of EUR 253 million to be granted from the Modernisation Fund.

Alro is making efforts to go green and achieve its sustainability targets. Thus, it has on its priority list the investment project *"Increasing the energy efficiency of the electricity supply system by installing a photovoltaic power plant on the ALRO premises"* scheduled to start in Q4 2023. Following the implementation of the project, consisting of the installation of a 1500 KW photovoltaic power plant and two charging stations, the Group will use the entire amount of energy produced, which will contribute to the increase of the percentage of green energy used in the technological processes and to the reduction of their carbon impact, thus promoting the production of green aluminium.

In order to reduce dependence on electricity supply and increase added value production, in Q1-Q3 2023, the Group continued its investment project to develop the scrap remelting capacities in the Eco Recycling Workshop. The purchase of the components belonging to the equipment for the development of the waste recycling capacity was completed by the end of 2022, and in Q2 2023 the Group inaugurated a USD 11 million investment for two double-chamber furnaces, one holding furnace and the related fume collection and treatment plant (additions during 9 months 2023: RON 12,325 thousand; during 9 months 2022: RON 13,240 thousand).

On 31 May 2023, the Group's subsidiary, Alum, summoned the shareholders to approve the sale of Global Aluminum Ltd. (GAL Group) and its bauxite mines in Sierra Leone. In September 2023, the Group completed the sale of the shares held in Global Aluminum Ltd, BVI. The results of GAL Group for the reporting period are presented in *Note 5 Discontinued operations* from *Interim condensed consolidated financial statements* for the nine months ended 30 September 2023. In terms of comparability of information, the revenues from the bauxite segment for Q1-Q3 2023 and Q1-Q3 2022 were presented in the consolidated statement of profit or loss as revenues from discontinued operations.

# Alro Group Quarterly Report Q3 2023

## Interim consolidated statement of profit or loss and other comprehensive income - unaudited

in RON '000,  
except per share data

Q3 2023	Q3 2022*		Nine months ended 30 September 2023	Nine months ended 30 September 2022*
		<b>Continuing operations</b>		
682,834	739,791	Revenue from contracts with customers	2,241,447	2,828,034
-761,007	-694,184	Cost of goods sold	-2,370,746	-2,468,000
<b>-78,173</b>	<b>45,607</b>	<b>Gross result</b>	<b>-129,299</b>	<b>360,034</b>
-76,468	-71,376	General, administrative and selling expenses	-235,292	-208,302
-5,199	25,854	Other operating income	241,838	33,413
-17,331	-25,389	Other operating expenses	-59,885	-39,440
<b>-177,171</b>	<b>-25,304</b>	<b>Operating result (EBIT)</b>	<b>-182,638</b>	<b>145,705</b>
-31,069	-26,621	Interest expenses	-94,948	-58,831
-	-	Gains (losses) from derivative financial instruments, net	-	-2,446
3,001	2,624	Other financial income	15,611	5,343
-8,628	-7,311	Other financial costs	-25,250	-23,291
-37,243	-47,584	Net foreign exchange gains / (losses)	-28,265	-112,421
<b>-251,110</b>	<b>-104,196</b>	<b>Result before income taxes from continuing operations</b>	<b>-315,490</b>	<b>-45,941</b>
27,594	1,215	Income tax	24,388	-18,265
<b>-223,516</b>	<b>-102,981</b>	<b>Result for the period from continuing operations</b>	<b>-291,102</b>	<b>-64,206</b>
		<b>Discontinued operations</b>		
-6,468	-21,858	Result after tax for the period from discontinued operations	-102,976	-45,316
<b>-229,984</b>	<b>-124,839</b>	<b>Result for the period</b>	<b>-394,078</b>	<b>-109,522</b>
		<b>Other comprehensive income / (expense), net of tax:</b>		
		<i>Items that will not be reclassified subsequently to profit or loss:</i>		
601	-24	Remeasurements of post-employment benefit obligations	608	-54
		<i>Items that may be reclassified subsequently to profit or loss:</i>		
20,558	12,216	Translation adjustment	18,880	29,227
<b>21,159</b>	<b>12,192</b>	<b>Other comprehensive income / (expense) for the period, net of tax</b>	<b>19,488</b>	<b>29,173</b>
<b>-202,357</b>	<b>-90,789</b>	<b>Total comprehensive income / (expense) for the period</b>	<b>-374,590</b>	<b>-80,349</b>
		Result attributable to:		
<b>-229,763</b>	<b>-124,705</b>	<b>Shareholders of Alro SA</b>	<b>-393,170</b>	<b>-109,348</b>
<b>-221</b>	<b>-134</b>	<b>Non-controlling interest</b>	<b>-908</b>	<b>-174</b>
-229,984	-124,839		-394,078	-109,522
		Total comprehensive income / (expense) attributable to:		
<b>-208,618</b>	<b>-112,588</b>	<b>Shareholders of Alro S.A.</b>	<b>-373,688</b>	<b>-80,353</b>
<b>-207</b>	<b>-59</b>	<b>Non-controlling interest</b>	<b>-902</b>	<b>4</b>
-208,825	-112,647		-374,590	-80,349
		<b>Earnings per share</b>		
-0.322	-0.175	Basic and diluted (RON)	-0.551	-0.153
-0.313	-0.144	Basic and diluted (RON) for continuing operations	-0.408	-0.090

\* Prior year figures of the consolidated statement of profit or loss has been re-presented to show the discontinued operations separately from continuing operations (see for details Note 5 from Interim condensed consolidated financial statements for the nine months ended 30 September 2023).

# Alro Group Quarterly Report Q3 2023

## Interim consolidated statement of financial position - unaudited

in RON '000

	30 September 2023	31 December 2022
<b>Assets</b>		
<b>Non-current assets</b>		
Property, plant and equipment	987,656	1,090,979
Investment properties	579	602
Intangible assets	2,919	3,479
Equity accounted investments	36	-
Goodwill	15,834	79,851
Right-of-use assets	8,754	7,092
Deferred tax asset	64,947	35,825
Other non-current financial assets	78,400	77,776
<b>Total non-current assets</b>	<b>1,159,125</b>	<b>1,295,604</b>
<b>Current assets</b>		
Inventories	880,202	1,168,187
Trade receivables, net	85,059	69,780
Current income tax receivable	2,237	1,817
Other current financial assets	339,684	510,765
Other current non-financial assets	41,292	25,025
Restricted cash	52,831	88,688
Cash and cash equivalents	497,686	630,068
<b>Total current assets</b>	<b>1,898,991</b>	<b>2,494,330</b>
<b>Total assets</b>	<b>3,058,116</b>	<b>3,789,934</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	375,866	356,986
Retained earnings	734,682	324,009
Result for the period	-393,170	410,071
<b>Equity attributable to shareholders of Alro S.A.</b>	<b>1,173,766</b>	<b>1,547,454</b>
Non-controlling interest	1,070	1,972
<b>Total shareholders' equity</b>	<b>1,174,836</b>	<b>1,549,426</b>
<b>Non-current liabilities</b>		
Bank and other loans, non-current	485,817	670,097
Leases, non-current	5,212	3,831
Provisions, non-current	27,936	43,125
Post-employment benefit obligations	24,413	27,154
Government grants, non-current portion	31,969	35,169
Other non-current financial liabilities	14,988	18,834
<b>Total non-current liabilities</b>	<b>590,335</b>	<b>798,210</b>
<b>Current liabilities</b>		
Bank and other loans, current	1,024,585	1,015,044
Leases, current	2,519	2,465
Provisions, current	12,958	32,435
Trade and other payables	181,973	230,633
Contract liabilities	9,184	20,222
Current income taxes payable	2,533	70,056
Government grants, current portion	4,267	4,267
Other current liabilities	54,926	67,176
<b>Total current liabilities</b>	<b>1,292,945</b>	<b>1,442,298</b>
<b>Total liabilities</b>	<b>1,883,280</b>	<b>2,240,508</b>
<b>Total shareholders' equity and liabilities</b>	<b>3,058,116</b>	<b>3,789,934</b>



	Share capital	Share premium	Other reserves
<b>Balance at 1 January 2022</b>	<b>370,037</b>	<b>86,351</b>	<b>375,866</b>
Result for the period	-	-	-
<b>Other comprehensive income / (expense)</b>			
Translation adjustment	-	-	-
Remeasurements of post-employment benefits	-	-	-
<b>Other comprehensive income / (expense)</b>	-	-	-
<b>Total comprehensive income / (expense) for the period</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	-	-	420
<b>Balance at 30 September 2022</b>	<b>370,037</b>	<b>86,351</b>	<b>376,286</b>
<b>Balance at 1 January 2023</b>	<b>370,037</b>	<b>86,351</b>	<b>375,866</b>
Result of the period	-	-	-
<b>Other comprehensive income / (expense)</b>			
Translation adjustment	-	-	-
Remeasurements of post-employment benefits	-	-	-
<b>Other comprehensive income / (expense)</b>	-	-	-
<b>Total comprehensive income / (expense) for the period</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	-	-	-
<b>Balance at 30 September 2023</b>	<b>370,037</b>	<b>86,351</b>	<b>375,866</b>

Translation reserve	Total other reserves	Retained earnings	Result for the period	Attributable to shareholders of Alro SA	Non-controlling interests	Total shareholders' equity
-33,043	342,823	288,344	26,426	1,113,981	2,475	1,116,456
-	-	-	-109,348	-109,348	-174	-109,522
29,049	29,049	-	-	29,049	178	29,227
-	-	-54	-	-54	-	-54
29,049	29,049	-54	-	28,995	178	29,173
29,049	29,049	-54	-109,348	-80,353	4	-80,349
-	420	26,006	-26,426	-	-	-
-3,994	372,292	314,296	-109,348	1,033,628	2,479	1,036,107
-18,880	356,986	324,009	410,071	1,547,454	1,972	1,549,426
-	-	-	-393,170	-393,170	-908	-394,078
18,880	18,880	-	-	18,880	-	18,880
-	-	602	-	602	6	608
18,880	18,880	602	-	19,482	6	19,488
18,880	18,880	602	-393,170	-373,688	-902	-374,590
-	-	410,071	-410,071	-	-	-
-	375,866	734,682	-393,170	1,173,766	1,070	1,174,836

