

ALUMIL ROM INDUSTRY S.A.

SEPARATE FINANCIAL STATEMENTS

**Prepared in accordance with
Minister of Public Finance Order 2844/2016**

31 DECEMBER 2022

ALUMIL ROM INDUSTRY S.A.
SEPARATE FINANCIAL STATEMENTS
For the year ended 31 December 2022
(All amounts are expressed in RON, unless otherwise stated)

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**ANNUAL REPORT
OF THE ADMINISTRATOR
REGARDING THE FINANCIAL YEAR 2022**

Name of issuer: S.C. ALUMIL ROM INDUSTRY S.A.
Registered office: Bucharest, Soseaua Bucuresti Ploiesti no. 42-44, Sector 1
Telephone number: 021 424 34 56, fax: 021 423 39 32
Sole Registration Code with the Trade Registry Office: RO10042631
Trade Register number: J40/8540/1997
Share capital called up and paid in: RON 6,250,000.

Legal framework for the preparation of the annual financial statements

S.C. ALUMIL ROM INDUSTRY S.A., with the registered office in Bucharest, Soseaua Bucuresti Ploiesti no. 42-44, Complex Baneasa Business & Technology Park, Sector 1, is a joint-stock company operating in accordance with the provisions of the Company Law 31/1991, as republished with subsequent changes.

The share capital of the Company is a private capital in full.

Starting 2012, the Company prepares separate annual financial statements in accordance with the International Financial Reporting Standards as approved by the OMFP no. 2844/2016 with subsequent changes and completions.

1. Analysis of the company activity

1.1 Description of the company's main activity

a) Company presentation

ALUMIL ROM INDUSTRY S.A. is a subsidiary of the company **ALUMIL ALUMINIUM INDUSTRY S.A. Greece**, an industrial group at European level operating in the Aluminum extrusion industry.

ALUMIL ALUMINIUM INDUSTRY S.A. is one of the European leaders in Aluminum extrusion, owning production sites with state-of-the-art technologies, being one of the top factories of Aluminum profiles for constructions, covering all types of applications known in this field.

b) Company subsidiaries

ALUMİL EGE ALÜMİNYUM SANAYİ VE TİCARET ANONİM ŞİRKETİ, having head office in Turkey, FatihMah., 1188 Sokak, No.13/B Gazıemir /İZMİR, was established and registered in Turkey with the Gazıemir Tax Office on 16 September 2015 under number 0680907038 and with the Izmir Chamber of Commerce under number: 183607 as a joint stock company, Turkish legal entity, having an unlimited operation duration and operating according to the Turkish Commercial Code. The company was established by SC ALUMIL ROM INDUSTRY SA, as sole shareholder. The company's share capital at the date of establishment was of 50,000 Turkish Lira, divided into 50 shares of 1,000 Turkish Lira each. On 16 November 2015, SC ALUMIL ROM INDUTRY SA has assigned 60% of the shares in ALUMİL EGE ALÜMİNYUM SANAYİ VE TİCARET S.A., to the company ALUMIL INTERNATIONAL AG Switzerland, the shareholding structure following the assignment is as follows: 20 shares SC ALUMIL ROM INDUSTRY SA namely 40% of the share capital, the equivalent of 20,000 Turkish Lira and 30 shares the ALUMIL INTERNATIONAL AG Switzerland company, namely 60% of the share capital, the equivalent of 30,000 Turkish Lira. In December 2015, the share capital increase was decided for the ALUMİL EGE ALÜMİNYUM SANAYİ VE TİCARET ANONİM ŞİRKETİ, to the total value of 950,000 Turkish Lira, representing 950 shares having a nominal value of 1,000 Turkish Lira each, of which ALUMIL ROM INDUSTRY S.A. holds 40%, namely 380 shares at the nominal value of 1,000 Turkish Lira each.

1. Analysis of the company activity (continued)

In April 2016, the share capital increase was decided for the ALUMİL EGE ALÜMİNYUM SANAYİ VE TİCARET ANONİM ŞİRKETİ, to the total value of 1,900,000 Turkish Lira, representing 1,900 shares having a nominal value of 1,000 Turkish Lira each, of which ALUMIL ROM INDUSTRY S.A. holds 40%, namely 760 shares having a nominal value of 1,000 Turkish Lira each. In October 2019, the share capital increase was decided for the ALUMİL EGE ALÜMİNYUM SANAYİ VE TİCARET ANONİM ŞİRKETİ, to the total value of 4,900,000 Turkish Lira, representing 4,900 shares having a nominal value of 1,000 Turkish Lira each, of which ALUMIL ROM INDUSTRY S.A. holds 40%, namely 1,960 shares at the nominal value of 1,000 Turkish Lira each.

ALUMIL MISR FOR ALUMINIUM AND ACCESORIES INDUSTRY JSC, having head office in Egypt, Cairo, was established and registered in Egypt on 20 March 2016, according to the joint-stock company set up certificate number 1375/20.03.2016 issued by the General Investment and Free Area Authority as a joint stock company for a duration of 25 years. The Company's issued capital at the set up date was of 1,000,000 Egyptian Lira, divided into 1000 shares of 1,000 Egyptian Lira each. The share capital structure at the set up date is the following: Alumil International AG Switzerland 59%, Alumil Rom Industry SA Romania 40% and Alumil MISR for Trading Egypt 1%. In November 2016, the first share capital increase was decided for the ALUMIL MISR FOR ALUMINIUM AND ACCESORIES INDUSTRY JSC, to the total value of 16,000,000 Egyptian Lira, representing 16,000 shares having a nominal value of 1,000 Egyptian Lira each, of which Alumil Rom Industry holds 40%, namely 6,400 shares at the nominal value of 1,000 Egyptian Lira each. In December 2016, a new share capital increase was decided for the ALUMIL MISR FOR ALUMINIUM AND ACCESORIES INDUSTRY JSC and, therefore, the company's capital reached 30,000,000 Egyptian Lira, representing 30,000 shares having a nominal value of 1,000 Egyptian Lira each, of which Alumil Rom Industry holds 40%, namely 12,000 shares at the nominal value of 1,000 Egyptian Lira each.

In February 2019, the third share capital increase was decided for the ALUMIL MISR FOR ALUMINIUM AND ACCESORIES INDUSTRY JSC, with a total value of 20,600,000 Egyptian Lira, out of which the contribution of the Company is Egyptian Lira 8,240,000. The increase will be done in stages, so as of 31.12.2019 the share capital of the company amounted to Egyptian Lira 33,000,000 representing 33,000 shares having a nominal value of 1,000 Egyptian Lira each, of which Alumil Rom Industry holds 40%, namely 13,200 shares at the nominal value of 1,000 Egyptian Lira each.

In July 2020, the fourth share capital increase was done for the ALUMIL MISR FOR ALUMINIUM AND ACCESORIES INDUSTRY JSC, with the total value of Egyptian Lira 3,000,000, out of which Alumil Rom Industry contribution is Egyptian Lira 1,200,000. The increase is done in stages, so as of 31.12.2020 the share capital of the company amounted to Egyptian Lira 36,000,000 representing 36,000 shares having a nominal value of 1,000 Egyptian Lira each, of which Alumil Rom Industry holds 40%, namely 14,400 shares at the nominal value of 1,000 Egyptian Lira each.

During 2021 there were 3 successive share capital increases for ALUMIL MISR FOR ALUMINIUM AND ACCESORIES INDUSTRY JSC, in a total amount of EGP 14,600,000, out of which Company's contribution is EGP 5,840,000. Consequently the share capital as at 31.12.2021 reached the value of 50,600,000 Egyptian Lira representing 50,600 shares at the nominal value of Egyptian Lira 1,000 lire egiptene each, out of which Alumil Rom Industry holds 40%, namely 20,240 shares at the nominal value of 1,000 Egyptian Lira each.

c) Main activities

Alumil Rom Industry S.A. manufactures and trades a large range of Aluminum profiles systems (sliding, opening and partitioning systems) and accessories related to these systems, machine tools and specific tools used for aluminum joinery, interior doors and decorative Aluminum panels. The main activities of Alumil Rom Industry S.A. are the production of aluminum profiles, more specifically, processing of profiles through the provision of thermal breaks and electrostatic painting, as well as the trade of a large range of profiles, accessories, composite panels (J-Bond), polycarbonate films etc.

1. Analysis of the company activity (continued)

Processing activity

S.C. ALUMIL ROM INDUSTRY S.A. conducted, starting 18.05.2011 the project "Eco efficient and innovative investment in a modern Aluminum processing facility", co-financed by the **European Regional Development Fund** under the financing contract signed with the Ministry of Economy, Trade and Business Environment, as the Managing Authority for the Operational Sectorial Program "Increase of Economic Competitiveness". The project objective was to increase the productivity of the company by creating a modern, eco-efficient Aluminum profiles production and processing facility.

The project, implemented in Filipeștii de Pădure, Minieri village no. 149, Prahova County, was completed in July 2013 and resulted in the building of a production hall of 8,835 square meters and the purchase of 11 state-of-the-art pieces of equipment, creating over 45 new jobs.

Therefore, S.C. ALUMIL ROM INDUSTRY S.A. has put into operation new modern equipment for:

- horizontal painting with two automatic painting booths capable of painting Aluminum profiles in all RAL colors. ALUMIL ROM INDUSTRY S.A. paints about 1,450 kinds of Aluminum profiles in about 200 RAL colors;
- wood-effect painting with a technology based on a pre-printed film for decorating profiles, Aluminum panels and Aluminum accessories, using the sublimation method;
- thermal break production with a capacity of 150 profiles /hour

The installation also includes equipment for applying self-adhesive tape on Aluminum profiles in order to protect painted surfaces.

A small part of the production process is represented by the bending of profiles, an operation carried out only on client request.

The processing (painting) line is composed of:

- Chemical treatment line (baths) for filiform corrosion resistance with a waste water treatment plant;
- Frame preparation line;
- Electrostatic painting installation;
- Polymerization oven;
- Wood-effect painting installation;
- Thermal break production line;
- Profile assembly line.

The production and storage facilities are equipped with:

- fresh water installation and demineralized and fresh water tanks;
- deionized water installation;
- treatment plant (reduction-oxidation, neutralization, flocculation, settling, press filter);
- own wastewater and rainwater sewer network;
- own central heating plant (fuel: natural gas);
- air compressors;
- hydrophore installation;
- transformer station 10 /0.4 KV.

d) Products

Alumil Rom Industry offers a wide range of Aluminum profiles and accessories and tools used for Aluminum profiles processing.

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1. Analysis of the company activity (continued)

The main product categories of Alumil Rom Industry are:

- Aluminum profiles
- Accessories for Aluminum profiles
- Outdoor Aluminum systems (fences, railings, pergolas)
- J-Bond / Outdoor decorative panels
- Polycarbonates
- WPC composite materials

The Aluminum profiles are grouped in the following categories of systems:

I. Opening windows/doors systems

- a) Without thermal break: COMFORT M940, COMFORT M9400, COMFORT M15000
- b) With thermal break: SMARTIA M9660, SMARTIA M11000, SMARTIA S67, SUPREME S77, SUPREME SD77, SUPREME S91, SUPREME SD95

II. Sliding window systems

- a) Sliding windows without thermal break: COMFORT M900, COMFORT M9000, COMFORT M9200, SMARTIA M12500, SMARTIA M14000, SMARTIA M14500
- b) Sliding windows with thermal break: SMARTIA S350, SMARTIA S350LT, SMARTIA M450, SMARTIA S560, SMARTIA S560LT, SUPREME M630, SUPREME S650, SUPREME S700

III. Curtain wall systems

SMARTIA M1, SMARTIA M7, SMARTIA M6, SMARTIA M35, SMARTIA M50, SMARTIA M65, SMARTIA M78

IV. Special systems

The special systems are mainly systems for interior partitioning (P100 and P200 Office), sun protection (M5600 Solar Protection), skylights (Skylight M9850, M10800 Skylight Alutherm), systems for protection against insects, fixed and bioclimatic pergola systems (PG120F, PG120P and PG160P), railing systems (M8200, M8250, M8100), fencing systems (FC10, FC60 and FC80) and cladding systems (M7000 Cladding).

e) Quality management and certifications

For the activities carried out in Romania, **ALUMIL ROM INDUSTRY** has implemented and is maintaining an integrated quality, environmental, occupational health and safety management system, according to the requirements of the following standards: SR EN ISO 9001: 2015, SR EN ISO 14001: 2015 and SR ISO 45001:2018, integrated management system which is designed for the continuous improvement of performance, taking into consideration the needs of the Company and of all interested parties. The certification of the quality, environment and occupational health and safety management systems was performed by SRAC CERT, Romanian certification body with the largest recognition of the brand and certificates as a result of the partnership with IQNet (The International Certification Network) and of the accreditation by RENAR – body having signed the EA-MLA (European agreement on recognizing certification).

In 2009, Alumil Rom Industry has obtained the license to use the QUALICOAT SEASIDE labels, certificate that is renewed every year by the Aluminum Association of Greece Certification Committee, also a painting and production processes certification body.

Having obtained the QUALICOAT SEASIDE labels licenses proves that ALUMIL ROM INDUSTRY meets the requirements for carrying out the production processes and it has the necessary equipment, the coverage materials required through specifications and regulations obtaining finished products of an adequate quality.

All the requirements in the QUALICOAT specifications must be met for a quality label to be granted and maintained.

