

## INDEPENDENT AUDITORS' REPORT

To the shareholders of Alumil Rom Industry S.A.

### Report on the Audit of the Separate Financial Statements

#### *Opinion*

1. We have audited the accompanying separate financial statements of **Alumil Rom Industry S.A. ("the Company")** which comprise the statement of financial position 31 December 2019, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.
2. The separate financial statements mentioned above are identified as follows:
  - Net assets/Total equity: RON 53,907,333
  - Result for the year (profit): RON 2,426,170
3. In our opinion, the accompanying separate financial statements give a true and fair view of the financial position of the Company as at 31 December 2019 and of its financial performance and its cash flows for the year then ended, in accordance with the Order of the Minister of Public Finance no. 2844/2016, approving the accounting regulations compliant with the International Financial Reporting Standards, with all subsequent changes and clarifications.

#### *Basis for Opinion*

4. We conducted our audit in accordance with International Standards on Auditing („ISA”). Our responsibilities under those standards are further described in the „Auditor’s Responsibilities for the Audit of the Financial Statements” section of our report.

We are independent of the Company, in accordance with the International Ethics Standards Board for Accountants’ Code of Ethics for Professional Accountants (IESBA Code), in accordance with the ethical requirements that are relevant to the audit of the financial statements in Romania, and we fulfilled our ethical responsibilities in accordance with these requirements and the IESBA Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Key Audit Matters*

5. Key audit matters are those matters that, in our professional judgement, were of most significance for the audit of the separate financial statements of the current period. These matters were addressed in the context of our audit of the separate financial statements as a whole and in forming our opinion thereon and we do not provide a separate opinion on these matters. For each matter identified, we presented a description of our approach to address it during our audit.

#### Accounts receivable

They represent a key audit matter, due to the significance of the trade receivables balance (representing 31.6% of the total current assets) and due to the uncertainties regarding the estimations for determination of the allowance adjustment.

As of 31 December 2019 the Company has receivables amounting to RON 19,380,552 (before the allowance adjustment of RON 8,164,405). The identification and determination of the trade receivable allowance requires management to make judgement and assumptions, representing a process with a high level of uncertainty. The main assumptions considered by the management in assessing the level of the allowance include: age of the balances, location of customers, existence of litigations / disputes, recent historic of the collections from the customer and any other available information on the creditworthiness of the customers.

Information on the trade receivables allowance is disclosed by the Company in Note 13 to the separate financial statements.

#### Description of the auditor's response

Our audit procedures focused on:

- assessing the assumptions considered by the management of the Company (for example in relation to significant balances for which an allowance for trade receivables was recognised or in relation to aged balances for which no allowance was recognised);
- understanding the management's rationale used to identify and assess the allowances;
- obtaining corroborative audit evidence (for example testing the subsequent collections from the customers, analysis of evolution in time of the allowances and their correlation with the customers' balances and the estimated collection dates, correspondence with lawyers representing the Company in the disputes with customers, measures taken by the management to recover the outstanding amounts, checking the compliance with the internal procedures regarding the credit limit given to customers).

We considered also the consistency of application of the policy for recognising an allowance with the prior years. Specifically we considered the value of the allowances recognised in previous periods and used during the current year (by recognising in the result for the year of losses from bad debts written-off), as well as of amounts released to revenue as a result of the collections during the current year.

We assessed the adequacy of the Company's disclosures in the separate financial statements of trade receivable allowances.

### *Other Information*

6. Management is responsible for the preparation and disclosure of other information. The other information includes the Administrator's Report, but does not include the separate financial statements and the auditor's report thereon.

Our audit opinion on the separate financial statements does not cover the other information and unless stated in our report, we do not express any form of assurance conclusion on it.

In connection with our audit of the separate financial statements for the year ended 31 December 2019, our responsibility is to read this other information and, in doing so, consider whether the other information is materially inconsistent with the separate financial statements, or with our other knowledge obtained during the audit, or otherwise appears to be materially misstated. We have nothing to report in this regard.

### *Responsibilities of Management and Those Charged with Governance for the Separate Financial Statements*

7. Management is responsible for the preparation and fair presentation of the separate financial statements in accordance with the Order of Minister of Public Finance no. 2844/2016, approving the accounting regulations compliant with the International Financial Reporting Standards, with all subsequent changes and clarifications, and for such internal control as management determines is necessary to enable the preparation of separate financial statements that are free from material misstatement, whether due to fraud or error.
8. In preparing the separate financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.
9. Those charged with governance are responsible for overseeing the process of Company's financial reporting.

### *Auditors' Responsibilities for the Audit of the Financial Statements*

10. Our objectives are to obtain reasonable assurance about whether the separate financial statements, as a whole, are free of material misstatements, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA will always detect a material misstatement, when it exists.

Misstatements may arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these separate financial statements.

11. As part of an audit in accordance with ISA, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:
  - Identify and assess the risks of material misstatements of the separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations and the override of internal control.
  - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the the purpose of expressing an opinion on the effectiveness of the Company's internal control.
  - Assess the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
  - Conclude on the appropriateness of management's use of going concern basis for accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue it's activity. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
  - Assess the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
12. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
13. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
14. From the matters communicated to those charged with governance, we determine those matters that were of most significance in the audit of the separate financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rarely circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

*Report on Other Legal and Regulatory Requirements responsibilities - Administrators' Report*

15. In addition to our reporting responsibilities according to ISA described in section "Other Information", with respect to the Administrators' Report, we have read the Administrators' Report and report that:
- In the Administrators' Report we have not identified information which is not consistent, in all material respects, with the information presented in the accompanying separate financial statements as at 31 December 2019;
  - The Administrators' Report, identified above, includes, in all material respects, the required information according to the provisions of the Ministry of Public Finance Order no. 2844/2016, approving the accounting regulations compliant with the International Reporting Standards, with all subsequent changes and clarifications, Annex 1, points 15-19;
  - Based on our knowledge and understanding of the entity and its environment acquired during our audit of the separate financial statements as at 31 December 2018, we have not identified information included in the Administrators' Report that contains a material misstatement of fact.

Mihaela Manea  
Partner

*Registered at the Authority for Public Supervision of Statutory Audit Activities  
with no. AF 155*



Autoritatea pentru Supravegherea Publică a  
Activității de Audit Statutar (ASPAAS)  
Auditor financiar: Mihaela Manea  
Registrul Public Electronic: AF 155

*Registered at the Chamber of Financial Auditors of Romania  
with certificate no. 155/15.10.2000*

On behalf of Accordserve Advisory SRL

*Registered at the Authority for Public Supervision of Statutory Audit Activities  
with no. AF 155*

Autoritatea pentru Supravegherea Publică a  
Activității de Audit Statutar (ASPAAS)  
Firma de Audit: Accordserve Advisory Srl  
Registrul Public Electronic: FA 110

*Registered at the Chamber of Financial Auditors of Romania  
with certificate no. 110/28.11.2001*

Bucharest, Romania  
19 March 2020