# Alro Group Quarterly Report Q3 2023

## Interim consolidated statement of cash flows - unaudited

in RON '000

Q3 2023	Q3 2022		Nine months ended 30 September 2023	Nine months ended 30 September 2022
		<b>Cash flow from operating activities</b>		
-251,110	-104,196	Result before income taxes from continuing operations	-315,490	-45,941
-6,468	-21,859	Result after tax for the period from discontinued operations	-102,976	-45,344
		<i>Adjustments for:</i>		
37,071	41,086	Depreciation and amortisation	119,106	113,468
-11	-	Impairment of property, plant and equipment	8,090	-
-81	-	Impairment of goodwill	62,981	-
4,063	1,220	Movement in provisions	-16,882	3,695
11,373	33,657	Change in allowance for impairment of inventory	-27,234	46,009
-81	154	Change in allowance for impairment of doubtful receivables	43	-18
1,313	272	Losses/(gains) on disposal of property, plant and equipment	1,051	807
529	-	Loss on disposal of investments	529	-
15,916	49,273	Net foreign exchange (gains)/ losses on loans revaluation	5,344	113,906
-2,895	-2,450	Interest income	-15,144	-4,969
31,358	27,104	Interest expense	96,177	60,160
-	-	Gain/loss on derivative instruments at fair value through profit or loss	-	2,446
		<i>Changes in working capital:</i>		
47,703	34,801	Change in inventories	303,375	-261,811
381,475	101,337	Change in trade receivables and other assets	104,914	-11,158
-5,678	2,984	Change in trade and other payables	20,422	-102,566
-4,883	-20,386	Income taxes (paid)/refunded	-74,350	-27,281
-25,644	-18,105	Interest paid	-88,394	-48,033
-	-	Cash receipts/ (payments) from derivatives, net	-	-16,823
<b>233,950</b>	<b>124,892</b>	<b>Net cash generated by / (used in) operating activities</b>	<b>81,562</b>	<b>-223,453</b>
		<b>Cash flow from investing activities</b>		
-27,111	-31,553	Purchase of property, plant and equipment and intangible assets, net	-83,784	-91,784
258	292	Proceeds from sale of property, plant and equipment	1,140	975
3,125	-	Proceeds from sale of investments	3,125	-
-36	-	Acquisition of associates	-36	-
27,089	-38,233	Change in restricted cash	35,857	-104,566
2,845	2,455	Interest received	14,987	4,969
<b>6,170</b>	<b>-67,039</b>	<b>Net cash used in investing activities</b>	<b>-28,711</b>	<b>-190,406</b>
		<b>Cash flow from financing activities</b>		
-28	180,519	Proceeds from loans	48,266	611,785
-66,810	-200,502	Repayment of loans and leases	-233,494	-284,638
-	-	Dividends paid	-	-1
<b>-66,838</b>	<b>-19,983</b>	<b>Net cash provided by/(used in) financing activities</b>	<b>-185,228</b>	<b>327,146</b>
<b>173,282</b>	<b>37,870</b>	<b>Net change in cash and cash equivalents</b>	<b>-132,377</b>	<b>-86,713</b>
<b>324,412</b>	<b>203,949</b>	<b>Cash and cash equivalents at beginning of period</b>	<b>630,068</b>	<b>328,428</b>
-8	474	Effect of exchange rate differences on cash and cash equivalents	-5	578
<b>497,686</b>	<b>242,293</b>	<b>Cash and cash equivalents at end of period</b>	<b>497,686</b>	<b>242,293</b>

## **ALRO GROUP**

**Interim condensed consolidated financial statements for  
the nine months ended 30 September 2023 (unaudited)**

# Interim consolidated statement of profit or loss and other comprehensive income for the nine months ended 30 September 2023 - unaudited

in RON '000,  
except per share data


	Note	Nine months ended 30 September 2023	Nine months ended 30 September 2022*
<b>Continuing operations</b>			
Revenue from contracts with customers	6	2,241,447	2,828,034
Cost of goods sold		-2,370,746	-2,468,000
<b>Gross result</b>		<b>-129,299</b>	<b>360,034</b>
General, administrative and selling expenses	8	-235,292	-208,302
Other operating income	9	241,838	33,413
Other operating expenses	10	-59,885	-39,440
<b>Operating result (EBIT)</b>		<b>-182,638</b>	<b>145,705</b>
Interest expenses	11	-94,948	-58,831
Gains (losses) from derivative financial instruments, net	18	-	-2,446
Other financial income		15,611	5,343
Other financial costs		-25,250	-23,291
Net foreign exchange gains / (losses)		-28,265	-112,421
<b>Result before income taxes from continuing operations</b>		<b>-315,490</b>	<b>-45,941</b>
Income tax	12	24,388	-18,265
<b>Result for the period from continuing operations</b>		<b>-291,102</b>	<b>-64,206</b>
<b>Discontinued operations</b>			
Result after tax for the period from discontinued operations	5	-102,976	-45,316
<b>Result for the period</b>		<b>-394,078</b>	<b>-109,522</b>
<b>Other comprehensive income / (expense), net of tax:</b>			
<i>Items that will not be reclassified subsequently to profit or loss:</i>			
Remeasurements of post-employment benefit obligations		608	-54
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Translation adjustment		18,880	29,227
<b>Other comprehensive income / (expense) for the period, net of tax</b>		<b>19,488</b>	<b>29,173</b>
<b>Total comprehensive income / (expense) for the period</b>		<b>-374,590</b>	<b>-80,349</b>
<b>Result attributable to:</b>			
<b>Shareholders of Alro S.A.</b>		<b>-393,170</b>	<b>-109,348</b>
<b>Non-controlling interest</b>		<b>-908</b>	<b>-174</b>
		-394,078	-109,522
<b>Total comprehensive income / (expense) attributable to:</b>			
<b>Shareholders of Alro S.A.</b>		<b>-373,688</b>	<b>-80,353</b>
<b>Non-controlling interest</b>		<b>-902</b>	<b>4</b>
		-374,590	-80,349
Earnings per share			
Basic and diluted (RON)	13	-0.551	-0.153
Basic and diluted (RON) for continuing operations		-0.408	-0.090

\* Prior year figures of the consolidated statement of profit or loss have been re-presented to show the discontinued operations separately from continuing operations (see Note 5 for details).

Dr. Ing Gheorghe DOBRA  
Chief Executive Officer



Ec. Genoveva NĂSTASE  
Chief Financial Officer



The accompanying notes are an integral part of these interim condensed consolidated financial statements.  
These financial statements were authorized for issue by the management on 10 November 2023.

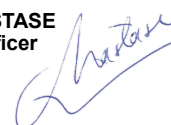
# Interim consolidated statement of financial position as at 30 September 2023 - unaudited

		in RON '000	
	Note	30 September 2023	31 December 2022
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	14	987,656	1,090,979
Investment properties		579	602
Intangible assets		2,919	3,479
Equity accounted investments	15	36	-
Goodwill	17	15,834	79,851
Right-of-use assets		8,754	7,092
Deferred tax asset		64,947	35,825
Other non-current financial assets	19	78,400	77,776
<b>Total non-current assets</b>		<b>1,159,125</b>	<b>1,295,604</b>
<b>Current assets</b>			
Inventories	20	880,202	1,168,187
Trade receivables, net		85,059	69,780
Current income tax receivable		2,237	1,817
Other current financial assets	21	339,684	510,765
Other current non-financial assets		41,292	25,025
Restricted cash	22	52,831	88,688
Cash and cash equivalents	22	497,686	630,068
<b>Total current assets</b>		<b>1,898,991</b>	<b>2,494,330</b>
<b>Total assets</b>		<b>3,058,116</b>	<b>3,789,934</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		375,866	356,986
Retained earnings		734,682	324,009
Result for the period		-393,170	410,071
<b>Equity attributable to shareholders of Alro S.A.</b>		<b>1,173,766</b>	<b>1,547,454</b>
Non-controlling interest		1,070	1,972
<b>Total shareholders' equity</b>		<b>1,174,836</b>	<b>1,549,426</b>
<b>Non-current liabilities</b>			
Bank and other loans, non-current	23	485,817	670,097
Leases, non-current	23	5,212	3,831
Provisions, non-current	24	27,936	43,125
Post-employment benefit obligations		24,413	27,154
Government grants, non-current portion		31,969	35,169
Other non-current financial liabilities		14,988	18,834
<b>Total non-current liabilities</b>		<b>590,335</b>	<b>798,210</b>
<b>Current liabilities</b>			
Bank and other loans, current	23	1,024,585	1,015,044
Leases, current	23	2,519	2,465
Provisions, current	24	12,958	32,435
Trade and other payables		181,973	230,633
Contract liabilities	6	9,184	20,222
Current income taxes payable		2,533	70,056
Government grants, current portion		4,267	4,267
Other current liabilities		54,926	67,176
<b>Total current liabilities</b>		<b>1,292,945</b>	<b>1,442,298</b>
<b>Total liabilities</b>		<b>1,883,280</b>	<b>2,240,508</b>
<b>Total shareholders' equity and liabilities</b>		<b>3,058,116</b>	<b>3,789,934</b>

Dr. Ing Gheorghe DOBRA  
Chief Executive Officer



Ec. Genoveva NĂSTASE  
Chief Financial Officer



The accompanying notes are an integral part of these interim condensed consolidated financial statements.

These financial statements were authorized for issue by the management on 10 November 2023.

# Interim consolidated statement of changes in shareholders' equity for the nine months ended 30 September 2023 - unaudited

	Share capital	Share premium	Other reserves
<b>Balance at 1 January 2022</b>	<b>370,037</b>	<b>86,351</b>	<b>375,866</b>
Result for the period	-	-	-
<b>Other comprehensive income / (expense)</b>			
Translation adjustment	-	-	-
Remeasurements of post-employment benefits	-	-	-
<b>Other comprehensive income / (expense)</b>	-	-	-
<b>Total comprehensive income / (expense)</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	-	-	420
<b>Balance at 30 September 2022</b>	<b>370,037</b>	<b>86,351</b>	<b>376,286</b>
<b>Balance at 1 January 2023</b>	<b>370,037</b>	<b>86,351</b>	<b>375,866</b>
Result for the period	-	-	-
<b>Other comprehensive income / (expense)</b>			
Translation adjustment	-	-	-
Remeasurements of post-employment benefits	-	-	-
<b>Other comprehensive income / (expense)</b>	-	-	-
<b>Total comprehensive income / (expense)</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	-	-	-
<b>Balance at 30 September 2023</b>	<b>370,037</b>	<b>86,351</b>	<b>375,866</b>

in RON '000

Translation reserve	Total other reserves	Retained earnings	Result for the period	Attributable to shareholders of Alro SA	Non-controlling interests	Total shareholders' equity
-33,043	342,823	288,344	26,426	1,113,981	2,475	1,116,456
-	-	-	-109,348	-109,348	-174	-109,522
29,049	29,049	-	-	29,049	178	29,227
-	-	-54	-	-54	-	-54
29,049	29,049	-54	-	28,995	178	29,173
29,049	29,049	-54	-109,348	-80,353	4	-80,349
-	420	26,006	-26,426	-	-	-
-3,994	372,292	314,296	-109,348	1,033,628	2,479	1,036,107
-18,880	356,986	324,009	410,071	1,547,454	1,972	1,549,426
-	-	-	-393,170	-393,170	-908	-394,078
18,880	18,880	-	-	18,880	-	18,880
-	-	602	-	602	6	608
18,880	18,880	602	-	19,482	6	19,488
18,880	18,880	602	-393,170	-373,688	-902	-374,590
-	-	410,071	-410,071	-	-	-
-	375,866	734,682	-393,170	1,173,766	1,070	1,174,836

Dr. Ing Gheorghe DOBRA  
Chief Executive Officer



Ec. Genoveva NĂSTASE  
Chief Financial Officer



The accompanying notes are an integral part of these interim condensed consolidated financial statements.