1. Analysis of the company activity (continued)

1.1.1 General evaluation items for 2022

	Consolidated ratios	MU	2022	2021
a)	Net profit	RON	6,499,179	6,021,429
b)	Turnover	RON	109,104,562	90,812,876
c)	Exportation	RON	2,127,232	1,323,802
d)	Cash and cash equivalents	RON	1,962,721	5,068,890

1.1.2 Storage capacity

ALUMIL ROM INDUSTRY S.A. has a storage total area of 27,131 square meters. The statement of the Company of the storage capacities is shown below:

	Location	Surface (sq. m.)	Surface of land (sq. m.)	Total (sq. m.)	Type
1	Baia Mare	381	-	381	Rented
2	Brasov	450	-	450	Rented
3	Bucharest	1,109	-	1,109	Rented
4	Cluj	1,086	-	1,086	Rented
5	Galati	620	-	620	Owned
6	Iasi	969	-	969	Rented
7	Pitesti	320	-	320	Rented
8	Slatina	500	-	500	Rented
9	Slatina	930	-	930	Rented
10	Timisoara	288	192	480	Rented
11	Filipestii de Padure	8,135	41,868	50,003	Owned
12	Filipestii de Padure	9,262	9,840	19,102	Owned
13	Filipestii de Padure	3,081	8,915	11,996	Owned
	Total	27,131	60,815	87,946	

1.1.3 New products introduced in 2022

Alumil Rom Industry is continuously concerned about the client satisfaction, and as a response to the ever changing needs, it is focusing on developing new technical solutions to improve the quality, comfort and safety. The systems are designed, developed and tested in the Alumil Group Research & Development Department in Greece and then certified by an internationally recognized certification institutions, such as IFT ROSENHEIM of Germany, CSTB – France, BaUTG – Belgium, INTERTEK – USA.



1. Analysis of the company activity (continued)

In recent years, Alumil Rom Industry in Romania has introduced a series of new premium systems:

I. SUPREME Range:

S650 ECLIPSE – premium sliding doors system, with the frame profile completely embedded in the ceiling, walls and floor, which allows the creation of extremely large versions with weights up to 600 kg. The particularity of the system consists of the possibility of complete coverage of the lower guide profiles with finishing materials of the floor obtaining in this way an uninterrupted plane surface between interior and exterior.

S700 ECLIPSE – system dedicated to create large lifting-sliding versions, which allows the creation of mobile doors with a weight of up to 600 kg. The particularity of the system consists of the possibility of complete coverage of the lower guide profiles with finishing materials of the floor obtaining in this way an uninterrupted plane surface between interior and exterior.

II. SMARTIA Range:

MF65 – Unitized curtain wall system, which allows minimizing the time required for the installation of the facades due to the complete execution of glazed elements in workshops and the installation of prefabricated modules on site;

M7000 BARCODE CLADDING – ultra-slim curtain wall system with visible size of aluminum surfaces of only 35 mm, allowing the realization of curtain wall surfaces with a minimalist design, generous visibility and maximizing the efficiency of natural lighting;

P100SLIM – interior partitioning system, with profiles with a reduced visible size of only 30 mm, which allows the realization of complex typologies, with generous glazed surfaces, integrating also doors with the same visible size of only 30 mm;

P200SLIM – interior partitioning system, in STRUCTURAL typology, without visible surfaces of aluminum profiles, which allows the realization of complex typologies, thus responding to the most demanding modern, minimalist design solutions;

P150 URBAN – is an additional proposal for office partitions, consisting of single-glazed panels firmly fixed on multiple levels of aluminium infrastructure. Light and wit larger or smaller profiles, the series has a distinctive steel appearance;

P115 ITHAKA – bioclimatic pergola system ideal for the realization of medium size pergolas, consisting of a single module, which transforms the outdoor space into a comfortable living experience. The rotating slats create a robust and adjustable structure for shading, protecting against sun radiations, offering the option of brightness adjustment and allowing natural ventilation;

P19 – sliding carpentry system, with safety glass sashes, which allows the realization of typologies with 4, 5, 8 and 10 sliding leaves;

At the same time, the following systems commercialized by Alumil were completed with new solutions:

PG120P – bioclimatic pergola system, was completed with ZIP SCREEN shading solutions, sound system an IR heating;

M8200 GLASS RAILINGS – Premium railings system, which was completed with solutions of profiles developed for rollable applications;

S67 – roto-tilting system was completed with pivoting typologies both horizontally and vertically;

1. Analysis of the company activity (continued)

S560 – lifting-sliding system with thermal break, was completed with S560LT typologies, ensuring a minimalist design and allowing the creation of typologies with 4 or more sliding doors;

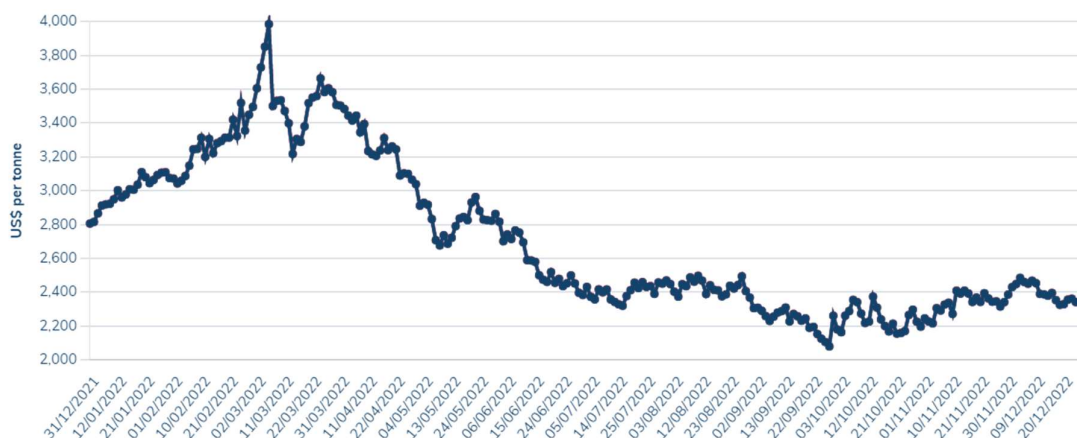
M9660 – thermal insulation hinged carpentry system, was completed with M9660AluWOOD typologies – solutions for producing carpentry covered with laminated wood profiles on the inside.

1.1.4 Evaluation of the supply activity

The main supplier of Alumil Rom Industry S.A. is Alumil Aluminium Industry S.A. Greece for both processed and unprocessed profiles. The Company's competitive advantages consist in offering quality products, with a design and functionality of the highest level and the fact that it has access to favorable purchase prices because of the relationship with the parent company from Greece.

The price of Aluminum profiles is strongly influenced by the price of Aluminum on the international market, namely on London Metal Exchange. During the first 3 months of 2022, the price of Aluminum on London Metal Exchange (LME) continued the upward evolution, reaching new historical highs, close to USD 4,000/ton in March 2022. In the second half of 2022 the quotation came back and stabilized in the range of USD 2,400-2,500/ton.

Evolution of Aluminum quotation on London Metal Exchange, Jan.-Dec. 2022



Source: LME.com

1.1.5 Evaluation of the sale activity

a) Description of the sales evolution and long-term prospects

In 2022, out of the total turnover of RON 109,104,562 (2021: 90,812,876), the exports to Group companies represented only RON 2,127,232 (2021: RON 1,323,802). As such the turnover realized on domestic market registered an increase of 19.49%, from RON 89,489,074 in 2021 to RON 106,932,330 in 2022.

	2021	2021
Sales (RON)	109,104,562	90,912,876
Variation compared to the previous year	20.1%	24.5%

Source: Alumil management reporting - financial statements

1. Analysis of the company activity (continued)

In 2022 about 98.05% of the turnover was achieved on the domestic market, and the difference of 1.95% represented exports to Alumil Industry S.R.L. in Moldova, to the parent company, Alumil Aluminium Industry S.A. in Greece, and to other companies.

b) Description of the competition and the market share

The profile market for thermal insulation glass joinery in Romania is dominated by the profiles made of PVC (~ 75% of the value) and of Aluminum (more than 20%), according to the market studies performed in recent years. The other types of profiles (wood, steel and Aluminum and wood) have insignificant weights in the total purchases, accumulating about 5% of the market.

The domestic market of the aluminum systems for architectural applications is one with a pretty high degree of concentration, the first 5 competitors owning over 70% both in volume and in value. The remaining 26-27% are disputed by a number of 15 companies, which have market shares between 2 and 5%.

The 5 competitors mentioned above are as follows (in alphabetical order): Alukonigstahl, Alumil Rom Industry, Aluprof, Cortizo and Reynaers.

The Company estimates that during 2022 it has maintained its market leadership by an estimated share of about 25-27%, varying between 30-32% on the retail zone and 22-23% on the large projects zone.

c) The description of any significant reliance on a single customer or group of customers

In recent years, the total number of customers was 2,500-3,000 and they are mainly aluminum and PVC joinery firms. In 2021, the top ten clients accounted for 25.3% of the total sales, and this weight remain constant in 2022 when the top ten customers accounted for approximately 27.1% of the total sales. Keeping a percentage as small as possible is due to the fact that the Company has permanently tried to avoid a significant reliance on a single customer or group of customers.

1.1.6 Evaluation of the matters concerning the Company's employees

In 2022, the average number of employees was 156, increasing with 4.7% compared with the year 2021 (149).

If in December 2021 the number of employees was 154, in December 2022 the number of employees increased, being 16. The slight increase of number of employees is a logical result of the plans for development and of the constant increase of the turnover during the last years.

The evolution of the average number of employees:

	2022	2021
Average number of employees	156	149
Change percentage during the period	4.70%	-3.87%

Source: Management reporting – consolidated statements.

1. Analysis of the company activity (continued)

1.1.7 Evaluation of the matters related to the impact of the main activity on the environment

At local level, ALUMIL is involved in the community by volunteer programs and donations, as well as by educational projects, infrastructure improvement, encouraging the entrepreneurial spirit and environment preservation. Also, ALUMIL employees are active in community groups and project, participating at actions for improvement of community life and of the quality of life in general, in 2022 being established the local team of Green Ambassadors which comprise 20 members. In order to sustain the community we are activating in, ALUMIL organizes annual events, within which the employees have the opportunity to participate to social and environmental projects. Employees of all departments are involved in these events and projects, from production and development to sales and marketing. Among these we enumerate: afforestation projects, participation to marathon to sustain various causes, first aid classes, blood donation campaign and more. We are committed to be an example of social and environmental protection responsibility, to offer products and services according to the standards, to invest in research, innovation and durable development and to contribute to the development of the community we are activating in.

At the Group level, ALUMIL is committed to adhere to international standards regarding environment protection, risks reduction and social responsibility. This includes continuous improvement of products and processes, as well as reducing emissions. The implementation of green energy strategy and reduction of greenhouse gas emissions and waste are only few of our environmental objectives. We are committed to offer products and services in accordance with international standards and rules, and to ensure ourselves that our employees are properly prepared and trained to respect these standards and rules.

We are focusing, also, to reduce the negative impacts on the environment and to improve the energetic performance by:

- products and production processes optimization;
- reducing energy consumption;
- using the renewable energy sources and reducing emissions;
- community involvement in environment protection projects.

In 2022, ALUMIL Group published the third Sustainability Report related to 2021 which reflects clearly the company culture and emphasizes its vision of the future.

ALUMIL ROM INDUSTRY S.A. holds:

- The Environmental Permit no. PH-124 of 7 December 2018, revised on 15 November 2022, issued by the Prahova National Agency for Environmental Protection;
- Water management authorization no. 165 of 23 September 2022, concerning the water supply and the discharge of waste water, valid through 30 September 2025, issued by the "Romanian Waters" National Administration, the Water Basin Administration Buzau-Ialomita, the Water Management System Prahova unit.

1.1.8 Evaluation of the research and development activity

Most research and development activities are performed at Group level, in the specialized department of the parent company in Greece. The operations in Romania include a Research & Development department and a technical support one for projects carried out with Alumil profiles. These departments operate closely with the research and development department at Group level, the teams working together to develop new series of profiles and improve existing ones to meet customer requirements.

1. Analysis of the company activity (continued)

1.1.9 The evaluation of the ALUMIL ROM INDUSTRY S.A. risk management activity

The Company's exposure to:

- i) **Price risk** - Alumil Rom Industry S.A. has in place a flexible commercial policy and is able to adapt to any price fluctuations, especially since the Aluminum price fluctuations at an international level affects all market participants to the same extent. To this effect, it is an advantage that Alumil Rom is part of a group with high power to acquire and process Aluminum on the international market.
- ii) **Interest rate risk** - The Company's exposure to the interest rate fluctuation risk mainly relates to the floating interest-bearing loans contracted by the Company. At the end of 2022, the balance of short-term loans contracted by the Company was RON 2,211,584 (2021: RON 2,231,732), and of long-term loans was RON 0 (2021: RON 0). Considering the low gearing, the interest rate risk is also low.
- iii) **Credit risk** - The Company trades only with recognized, creditworthy third parties. It is the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis, having as a result an insignificant exposure of the Company to bad debts.
- iv) **Liquidity /cash-flow risk** - Much of the Company's sales involve cash receipts or credits granted to customers over a period of several days to several weeks. Together with the loans for working capital, these provide for the current liquidity needs of the Company. During 2020 and 2019, the loans for the working capital were underused, the Company being in a position of financing its activities with own funds. Under these conditions the Company faces a very low liquidity risk.