These financial statements were authorized for issue by the management on 10 November 2023.



# Interim consolidated statement of cash flows for the nine months ended 30 September 2023 - unaudited

in RON '000

	Note	Nine months ended 30 September 2023	Nine months ended 30 September 2022
<b>Cash flow from operating activities</b>			
Result before income taxes from continuing operations		-315,490	-45,941
Result after tax for the period from discontinued operations		-102,976	-45,344
<i>Adjustments for:</i>			
Depreciation and amortisation		119,106	113,468
Impairment of property, plant and equipment		8,090	-
Impairment of goodwill		62,981	-
Movement in provisions		-16,882	3,695
Change in allowance for impairment of inventory	20	-27,234	46,009
Change in allowance for impairment of doubtful receivables	8	43	-18
Losses/(gains) on disposal of property, plant and equipment		1,051	807
Loss on disposal of investments		529	-
Net foreign exchange (gains)/ losses on loans revaluation		5,344	113,906
Interest income		-15,144	-4,969
Interest expense	11	96,177	60,160
Gain/loss on derivative instruments at fair value through profit or loss	18	-	2,446
<i>Changes in working capital:</i>			
Change in inventories		303,375	-261,811
Change in trade receivables and other assets		104,914	-11,158
Change in trade and other payables		20,422	-102,566
Income taxes (paid)/refunded		-74,350	-27,281
Interest paid		-88,394	-48,033
Cash receipts/ (Payments) from derivatives, net		-	-16,823
<b>Net cash generated by / (used in) operating activities</b>		<b>81,562</b>	<b>-223,453</b>
<b>Cash flow from investing activities</b>			
Purchase of property, plant and equipment and intangible assets, net		-83,784	-91,784
Proceeds from sale of property, plant and equipment		1,140	975
Proceeds from sale of investments	5	3,125	-
Acquisition of associates	15	-36	-
Change in restricted cash	19, 22	35,857	-104,566
Interest received		14,987	4,969
<b>Net cash used in investing activities</b>		<b>-28,711</b>	<b>-190,406</b>
<b>Cash flow from financing activities</b>			
Proceeds from loans		48,266	611,785
Repayment of loans and leases		-233,494	-284,638
Dividends paid		-	-1
<b>Net cash provided by/(used in) financing activities</b>		<b>-185,228</b>	<b>327,146</b>
<b>Net change in cash and cash equivalents</b>		<b>-132,377</b>	<b>-86,713</b>
<b>Cash and cash equivalents at beginning of period</b>		<b>630,068</b>	<b>328,428</b>
Effect of exchange rate differences on cash and cash equivalents		-5	578
<b>Cash and cash equivalents at end of period</b>	<b>22</b>	<b>497,686</b>	<b>242,293</b>

Dr. Ing Gheorghe DOBRA

Chief Executive Officer

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

These financial statements were authorized for issue by the management on 10 November 2023.

Ec. Genoveva NĂSTASE

Chief Financial Officer

# Notes to the interim condensed consolidated financial statements - unaudited

in RON '000, except per share data

## 1. Organisation and nature of business

Alro S.A. (*the Company or the Parent Company*) is a joint stock company that was established in 1961 in Romania, and that is one of the largest vertically integrated aluminium producers in Europe, by production capacity. The shares of Alro S.A. are traded on the Bucharest Stock Exchange under the symbol *ALR*.

The Company's administrative and managerial offices are located in Romania, with the headquarters in 116, Pitesti Street, Slatina, Olt County.

The majority shareholder of Alro S.A. is Vimetco PLC, a private limited liability company registered under the laws of Cyprus, based in Navarinou 18, Navarinou Business Centre, Agios Andreas, 1100, Nicosia, Cyprus. The company is ultimately controlled by Maxon Limited (Bermuda).

Alro S.A. and its subsidiaries (collectively referred to as the Group) form a vertically integrated producer of primary and processed aluminium products: Alro casts aluminium into primary products that are sold or processed as higher value added products (flat rolled or extruded) within Alro or Vimetco Extrusion facilities. The Group has its customers primarily in Central and Eastern Europe. Due to the prohibitive power and natural gas prices, currently Alro works with 2 out of 5 of its electrolysis potrooms. Since August 2022 Alum has not produced alumina by itself, as the production was temporarily ceased, instead, it bought alumina from the market, at better prices and resold it to Alro according to its needs. Meanwhile, the bauxite mine in Sierra Leone produced bauxite and sold it to third parties, until the entire mining business was sold on 1 September 2023, when Alum completed the disposal of its shares in Global Aluminium, Ltd, BVI.

These interim condensed consolidated financial statements were authorised for issue by the Management on 10 November 2023.

## 2. Basis of preparation

### Statement of compliance

These interim condensed consolidated financial statements of Alro and its subsidiaries (further named *Condensed financial statements*) for the 9 months ended 30 September 2023 are unaudited and have been prepared in accordance with *IAS 34 Interim financial reporting* as adopted by the European Union (EU). The accounting policies are in accordance with the Ministry of Public Finance Order no. 2844/2016, with subsequent amendments, which is in accordance with the International Financial Reporting Standards (IFRS) adopted by the European Union (EU)\*.

Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the last annual consolidated financial statements as at and for the year ended 31 December 2022. These interim condensed consolidated financial statements do not include all the information required for full annual financial statements and should be read in conjunction with the annual financial statements of the Group for the year ended 31 December 2022.

The financial statements of Alro Group are available in hard copy at the Parent Company's premises, upon request. They are also available on the website of the Parent Company [www.alro.ro](http://www.alro.ro) within the applicable legal time frame.

### Going concern

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

### Basis of preparation

The financial statements have been prepared on the historical cost basis except for the financial instruments that are measured at fair values, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

*\*The Ministry of Public Finance Order no. 2844/2016, with subsequent amendments, is in accordance with the International Financial Reporting Standards (IFRS) adopted by the European Union (EU), except for IAS 21 The effects of changes in foreign exchange rates regarding functional currency, except for the provisions of IAS 20 Accounting for Government Grants regarding the recognition of revenue from green certificates, except for the provisions of IFRS 15 Revenue from contracts with customers regarding the revenue from taxes of connection to the distribution grid. These exceptions do not affect the compliance of the financial statements of the Group with IFRS adopted by the EU.*

## Functional and presentation currency

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

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

	30 September 2023	31 December 2022
USD exchange rate at the end of the period**	4.6864 USD/RON	4.6346 USD/RON
	Nine months ended 30 September 2023	Nine months ended 30 September 2022
USD average exchange rate***	4.5595 USD/RON	4.6465 USD/RON

\*\* as communicated by National Bank of Romania

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

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

## 3. Application of the new and revised international financial reporting standards

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2022.

### **Standards and interpretations effective in 2023 that the Group has applied to these financial statements:**

The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. The following new standards and amendments to standards, including any consequential amendments to other standards, with a date of initial application of 1 January 2023 were adopted by the Group:

- *IFRS 17 Insurance Contracts* (issued on 18 May 2017). This is a comprehensive new accounting standard for insurance contracts, covering recognition and measurement, presentation and disclosure. IFRS 17 applies to all types of insurance contracts issued, as well as to certain guarantees and financial instruments with discretionary participation contracts. The adoption of the standard had no effect on the Group.

- *Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies* (issued on 12 February 2021). An entity is required to disclose its material accounting policy information instead of its significant accounting policies. Amendments clarify what is a material accounting policy and give examples of when accounting policy information is likely to be material. In addition, IFRS Practice Statement 2 has been amended by adding guidance and examples to explain and demonstrate the application of the 'four-step materiality process' to accounting policy information in order to support the amendments to IAS 1. The amendments had no impact on the interim condensed consolidated financial statements, but are expected to affect the accounting policy disclosures in the annual financial statements.

- *Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates* (issued on 12 February 2021). The amendments further clarify the difference between accounting policies and accounting estimates as enforcers have identified divergent practices in this respect. The changes to IAS 8 focus entirely on accounting estimates and as a result, the definition of a change in accounting estimates is replaced with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Amendments clarify that a change in accounting estimate that results from new information or new developments is not the correction of an error. The effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period error and it may affect only the current period's profit or loss, or the profit or loss of both the current period and future periods. There is no impact from the application of these amendments on the financial statements.

- *Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction* (issued on 7 May 2021). The amendments narrowed the scope of the recognition exemption in paragraphs 15 and 24 of IAS 12 (recognition exemption) so that the exemption no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. As a result of this amendments, on initial recognition, the companies should recognize deferred tax on temporary differences arising on right-of-use assets, lease liabilities, decommissioning, restoration and similar liabilities. The amendments had no impact on the interim condensed consolidated financial statements.

#### Standards issued in 2023, but not yet effective and not early adopted

- *Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements* (Issued on 25 May 2023), not yet adopted by the EU. The amendments introduce new disclosure requirements to enhance the transparency and, thus, the usefulness of the information provided by entities about supplier finance arrangements.

- *Amendments to IAS 12 Income taxes: International Tax Reform – Pillar Two Model Rules* (issued 23 May 2023), not yet adopted by the EU. The amendments are aimed to clarify the application of IAS 12 Income Taxes to income taxes arising from the Organisation for Economic Co-operation and Development's (OECD) international tax reform.

- *Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability* (issued on 15 August 2023), not yet adopted by the EU. The amendments are effective for annual reporting periods beginning on or after 1 January 2025, with earlier application permitted. The amendments will require companies to apply a consistent approach in assessing whether a currency can be exchanged into another currency and, when it cannot, in determining the exchange rate to use and the disclosures to provide.

#### 4. Estimates

The preparation of interim condensed consolidated financial statements requires the Management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. The actual results may differ from these estimates.

In preparing these interim condensed consolidated financial statements, the significant judgements made by the management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements for the year ended 31 December 2022.

#### 5. Discontinued operations

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), which resulted in a net loss of RON 529 thousand recognized on the sale of disposal group.

With GAL group being classified as discontinued operations, the Bauxite segment is no longer presented in the segment note. The result of GAL group for the period are disclosed below:

	Nine months ended 30 September 2023*	Nine months ended 30 September 2022
Revenue from contracts with customers	113,405	130,535
Expenses	-143,916	-176,385
Other operating income	1,158	172
Impairment loss on the remeasurement to fair value less costs to sell	-71,074	-
Finance costs, net	-2,020	334
<b>Result before tax from discontinued operations</b>	<b>-102,447</b>	<b>-45,344</b>
Income tax	-	28
<b>Result after tax for the period from discontinued operations</b>	<b>-102,447</b>	<b>-45,316</b>
Loss on sale of the discontinued operations	-529	-
<b>Net result after tax for the period from discontinued operations</b>	<b>-102,976</b>	<b>-45,316</b>

\*Represents 8 months of activity prior to the sale on 1 September 2023

The net cash flows generated from the sale of GAL Group are, as follows:

	30 September 2023
Cash received from sale of the discontinued operations	9,088
Intercompany Debt Amount	-5,907
Cash sold as a part of discontinued operations	-56
<b>Net cash inflow on date of disposal</b>	<b>3,125</b>

The net cash flows incurred by GAL group are, as follows:

	Nine months ended 30 September 2023*	Nine months ended 30 September 2022
Operating	-580	2,910
Investing	-2,125	-3,067
Financing	2,458	2,049
<b>Net cash (outflow) / inflow</b>	<b>-247</b>	<b>1,892</b>

\*Represents 8 months of activity prior to the sale on 1 September 2023

## 6. Revenue from contracts with customers

Set out below is the disaggregation of the Group's revenue from contract with customers, including intra-group sales:

					Nine months ended 30 September 2023
Segments	Alumina	Primary aluminium	Processed aluminium	Others	Total
<b>Type of good or service</b>					-
Sale of alumina	231,687	-	-	-	231,687
Sale of primary aluminium	-	959,928	-	-	959,928
Sale of processed aluminium	-	-	1,557,338	-	1,557,338
Other revenues and services performed	4,487	-	128	26,210	30,825
<b>Total revenue from contracts with customers</b>	<b>236,174</b>	<b>959,928</b>	<b>1,557,466</b>	<b>26,210</b>	<b>2,779,778</b>

					Nine months ended 30 September 2022
Segments	Alumina	Primary aluminium	Processed aluminium	Others	Total
<b>Type of good or service</b>					
Sale of alumina	410,100	-	-	-	410,100
Sale of primary aluminium	-	1,062,436	-	-	1,062,436
Sale of processed aluminium	-	-	2,050,231	-	2,050,231
Other revenues and services performed	1,403	-	267	84,926	86,596
<b>Total revenue from contracts with customers</b>	<b>411,503</b>	<b>1,062,436</b>	<b>2,050,498</b>	<b>84,926</b>	<b>3,609,363</b>

During the first nine months of 2023, the Group revenue decreased compared to the same period of 2022 due to the overall downscaling of operations of the Group performed in 2022, except for the core activities and sale of high-value aluminium. However, the decrease was also influenced by lower aluminium prices than in the same period of 2022.

Set out below, is the reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information in Note 7:

	Nine months ended 30 September 2023				
Revenue	Alumina	Primary aluminium	Processed aluminium	Others	Total
Revenue from contracts with customers	236,174	959,928	1,557,466	26,210	2,779,778
Inter-segment transactions	-222,973	-298,872	-3,008	-13,478	-538,331
<b>Total Group revenue (Note 7)</b>	<b>13,201</b>	<b>661,056</b>	<b>1,554,458</b>	<b>12,732</b>	<b>2,241,447</b>

	Nine months ended 30 September 2022				
Revenue	Alumina	Primary aluminium	Processed aluminium	Others	Total
Revenue from contracts with customers	411,503	1,062,436	2,050,498	84,926	3,609,363
Inter-segment transactions	-372,190	-351,340	-2,913	-54,886	-781,329
<b>Total Group revenue (Note 7)</b>	<b>39,313</b>	<b>711,096</b>	<b>2,047,585</b>	<b>30,040</b>	<b>2,828,034</b>

Transactions between operating segments are based on transfer prices that are set on an arm's length basis in a manner similar to transactions with third parties. For the way the Group monitors the performance of its segments, please see Note 7.

#### Contract liabilities

During the first nine months of 2023, the Group recognized the amount of RON 19,960 thousand existing at 31 December 2022 under *Contract liabilities* as revenue from performance obligations satisfied (RON 20,222 thousand at the Group level balance as of 31 December 2022). The balance of RON 9,184 thousand existing at 30 September 2023 under *Contract liabilities* will be recognized from performance obligations that will be satisfied subsequently.

## 7. Segment information

For management purposes, the Group, until the disposal of GAL, was organized on a vertically integrated basis into four segments: bauxite, alumina, primary aluminium and processed aluminium. For the purpose of resource allocation and assessment of segment performance the segments are the basis on which the Group reports its segment information to the chief operating decision maker. The alumina segment located in Tulcea, Romania, used bauxite to produce alumina, which is the principal raw material for aluminium smelting. The alumina production has been temporarily suspended since August 2022 and replaced with alumina purchased from the market for the Group needs. The bauxite segment was entirely disposed of in September 2023. The Primary aluminium division manufactures primary aluminium products like wire rod, slabs, billets and ingots. Most of the slabs are used in the Processed aluminium segment to manufacture flat rolled products, such as sheets, plates, coils that are further sold to external clients. The Primary aluminium segment include sales of aluminium finished products (such as billets and wire rod to group and external companies), which are processed out of the metal brought in by the client, and for which revenue is recognized only at the level of a processing fee. Additionally, the Processed segment of the Group includes the extrusion plant in Slatina, which makes extruded aluminium products out of the billets mostly acquired from the Parent company. Both the Primary and Processed aluminium divisions are located in Slatina, Romania. No operating segments have been aggregated to form the above reportable operating segments.

Segment revenues and expenses are directly attributable to the segments; joint expenses are allocated to the business segments on a reasonable basis. The income, expenses and result per segments include the transfers between business segments.

In order to have a better visibility on the operational and financial performance of the Group segments, to be able to benefit from its synergies as an integrated group, the Management monitors the segments results whereby the inter-segment transactions are reported at their cost. For the purpose of this note, the inter-segment transfers of the alumina segment, represented by deliveries of raw material, and also the transfers of the aluminium segments, consisting of slabs transferred by Alro to its own processing division and billets transferred to the Vimetco Extrusion extruding plant, are reflected at their complete cost, regardless of the fact whether they are within the same entity or not.

The management monitors interest income and expense on a net basis.



**Alro Group** revenues and results for the nine months ended 30 September 2023 and 2022 by segment, were as follows:

	Alumina	Primary aluminium	Processed aluminium	Others	Inter-segment operations	Total
<b>Nine months ended 30 September 2023</b>						
Sales to external customers	13,201	661,056	1,554,458	12,732	-	<b>2,241,447</b>
Inter-segment transfers	207,381	1,251,216	3,008	13,478	-1,475,083	-
<b>Total sales revenues</b>	<b>220,582</b>	<b>1,912,272</b>	<b>1,557,466</b>	<b>26,210</b>	<b>-1,475,083</b>	<b>2,241,447</b>
<b>Segment results (gross profit)</b>	<b>2,456</b>	<b>-151,292</b>	<b>11,741</b>	<b>5,895</b>	<b>1,901</b>	<b>-129,299</b>
Other operating income & expenses, net	-116,333	-577	51,588	-124,904	136,887	<b>-53,339</b>
<b>Operating result (EBIT)</b>	<b>-113,877</b>	<b>-151,869</b>	<b>63,329</b>	<b>-119,009</b>	<b>138,788</b>	<b>-182,638</b>
Total depreciation, amortisation and impairment	-259,738	51,492	37,937	74,657	202,627	<b>106,975</b>
<b>EBITDA</b>	<b>-373,615</b>	<b>-100,377</b>	<b>101,266</b>	<b>-44,352</b>	<b>341,415</b>	<b>-75,663</b>
Interest and other finance costs, net						-104,587
Net foreign exchange gains / (losses)						-28,265
<b>Result before income taxes from continuing operations</b>						<b>-315,490</b>
<b>Nine months ended 30 September 2022*</b>						
Sales to external customers	39,313	711,096	2,047,585	30,040	-	<b>2,828,034</b>
Inter-segment transfers	442,051	1,656,915	2,913	54,886	-2,156,765	-
<b>Total sales revenues</b>	<b>481,364</b>	<b>2,368,011</b>	<b>2,050,498</b>	<b>84,926</b>	<b>-2,156,765</b>	<b>2,828,034</b>
<b>Segment results (gross profit)</b>	<b>108,407</b>	<b>100,962</b>	<b>111,132</b>	<b>25,001</b>	<b>14,532</b>	<b>360,034</b>
Other operating income & expenses, net	-43,440	-108,184	-92,786	30,894	-813	<b>-214,329</b>
<b>Operating result (EBIT)</b>	<b>64,967</b>	<b>-7,222</b>	<b>18,346</b>	<b>55,895</b>	<b>13,719</b>	<b>145,705</b>
Total depreciation, amortisation and impairment	17,349	48,952	32,271	61	-805	<b>97,828</b>
<b>EBITDA</b>	<b>82,316</b>	<b>41,730</b>	<b>50,617</b>	<b>55,956</b>	<b>12,914</b>	<b>243,533</b>
Interest and other finance costs, net						-79,225
Net foreign exchange gains / (losses)						-112,421
<b>Result before income taxes from continuing operations</b>						<b>-45,941</b>

In the 9 months ended 30 September 2023, the aluminium segments were affected by the decrease of LME by almost 530 USD/t compared to the average level for the same period of the last year, which determined lower revenues. At the same time, the Group recognized the compensation for energy costs of RON 277,668 thousand in the 9 months ended 30 September 2023 based on the EU Emissions Trading Scheme (ETS) (in 9 months 2022 nil, as the relevant regulations came into force only in October 2022). The compensation for 2023, is allocated per primary aluminium and processed aluminium segments based on the electricity costs incurred directly and indirectly, through the raw materials produced by one segment and transferred to another segment, such as the aluminium metal. This category also includes under the column *Other*, the negative effect of RON 77,629 thousand representing the difference between the amount of compensation income accrued as at 31 December 2022 and the amount actually received in September 2023 (for details refer to Note 9). *Other operating income and expenses, net*, includes on one side the general and administrative expenses and other operating expenses, and on the other side it includes sundry income generated from non-core activities. Where the costs and income cannot be allocated to a specific segment, they are included in the column *Others*. Also, in the first 9 months of the year 2023 this category includes revenues from the sale of CO2 emission certificates by the Group from its surplus in amount of RON 6,496 thousand and government grants in amount of RON 3,202 thousand (in the 9-month period of 2022 this category includes revenues from the sale of CO2 emission certificates and government grants in amount of RON 26,937 thousand (refer to Note 9 as well)).