1.1.10 Perspectives concerning the activity of ALUMIL ROM INDUSTRY S.A.

Alumil Rom Industry S.A. produces and offers to potential customers from Romania Aluminum profiles at international standards with excellent mechanical and physical features, while also providing assistance and advice on all technical aspects of the products.

The main objectives of **Alumil Rom Industry S.A.** are to maintain market leadership in the production and sale of Aluminum profiles in Romania and to focus both on providing innovative, internationally certified products and, from a commercial perspective, on commercial network improving and expanding. The objectives for the coming years are to increase the market share and improve profitability. Additionally to Aluminum profiles, the Company offers a wide range of products in the field, such as outdoor decorative panels, sun protection systems, interior doors, pergolas, decorative panels and accessories, an important objective being to increase the market share on the segments mentioned above. All these objectives are based on the vision of **Alumil Rom Industry S.A.** and of its parent company from Greece to maintain the leadership on the Southeastern Europe markets and to expand on other markets.

To achieve these objectives in the coming years, **Alumil Rom Industry S.A.** will focus on increasing the quality of customer service, on increased promptness in fulfilling orders and reducing delivery times. These strategic elements have been a priority in recent years, and by improving the existing processes in the coming years, we will manage to achieve new results on these lines. An important step in this regard is the investment from Filipestii de Padure, a European-level investment with high efficiency equipment completed in July 2013. A new stage in this respect is rethinking of national distribution network by the creation of regional Hubs which offer an increased flexibility in carrying-out of the activities at regional level.

Thus in 2020 the Hubs in Cluj and Iasi were opened, being fully operational and serving from commercial and logistic point of view the West and East regions.

In 2022 the construction of the new HUB Slatina started, which will be inaugurated in the first part of 2023, and will serve the South-West area.

1. Analysis of the company activity (continued)

Alumil implemented B2B My Alumil platform, which offers to our partners a simple and intuitive method to place orders and to benefit of the advanced information facilities. This automated system offers flexibility and visibility, our partners enjoying a more comfortable and pleasant navigation experience. The main page offers information on ALUMIL products, ordering policy, promotions and new products launches. The users can download technical catalogues and brochures, control the stocks and place orders. My Alumil offers also the possibility to search orders using additional data, as profile code or accessories. The benefits of using My Alumil are multiple: ordering process is fast and easy, the automated system offers the possibility to place recurring orders, the users can verify the accessories stocks and they are informed on all technical updates.

The loyalty program Alumilia, being at its first edition, started on 1 September 2022 and taking place until 30 June 2023, rewards our partners for their loyalty. The program Alumilia is based on a reward principle, based on which points can be accumulated by making purchases within the platform B2B My Alumil, and these can be subsequently transformed directly in prizes. In addition, at the end of the campaign there will be raffles where valuable prizes can be won. The prizes which can be obtained by redeeming the points are divided on several levels, based on points value. The higher the level for a prize, the higher its value will be, but also the number of points needed to obtain it. By this initiative, we wish to offer to our partners a more pleasant and faster acquisition experience and to reward them for the trust they show us every day. My Alumil and Alumilia are an important step in the direction of development and modernization of acquisition process but also an integral part of digitalization process. These intuitive and modern instruments help our partners to cope with current and future challenges and to enjoy a better interaction experience with Alumil.

An important success factor for **Alumil Rom Industry S.A.** is the experience of more than 30 years of parent company from Greece in the Aluminum extrusion field, the research and permanent development of new products and technologies and the dynamic presence on international markets. Alumil is recognized in Europe as one of the leading suppliers of profile systems for all known architectural applications (windows, doors, facades, skylights, interior partitions), designed, developed and tested by the Development and Research Department of the Company and certified by the International Institute IFT Rosenheim in Germany, a leading authority in the field.

1.1.11 Company estate

Land and buildings

In terms of real estate properties in the Alumil Rom Industry S.A. estate, these are pieces of land located inside and outside the built-up area of localities, and also constructions, some of them ensuring the performance of the Company main activity.

Alumil Rom Industry owns a piece of land of 50,000 sq. m. located in Filipestii de Padure acquired in 2008 from the subsidiary S.C. Alumil Extrusion S.R.L. on which the real estate property with the total area of 8,835 sq. m. was commissioned and the land of 19,102 sq. m. purchased in Filipestii de Padure in 2009.

In December 2010 Alumil Rom Industry SA purchased in Filipestii de Padure a hall with a built area of 2,955.86 square meters and the related land of 11,996 sq. m.

In July 2013, the building of the new production and storage hall as part of the project performed through SOP IEC was completed, with an area 8,835 square meters, and located in Filipestii de Padure, Minieri Village, where the production activity is currently performed.

1. Analysis of the company activity (continued)

Tools and machinery

The table below details the equipment, installations and other major assets of the Company. The most important movable property of the Company is the dyeing installation put into operation in 2013. Additionally the Company records various other tools and machinery of lower value.

Category	Description	Date of purchase	Purchase value (RON)
Tool	ELECTROSTATIC PAINTING INSTALLATION SOP IEC 154271	25-Jun-2013	2,251,811
Tool	THERMAL BREAK PRODUCTION LINE SOP IEC 154271/18.05.2011	10-Jul-2013	1,485,683
Tool	WOOD-EFFECT ELECTROSTATIC PAINTING INSTALLATION SOP IEC 154271	25-Jun-2013	1,015,542
Tool	FILIPESTI TREATMENT PLANT SOP IEC 154271/18.05.2011	12-Jul-2013	744,703
Tool	AUTOMATIC SYSTEM FOR WATER TREATMENT THROUGH FILTERING AND DEMINERALIZATION	10-Dec-2013	383,690
Tool	AUTOMATIC SYSTEM FOR STORAGE ON SHELVES SOP IEC 154271/18.05.2011	15-Jul-2013	342,886
Tool	SINGLE-BEAM TRAVELLING CRANE 154271/18.05.2011	1-Jun-2013	308,270
Tool	SINGLE-BEAM TRAVELLING CRANE 154271/18.05.2011	1-Jun-2013	308,270
Tool	FOUR-WAY LIFTING TOOL/SERIES 21719 SOP IEC 154271/18.05.2011	17-Jun-2013	221,091
Tool	FOUR-WAY LIFTING TOOL/SERIES 21720 SOP IEC 154271/18.05.2011	17-Jun-2013	221,091
Tool	ELECTRICAL AND PNEUMATIC SYSTEM FOR ELECTROSTATIC PAINTING INSTALLATION SOP IEC 154271	14-Jun-2013	126,464
Tool	LIFTING SYSTEM FOR PALLETS/BASKETS SOP IEC 154271	10-Jul-2013	122,769

In 2021 there were endownments of warehouses and office spaces of RON 49,000, equipment amounting to RON 142,333, motor vehicles amounting to RON 197,190 and IT equipment amounting to RON 94,369 were purchased.

2. The market for the securities issued by the Company

2.1. The markets on which the securities issued by the Company are negotiated

The shares of ALUMIL ROM INDUSTRY S.A. are traded on the market managed by the Bucharest Stock Exchange in Category Standard, section Equity Securities and the Shareholders' Register is managed by the Central Depository SA Bucharest.

2.2. Policy regarding the dividends

The table below details the dividends proposed by the Board of Directors for 2022 and 2021.

	2022	2021
Retained earnings	1,196,888	1,175,459
Retained earnings from first-time adoption of IAS 29	6,458,159	6,458,159
Net profit	6,499,179	6,021,429
Dividends proposed	6,250,000	6,000,000
Level of appropriation of profit/retained earnings	44.16%	43.94%

Source: Company.

* For 2022, the profit appropriation proposition will be subject to the approval of the SGM of 26 April 2023.

3. Management of the Company

3.1. Company administrators

The current composition of the Company Board of Directors is detailed below:

No.	Name	Position	Date of appointment	Date of expiry of the term
1.	Michail Sotiriou	President of the Board	28.04.2018	27.04.2026
2.	Georgios Mylonas	Vice-president of the Board	28.04.2018	27.04.2026
3.	Evangelia Mylona	Member of the Board	28.04.2018	27.04.2026
4.	Marius Ionita	Member of the Board/C.E.O.	28.04.2018	27.04.2026
5.	Georgios Doukidis	Member of the Board	28.04.2018	27.04.2026

a) Any agreement, understanding or family relation between the administrators and another person having influenced their appointment as an administrator:

Mrs. Evangelia Mylona is Mr. Georgios Mylonas' sister, the latter being the President of the Board of Administration of the parent company - ALUMIL ALUMINIUM INDUSTRY S.A. GREECE.

b) Administrators' contribution to the capital of S.C. ALUMIL ROM INDUSTRY S.A.

No.	Name	Position	No. of shares held	% before IPO	% after IPO
1.	Michail Sotiriou	President of the Board	7,485,150	29.94%	23.95%
2.	Georgios Mylonas	Vice-president of the Board	5,000	0.02%	0.02%
3.	Evangelia Mylona	Member of the Board	5,000	0.02%	0.02%
4.	Marius Ionita	Member of the Board/C.E.O.	600	0.00%	0.00%
5.	Georgios Doukidis	Member of the Board	-	-	-

3.2. Members of the executive management of S.C. ALUMIL ROM INDUSTRY S.A.

The daily operations of the Company are performed by the following managers who are employed by the Company:

- (a) Ionita Marius – C.E.O.
- (b) Duca Vitalie – Commercial Director
- (c) Balasca Ciprian – C.F.O.

Contribution of the executive management to the capital of the company

No.	Name	Position	No. of shares held
1.	Ciprian Balasca	C.F.O.	1,000
2.	Marius Ionita	C.E.O.	600
3.	Vitalie Duca	Commercial Director	600

3. Management of the Company (continued)

3.3 Information on the relations with affiliates, subsidiaries and associates

The relations with related companies and daughter companies are detailed below:

Name of entity	Nature of operation with the Company	Country of origin
Alumil EGE SA	Shareholder – Alumil Rom Industry (40.00%)	Turkey
Alumil MISR for Aluminium and Industry SA	Shareholder – Alumil Rom Industry (40.00%)	Egypt
Alumil Aluminium Industry SA	Parent and main supplier of semi-finished goods	Greece
Alumil Industry SRL	Subsidiary of the parent, Alumil Mylonas (70.00%)	Moldova
Alumil Bulgaria	Subsidiary of the parent, Alumil Mylonas (99.98%)	Bulgaria
Alumil Albania Shpk	Subsidiary of the Company – Alumil Group LTD Cyprus (99.23%)	Albania
Alumil YU Industry SA Serbia	Subsidiary of the parent, Alumil Mylonas (48.35%)	Serbia
Alumil Group LTD	Subsidiary of the parent, Alumil Mylonas (100.00%)	Cyprus

The individuals referred to at points 3.1.a, 3.1.b and 3.2. are also affiliates.

3.4. The Company internal control includes the following main components:

- A clear definition of responsibilities;
- Work procedures;
- Code of conduct;
- Internal dissemination of relevant information;
- Analysis of main risks and procedures for managing these risks;
- Appropriate control activities for each process;
- Outsourced contract for internal audit.

Control aims at the application of the internal rules and procedures, at all hierarchical and functional levels: approval, authorization, verification, operating performances evaluation, asset securing, and task separation.

Internal accounting and financial control is a major item of internal control and its main formalizing items relate to:

- The existence of an accounting policy manual, as well as of procedures to apply the related controls;
- Knowledge of the accounting and fiscal legislation's evolution;
- The performance of specific controls on sensitive matters;
- The identification and appropriate treatment of deviations;
- Adapting the software to the entity's needs;
- Ensuring the accuracy and exhaustiveness of the accounting records;
- Complying with the quality characteristics of the information included in the financial statements.

3.5 SGM competence and shareholders' rights

The SGM's competence and shareholders' rights are in accordance with national law.

ALUMIL ROM INDUSTRY S.A.
ANNUAL REPORT OF THE ADMINISTRATOR
For the year ended 31 December 2022
(All amounts are expressed in RON, unless otherwise stated)

4. Financial and accounting statement

Assets and liabilities during 2022 - 2021

RON

Balance sheet items	2022	2021
Non-current assets	33,122,711	34,560,921
Intangible assets	266,999	165,582
Tangible assets	18,030,989	19,421,153
Right of use assets from leasing agreements	4,350,705	4,515,446
Financial assets	7,320,857	7,304,797
Loans granted to related parties	2,767,525	2,778,647
Deferred tax asset	385,636	375,296
Current assets	40,905,191	38,914,012
Inventories	22,396,330	20,948,046
Receivables	16,546,140	12,897,076
Petty cash and bank accounts	1,962,721	5,068,890
TOTAL ASSETS	74,027,902	73,474,933
Equity	57,662,944	57,163,765
Long-term liabilities	5,565,774	6,285,822
Current liabilities	10,799,184	10,025,346
TOTAL LIABILITIES	74,027,902	73,474,933

Profit and loss statement for 2022 - 2021

RON

	2022	2021
Sale revenues	109,104,562	90,812,876
Cost of sales	(75,925,214)	(59,964,140)
Gross margin	33,179,348	30,848,736
Other operating income	1,581,315	1,074,870
Sale and distribution expenses	(20,834,408)	(18,068,452)
Administrative expenses	(6,070,846)	(6,440,358)
Operating profit	7,855,409	7,414,796
Interest and related income	101,868	150,679
Interest expense	(330,907)	(256,265)
Foreign exchange gains/(losses)	25,548	167,777
Profit before tax	7,651,918	7,476,987
Current income tax charge	(1,163,079)	(1,311,018)
Deferred income tax	10,340	(144,540)
Net profit for the year	6,499,179	6,021,429
Earnings per share	0.2080	0.1927

President of the Board of Directors,
 Michail Sotiriou

C.E.O.
 Marius Ionita

Statement of the Board of Directors
of ALUMIL ROM INDUSTRY Company

The Board of Directors of ALUMIL ROM INDUSTRY Company hereby states that they undertake the liability for the preparation of the annual financial statements as at 31 December 2022.