The table below shows the revenues and results of the Group for the nine months ended 30 September 2023 and 2022, recalculated by excluding the negative effect of change in accounting estimate in amount of RON 77,629 for the period of 9 months ending 30 September 2023 and including the compensation for the electricity costs in amount of RON 269,573 thousand for which the Group was entitled for the period of 9 months ending 30 September 2022 (proportionate to the actual compensation of RON 359,430 thousand for the entire year 2022 received in 2023, see Note 9 for details):

	Alumina	Primary aluminium	Processed aluminium	Others	Inter-segment operations	Total
<b>Nine months ended 30 September 2023</b>						
Sales to external customers	13.201	661.056	1.554.458	12.732	-	2.241.447
Inter-segment transfers	207.381	1.251.216	3.008	13.478	-1.475.083	-
<b>Total sales revenues</b>	<b>220.582</b>	<b>1.912.272</b>	<b>1.557.466</b>	<b>26.210</b>	<b>-1.475.083</b>	<b>2.241.447</b>
<b>Segment results (gross profit)</b>	<b>2.456</b>	<b>-151.292</b>	<b>11.741</b>	<b>5.895</b>	<b>1.901</b>	<b>-129.299</b>
Other operating income & expenses, net	-116.333	-577	51.588	-47.275	136.887	24.290
<b>Operating result (EBIT)</b>	<b>-113.877</b>	<b>-151.869</b>	<b>63.329</b>	<b>-41.380</b>	<b>138.788</b>	<b>-105.009</b>
Total depreciation, amortisation and impairment	-259.738	51.492	37.937	74.657	202.627	106.975
<b>EBITDA</b>	<b>-373.615</b>	<b>-100.377</b>	<b>101.266</b>	<b>33.277</b>	<b>341.415</b>	<b>1.966</b>
Interest and other finance costs, net						-104.587
Net foreign exchange gains / (losses)						-28.265
<b>Result for the period from continuing operations</b>						<b>-237.861</b>
<b>Nine months ended 30 September 2022</b>						
Sales to external customers	39.313	711.096	2.047.585	30.040	-	2.828.034
Inter-segment transfers	442.051	1.656.915	2.913	54.886	-2.156.765	-
<b>Total sales revenues</b>	<b>481.364</b>	<b>2.368.011</b>	<b>2.050.498</b>	<b>84.926</b>	<b>-2.156.765</b>	<b>2.828.034</b>
<b>Segment results (gross profit)</b>	<b>108.407</b>	<b>100.962</b>	<b>111.132</b>	<b>25.001</b>	<b>14.532</b>	<b>360.034</b>
Other operating income & expenses, net	-43.440	-16.960	85.563	30.894	-813	55.244
<b>Operating result (EBIT)</b>	<b>64.967</b>	<b>84.002</b>	<b>196.695</b>	<b>55.895</b>	<b>13.719</b>	<b>415.278</b>
Total depreciation, amortisation and impairment	17.349	48.952	32.271	61	-805	97.828
<b>EBITDA</b>	<b>82.316</b>	<b>132.954</b>	<b>228.966</b>	<b>55.956</b>	<b>12.914</b>	<b>513.106</b>
Interest and other finance costs, net						-79.225
Net foreign exchange gains / (losses)						-112.421
<b>Result for the period from continuing operations</b>						<b>223.632</b>

Segment assets include all operating assets used by a segment and consist principally of operating cash, receivables, inventories, property, plant and equipment and intangible assets, net of allowances for impairment. While most of such assets can be directly attributed to individual segments, the carrying amount of certain assets used jointly by two or more segments is allocated to the segments on a reasonable basis. Segment liabilities include all operating liabilities and consist principally of trade payables, wages and taxes payable and accrued liabilities. Segment assets and liabilities do not include deferred income taxes, borrowings, financial liabilities and other un-allocatable items.

Segment assets and liabilities at 30 September 2023 and 31 December 2022, respectively, were as follows:

Alro Group	Bauxite	Alumina	Primary aluminium	Processed aluminium	Others	Inter-segment operations	Total
<b>30 September 2023</b>							
Total assets	-	300,256	1,137,504	1,014,689	978,168	-372,501	3,058,116
Total liabilities	-	103,732	144,090	181,951	1,566,911	-113,404	1,883,280
<b>31 December 2022</b>							
Total assets	133,559	470,751	1,299,110	1,141,297	1,566,227	-821,010	3,789,934
Total liabilities	89,257	182,055	128,199	206,389	1,763,255	-128,647	2,240,508

The bauxite segment is disposed (see Note 5).

At 31 December 2022, the property, plant and equipment located in Sierra Leone was of RON 73,880 thousand.



As at 30 September 2023, the total assets representing Others include mainly investments in subsidiaries of RON 258,696 thousand (as at 31 December 2022: RON 628,097 thousand), cash and restricted cash of RON 574,236 thousand (as at 31 December 2022: RON 728,870 thousand), administrative buildings of RON 40,707 thousand (as at 31 December 2022: RON 40,862 thousand), deferred tax asset of RON 60,440 thousand (as at 31 December 2022: RON 30,725 thousand) and derivative financial instruments, when applicable.

In September 2023, the subsidiary GAL was disposed of, so it is no more included in this note.

As at 30 September 2023, the total liabilities representing Others include mainly borrowings and leases of RON 1,509,749 thousand (as at 31 December 2022: borrowings and leases of RON 1,648,485 thousand), post-employment benefit obligations and provisions of RON 27,466 thousand (as at 31 December 2022: RON 41,939 thousand), and, when applicable, dividends.

*Inter-segment operations* include intercompany eliminations.

## 8. General, administrative and selling expenses

	Nine months ended 30 September 2023	Nine months ended 30 September 2022
Staff costs	-115,229	-100,120
Third party services	-43,496	-34,314
Consulting and audit	-23,324	-20,410
Consumables	-6,510	-7,364
Taxes other than income taxes	-8,101	-7,565
Depreciation and amortisation	-4,830	-5,481
Insurance	-7,087	-6,074
Marketing and public relations	-2,762	-5,258
Travelling	-6,560	-4,045
Research and development costs	-11,906	-12,352
Other	-5,444	-5,337
Change in allowance for doubtful debts	-43	18
<b>Total</b>	<b>-235,292</b>	<b>-208,302</b>

During the 9 months ended 30 September 2023, the category *Staff* costs increased compared to the same period of previous year, mainly due to salary increases based on current inflation as a result of the negotiations of the Collective Labour Contract and certain bonuses for good performance granted by one of the Group subsidiaries for the good results it obtained during the period and with the aim to boost the sales and financial performance of the subsidiary for the rest of the year.

## 9. Other operating income

	Nine months ended 30 September 2023	Nine months ended 30 September 2022
<b>Other operating income</b>		
Rental income	2,647	1,144
Government grants	203,241	3,388
Income from sale of emission rights	6,496	23,735
Income from unused provision reversals	11,847	1,274
Income from claims and penalties	15,047	29
Other income	2,560	3,843
<b>Total other operating income</b>	<b>241,838</b>	<b>33,413</b>

In the 9 months ended 30 September 2023, the Group recognized *Government grants* of RON 277,668 thousand representing compensation to which the Group is entitled for the high electricity costs incurred during the reporting period (during 9 months ended 30 September 2022: nil). The compensation scheme is part of Europe and Romania's plans to sustain large energy-consuming enterprises for high electricity prices resulting from their indirect emission costs, in accordance with the EU Emissions Trading Scheme (ETS). In September 2023, the Group received RON 359,430 thousand as compensation for 2022 indirect emissions costs, resulting in a lower

amount than the one registered by the Group as an estimate on 31 December 2022 (see also Note 21 *Other current financial assets*). As a result, following the analysis of all the inputs and data related to the recognition of income from the state aid compensation scheme for indirect emissions, the Group changed its methodology used to calculate and recognize this compensation. The change introduces a new basis for measuring compensation income, considering the company's unique circumstances and production levels. According to the Emergency Ordinance 138/2022, the yearly compensation budget is capped to EUR 150 million, which is allocated to all the companies in the energy intensive industries. Previously, the Group calculated its annual attributable compensation in relation to this capped annual budget based on the prior year proportion of compensation received. The change introduces a new measurement basis, considering the actual production levels and calculates the attributable compensation with reference to the CO<sub>2</sub> certificates under compensation based on the Group's output for the period. The number of certificates for the rest of beneficiaries to the state aid scheme is determined based on the prior year figure, adjusted to the extent possible, with available market data. This change in the measurement methodology was treated as a change in accounting estimates and the difference of RON 77,629 thousand between the amount accrued as at 31 December 2022 and the amount actually received in September 2023 was accounted for as a reduction of income from Government grants in the period for 9 months ended 30 September 2023.

The change in the measurement methodology has also affected the amounts recognized by the Group in 2023. Thus, the amount of compensation income accrued and disclosed in the interim consolidated financial statements for the period of 6 months ended 30 June 2023 was of RON 219,209 thousand, while in accordance with the methodology approved and applied in the preparation of these interim financial statements, the compensation to which the Group is entitled for the period of 6 months ended 30 June 2023 is estimated at RON 182,362 thousand.

In addition, the category *Government grants* includes an amount of RON 3,202 thousand (in the first nine months of 2022: RON 3,202 thousand) representing government grants from EU funds received in the period 2013 - 2019 for the investment in equipment intended for the production activity, as well as for purchasing of equipments for research and development activities within the Group. The grants are recognized as income linearly during the useful life of the equipments for which they were received.

During the 9-month period ended 30 September 2023, the Group sold CO<sub>2</sub> emission certificates of RON 6,496 thousand and included them under *Income from sale of emission rights*, benefiting from the increase in the price of CO<sub>2</sub> emission certificates (during the 9-month period ended 30 September 2022: RON 23,735 thousand).

In the 9-month period ended 30 September 2023, the amount of RON 11,847 thousand in the category *Income from unused provisions reversals* represents the reversal of a provision for CO<sub>2</sub> certificates needed to be acquired for the year 2022 (in the first 9 months ended 30 September 2022: RON 1,274 thousand) recorded by the Alum subsidiary.

During the 9-month period ended 30 September 2023, the category *Income from claims and penalties* included an amount of RON 8,361 thousand, representing an indemnity received for a piece of equipment which was damaged during a fire incident that took place in 2018 at the Processing mill premises, and an amount of RON 6,091 thousand representing indemnities received from the insurance company for fire broke out at the Eco recycling section of the aluminium plant in Slatina in July 2022 (during the first 9 months of 2022: 0).

In the category *Other income* in 2022 is included an amount of RON 1,849 thousand representing dividends distributed by Alro before the year 2018 and yet uncollected by the shareholders, which were prescribed, in line with the regulations in force. No such amounts were recognised in the first 9 months of 2023.

## 10. Other operating expenses

	Nine months ended 30 September 2023	Nine months ended 30 September 2022
<b>Other operating expenses</b>		
Idle plants depreciation expenses	-27,648	-17,903
Alum non-productive costs	-29,126	-15,791
Other operating expenses	-3,111	-5,746
<b>Total other operating expenses</b>	<b>-59,885</b>	<b>-39,440</b>

*Idle plants depreciation expenses* represent the depreciation incurred by the Group on temporarily idled production facilities, mainly caused by the suspension of the operation of 3 electrolysis halls and the alumina plant in Tulcea in 2022.

The category *Alum non-productive costs* represent the costs recorded by the subsidiary Alum after the cessation of alumina production in August 2022.

## 11. Interest expenses

	Nine months ended 30 September 2023	Nine months ended 30 September 2022
Interest expense	-94,948	-58,831
<b>Total</b>	<b>-94,948</b>	<b>-58,831</b>

*Interest expenses* from discontinued operations, not included in the table above, were in the 9-month period ended 30 September 2023 in amount of RON 1,229 thousand (in the 9 months of 2022: RON 1,329 thousand).

*Interest expense* increased during the first nine months of 2023 compared to the same period of the previous year mainly due to higher LIBOR, EURIBOR and ROBOR benchmark interest rates.

For the period starting 1 July 2023 a new reference rate, namely, CME Term SOFR, was used instead of USD LIBOR (London Interbank Offered Rate) in the existing facilities of the Group and the Company. CME Term SOFR means the Term SOFR reference rate administered by CME Group Benchmark Administration Limited (or any other person which takes over the administration of that rate). The replacing of the old reference rate with the new one was made according to the interest calculation algorithm stipulated by each financing contract.

*Interest expense* includes the amount of RON 5,438 thousand (in the 9 months of 2022: RON 5,632 thousand) representing transaction costs on loans, which are recognized during the period as interest expense based on the effective interest rate method. The cash effectively paid as transaction costs in 2023 for loans was of RON 1,253 thousand and it is included in the Statement of cash flows under *Interest paid* (in the 9 months of 2022: RON 4,882 thousand were paid).

## 12. Income tax

The main components of the income tax expense in the consolidated interim statement of profit or loss and comprehensive income are:

	Nine months ended 30 September 2023	Nine months ended 30 September 2022
<b>Income tax</b>		
Current income tax	-4,734	-25,594
Deferred income tax	29,122	7,329
<b>Total income taxes</b>	<b>24,388</b>	<b>-18,265</b>

During the 9-month period of 2023, the total expenses of RON 99,386 thousand (9 months of 2022: RON 142,642 thousand), representing interest expenses and items related to interest in respect of the exceeding borrowing costs, were treated as being non-deductible for tax purposes, and resulted in a negative income tax effect of RON 15,902 thousand (9 months of 2022: RON 22,823 thousand). According to the Romanian Fiscal Code, which transposes the EU Directive no. 2016/1164, issued in 2016, the exceeding borrowing costs include 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 Group companies in Romania incur borrowing costs related to loans obtained from banks for capital expenditure and development purposes.

As at 30 September 2023, for an amount of RON 232,815 thousand of fiscal losses of Alro, the management believed there would be sufficient taxable profits in the future against which these fiscal losses could be used, therefore an amount of RON 37,250 thousand was recognised as deferred tax assets in the consolidated financial statements of the Group as at 30 September 2023 (30 September 2022: nil). The Group did not recognise deferred income tax assets in respect of losses recorded by Alum during the 9-month period of 2023 amounting to RON 95,666 thousand (9-month period of 2022: RON 45,316 thousand).

### 13. Earnings per share

	Nine months ended 30 September 2023	Nine months ended 30 September 2022
Net result attributable to the owners of the Entity	-393,170	-109,348
Continuing operations	-291,102	-64,206
Discontinued operations	-102,068	-45,142
Weighted average number of ordinary shares	713,779,135	713,779,135
Basic and diluted earnings per share (RON/share)	-0.551	-0.153
Continuing operations	-0.408	-0.090
Discontinued operations	-0.143	-0.063

Basic EPS is calculated by dividing the profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Basic and diluted per share data are the same as there are no dilutive securities.

During the reporting period, no interim dividends were declared by the Group related to the 9 months ended 30 September 2023.

At 30 September 2023, the Parent Company does not have outstanding dividends payable (31 December 2022: nil). During the 9 months ended 30 September 2022, dividends of RON 1,849 thousand distributed in 2018 and uncollected by the shareholders were prescribed, in line with the regulations in force. These amounts were included under *Other operating income* in the consolidated statement of profit or loss.

### 14. Property, plant and equipment

During the 9-month period ended 30 September 2023, the Group purchased property, plant and equipment amounting to RON 71,564 thousand (during the 9 months ended 30 September 2022: RON 118,899 thousand).

In the 9 months ended 30 September 2023, the Group continued its investment project to develop the scrap remelting capacities in the Eco Recycling Workshop. The purchase of the components belonging to the equipment for the development of the waste recycling capacity was completed by the end of 2022, and in June 2023 the Group inaugurated a USD 11 million investment for two double-chamber furnaces, one holding furnace and the related fume collection and treatment plant (additions during 9 months 2023: RON 12,325 thousand; during 9 months 2022: RON 13,240 thousand). The project aims to increase the waste recycling capacity to 100,000 tpa by the end of 2023 and supports ALRO's strategy to reduce dependence on electricity supply and increase production with added value.

Also, in the 9 months ended 30 September 2023, the Group continued to invest in its programs to increase energy efficiency, which include the reconditioning of electrolysis pots, by modernizing another 24 pots using the innovative AL12LE technology (during the first 9 months of 2022: 11 pots). AP12LE (Aluminium Pechiney 120 kA Low-Energy) represents a last generation technology developed by Rio Tinto Aluminum Pechiney. The objective of this project is to reduce the energy consumption of the electrolysis pots by approximately 300 kWh/ton of aluminum, while maintaining the production capacity. The program will continue in the following years until all pots are aligned with the new technology.

The Group also continued the strategy of developing value added products in close correlation with the evolution of the production mix, by developing the capacities of cutting plates and compact sheet packages, in accordance with the standards required by the customers.

Thus, in the first 9 months of 2023, the Group signed the contract for a new plate cutting equipment which, together with the design of a new flow for cutting hot rolled plates to the dimensions requested by Group's customers (an objective that was started in 2022 and which also continues in 2023) will allow the diversification of the Alro Group's production by covering a much larger range of flat rolled products, with high value added, which will lead to the expansion into new market segments so that the Group can remain competitive in the global market (additions during 9 months 2023: RON 7,326 thousand; 9 months 2022: nil).

The same direction was followed by one of the Group's subsidiaries, Vimetco Extrusion, which spent the amount of RON 5,857 thousand during the 9 months of 2023 (during 9 months 2022: nil), for the purchase of an automatic assembly unit for extruded aluminium profiles on the purpose of increasing the competitiveness by applying "green steps". This project amounts to EUR 4.57 million and will benefit from a financing of EUR 1.85 million from Iceland, Lichtenstein and Norway via EEA the Financial Grant Mechanism 2014 - 2021 within the program "The Development of SME's in Romania", in the field "Green Innovation in industry, Blue Growth, and ICT". The commissioning term is April 2024.

Furthermore, the Group allocated resources to maintain and improve the equipment parameters, in order to increase the economic efficiency and reduce emissions, following the application of the best techniques available in the field.

Depreciation charge of PPE for the 9 months of 2023 for continuing operations was of RON 97,890 thousand (during the 9 months ended 30 September 2022: RON 98,890 thousand).

At 30 September 2023, the net book value of *Property, plant and equipment* pledged for securing the Group's borrowings amounts to RON 797,290 thousand (at 31 December 2022: RON 855,498 thousand).

### Impairment tests for property, plant and equipment

The Group 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 Group to take a decision last year to temporary suspend the alumina production operations and redirect the sales of bauxite, a test of the property, plant and equipment of Alum was carried out as at 30 June 2023. The resulting recoverable value of these property, plant and equipment was higher than their net book value, so no impairment expense was recognized.

The recovery 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 budgets estimated by the management of the company. The cashflows in perpetuity beyond this period were extrapolated by using a growth rate of 2.0% per annum.

The key assumptions for the cash-generating unit Alum used during the impairment test performed as at 30 June 2023 were:

	30 June 2023	31 December 2022
Discount rate	13.8%	13.8%
Growth rate, average of next five years	5.33%	5.31%
EBITDA margin, average of next five years	7.08%	4.44%
EBITDA margin, terminal value	5.83%	5.82%

The estimated recoverable amount of the CGU Alum exceeded its carrying amount by approximately RON 821 thousand. The changes in key assumptions used in the estimation of the recoverable value, taken in isolation, would result in the following excess/(deficit) over the carrying value of CGU Alum:

	+ 1%	- 1%
Discount rate	-21,300	27,400
Growth rate, average of next five years	3,700	-1,200
EBITDA margin, average of next five years	31,400	-28,700
EBITDA margin, terminal value	55,100	-53,400

Following the fair value estimation of the bauxite segment made as at 30 June 2023, when it was classified as a disposal group held for sale, an additional impairment of RON 8,104 thousand was recognized on the property, plant and equipment of the subsidiary from Sierra Leone SMHL. The details regarding the main assumption used and the sensitivity analysis are presented in the Note 17.

As at 30 September 2023, there are no significant differences regarding the sensitivity information compared to those considered at 30 June 2023.

## 15. Equity accounted investments

In 2022, ALRO was declared the "selected investor" following a public tender organized by Complexul Energetic Oltenia to build an 850 MW natural gas power generation plant at Isalnita (with 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.

On 18 September 2023, the company CCGT Power Isalnita SA ("CCGT Power") was registered, with Complexul Energetic Oltenia holding an interest of 59.9% and Alro SA holding 40.1% of the shareholders equity. The share capital of the CCGT Power subscribed and paid in full, in cash, at the time of the registration was of RON 90 thousand with Alro's contribution amounting to RON 36 thousand. This amount of share capital will be further increased by the end of 2023, with Alro's equity participation of RON equivalent of EUR 43,514 thousand representing 40.1% of the share capital of the new company to be contributed in cash and with a contribution of Complexul Energetic Oltenia of EUR 65,000 thousand representing 59.9% of share capital contributed in kind (land, tangible and intangible assets). Alro's contribution will be financed in proportion of 15% with own funds and 85% with bank loan under a state guarantee, which was already approved and is in the final stage of signing of. The Group's interest in CCGT Power is accounted for using the equity method in the consolidated financial statements.

This partnership will offer ALRO the opportunity to diversify its business model. The security of supply for electricity is a must for the aluminium industry and will support the Group's long-term development plans in a challenging business environment.

## 16. Financial instruments

Set out below, is an overview of financial assets and financial liabilities held by the Group as at 30 September 2023 and 31 December 2022.

### Categories of financial instruments

	30 September 2023	31 December 2022
<b>Financial assets</b>		
<b>At amortised cost</b>		
Cash and bank balances	550,517	718,756
Receivables	488,386	650,680
<b>Fair value through profit or loss (FVTPL)</b>		
Designated as at FVTPL	16,994	9,458
<b>Total financial assets</b>	<b>1,055,897</b>	<b>1,378,894</b>
	30 September 2023	31 December 2022
<b>Financial liabilities</b>		
<b>Amortised cost:</b>		
Trade and other payables	251,887	316,643
Non-current bank and other loans	491,029	673,928
Current bank and other loans	1,027,104	1,017,509
<b>Total financial liabilities</b>	<b>1,770,020</b>	<b>2,008,080</b>

As at 30 September 2023 the value of financial assets designated as at FVTPL, consisting of invoices awaiting to be discounted by the factoring agent, increased mainly due to the top-up of the factoring limits for the Processed Aluminum segment, in line with our strategy to focus on high value-added production and sales.

### Fair value of financial instruments

The fair values of financial assets and financial liabilities are determined as follows:

- The fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets is determined with reference to quoted market prices (includes listed redeemable notes, bills of exchange, debentures and perpetual notes).
- The fair value of other financial assets and financial liabilities (excluding derivative instruments) is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments.

Below is presented an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from valuation techniques containing inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).



• Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Group does not have level 3 financial instruments.

There were no transfers between levels of the fair value hierarchy used in measuring the fair value of financial instruments.