The Board of Directors of ALUMIL ROM INDUSTRY Company hereby confirms the following concerning the annual financial statements as at 31 December 2022:

- a) The annual financial statements are prepared in accordance with the International Financial Reporting Standards as endorsed by the European Union.
- b) The accounting policies used for the preparation of the annual financial statements are in compliance with the applicable accounting regulations;
- c) The annual financial statements give a fair view of the financial position, financial performance and of the other information regarding the activity performed;
- d) The Company performs its activity under the going concern principle.

This Statement is compliant with the provisions of Art. 30 of Accounting Law 82/1991 as republished.

PRESIDENT OF THE BOARD OF DIRECTORS,

Sotiriou Michail

ALUMIL ROM INDUSTRY S.A.
STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2022
(All amounts are expressed in RON, unless otherwise stated)

	Notes	2022	2021
Net revenue	23	109,104,562	90,812,876
Cost of sales	24	(75,925,214)	(59,964,140)
Gross margin		33,179,348	30,848,736
Other operating income	23	1,581,315	1,074,870
Sale and distribution expenses	25	(20,834,408)	(18,068,452)
Administrative expenses	26	(6,070,846)	(6,440,358)
Operating profit		7,855,409	7,414,796
Interest income		101,868	150,679
Interest expense	28	(330,907)	(256,265)
Foreign exchange gains/(losses)		25,548	167,777
Profit before tax		7,651,918	7,476,987
Current income tax charge	21	(1,163,079)	(1,311,018)
Deferred income tax	21	10,340	(144,540)
Net profit for the year		6,499,179	6,021,429
Other comprehensive income		-	-
Comprehensive income for the year		6,499,179	6,021,429
Earnings per share		0.2080	0.1927

Marius Ionita
C.E.O.

Ciprian Balasca
C.F.O.

ALUMIL ROM INDUSTRY S.A.
STATEMENT OF FINANCIAL POSITION
for the year ended 31 December 2022
(All amounts are expressed in RON, unless otherwise stated)

	Notes	31 December 2022	31 December 2021
Non-current assets			
Intangible non-current assets	8	266,999	165,582
Tangible non-current assets	7	18,030,989	19,421,153
Right of use assets from leasing contracts	9	4,350,705	4,515,446
Shares in affiliates	10	7,136,564	7,136,564
Loans to affiliates	32	2,767,525	2,778,647
Long-term receivables	11	184,293	168,233
Deferred tax asset	20	385,636	375,296
Total non-current assets		33,122,711	34,560,921
Current assets			
Inventories	12	22,396,330	20,948,046
Receivables	13	15,881,549	12,197,068
Other receivables and prepayments	14	664,591	700,008
Cash and cash equivalents	15	1,962,721	5,068,890
Total current assets		40,905,191	38,914,012
TOTAL ASSETS		74,027,902	73,474,933
LIABILITIES AND EQUITY			
Equity			
Capital	16	10,337,676	10,337,676
Share premiums		26,693,396	26,693,396
Retained earnings		14,154,226	13,655,047
Reserves		6,477,646	6,477,646
Total equity		57,662,944	57,163,765
Long-term liabilities			
Long-term loans	18	-	-
Investment subsidies	19	3,322,813	3,677,813
Lease liabilities	20	2,242,961	2,608,009
Deferred income tax	21	-	-
Total long-term liabilities		5,565,774	6,285,822
Current liabilities			
Suppliers and other payables	22	6,292,888	5,665,326
Lease liabilities	20	2,254,392	2,062,311
Short-term loans	18	2,211,584	2,231,732
Current income tax payable	21	40,320	65,977
Total current liabilities		10,799,184	10,025,346
LIABILITIES AND EQUITY – TOTAL		74,027,902	73,474,933

These financial statements and the accompanying notes were approved by the Board of Directors and signed on their behalf on 22 March 2023.

Marius Ionita
C.E.O.

Ciprian Balasca
C.F.O.

ALUMIL ROM INDUSTRY S.A.
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
for the year ended 31 December 2022

(All amounts are expressed in RON, unless otherwise stated)

	Capital	Share premium	Reserves	Retained earnings	Total equity
1 January 2021	10,337,676	26,693,396	6,477,646	11,071,118	54,579,836
Dividends distributed	-	-	-	(3,437,500)	(3,437,500)
Profit for 2021	-	-	-	6,021,429	6,021,429
31 December 2021	10,337,676	26,693,396	6,477,646	13,655,047	57,163,765
Dividends distributed	-	-	-	(6,000,000)	(6,000,000)
Profit for 2022	-	-	-	6,499,179	6,499,179
31 December 2022	10,337,676	26,693,396	6,477,646	14,154,226	57,662,944

The legal reserves of the Company, set in accordance with the Company Law, are in an amount RON 1,250,000 as at 31 December 2022 (31 December 2021: RON 1,250,000).

The legal reserve is set in accordance with the provisions of the Romanian Company Law, which requires that 5% of the annual accounting profit is transferred to legal reserves until the balance of this reserve reaches 20% of the share capital of the Company. If this reserve is used in full or in part for covering the losses or for the distribution in any way (such as issuing of new shares according to the Companies Law), it becomes taxable.

ALUMIL ROM INDUSTRY S.A.
STATEMENT OF CASH FLOWS
for the year ended 31 December 2022
(All amounts are expressed in RON, unless otherwise stated)

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities		
Profit before tax	7,651,918	7,476,987
Adjustments for monetary items:		
Amortization expenses 7, 8, 9	4,345,214	4,298,696
Setting /(reversal) of provisions for doubtful customers and inventories	177,678	(1,989,374)
Setting /(reversal) of provisions, net	-	-
(Profit) /loss from sale of tangible assets	-	(157,376)
Revenues from reversal of investment subsidies	(355,000)	(366,653)
Interest (income)/expenses – net	157,494	199,329
Operating income before other changes in working capital	11,977,304	9,461,609
(Increases)/Decreases in trade and other receivables	(3,705,058)	264,124
(Increase)/decrease in inventories	(1,574,906)	(7,748,658)
Increases/(decreases) in suppliers and other payables	644,554	1,207,509
Net cash after changes in working capital	7,341,894	3,184,584
Income tax paid	(1,188,736)	(1,398,310)
Interest paid	(259,362)	(200,954)
Net cash generated from / (used in) operating activities	5,893,796	1,585,320
Net cash flows from investment		
Purchases of tangible, intangible and financial assets 7, 8, 10	(680,637)	(2,567,348)
Interest received	101,868	150,679
Cash advances and loans granted to affiliates	-	2,227,833
Net cash generated from / (used in) investment	(578,769)	(188,836)
Cash flows from finance activities		
Dividends paid	(6,000,000)	(3,437,500)
Loans received 18	-	2,231,732
Loans reimbursement 18	(20,148)	-
Payments for lease liabilities	(2,401,048)	(2,284,201)
Net cash (used in) finance activities	(8,421,196)	(3,489,969)
Increase/(decrease) in cash and cash equivalents	(3,106,169)	(2,093,485)
Cash and cash equivalents at beginning of period	5,068,890	7,162,375
Cash and cash equivalents at the end of period	1,962,721	5,068,890

1. GENERAL INFORMATION

ALUMIL ROM INDUSTRY S.A. is a Romanian trading company with private capital, having head office in Bucharest, Soseaua Bucuresti Ploiesti no. 42-44, Complex Baneasa Business & Technology Park, Sector 1, Romania, having a national distribution network through the warehouses from Bucharest, Alba-Iulia, Bacau, Baia-Mare, Bistrita, Brasov, Cluj-Napoca, Craiova, Constanta, Galati, Iasi, Pitesti, Ploiesti, Slatina, Targu-Mures, Timisoara, Filipestii de Padure. Alumil Rom Industry is a joint-stock company. Starting May 2007, the Company shares are listed on the Bucharest Stock Exchange.

ALUMIL ROM INDUSTRY S.A. Company is a member of a European multinational industrial group involved in Aluminum extrusion. The direct and ultimate parent of the Company is ALUMIL ALUMINIUM INDUSTRY S.A., a company with the trading name ALUMIL S.A., established in 1998, registered in Kilkis, Greece, 61100.

The main activity of the Company

ALUMIL ROM INDUSTRY S.A. sells Aluminum profiles and accessories, equipment for Aluminum joinery, interior doors and Aluminum panels.

Going concern

The financial statements have been prepared on the assumption that assuming that the Company will continue its activity without important changes in the predictable future.

2. OPERATING ENVIRONMENT

In recent years, Romania has undergone substantial political and economic changes. Romania is a market with a developing business infrastructure. The operations performed in Romania involve risks. The dynamic regarding the political, legal and tax environments could significantly affect the Company's ability to perform its commercial activity and it is not possible to estimate what changes may occur or their effect on the Company's financial conditions or future operating results.

3. BASIS FOR PREPARATION

The separate financial statements of the Company have been prepared in accordance with the provisions of Order of the Minister of Public Finance no. 2844/2016 approving the accounting regulations compliant with the International Financial Reporting Standards applicable to companies whose securities are admitted to trading on a regulated market, with all subsequent changes and clarifications. These provisions are aligned with the requirements of the International Financial Reporting Standards (IFRS) as endorsed by the European Union (EU), with the exception of the provisions of IAS 21 The Effects of Changes in Foreign Exchange Rates regarding the functional currency. For the purposes of the preparation of these financial statements in accordance to Romanian legislative requirements, the functional currency of the Company is deemed to be the Romanian Leu (RON).

For all periods up to and including the year ended 31 December 2011, the Company prepared its financial statements in accordance with Romanian generally accepted accounting practice (MOF 3055/2009 as subsequently amended). Starting the year ended 31 December 2012, the Company prepares separate financial statements according to IFRS.

The financial statements are presented in RON and all amounts are rounded to the nearest RON, unless otherwise stated. The financial statements have been prepared on a historic cost basis.

The Company also prepared for the period 2007 – 2017 consolidated financial statements according to IFRS as adopted by the EU, which are available on the Company website www.alumil.com/ro.

4. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The adopted accounting policies are consistent with those applied in the prior financial year, except the following amended IFRS, which were adopted by the Company as of 1 January 2022:

- **Reference to the Conceptual Framework – Amendments to IFRS 3**
The amendments became effective for annual periods beginning on or after 1 January 2022.
The amendments add an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* or IFRIC 21 *Levies*, if incurred separately.
At the same time, the amendments add a new paragraph to IFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.
Management assessed that the impact of these amendments on the financial statements is limited.
- **Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16**
The amendments became effective for annual periods beginning on or after 1 January 2022.
The amendments prohibits entities from deducting from the cost of an item of property, plant and equipment (PP&E), any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss.
Management assessed that the impact of these amendments on the financial statements is limited.
- **Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37**
The amendments became effective for annual periods beginning on or after 1 January 2022.
The amendments apply a 'directly related cost approach'. The costs that relate directly to a contract to provide goods or services include both incremental costs (e.g., the costs of direct labour and materials) and an allocation of costs directly related to contract activities (e.g., depreciation of equipment used to fulfil the contract as well as costs of contract management and supervision). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.
Management assessed that the impact of these amendments on the financial statements is limited.
- **IASB has issued the Annual improvements to IFRSs – 2018 - 2020 Cycle**, which is a collection of amendments to IFRS:
 - *IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter* – the amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to IFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1. The amendments became effective on effective for annual periods beginning on or after 1 January 2022 and early application is permitted;
 - *IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial statements* – The amendments clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either borrower or lender on the other's behalf. The amendments became effective on 1 January 2022 and early application is permitted;
 - *IAS 41 Agriculture – Taxation in fair value measurements* – The amendment removes the requirement in paragraph 22 to IAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of IAS 41. The amendments became effective on 1 January 2022 and early application is permitted.

Management assessed that the impact of these amendments on the financial statements is limited.

4. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

Standards issued but not yet effective and not early adopted

- **IFRS 17 Insurance Contracts**

The standard becomes effective for annual periods beginning on or after 1 January 2023, replacing IFRS 4 *Insurance Contracts*. It 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 (life, non-life, direct insurance and re-insurance).

An entity is required to choose one of the following two alternatives:

- Modified retrospective approach;
- Fair value approach

Early application is permitted, with comparatives figures required.

Management did not assess yet the impact of this new standard on the financial statements.

- **Classification of Liabilities as Current or Non-Current – Amendments to IAS 1**

The amendments become effective for annual periods beginning on or after 1 January 2023. Amendments were issued to paragraphs 69 to 76 of IAS 1 *Presentation of Financial Statements* to specify the requirements for classifying liabilities as current or non-current.

Management did not assess yet the impact of this new standard on the financial statements.

- **Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2**

The amendments become effective for annual periods beginning on or after 1 January 2023. Earlier application is permitted as long as this fact is disclosed.

The amendments aim to help entities provide accounting policy disclosures that are more useful by:

- Replacing the requirement for entities to disclose their “significant” accounting policies with a requirement to disclose their “material” accounting policies

And

- Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures

Management did not assess yet the impact of this new standard on the financial statements.