The Management consider that the fair values of financial assets and financial liabilities recognised at amortised cost in the financial statements approximate their carrying amounts largely due to the short term maturities, low transaction costs of these instruments as of financial position date, and for the long-term borrowings due to the fact that the long term loans have variable interest and the bank margins are similar with those for the recently contracted bank loans.

The fair value of the following financial assets and liabilities approximate their carrying amount:

- Trade and other receivables;
- Other current financial assets;
- Cash and cash equivalents;
- Trade and other payables;
- Borrowings and leases.

## 17. Goodwill

	Nine months ended 30 September 2023	Nine months ended 30 September 2022
<b>Cost</b>		
Balance 1 January	173,700	167,061
Translation adjustment	-1,889	9,351
<b>Balance at 30 September</b>	<b>171,811</b>	<b>176,412</b>
<b>Impairment</b>		
Balance 1 January	-93,849	-70,753
Impairment charge recognized for the discontinued operations (Note 5)	-62,981	-
Translation adjustment	853	-2,508
<b>Balance at 30 September</b>	<b>-155,977</b>	<b>-73,261</b>
<b>Net book value</b>		
<b>Balance at 1 January</b>	<b>79,851</b>	<b>96,308</b>
<b>Balance at 30 September</b>	<b>15,834</b>	<b>103,151</b>

The goodwill is allocated to the cash generating units at 30 June 2023 and 31 December 2022 as follows (after conversion into RON at the period end exchange rate):

	30 September 2023	31 December 2022
Alro Group	15,408	79,425
Vimetco Extrusion	426	426
<b>Total</b>	<b>15,834</b>	<b>79,851</b>

Goodwill is tested for impairment annually (as at 31 December) and when circumstances indicate the carrying value may be impaired. Following the fair value estimation of the discontinued bauxite segment made as at 30 June 2023, a full impairment of RON 63,062 thousand was recognised on the remaining goodwill resulted on the initial acquisition of GAL group and an additional impairment of RON 8,104 thousand was recognized on the property, plant and equipment of SMHL. The deterioration of the financial situation of GAL group during the period of 6 months 2023 came mainly from lack of sales contracts for the entire production potential of the mine for the current period, as the result of low interest of market players in buying bauxite from this source and accelerated depletion of high quality bauxite reserves causing a gradually decrease in the quality of the delivered bauxite.

The fair value of GAL group was estimated using discounted cash-flow techniques and applying a market-based measurement. Financial forecasts estimated by the directors at 30 June 2023 cover a five-year period. The cash flows beyond the five-year period have been extrapolated until the year 2042, when according to management estimates, which are based on an independent mineral resources evaluation report, the estimated reserves (proved and probable) will be depleted at a 2.3% growth rate in line with the forecast inflation, except for the

terminal year when a reduced production is foreseen at the level of the remaining reserves. The after-tax discount rate of 34.9% per annum was used for the year 2023, after which the discount rate was assumed to stabilize to a 21.6% until 2027, being the estimated period of depletion for proved reserves and of 23.6% per annum thereafter for probable mineral reserves due to the higher risk or uncertainty. The fair value measurement was categorized as a Level 3 fair value based on the inputs in the valuation technique used.

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

	30 June 2023	31 December 2022
Discount rate, after-tax	21.6% to 34.9%	20.7% to 29.3%
Growth rate (average of next five years)	21.2%	25.4%
EBITDA margin (average of next five years)	12.1%	10.6%

The high average growth rate for next five years is due to the fact that following a significant drop in production registered in the period 2021-2024, the management estimated an increase to a normal level of bauxite output of 1,900,000 tons per year.

The discount rate is the CGU weighted-average cost of equity of 22.0% (in 2022: 21.2%), calculated based on the average unlevered betas of comparable companies within the industry and of a cost of debt after tax of 10.5% (in 2022: 9.1%), using the CGU's debt leverage of 3.3% (in 2021: 4.2%).

Growth rates during the next five years reflect the price in the market for long term contracts and on the Company's intention to develop sales to third party clients.

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

The changes in key assumptions used in the fair value estimation, taken in isolation, would result in the following increase/(decrease) of the fair value of GAL group

Increase / Decrease	+ 1%	- 1%
Discount rate	-3,100	3,400
Growth rate, average of next five years	14,000	-9,707
EBITDA margin, average of next five years	6,900	-6,900

## 18. Derivative financial instruments

### Swap fixed-to-floating

In December 2021, the Group entered into a fixed-for-floating swap derivative on electricity with a trader. Its purpose was to secure the quantity of 10,795 MWh at a fixed price against the unpredictable increase of price for electricity acquisitions during January – March 2022. The contract was cash-settled, denominated in EUR, and for settlement it used the floating price valid on OPCOM (Electricity - Day - Ahead - Hourly – OPCOM).

The loss recorded during the 9 months ended 30 September 2022, of RON 2,446 thousand related to the positions settled during the period January - March 2022, due to the fact that the market price was below the fixed price of the contract, is included in the category *Gains/ (losses) from derivative financial instruments, net* in the *Consolidated statement of profit or loss*.

As at 30 September 2023 and 31 December 2022 no swap fixed-to-floating contracts were outstanding.

## 19. Other non-current financial assets

	30 September 2023	31 December 2022
Collateral deposits	75,435	75,435
Other non-current assets	2,965	2,341
<b>Total</b>	<b>78,400</b>	<b>77,776</b>



At 30 September 2023 and 31 December 2022 *Collateral deposits* represent cash pledged to a bank until March 2026 for a loan of RON 470,000 thousand and for a non-cash facility of RON 168,000 thousand, until January 2027 and for another non-cash facility of RON 46,000 thousand, until February 2027.

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

## 20. Inventories

	30 September 2023	31 December 2022
Raw and auxiliary materials	364,284	480,637
Work in progress	252,523	320,713
Finished goods	331,136	489,715
Less: allowance for obsolescence	-67,741	-122,878
<b>Total</b>	<b>880,202</b>	<b>1,168,187</b>

In the category *Raw and auxiliary materials* are included: bauxite, alumina and other raw and auxiliary materials needed for aluminium production. The category *Finished goods* includes Alro's finished goods of aluminium and alumina at Alum.

Starting August 2022, when its production was suspended, the Group's subsidiary Alum has been purchasing alumina from the market at a lower cost than the one from its own production. This determined a decrease in the overall cost of inventories in respect of *Raw and auxiliary materials* where alumina is included. Additionally, by identifying some opportunities that existed in the market, the value of Finished products at 30 September 2023 decreased due to the sale of aluminium wire rod and extruded products from existing stocks, but also due to the work in progress and finished goods that were produced at lower materials cost (alumina and recycled aluminium), thus supporting the decisions that the Group's management took in 2022.

The value of inventories pledged for securing the Group's borrowings amounts to RON 866,384 thousand for the Group (at 31 December 2022: RON 1,105,831 thousand).

The movement in adjustments for the impairment of inventories is the following:

	Nine months ended 30 September 2023	Nine months ended 30 September 2022
Balance at beginning of the year	-122,878	-44,263
(Charge) to cost of goods sold	-321	-46,809
Reversal to cost of goods sold	37,082	800
(Charge) to cost of goods sold from disposed operations	-9,527	-
Reversal as a result of disposal of subsidiaries	28,371	-
Translation adjustments	-468	-1,821
<b>Balance at end of the period</b>	<b>-67,741</b>	<b>-92,093</b>

The Group reversed RON 37,082 thousand of a previous inventory write-down as at 31 December 2022, as the relevant goods that have been written down were mainly sold during the period of 9 months 2023.

## 21. Other current financial assets

	30 September 2023	31 December 2022
Government grants receivable	277,668	437,059
VAT recoverable	54,183	69,695
Other current financial assets	7,957	4,135
Allowance for sundry doubtful debtors	-124	-124

<b>Total</b>	<b>339,684</b>	<b>510,765</b>
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Movement in allowance for sundry debtors is as follows:

	<b>Nine months ended 30 September 2023</b>	<b>Nine months ended 30 September 2022*</b>
Balance at beginning of the year	-124	-124
Release / (charge) in the current period	-	-1
<b>Balance at end of the period</b>	<b>-124</b>	<b>-125</b>

Government grants receivable represent compensations for the high electricity prices resulting from the indirect emission costs under the EU Emission Trading Scheme (ETS). As per European and Romanian regulations, the Group is entitled to receive the aforesaid compensations for the electricity costs incurred during 2022 and during the 9-month period of 2023. In September 2023, the Group collected RON 359,430 thousand as compensation for the electricity costs incurred in 2022. At 30 September 2023 the outstanding balance represents the compensation receivable for 9 months 2023 of RON 277,668 thousand recognized on an accrual basis. For further details please see also Note 9.

At 30 September 2023, the category *VAT recoverable* decreased compared to the beginning of the year, as the taxes due to the State Budget by the Group were offset with VAT recoverable.

## 22. Cash and cash equivalents

	<b>30 September 2023</b>	<b>31 December 2022</b>
Cash at banks in RON	437,383	546,719
Cash at banks in other currencies	60,221	83,274
Petty cash and cash equivalents	82	75
<b>Total</b>	<b>497,686</b>	<b>630,068</b>

At 30 September 2023 and 31 December 2022, a great part of cash was held in current accounts opened with reputable private banks in Romania or with State owned banks.

A part of the Group's bank accounts (RON 446,450 thousand as at 30 September 2023 and RON 602,785 thousand as of 31 December 2022) are pledged to guarantee the borrowings from banks.

### Restricted cash

	<b>30 September 2023</b>	<b>31 December 2022</b>
Restricted cash	52,831	88,688
<b>Total</b>	<b>52,831</b>	<b>88,688</b>

At 30 September 2023 and 31 December 2022 restricted cash included an amount of RON 52,731 thousand, representing collateral deposits for a revolving facility of RON 180,000 thousand and a non-revolving loan of RON 167,312 thousand with maturity in November 2023.

## 23. Borrowings and leases

	30 September 2023	31 December 2022
<b>Long-term borrowings</b>		
Long-term bank loans	1,510,402	1,669,841
Less: Short-term portion of long-term bank loans	-1,024,585	-999,744
<b>Bank loans, non-current</b>	<b>485,817</b>	<b>670,097</b>
Leases, non-current	5,212	3,831
<b>Total long-term borrowings and leases</b>	<b>491,029</b>	<b>673,928</b>
<b>Short-term borrowings</b>		
Short-term bank loans	-	15,300
Short-term portion of long-term bank loans	1,024,585	999,744
<b>Bank loans, current</b>	<b>1,024,585</b>	<b>1,015,044</b>
<b>Short-term loans, total</b>	<b>1,024,585</b>	<b>1,015,044</b>
Leases, current	2,519	2,465
<b>Total short-term borrowings and leases</b>	<b>1,027,104</b>	<b>1,017,509</b>
<b>Total borrowings and leases</b>	<b>1,518,133</b>	<b>1,691,437</b>

The bank borrowings of the Group and the Company will mature until 2028. Their related interest rates ranged between 3.66% for EUR and 26% for SLE in 2023 and 2.80% for EUR and 19% for SLE in 2022.

In February 2023, the Parent Company drew down the remaining part of RON 19,003 thousand from the non-revolving facility of RON 470,000 thousand that it had received in March 2022 from a syndicate of banks within the framework of state-support scheme within the context of Covid-19 pandemics.

At 30 September 2023, the Group had the amount of RON 204,931 thousand unutilized and available from the non-cash facilities for letters of credit and letters of guarantee (at 31 December 2022: RON 170,175 thousand).

Regarding the Group's existing working capital loans (cash and non-cash) maturing at the end of 2023, at the date of issue of this Quarterly report, all the creditors have already approved the extension of working capital facilities for a period of three years, the closing of the transaction being imminent.

According to the existing borrowing agreements, the Group is subject to certain restrictive covenants. These covenants require the Group, among other things, to refrain from paying dividends to its shareholders unless certain conditions are met, and to maintain a minimum or maximum level for certain financial ratios, including: debt service coverage ratio, net debt to EBITDA, net debt to equity, current ratio, net financial debt to shareholders equity, solvency ratio, interest cover ratio and total net leverage ratio that have to be reported at 30 June and 31 December each year.

The Group borrowings and leases are secured with accounts receivable amounting to RON 42,187 thousand (at 31 December 2022: RON 26,519 thousand), with their current accounts opened with banks (see Note 22), with collateral deposits of RON 128,166 thousand (at 31 December 2022: RON 128,166 thousand) (see Notes 19 and 22), with property, plant and equipment (land, buildings, equipment) with a net book value of RON 799,512 thousand (at 31 December 2022: RON 857,921 thousand) (see Note 14) and with inventories of RON 866,384 thousand (at 31 December 2022: RON 1,105,831 thousand) (see Note 20), with a letter of guarantee issued in the name and account of the State in favour of the lending State bank for 70% of the 180 million RON loan, a guarantee from the Romanian State for 90% of the 167 million RON signed in 2021 and for 90% of the 470 million RON, contracted in March 2022, within the Framework support scheme in the context of the Covid-19 pandemic and also with a letter of guarantee issued in the name and account of the Romanian State in favour of the lending bank for 80% of the 168 million RON non-cash facility, signed in March 2022.

The Group has estimated that the fair value of the borrowings and the leases approximates their carrying amount, mainly due to the fact that most of bank loans have variable interest. Their fair value belongs to the level 3 of the fair value measurement hierarchy.

## 24. Provisions

Provision for land restoration in amount of RON 17,260 thousand and other provisions in amount of RON 2,624 thousand related to SMHL were reversed on the disposal of GAL Group in the 9 months 2023 (see also Note 5 for details).

The provisions for employee remuneration are recognized by the Group in accordance with the Collective Labour Agreements and with GSM decisions regarding the Directors' remuneration. During the period ended 30 September 2023, the Group used the provision for remuneration of staff and management in amount of RON 14,593 thousand, recorded at 31 December 2022.

The amount of RON 11,847 thousand representing a provision recognized by one of its subsidiaries for CO2 certificates needed to be acquired for the year 2022 in accordance with the legal requirements, was reversed during the period of 9 months ending 30 September 2023 (9 months 2022: nil). See also Note 9 *Other operating income*.

## 25. Related party transactions

The Group enters, under normal terms of business, into certain transactions with shareholders, companies under common control, directors and management. The transactions between the related parties are based on mutual agreements, are not secured, and the management considers such transactions to be on an arm's length basis.

The main related parties with whom the Group had transactions during the period are:

Related party	
Vimetco PLC	Major shareholder
Paval Holding SRL	Shareholder
Alum S.A.	Subsidiary
Vimetco Extrusion SRL	Subsidiary
Conef S.A.	Subsidiary
Sierra Mineral Holdings 1, Ltd	Former subsidiary, deconsolidated since September 2023*
Global Aluminum Ltd.	Former subsidiary, deconsolidated since September 2023*
Bauxite Marketing Ltd.	Former subsidiary, deconsolidated since September 2023*
Vimetco Trading SRL	Subsidiary
Vimetco Management Romania SRL	Common control
Vimetco Power Romania SRL	Common control
Conef Gaz SRL	Common control
Conef Energy SRL	Common control
Centrul Rivergate SRL	Common control
Rivergate Fire SRL	Common control
CCGT Power Isalnita SA	Associate

\*These former subsidiaries of the Group were deconsolidated as at 30 September 2023, following the sale of the shares held by the subsidiary Alum S.A. in Global Aluminum Ltd, BVI (see Note 5 for more details).

Group transactions are eliminated on consolidation.

The primary related party transactions are described below:

Sales of goods and services	Nine months ended 30 September 2023	Nine months ended 30 September 2022
Vimetco PLC	-	-
Companies under common control	1,012	698
<b>Total goods and services provided to related parties</b>	<b>1,012</b>	<b>698</b>

The category *Sales of goods and services* includes income booked by the Group from renting office space and various administrative services provided to companies under common control.

## Goods and services purchased from related parties:

	Nine months ended 30 September 2023	Nine months ended 30 September 2022
Vimetco PLC	-	-
Companies under common control	-100,699	-344,895
<b>Total goods and services purchased from related parties</b>	<b>-100,699</b>	<b>-344,895</b>

The purchases from related parties include acquisitions of gas for the production process by the Group companies from their related party Conef Gaz (during the 9-month period ended 30 September 2023: RON 54,445 thousand; during the same period of 2022: RON 309,538 thousand). The acquisitions of gas in Q1-Q3 2023 were lower compared to Q1-Q3 2022 mainly due to the suspension of production activity in Alum, in August 2022, and due to the decreasing price of the gas in the market.

Additionally, the companies within the Group received services of a supportive nature from other entities under common control, such as advisory services, security, logistics and administrative services.

The following balances were outstanding at 30 September 2023 and 31 December 2022:

## Trade and other accounts receivable:

	30 September 2023	31 December 2022
Vimetco PLC	-	-
Companies under common control	6,609	3,987
Allowance for doubtful receivables	-3,522	-3,522
<b>Total trade and other accounts receivable from related parties</b>	<b>3,087</b>	<b>465</b>
- non-current	-	-
- current	3,087	465

## Trade and other accounts payable:

	30 September 2023	31 December 2022
Vimetco PLC	-	-
Companies under common control	2,479	9,977
<b>Total trade and other accounts payable to related parties</b>	<b>2,479</b>	<b>9,977</b>

## Management compensation

The total compensation of the Group's key management personnel included in *General, administrative and selling expenses* in the Statement of Profit or Loss and other Comprehensive Income amounts to RON 15,127 thousand (during the 9 months of the year 2022: RON 9,621 thousand), while the expense for determined contribution plan (social contributions) during the 9 months of the year 2023 was RON 3,676 thousand (during the 9 months of the year 2022: RON 2,255 thousand).

## Key management personnel transactions

A number of key management personnel, or their close family members, hold positions in other companies that result in them having control or significant influence over these companies.

A number of these companies transacted with the Group during the period. The terms and conditions of these transactions were no more favourable than those available, or which might reasonably be expected to be available, in similar transactions with non-key management personnel related companies on an arm's length basis.

The transactions concluded between the Group and the related parties were as follows:

	Nine months ended 30 September 2023	Nine months ended 30 September 2022
Goods and services purchased from entities controlled by key management personnel or their close family members	107	236
<b>Total</b>	<b>107</b>	<b>236</b>

## 26. Commitments and contingencies

### Commitments

#### *Investment commitments*

As at 30 September 2023, the Group's commitments pertaining to the investments amounted to RON 51,577 thousand (31 December 2022: RON 46,284 thousand).

#### *Raw material purchase contracts*

As at 30 September 2023, the Group had contracts for purchases of raw materials, other consumables and utilities in amount of RON 436,998 thousand (31 December 2022: RON 1,679,919 thousand).

### Contingencies

#### *Litigations*

As at 30 September 2023 the Group was subject to a number of lawsuits resulting from the normal course of the business. The Management believes that these actions will not have a significant impact on the financial performance and financial position of the Group.

*The Group as a plaintiff:* in 2016, the Parent Company contested before the Court of Law a decision of the Competition Council that fined the Company by RON 21,239 thousand for an alleged vertical agreement on the energy market, which was firmly challenged by the Company, as well as several Romanian Energy Regulatory Authority ("ANRE") orders regarding the calculation of green certificate quota for the Company's energy consumptions in 2015. The disputes with ANRE are ongoing before the competent Courts of Law. The appeal against the sanction decision issued by the Competition Council was rejected by the Primary Court - the Bucharest Court of Appeal and, as a result of the communication of the motivated decision by this Court, it filed an appeal in the case, which was judged by the High Court of Cassation and Justice, during the year 2023, respectively on 11 May 2023, following deliberation, the High Court dismissed the appeal brought by the Parent Company as unfounded.

#### *Taxation*

In November 2022, the Group's Parent Company was subject to an audit by the General Directorate for Fiscal Anti-fraud regarding the contribution to the Energy Transition Fund, the purchases and deliveries of electricity, the monthly evolution of the purchase prices and delivery for the period January 2021- September 2022. On 24 May 2023, the fiscal inspection was completed and the inspection report did not result in any additional debits, interest or penalties.

Starting July 2023, the Parent Company of the Group has been subject to a substance fiscal audit by the National Agency for Fiscal Administration for the period January 2016 - December 2020. In October, the National Agency for Fiscal Administration sent a notice regarding the extension of the fiscal audit also for the year 2021. At the date of this Quarterly Report, the Company management cannot estimate a potential impact from this fiscal audit.

## 27. Events after the reporting date

At the date when these interim financial statements were authorized for issue, all the creditors have already approved the extension of working capital facilities for a period of three years, the closing of the transaction being imminent.

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

**Ratios in accordance with Appendix 13A from  
regulation 5/2018 issued by FSA**

## Ratios

Ratio description	Formula	Nine months ended 30 September 2023	Nine months ended 30 September 2022
Current ratio	Current assets/ Current liabilities	1.47	2.78
Gearing ratio	Long-term borrowings/ Equity x 100	41.80	131.29
	Long-term borrowings/ Capital employed x 100	29.48	56.76
Receivables turnover	Receivables average balance/ Turnover x 270	9.33	8.24
Non-current assets turnover	(Turnover x 360/ 270)/ Non-current assets	2.58	2.75

At 30 September 2023, the Current Ratio as well as the *Gearing ratio* decreased as a result of the classification from long term to short term at 30 September 2023, of some bank loan facilities with maturities within one year from the reporting date.

To ensure the comparability of the ratios *Current Ratio* and *Gearing Ratio*, the ratios for 30 September 2023 are presented below, adjusted with the aforementioned credit facilities by transferring them in the *Long-term borrowings* from the *Current liabilities* category.

## Adjusted ratios

Ratio description	Formula	Nine months ended 30 September 2023	Nine months ended 30 September 2022
Adjusted current ratio	Current assets/ Current liabilities	3.42	2.78
Adjusted gearing ratio	Long-term borrowings/ Equity x 100	104.61	131.29
	Long-term borrowings/ Capital employed x 100	51.13	56.76