- **Definition of Accounting Estimates – Amendments to IAS 8**

The amendments become effective for annual periods beginning on or after 1 January 2023.

In February 2021, the Board issued amendments to IAS 8, in which it introduces a new definition of “accounting estimates”.

The amendments clarify the distinction between the changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurements techniques and inputs to develop accounting estimates.

Management did not assess yet the impact of this new standard on the financial statements.

- **Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12**

The amendments become effective for annual periods beginning on or after 1 January 2023.

In May 2021, the Board issued amendments to IAS 12, which narrow the scope of initial recognition exception under IAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

Management did not assess yet the impact of this new standard on the financial statements.

4. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

Standards issued but not yet effective and not early adopted (continued)

- **Lease Liability in a Sale and Leaseback – Amendments to IFRS 16**

The amendment specifies the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognize any amount of the gain or loss that relates to the right of use it retains.

After the commencement date in a sale and leaseback transaction, the seller-lessee applies paragraphs 29 to 35 of IFRS 16 to the right-of-use asset arising from the leaseback and paragraphs 36 to 46 of IFRS 16 to the lease liability arising from the leaseback. In applying paragraphs 36 to 46, the seller-lessee determines “lease payments” or “revised lease payments” in such a way that the seller-lessee would not recognize any amount of the gain or loss that relates to the right of use retained by the seller-lessee.

The amendment become effective for annual periods beginning on or after 1 January 2024. Earlier application is permitted and that fact must be disclosed.

Management did not assess yet the impact of this new standard on the financial statements.

5. SUMMARY OF ACCOUNTING POLICIES

The significant accounting policies adopted for the preparation of the financial statements are detailed below:

a) *Estimates and assumptions*

The preparation of the IFRS financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and related information, and the disclosure of contingent liabilities, at the end of the reporting period. Real results may be different from these estimates. These estimates are reviewed periodically and, where adjustments are required, they are reported in income statement in the periods when they occur.

Uncertainty about these assumptions and estimates could result in material adjustments in the future to the amounts disclosed on the financial statements.

The Company makes estimates concerning the capacity to cash in the invoices having overdue maturities and set provisions for that portion of the receivables for which the receipt becomes uncertain. Specific provisions are set for the clients against which legal procedures were opened, regardless of their age. For invoices older than one year, the Company sets provisions covering 100% of their value. For determining this percentage, the Company is analyzing the history of receipts and the current economic conditions. If recent information shows that it is necessary to adjust the provision, the Company will register an adjustment of it in the period when the conditions leading to the discounting of the provision were identified. Since the Company cannot foresee the changes in the clients' future financial stability, it is possible that, in the future, the setting of additional provisions will be necessary.

b) *Shares in affiliates*

The investments held in affiliates are disclosed on the Company separate financial statements at cost, minus potential impairment losses. The dividends receivable from the affiliates are recognized when the Company right to receive the payment is established. The impairment losses identified are recognized in profit and loss (Note 5f).

5. SUMMARY OF ACCOUNTING POLICIES (continued)

c) *Tangible assets*

Tangible assets are measured at cost, as adjusted for the effect of hyperinflation until 31 December 2003.

The initial cost of tangible assets comprises its purchase price, including import duties and non-refundable purchase taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditures incurred after the fixed assets have been put into operation, such as repairs and maintenance costs, are normally charged to the statement of comprehensive income in the period when they are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of the asset beyond its originally assessed standard of performance, the expenditures are capitalized as an additional cost.

Depreciation is charged on a straight-line basis, using the economic useful lives estimated by the management and considered to be representative from the perspective of the use Company using the future economic benefits generated by the assets. The subsequent improvement costs are capitalized and amortized over the remaining useful life of the asset. No depreciation is computed for land.

The estimated useful lives are as follows:

Category	Useful live (years)
Buildings and special constructions	20 – 60
Tools and machinery	5 – 15
Motor vehicles	4 – 6
Furniture	3 – 15

The estimated useful lives and depreciation method are reviewed periodically to ensure that they are consistent with the expected pattern of economic benefits from tangible assets.

The Company management assesses on an annual basis whether there is an indication that the net value of assets may be impaired. If any indication exists, the Company estimates the asset's recoverable amount and, where appropriate, it records impairment expenses for the difference between the recoverable amount and the net book value.

Tangible assets are eliminated from the balance sheet when the asset is disposed or when no benefits are expected from its use. Gains or losses on the retirement/sale of non-current assets are recognized in the statement of comprehensive income.

d) *Borrowing costs*

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

e) *Intangible assets*

Intangible assets are measured at cost and are amortized on a straight-line basis over 3 to 5 years.

5. SUMMARY OF ACCOUNTING POLICIES (continued)

f) Impairment of non-financial assets

According to IAS 36 *Impairment of Assets*, the value of the tangible, intangible and financial assets is assessed annually for identifying the circumstances indicating their impairment. Whenever the net value of an asset exceeds its recoverable amount, an impairment loss is recognized in the statement of comprehensive income for tangible and intangible assets.

The recoverable amount of an asset is the higher of the fair value less the costs generated by the asset's sale and the value in use.

The fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date and the value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

The recoverable amounts are estimated for individual assets, and when this is not possible, for cash flow generating units. The reversal of impairment losses recognized in prior years may only occur when there is an indication that the impairment loss previously recorded for that asset may no longer exist or may have decreased, the reversal is charged as income.

g) Financial assets

In accordance with IFRS 9 *Financial Instruments*, when the Company first recognizes a financial asset, it classifies it based on its business model for managing the asset and the asset's contractual cash flow characteristics as follows:

- Amortised cost – a financial asset is measured at amortised cost if both of the following conditions are met:
 - The asset is held within a business model whose objective is to hold assets in order to collect individual cash flows; and
 - The contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
- Fair value through other comprehensive income – financial assets are classified and measured at fair value through othe comprehensive income if they are held in a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets;
- Fair value through profit and loss – any financial asetsa that are not held in one of the twom business models mentioned are measured at fair value through profit and loss.

When, and only when, an entity changes its business model for managing financial assets it must reclassify all affected financial assets.

Receivables and loans are the most relevant for the Company. Receivables and loans are non-derivative financial instruments with fixed determinable payments that are not quoted on an active market. After initial recognition, these financial assets are recognized at depreciated cost using the effective interest rate method. The depreciated cost is computed by taking into account any discount, premium or purchase costs that form the effective interest rate. The depreciation based on the effective interest rate is included in profit and loss under financial result. The losses resulted from depreciation are recognized in profit and loss under financial result, in case of loans, and under operating expenses, in case of receivables.

Financial assets, other than FVTPL, are assessed for indicators of impairment at the end of each reporting period.

5. SUMMARY OF ACCOUNTING POLICIES (continued)

g) Financial assets (continued)

Financial assets are considered impaired when there is objective proof that, following one or several events that took place after the initial recognition of the financial asset, the estimated future cash flows of the investment were affected.

Objective proof of impairment could include:

- Significant financial difficulties of the issuer or partner; or
- Breaching the contract, such as the failure to comply with the financial obligations or deviations from the payments of interest or principal; or
- It becomes likely that the debtor will become insolvent or subject to financial reorganization; or
- The disappearance of an active market for the financial asset because of the financial difficulties.

For certain categories of financial assets, such as trade receivables, assets that are assessed as individually impaired are, in addition, assessed for impairment collectively. The objective proof of an asset's impairment could include the Company's past experience in collecting payments, an increase in the portfolio's number of late payments above the average credit period, as well as the noticeable changes in the national or local economic conditions that are correlated with the failure to comply with the financial obligations related to receivables.

The carrying amount of the financial asset is decreased by impairment losses directly for all financial assets, except for trade receivables, where the book value is decreased by using an allowance for impairment account. Subsequent recoveries of values canceled previously are credited to the allowance for impairment account. Changes in the carrying amount of the allowance for impairment account are recognized in profit and loss.

Impairment of financial assets is recognised in stages:

Stage 1 – as soon as a financial instrument is originated or purchased, 12-month expected credit losses are recognised in profit or loss and a loss allowance is established. This Serves as a proxy for the initial expectations of credit losses. For financial assets, interest revenue is calculated on the gross carring amount (ie without deduction for expected credit losses);

Stage 2 – if the credit risk increases significantly and is not considered low, full lifetime expected credit losses are recognised in profit or loss. The calculation of interest revenue is the same as for Stage 1;

Stage 3 – if the credit risk of a financial assets increases to the point that it is considered credit-impaired, interest revenue is calculated based on the amortised cost (ie the gross carrying amount less the loss allowance). Financial assets at this stage will generally be assessed individually. Lifetime expected credit losses are recognised on these financial assets.

The financial assets are derecognized when the rights to receive cash flows from the asset have expired or the Company has transferred its rights to receive cash flows from the asset (either directly or under a "pass-through" arrangement). The Company has no financial assets at fair value through profit and loss or financial assets available for sale.

h) Financial liabilities

In accordance with IFRS 9 *Financial Instruments*, the Company's financial liabilities are measured at amortized cost, except for the financial liabilities at fair value through profit or loss. Such liabilities include derivatives (other than derivatives that are financial guarantee contracts or are designed and effective hedging instruments), other liabilities held for trading, and liabilities that an entity designates to be measured at fair value through profit or loss (see "fair value option" below). After initial recognition, an entity cannot reclassify any financial liability.

5. SUMMARY OF ACCOUNTING POLICIES (continued)

h) Financial liabilities (continued)

Fair value approach

The entity may, at the time of initial recognition, irrevocably designate a financial asset or financial liability that would otherwise be measured at amortized cost or fair value through other income to be measured at fair value through profit or loss if this approach would eliminate or would significantly reduce inconsistencies in measurement or recognition (sometimes referred to as “accounting mismatch”) or results in any other way in more relevant information.

The Company’s financial liabilities classified as: loans, trade and other payables. These financial liabilities are recognized initially at fair value net of the transaction costs directly attributable and are subsequently measured at amortized cost or based on the effective interest rate method.

Gains and losses are charged to the statement of comprehensive income when the liabilities are derecognized, as well as through the amortization process.

The financial liabilities are derecognized when the obligation is met or cancelled or expires.

The financial assets and liabilities are offset only when the Company has an enforceable legal right to offset and the intention to settle on a net basis, or to realize the assets and settle the liability simultaneously.

i) Foreign currency transactions

The functional and presentation currency: the financial statements of the Company are prepared in the currency of the economic environment in which it operates. The functional and presentation currency for the financial statements is the Romanian Leu (“RON”).

Transactions arising in foreign currencies are translated into RON at the exchange rate prevailing at the date of the transaction. Monetary assets and liabilities in foreign currencies are re-measured in RON at the exchange rate prevailing at the balance sheet date. Foreign exchange gains or losses, either realized or unrealized, are charged to the statement of comprehensive income. The RON/USD and RON/EUR as at 31 December 2022 and 2021 are detailed below:

Currency	31 December 2022	31 December 2021
RON/EUR	4.9474	4.9481
RON/USD	4.6346	4.3707

j) Inventories

Inventories are valued at the lower of cost and net realizable value, using the weighted average cost method.

The net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale. Where necessary, impairment is recorded for excess, obsolete or defective inventory.

5. SUMMARY OF ACCOUNTING POLICIES (continued)

k) Receivables

Receivables are initially carried at the fair value of the consideration receivable and subsequently measured at amortized cost, after allowance for impairment estimated based on factors relevant for their collectability. Evidence of impairment include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in payments, the probability that they will enter in bankruptcy or other financial reorganization. Actual losses may differ from current estimates.

l) Cash and cash equivalents

Cash includes petty cash and bank accounts. Cash equivalents are highly liquid short-term investments that can be quickly transformed into a known amount, with original maturity of at most three months and have an insignificant risk of change in value.

m) Payables

Liabilities are initially carried at the fair value of the consideration payable and subsequently measured at amortized cost, and include amounts payable, whether or not invoiced, for goods, works and services.

n) Loans

The Company classified the loans in short and long-term loans, according to the maturity provided by the loan agreement.

The loans are initially carried at the amount of the drawings, net of transaction costs. Subsequently, they are reflected at amortized cost using the effective interest rate, the difference between the amount of the drawings and the amount reimbursable being carried in the net profit for the period, over the loan period. The transaction cost includes commissions and fees paid to agents, brokers or dealers.

o) Government grants

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognized as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate. When the grant relates to an asset, it is recognized as deferred income and released to income in equal amounts over the expected useful life of the related asset.

When loans or similar assistance are provided by governments or related institutions with an interest rate below the current applicable market rate, the effect of this favorable interest is regarded as additional government grants.

5. SUMMARY OF ACCOUNTING POLICIES (continued)

p) Employee benefits

Short-term benefits:

Short-term employee benefits include salaries and social security contributions. They are recognized as expenses as services are rendered.

Post-employment benefits – pension plan:

Both the Company and its employees have the obligation to pay monthly contributions (including social security contributions) to the National Pension Fund administered by the Social Insurance of the Romanian State and to private pension funds (starting 2008). Therefore, the Company has no legal obligation to pay future amounts, other than these contributions related to pensions. If the Company no longer employs new personnel who are members of the Social Insurance of the Romanian State, it will have no obligation to pay the benefits obtained by its employees in prior years. The Company contributions to the pension plan are charged to the statement of comprehensive income in the year to which they relate.

Compensation benefits – pension plan:

As provided by the Romanian Law, the Company makes compensation payments in cases of downsizing, whether or not related to reorganization. The expenses with these payments are recognized when the management decides to adopt a plan that will result in future compensation payments and, until the balance sheet date, it either starts to implement the restructuring plan or provided information about the restructuring plan to those affected by it in a sufficiently specific manner to raise a valid expectation that the Company will carry out the restructuring.

q) Profit tax

The tax on the profit or loss for the year comprises the current tax and the deferred tax. Current tax assets and liabilities for the current and prior periods are carried at the amount expected to be recovered from or paid to the taxation authorities.

The current income tax is computed according to the fiscal legislation in force in Romania and is based on the results reported on the statement of comprehensive income of the Company, prepared in accordance with the local accounting standards, following any adjustments for fiscal purposes. The current income tax is applied on the accounting profit adjusted according to the fiscal legislation in a rate 16% (2021: 16%). The fiscal losses may be carried forward for seven years.

The deferred income tax reflects the tax effect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the fiscal amounts used for current income tax purposes. The deferred income tax recoverable or payable is determined using the tax rate expected to be applicable in the year when the temporary differences will be recovered or settled. The assessment of the deferred tax payable or recoverable reflects the tax consequences that would result from the manner in which the Company expects to realize or settle the carrying amount of its assets and liabilities as at the balance sheet date.

The deferred tax liabilities are recognized regardless of the time when is probable to realize the temporary differences. Deferred tax assets and liabilities are not discounted. Deferred tax assets are recognized when it is probable that future taxable profit will be available against which the deferred tax can be utilized. Deferred tax liabilities are recognized for all taxable temporary differences.

5. SUMMARY OF ACCOUNTING POLICIES (continued)

r) Value Added Tax (VAT)

The revenues, expenses, assets and liabilities are recognized net of the amount of VAT, except:

- When the VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, it is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable.
- Receivables and liabilities are stated with the amount including VAT.

The net VAT amount recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

s) Revenue recognition

The revenue is recognized in accordance with IFRS 15 *Revenues from Contracts with Customers*, which establishes a five-step model that will apply to revenue earned from a contract with a customer (with limited exceptions), regardless of the type of revenue transaction or the industry

The sales, which exclude taxes and discounts, are recognized on delivery of the goods or the rendering of the services and when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on their delivery.

Interest income is recognized when the interest becomes due (using the effective interest rate, being the rate that equalizes the estimated future cash flows over the life of the financial instrument with the net carrying amount of the financial asset).

The revenues from dividends are recognized when the Company's right to receive the payment is established.

t) Fair value of financial instruments

The company is valuing the financial instruments at the fair value as the balance sheet date. Presentations related to the fair value of financial instruments are presented in Note 17. Fair value is the price the company would receive for the sale of an asset or for transferring a liability within a transaction between two market participants at the date of measuring. The fair value is determined based on the assumption that the transaction to sell the asset or transfer the liability takes place:

- On the main market of assets and liabilities, or
- In the absence of a main market, on the most advantageous market for that asset or liability

The fair value of an asset or of a liability is determined based on the assumptions the market participants would use, assuming that the market participants were acting to their best economic interests.

All assets and liabilities for which the fair value is determined or presented in the financial statements are included in the fair value hierarchy, presented below, based on the lowest input that is significant for determining the fair value:

- Level 1 — Unadjusted market prices for similar assets or liabilities
- Level 2 — Valuation techniques for which the lowest input value, significant for the fair value, is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest material input value is not observable

For assets and liabilities recognized in the financial statements at fair value based on a recurrent basis, the Company determines whether there were transfers between hierarchy categories by assessing the categorization at the end of each reporting period. In order to present the fair value, the company has determined classes of assets and liabilities based on the nature, characteristics and risks of the assets and liabilities, as well as on the fair value hierarchy, as presented above.

5. SUMMARY OF ACCOUNTING POLICIES (continued)

u) Provisions

The provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, and if it is probable (is more likely than not) that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The provisions are reviewed at the end of each financial year as adjusted to reflect the current best estimate. When the effect of the time value of money is material, the amount of the provisions is the discounted amount of the expenses necessary to settle the obligation.

v) Contingencies

Contingent liabilities are not recognized in the financial statements. They are disclosed in the notes, unless the possibility of an outflow of resources embodying economic benefits is remote.

A contingent asset is not recognized in the consolidated financial statements but disclosed in the notes when an inflow of economic benefits is probable.

w) Subsequent events

The events after the balance sheet date are those events, favorable or unfavorable, that occur between the balance sheet date and the date when the financial statements are authorized for issue.

The events after the balance sheet date that provide additional information on the Company position at the balance sheet date are adjusting events after the balance sheet date.

The events after the balance sheet date that are indicative of the conditions that arose after the balance sheet date are non-adjusting events after the balance sheet date.

x) Affiliates

A party is considered an affiliate when, through ownership, by contract, family relations or otherwise, has the ability to control, directly or indirectly, or to have a significant influence over the other party. Affiliates also include individuals such as the main owners, the management, and members of the Company's Board of Directors and members of their families.

6. SEGMENT REPORTING

Alumil Rom Industry offers a wide range of Aluminum profiles and accessories and tools used for Aluminum profiles processing. The Company has a single operating segment according to IFRS 8.

The sale detailing by value for the main categories of products is as follows:

Product category	2022	2021
Profiles	78,139,747	63,264,973
Accessories	30,159,884	26,122,184
Composite Aluminum panels	280,170	418,208
Systems for automation applications	271,048	640,002
Painting services, waste, and other	253,713	367,509
Total	109,104,562	90,812,876

The value structure of the sales on the domestic and foreign market, respectively, is shown below:

Market	2022	2021
Domestic	106,977,330	89,489,074
Foreign	2,127,232	1,323,802
Total	109,104,562	90,812,876

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7. TANGIBLE ASSETS - NET

As at 31 December 2022 and 2021, the tangible assets – net, are as follows:

	31 December 2022	31 December 2021
Land and buildings	14,677,581	14,997,284
Equipment and motor vehicles	2,783,091	3,575,203
Furniture	508,609	538,065
Advances and tangible assets in progress	61,708	310,601
Total tangible assets	18,030,989	19,421,153

The evolution of the tangible assets during the period 31 December 2021 to 31 December 2022 is shown below:

	Land and Buildings	Tools and motor vehicles	Furniture	Advances and tangible assets in progress	Total
Cost					
01 January 2021	20,358,157	20,716,804	2,449,461	3,976	43,528,398
Additions 2021	49,000	339,523	94,369	321,244	804,136
Disposals 2021	-	(81,244)	(12,970)	-	(94,212)
Transfers 2021	-	-	14,619	(14,619)	-
31 December 2021	20,407,157	20,975,085	2,545,479	310,601	44,238,322
Additions 2022	-	103,795	88,033	257,537	449,365
Disposals 2022	-	-	-	-	-
Transfers 2022	429,684	72,346	4,400	(506,430)	-
31 December 2022	20,836,841	21,151,226	2,637,912	61,708	44,687,687
Accumulated depreciation					
01 January 2021	4,660,937	16,475,642	1,900,631	-	23,037,210
Expense for 2021	748,936	972,633	119,753	-	1,841,322
Accumulated depreciation related to disposals 2021	-	(48,393)	(12,970)	-	(61,363)
31 December 2021	5,409,873	17,399,882	2,007,414	-	24,817,169
Expense for 2022	749,387	968,253	121,889	-	1,839,529
Accumulated depreciation related to disposals 2022	-	-	-	-	-
31 December 2022	6,159,260	18,368,135	2,129,303	-	26,656,698
Remaining value					
31 December 2021	14,997,284	3,575,202	538,065	310,601	19,421,153
31 December 2022	14,677,581	2,783,091	508,609	61,708	18,030,989

As at 31 December 2022 and 31 December 2021, the Company management verified whether indication that assets may be impaired exists and concluded no such indication, from external or internal sources, existed.

7. TANGIBLE ASSETS – NET (continued)

Borrowing costs capitalized

The Company signed in May 2011 the funding agreement with the Managing Authority within the Ministry of Economy, Trade and Business Environment, as part of the “Sectoral Operational Program Increasing Economic Competitiveness”. The project was implemented over 26 months and consisted in the building of the industrial hall and of the office area, and the purchase of state-of-the-art tools and equipment. The main equipment purchased under the project are: thermal break profile production line, wood-effect electrostatic painting, wood-effect horizontal electrostatic painting, treatment plant, lifting system for pallets, travelling cranes, automatic system for storage on shelves, etc.

The project was finalized in 2013, and the value of the investment, VAT excluded, as at 31 December 2013 was RON 20,085,466, out of which, non-reimbursable funding RON 5,963,721. The building was funded in part under a financing contract “Investment facility” signed in 2012 with Millennium Bank. Consequently, in 2022 and 2021, no interest was capitalized. The non-amortized value of the investment as at 31 December 2022 is RON 11,503,023 (31 December 2021: RON 12,364,868). Details on the pledged fixed assets are presented in Note 18.

The net value of the non-current assets set as guarantees as of 31 December 2022 is of RON 14,579,702 (for the credit line for current needs in amount of EUR 1,600,000 (31 December 2021: RON 10,096,088)).

The gross value of the fixed assets fully depreciated as of 31 December 2022 is of RON 20,257,536 (31 December 2021: RON 18,891,973).

8. INTANGIBLE ASSETS - NET

As at 31 December 2022 and 2021, the intangible assets include:

	31 December 2022	31 December 2021
Software	265,747	164,330
Advances and intangible assets in progress	1,252	1,252
Total intangibles	266,999	165,582

The software licenses used by the Company are Oracle Standard, Windows XP and Bitdefender.

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8. INTANGIBLE ASSETS – NET (continued)

The evolution of the intangible assets during the period is as follows:

	<u>Software</u>	<u>Other intangible assets</u>	<u>Advances and intangible assets in progress</u>	<u>Total</u>
<u>Cost</u>				
01 January 2021	5,880,799	-	-	5,880,799
Additions 2021	157,545	-	1,252	158,797
Disposals 2021	(430)	-	-	(430)
Transfers 2021	-	-	-	-
31 December 2021	6,037,914	-	1,252	6,039,166
Additions 2022	231,272	-	-	231,272
Disposals 2022	-	-	-	-
Transfers 2022	-	-	-	-
31 December 2022	6,269,186	-	1,252	6,270,438
<u>Accumulated amortization</u>				
01 January 2021	5,778,503	-	-	5,778,503
Expense for 2021	95,511	-	-	95,511
Disposals 2021	(430)	-	-	(430)
31 December 2021	5,873,584	-	-	5,873,584
Expense for 2022	129,855	-	-	129,855
Disposals 2022	-	-	-	-
31 December 2022	6,003,439	-	-	6,003,439
<u>Remaining value</u>				
31 December 2021	164,330	-	1,252	165,582
31 December 2022	265,747	-	1,252	266,999

During the year, software was acquired: Windows XP.

As at 31 December 2022 and 31 December 2021 no indication of impairment for intangible assets was identified.

9. RIGHT OF USE ASSETS FROM LEASE CONTRACTS – NET

As at 31 December 2022 and 31 December 2021 the right of use assets – net, are as follows:

	<u>31 December 2022</u>	<u>31 December 2021</u>
Buildings	3,705,910	3,767,741
Motor vehicles	644,795	747,705
Total right of use assets	4,350,705	4,515,446

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9. RIGHT OF USE ASSETS FROM LEASE CONTRACTS – NET (continued)

The evolution of the right of use assets during the period is as follows:

	Land and buildings	Equipment and motor vehicles	Furniture	Total
<u>Cost</u>				
01 January 2021	7,909,853	1,577,454	-	9,487,307
Additions 2021	472,638	-	-	472,638
Changes 2021	438,729	35,482	-	474,211
Disposals 2021	(510,668)	(63,252)	-	(573,920)
Exchange differences 2021	116,704	25,144	-	141,848
31 December 2021	8,427,256	1,574,828	-	10,002,084
Additions 2022	945,356	295,291	-	1,240,647
Changes 2022	4,022,545	-	-	4,022,545
Disposals 2022	(7,181,612)	-	-	(7,181,612)
Exchange differences 2022	(24,543)	(223)	-	(24,766)
31 December 2022	6,189,002	1,869,896	-	8,058,898
<u>Accumulated amortization</u>				
01 January 2021	3,108,657	475,964	-	3,584,621
Expense for 2021	1,957,041	404,824	-	2,702,473
Disposals 2021	(459,616)	(63,252)	-	(522,868)
Exchange differences 2021	53,433	9,587	-	63,020
31 December 2021	4,659,515	827,123	-	5,486,638
Expense for 2022	1,979,032	396,798	-	2,375,830
Disposals 2022	(4,147,792)	-	-	(4,147,792)
Exchange differences 2022	(7,663)	1,180	-	(6,483)
31 December 2022	2,483,092	1,225,101	-	3,708,193
<u>Remaining value</u>				
31 December 2021	3,767,741	747,705	-	4,515,446
31 December 2022	3,705,910	644,795	-	4,350,705

10. SHARES IN AFFILIATES

	31 December 2022	31 December 2021
Shares in Alumil EGE SA Turcia	1,970,482	1,970,482
Shares in Alumil MISR Egypt	5,166,082	5,166,082
Impairment adjustments	-	-
Total shares in affiliates	7,136,564	7,136,564

In 2015, the Company has participated in the establishment of ALUMİL EGE ALÜMİNYUM SANAYİ VE TİCARET ANONİM ŞİRKETİ ("ALUMIL EGE"), with the head office in Turkey, by a cash contribution of RON equivalent at subscription date of 538,890, the equivalent value of TRY 380,000. As of 31 December 2016, following the share capital increase, the Company has subscribed the amount RON 1,107,152, the equivalent value of TRY 760,000, representing 40% of ALUMIL EGE's shares. In October 2019, the share capital increase was decided for the ALUMİL EGE ALÜMİNYUM SANAYİ VE TİCARET ANONİM ŞİRKETİ, to the total value of 4,900,000 Turkish Lira, representing 4,900 shares having a nominal value of 1,000 Turkish Lira each, of which ALUMIL ROM INDUSTRY S.A. holds 40%, namely 1,960 shares at the nominal value of 1,000 Turkish Lira each.

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10. SHARES IN AFFILIATES (continued)

As at 31 December 2021, the net asset of ALUMIL EGE is RON 10,730,139, the equivalent of TRY 33,034,409 (2020: RON 7,929,260, the equivalent value of TRY 14,839,639). As part of the economic activity performed in 2021, the Company's turnover was of TRY 50,621,873, the equivalent of RON 16,442,847 (2020: TRY 30,181,629, the equivalent of RON 16,126,940), obtaining net profit of TRY 5,794,206, the equivalent of RON 1,882,057 (2020: TRY 2,655,941, the equivalent of RON 1,419,148).

In 2016, the Company participated in the establishment of ALUMIL MISR FOR ALUMINIUM AND ACCESORIES INDUSTRY JSC, having head office in Egypt, Cairo, with cash contribution in RON equivalent at subscription date amounting to RON 178,640, the equivalent of 400,000 Egyptian Lira, representing 40% of ALUMIL MISR FOR ALUMINIUM AND ACCESORIES INDUSTRY JSC's shares.

In November 2016, the first share capital increase was decided for ALUMIL MISR FOR ALUMINIUM AND ACCESORIES INDUSTRY JSC, up to the value of 16,000,000 Egyptian Lira, representing 16,000 shares having a nominal value of 1,000 Egyptian Lira each, out of which Alumil Rom Industry holds 40%, namely 6,400 shares at the nominal value of 1,000 Egyptian Lira each.

In December 2016 a second share capital increase was decided for the company ALUMIL MISR FOR ALUMINIUM AND ACCESORIES INDUSTRY JSC and, therefore the Company's capital reached 30,000,000 Egyptian Lira, representing 30,000 shares having a nominal value of 1,000 Egyptian Lira each, of which Alumil Rom Industry holds 40%, namely 12,000 shares having a nominal value of 1,000 Egyptian Lira each, the RON equivalent of RON 2,947,320.

In February 2019, the third share capital increase was decided for the ALUMIL MISR FOR ALUMINIUM AND ACCESORIES INDUSTRY JSC, with a total value of 20,600,000 Egyptian Lira, out of which the contribution of the Company is Egyptian Lira 8,240,000. The increase will be done in stages, so as of 31.12.2019 the share capital of the company amounted to Egyptian Lira 33,000,000 representing 33,000 shares having a nominal value of 1,000 Egyptian Lira each, of which Alumil Rom Industry holds 40%, namely 13,200 shares at the nominal value of 1,000 Egyptian Lira each.

In July 2020, the third share capital increase was performed for the ALUMIL MISR FOR ALUMINIUM AND ACCESORIES INDUSTRY JSC, with a total value of 3,000,000 Egyptian Lira, out of which the contribution of the Company is Egyptian Lira 1,200,000. The increase is done in stages, so as of 31.12.2020 the share capital of the company amounted to Egyptian Lira 36,000,000 representing 36,000 shares having a nominal value of 1,000 Egyptian Lira each, of which Alumil Rom Industry holds 40%, namely 14,400 shares at the nominal value of 1,000 Egyptian Lira each.

During 2021 there were 3 successive share capital increases for ALUMIL MISR FOR ALUMINIUM AND ACCESORIES INDUSTRY JSC, in a total amount of EGP 14,600,000, out of which Company's contribution is EGP 5,840,000. Consequently the share capital as at 31.12.2021 reached the value of 50,600,000 Egyptian Lira representing 50,600 shares at the nominal value of Egyptian Lira 1,000 lire egiptene each, out of which Alumil Rom Industry holds 40%, namely 20,240 shares at the nominal value of 1,000 Egyptian Lira each.

During the financial years 2021 and 2022, the Company performed no commercial activities, the only transactions relating its establishment.

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11. LONG-TERM RECEIVABLES

As at 31 December 2022 and 2021, the long-term receivables are as follows:

	31 December 2022	31 December 2021
Guarantees for rent	180,881	163,910
Other long-term receivables	3,412	4,323
Long-term receivables – total	184,293	168,233

As at 31 December 2022, the long-term receivables mainly comprise guarantees for the locations rented: RON 180,881 (31 December 2021: 169,910), and other guarantees: RON 3,412 (31 December 2021: RON 4,323).

12. INVENTORIES

	31 December 2022	31 December 2021
Raw materials and materials at cost and spare parts	8,386,584	6,030,872
Finished goods and merchandise at cost	15,625,813	16,422,599
Work in-progress	21,451	5,471
Impairment adjustments	(1,637,518)	(1,510,895)
Total inventories, net	22,396,330	20,948,046

The Company policy for inventory valuation provides that no provision is set for the inventories to be returned to the suppliers. For non-returnable items, provisions are set based on the accounting policy detailed in Note 5. The amount of the non-usable inventories is adjusted to the level of the recoverable value from aluminum waste. The amount of the inventories recognized as an expense during 2022 is RON 71,341,252 (2021: RON 58,592,928), being included in the statement of comprehensive income, in the cost of sales (and, as part of these, in the cost of inventory).

The Company set provisions for the impairment of merchandise inventories as follows:

	31 December 2022	31 December 2021
Balance as at 31 December	1,510,895	2,180,689
Provisions set during the year	126,623	-
Provisions reversed during the year	-	(669,794)
Balance as at 31 December	1,637,518	1,510,895

The amount of the provisions set or reversed is included in the statement of comprehensive income in the “cost of sales”.

As of 31 December 2022, the value of inventories pledged as part of the short-term loan contracted by Banca Transilvania S.A. (Note 18) for a period of 1 year amounts to RON 22,396,330 (2021: RON 20,948,046).

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13. RECEIVABLES

As at 31 December 2022 and 2021, the receivables were as follows:

	31 December 2022	31 December 2021
Outstanding receivables from customers	15,838,129	12,109,953
Receivables outstanding, but for which no provision was set	43,420	87,115
Receivables outstanding, and for which provisions were set	3,774,078	3,712,146
Provisions	(3,774,078)	(3,712,146)
Total receivables	15,881,549	12,197,068

As at 31 December 2022 and 2021, the statement of the age of outstanding receivables for which no provision was set is as follows:

	31 December 2022	31 December 2021
Outstanding one to 60 days	19,850	5,057
Outstanding 61 to 180 days	16,140	4,145
Outstanding above 180 days	7,430	77,913
Total outstanding receivables	43,420	87,115

The Company trading policy allows client crediting for zero to 180 days and provides the setting of allowances based on the receivable age as at balance sheet date and on specific factors related to receivable collectability from certain customers. When determining the recoverability of a receivable, the Company analyzes the client creditworthiness, payment history and current economic conditions. When recent information show the discount of the allowances is needed, the Company will record its change in the period when the conditions triggering the allowance discount are identified. Because the Company cannot foresee the changes in the clients' future financial stability, there is a possibility that additional allowances are needed in the future.

The Company set allowances for the impairment of trade receivables as follows:

	31 December 2022	31 December 2021
Balance as at 31 December	3,712,146	5,033,084
Provisions set during the year (IAS 39)	45,013	701,271
Provisions set during the year (IFRS 9)	255,439	347,716
Provisions reversed during the year (IAS 39)	(52,443)	(2,369,925)
Provisions reversed during the year (IFRS 9)	(186,077)	-
Balance as at 31 December	3,774,078	3,712,146

The allowances reversed in 2022 include amounts reversed following the collection of receivables in an amount of RON 238,520 (2021: RON 192,236) and amounts reversed following the written-off of receivables in amount of RON 0 (2021: RON 2,177,689). The amount of the allowances set or reversed, and of the receivables disposed, is included on the statement of comprehensive income on line "Sale and distribution expenses".

As at 31 December 2022, the amount of the receivables mortgaged as part of the short-term loan contracted from Banca Transilvania S.A. (Note 18) for one year is RON 15,881,549 (2021: RON 12,109,953).

Details on the balances of receivables from affiliates are presented in Note 32.

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14. OTHER RECEIVABLES AND PREPAYMENTS

As at 31 December 2022 and 2021, other receivables and prepayments are as follows:

	31 December 2022	31 December 2021
Taxes and duties paid in excess	147,209	122,536
Sundry debtors and cash advances and other amounts	58,609	64,785
Sundry debtors	23,872	55,228
Provisions for sundry debtors and other receivables	(70,386)	(81,263)
Advances paid to suppliers	83,696	283,724
Prepayments	421,412	247,758
Other receivables	179	7,240
Total other receivables and prepayments	664,591	700,008

The details on the balances of the receivables with affiliates are presented in Note 32.

Included in the advances paid to suppliers, as of 31 December 2021, was the amount of EUR 51,417, equivalent of RON 254,418, amount paid in advance to ALUMIL SA Grecia, based on the framework cooperation agreement, advance closed by acquisitions in January 2022.

The Company set provisions for the impairment of receivables related to sundry debtors as follows:

	31 December 2022	31 December 2021
Balance as at 31 December 2020	81,263	79,905
Provisions set during the year	4,045	2,678
Provisions reversed during the year	(14,922)	(1,320)
Balance as at 31 December 2021	70,386	81,263

The amount of the provisions set and reversed is included on the statement of comprehensive income on line "Administrative expenses".

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15. CASH AND CASH EQUIVALENTS

As at 31 December 2022 and 2021, the cash availabilities and cash equivalents consisted in the following:

	31 December 2022	31 December 2021
Bank accounts in RON	1,786,805	2,428,107
Bank accounts in foreign currency	137,333	2,611,998
Short-term deposits	-	-
Petty cash in RON	24,263	26,634
Petty cash in foreign currency	14,320	2,151
Cash equivalents	-	-
Total cash and cash equivalents	1,962,721	5,068,890

The details regarding the restrictions on cash availability accounts are presented in Note 18.

16. SHARE CAPITAL

The shareholding structure as at 31 December 2022 and 31 December 2021 is as follows:

Shareholder	% of shareholding	No. of shares	Restated amount	Historical amount
Alumil Mylonas S.A.	55.90%	17,470,150	5,778,760	3,493,750
Sotiriou Michail	23.95%	7,485,150	2,475,873	1,496,875
Milonas George	0.02%	5,000	2,068	1,250
Milona Evangelina	0.02%	5,000	2,068	1,250
Korda Despina	0.02%	5,000	2,068	1,250
Other	20.09%	6,279,700	2,076,839	1,255,625
Total share capital	100.00%	31,250,000	10,337,676	6,250,000

The shares of the Company have a nominal value RON 0.2/share. Starting April 2007, the Company shares are traded on the Bucharest Stock Exchange.

17. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

a) Interest rate risk

The interest rate risk is the risk that the interest rate will fluctuate in time. The Company has short- and long-term loans bearing floating interest rates, which exposes the Company to cash risks.

The table below shows the sensitivity of the interest rate variation with all the other variables held constant and an impact on the gross profit.

2022	Increase / (Decrease)	Impact on profit before tax	
		RON	EUR
EUR	1%	(22,116)	(4,470)
EUR	(1)%	22,116	4,470
RON	1%	-	-
RON	(1)%	-	-

2021	Increase / (Decrease)	Impact on profit before tax	
		RON	EUR
EUR	1%	(22,317)	(4,510)
EUR	(1)%	22,317	4,510
RON	1%	-	-
RON	(1)%	-	-

b) Foreign exchange risk

The functional currency of the Company is RON, while the loans and most of the trade liabilities are denominated in foreign currency (EUR). As a result, the Company may be affected by changes in exchange rates. The Company uses no derivative instruments to hedge the currency risk.

The table below shows the sensitivity of the exchange rate (EUR vs RON) variation with all the other variables held constant and an impact on the gross profit:

2022	Increase / (Decrease)	Impact on profit before tax	
		RON	EUR
EUR	5%	(63,758)	(12,887)
EUR	(5)%	63,758	12,887

2021	Increase / (Decrease)	Impact on profit before tax	
		RON	EUR
EUR	5%	50,595	10,225
EUR	(5)%	(50,595)	(10,225)

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17. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

The tables below detail the balances in foreign currencies and in the functional currency as at 31 December 2022 and an analysis of the sensitivity of the evolution in the exchange rate differences:

Assets	USD	EUR	RON
Monetary non-current assets:			
Customers and other receivables	-	-	385,636
Shares held at affiliates	-	-	-
Long-term receivables	-	-	184,293
Monetary current assets:			
Customers and other receivables	-	253,537	15,291,789
Cash and cash equivalents	503	27,288	1,825,388
Total monetary assets	503	280,825	17,687,106
Liabilities	USD	EUR	RON
Monetary long-term liabilities:			
Loans	-	-	-
Suppliers and other payables	-	-	5,565,774
Monetary short-term liabilities:			
Loans	-	447,019	-
Suppliers and other payables	-	92,019	8,122,648
Total monetary liabilities	-	539,038	13,688,422
Ratio	USD	EUR	RON
Net position, in the initial currency	503	(258,213)	3,998,684
Exchange rates	4.6346	4.9474	1
Net position, in the functional currency	2,329	(1,277,483)	3,998,684
Possible reasonable variation in exchange rates (+), %	5%	5%	0%
Effect on the comprehensive income, in the functional currency	116	(63,874)	-
Possible reasonable variation in exchange rates (-), %	-5%	-5%	0%
Effect on the comprehensive income, in the functional currency	(116)	63,874	-
Effect on the comprehensive income, in the functional currency, for each currency	USD	116	(116)
	EUR	(63,874)	63,874
	RON	-	-
	Total	(63,758)	63,758

c) Credit risk

The maximum exposure of the Company to the credit risk is reflected in the amount of the receivables from customers and of other current assets, net of the provisions for impairment recognized at the balance sheet date, as disclosed on the related Notes (13 and 14). In regard to the exposure to the financial institutions through the current accounts and bank deposits (Note 15), the Company closely monitors the financial condition of the banks where it holds bank accounts and, to the date of these financial statements approval, it did not identify any deterioration indicator for the financial condition of these banks.

In recent years, the total number of customers was 2,500-3,000 and they are mainly aluminum and PVC joinery firms. In 2021, the top ten clients accounted for 25.3% of the total sales, and this weight slightly increased in 2022 when the top ten customers accounted for approximately 27.14% of the total sales. Keeping this percentage as low as possible is due to the fact the Company permanently tried to avoid a significant dependence on a customer or group of customers.

17. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

d) Liquidity risk

The liquidity risk results from the possibility of not collecting the receivables related to the Company under regular commercial terms, from potential issues in the recovery of long-term receivables, and from negative operating cash-flows. In order to control this risk, the Company periodically assesses the financial solvency of its clients.

The Company's policy is to maintain sufficient liquidity to cover the liabilities having reached maturity. The information on the Company liabilities as at 31 December 2022 and 2021 based on undiscounted future payments (including future interest) is shown below.

As at 31 December 2022

	Short-term loans	Suppliers and other payables	Balances with affiliates	Long-term loans	Total
Payments in a period below 3 months	2,211,584	6,178,422	145,090	-	8,535,096
Payments in a period of 3 to 12 months	-	2,254,392	-	-	2,254,392
Payments in a period of 1 to 5 years	-	2,242,961	-	-	2,242,961
Total	2,211,584	10,675,775	145,090	-	13,032,449

As at 31 December 2021

	Short-term loans	Suppliers and other payables	Balances with affiliates	Long-term loans	Total
Payments in a period below 3 months	2,231,732	5,494,209	237,094	-	7,963,035
Payments in a period of 3 to 12 months	-	2,062,312	-	-	2,062,312
Payments in a period of 1 to 5 years	-	2,608,009	-	-	2,608,009
Total	2,231,732	10,164,530	237,094	-	12,633,356

e) Fair value of financial instruments

The best estimate of the fair value is the market value on an active market. If the market for the financial instruments is not active, the Company determines the fair value by using valuation techniques. The valuation techniques include the use of transactions with knowledgeable affiliates, performed by agreement of the parties at arm's length, if possible, by reference to another similar instrument, the analysis of discounted cash-flows.

As at 31 December 2022 and 2021, the carrying amounts of the financial instruments approximated their fair values as at the same dates.

17. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

f) Equity management

Equity includes ordinary shares, equity attributable to the shareholders.

The main objective of the Company in terms of equity management is to ensure and maintain a favorable credit rating and performing equity ratios.

In terms of the indebtedness ratio, the Company aimed at not exceeding 50%.

	31 December 2022	31 December 2021
Total loans	2,211,584	2,231,732
Less: Cash and cash equivalents	(1,962,721)	(5,068,890)
Net liabilities/(assets)	248,863	(2,837,158)
Equity	57,662,944	57,163,765
TOTAL CAPITAL EMPLOYED	57,911,807	54,326,607
Indebtedness ratio	0.43%	-5.22%

18. LOANS

Short-term loans

As at 31 December 2022, the company Alumil Rom Industry SA had the following credit facilities granted by local commercial banks:

Description	Type of loan	Contract date	Maturity	Interest rate	Currency	Principal	Interest 31 December 2022	Balance 31 December 2022
B. Transilvania	Short-term facilities	14.03.2014	05.04.2024	EURIBOR 3M + 2.5%	EUR	2,000,000	-	350,054*
OTP Bank	Short-term facilities	13.03.2014	08.09.2023	ROBOR 3M + 2.5%	RON	1,600,000	-	96,965*

* Total equivalent of RON 2,211,584

The Company has set in favor of Banca Transilvania Bank the following securities:

- a security interest in personal property over the Company's inventories of raw materials, of products in progress and of finished products;
- a security interest in personal property over the Company's accounts opened with Banca Transilvania Bank;
- a mortgage over all of the Company's present and future (trade) receivables;
- a mortgage over all the receivables related to the insurance contracts concluded in order to insure the goods that are the subject matter of the guarantees related to the loan contract to be concluded with Banca Transilvania Bank;
- a Corporate Guarantee issued by Alumil Industria Aluminiului S.A., Greece;

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18. LOANS (continued)

The Company has set in favor of OTP the following securities:

- a first rank mortgage on the land an production building located in Filipestii de Padure;
- a first rank mortgage on the equipment located in Filipestii de Padure;
- a mortgage over the Company accounts opened with OTP Bank S.A., both current accounts, and deposit accounts;
- a security interest in personal property over the cash receivables paid based on the insurance policies concluded by the borrower in relation to this loan contract.

As at 31 December 2021, the Alumil Rom Industry SA had the following credit facilities granted by local commercial banks:

Description	Type of loan	Contract date	Maturity	Interest rate	Currency	Principal	Interest 31 December 2021	Balance 31 December 2021
B. Transilvania	Short-term facilities	14.03.2014	06.04.2022	EURIBOR 3M + 2.5%	EUR	2,000,000	-	451,028*
OTP Bank	Short-term facilities	13.03.2014	17.03.2023	ROBOR 3M + 2.3%	RON	3,000,000	-	-

* Equivalent of RON 2,231,732

Long-term loans

The Company did not have long-term bank loans as of 31 December 2022 and 2021.

19. INVESTMENT SUBSIDIES

The evolution of the investment subsidies as at 31 December 2022 and 2021 is shown below:

	2022	2021
As at 1 January	3,0677,813	4,044,466
Subsidies recognized during the year	-	-
Depreciation in the profit and loss account during the year	(355,000)	(366,653)
Balance as at 31 December	3,322,813	3,677,813
Short-term portion	330,510	360,153
Long-term portion	2,992,303	3,317,660

Under the Financing Contract SOP IEC 154271/18.05.2011, the Company undertook the fulfillment of the indicators below:

Result indicators	Determined reference value		Indicator value under the contract	
	Value	MU	Quantity	
Turnover increase compared to the 2013 balance sheet (%)	71,164,470	%	49%	
Number of jobs created	N/A	No.	45	
Number of jobs maintained (existing on the contract signing date)	166	No.	166	
Increase in exports compared to the 2013 balance sheet (%)*	3,523,005	%	100 %	

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19. INVESTMENT SUBSIDIES (continued)

Under the above-mentioned Financing Contract, the Company is subject to a five year monitoring period starting the implementation finalization, i.e., 2018.

In 2019, the sustainability period ended and after the analysis of data and information presented in the Sustainability Report, as well as based on the conclusions of the monitoring mission, the project was closed without financial corrections.

20. LEASE LIABILITIES

As at 31 December 2022, the lease liabilities were as follows:

	31 December 2022	31 December 2021
Long term	2,242,961	2,608,009
Current	2,254,392	2,062,311
Total lease liabilities	4,497,353	4,670,320

Lease liabilities maturity analysis

	31 December 2022	31 December 2021
Not later than 1 year	2,254,392	2,062,311
Later than 1 year and not later than 5 years	2,242,961	2,608,009
Later than 5 years	-	-
Total lease liabilities	4,497,353	4,670,320

21. INCOME TAX

The current tax of the Company is determined based on the statutory income, adjusted with the non-deductible expenses and taxable revenues at a rate 16% for 2022 and 2021.

For 2022 and 2021, the income tax consists in:

	2022	2021
Current income tax charge	1,163,079	1,311,018
Deferred income tax expense /(credit)	(10,340)	144,540
Total income tax	1,152,739	1,455,558

The numerical reconciliation between the income tax expense and the result of the multiplication between the accounting result and the taxation percentage in effect is shown below:

	2022	2021
Result before tax – profit/(loss)	7,651,918	7,476,987
Income tax 16%	1,224,307	1,196,318
Effect of non-deductible expenses	(71,568)	259,824
Total income tax expense / (revenue)	1,152,739	1,445,558
Actual income tax rate	15.06%	19.47%

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21. INCOME TAX (continued)

The significant components of the deferred income tax payable included on the financial statements, in a rate 16%, are as follows:

	2022		2021	
	Cumulated temporary differences	Deferred income tax asset/ (liability)	Cumulated temporary differences	Deferred income tax asset/ (liability)
Non-current assets	(231,633)	(37,061)	(252,906)	(40,465)
Provisions for receivables	2,641,854	422,697	2,598,503	415,761
Total	2,410,221	385,636	2,345,597	375,296

The changes in deferred tax have been as follows:

	Deferred income tax - effect on the statement of financial position		Deferred income tax - effect on the statement of comprehensive income	
	2022	2021	2022	2021
Non-current assets	37,061	40,465	(3,404)	(3,404)
Provisions for receivables	(422,697)	(415,761)	(6,936)	147,944
Total	(385,636)	(375,296)	(10,340)	144,540

22. SUPPLIERS AND OTHER PAYABLES

The suppliers and other payables as at 31 December 2022 and 31 December 2021 are as follows:

	31 December 2022	31 December 2021
Suppliers	1,748,100	1,499,883
Advance payments from clients	1,838,129	1,519,478
Salaries	356,018	281,984
Taxes and duties on salaries	436,240	273,345
VAT payable	870,376	438,405
Dividends payable	748,631	722,978
Payables to affiliates	145,090	237,094
Other employee payables	144,015	682,214
Other	6,289	9,945
Total suppliers and other payables	6,292,888	5,665,326

The details on the balances of the payables to affiliates are presented in Note 32.

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23. OPERATING INCOME

Operating income for the years ended 31 December 2022 and 2021 are as follows:

	<u>2022</u>	<u>2021</u>
Sale revenues	110,220,546	91,740,308
Commercial discounts granted	(1,115,984)	(927,432)
Total sale revenues	109,104,562	90,812,876
Other operating income	1,581,315	1,074,870
Total operating income	<u>110,685,877</u>	<u>91,887,647</u>

Other operating income consists of:

	<u>2022</u>	<u>2021</u>
Subsidies received	355,000	366,653
Gain from sale of fixed assets	126,238	157,376
Provisions written-off	787,634	-
Others	312,443	550,841
Total other operating income	<u>1,581,315</u>	<u>1,074,870</u>

As detailed in Note 17 c), the Company has no client accounting for more than 10% of the sales or outstanding as at 31 December 2022 and 31 December 2021.

Operating income from subsidies received represent the financing transferred to income for the expenses made in 2022 and the financing reversed to income during the life of the equivalent value of the financing received under the financing contracts, as follows:

	<u>2022</u>	<u>2021</u>
Income from reversing investment subsidies		
Motor vehicles scrapping premium	-	6,500
Financing under SOP HRD 125/5.1/S/129742	41,998	41,998
Financing under SOP IEC 154271/18.05.2011	303,564	308,718
Financing under SOP HRD /106/5.1/G/76086	9,438	9,437
Income for financing expenses under SOP HRD 125/5.1/S/129742	-	-
Total operating income	<u>355,000</u>	<u>366,653</u>

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24. COST OF SALES

The cost of sales for the years ended as of 31 December 2022 and 2021 is as follows:

	<u>2022</u>	<u>2021</u>
Cost of inventories	71,285,492	56,520,113
Wages	1,988,714	1,843,393
Salary contributions	108,351	99,443
Amortization	814,841	756,874
Utilities	915,562	693,288
Other expenses included in the cost of sales	812,254	51,029
Total cost of sales	<u>75,925,214</u>	<u>59,964,140</u>

In 2022 and 2021, Other expenses included in the cost of sales comprise the management, insurance, security expenses, expenses with taxes and the expenses with the consumables related to the production activity of Filipeștii de Pădure.

25. SALE AND DISTRIBUTION EXPENSES

For 2022 and 2021, the sale and distribution expenses consisted in:

	<u>2022</u>	<u>2021</u>
Wages	9,472,625	8,182,141
Salary contributions	387,229	329,400
Amortization	2,947,219	2,230,829
Rental fees	108,117	83,932
Advertising costs	1,392,118	764,892
Insurances	77,731	45,320
Other taxes and charges	223,043	329,469
Transport costs	1,872,726	1,297,322
Utilities	267,884	228,472
Other sale and distribution expenses	4,085,716	4,576,675
Total sale and distribution expenses	<u>20,834,408</u>	<u>18,068,452</u>

In 2022, sale and distribution expenses included the management, security expenses, expenses with consumables, and the provisions for clients set in 2022 amounting to RON 45,013 (2021: RON 701,271) in accordance with IAS 39 and RON 255,439 (2021: RON 347,716) computed in accordance with IFRS 9. Details regarding the provisions for clients and sundry debtors are disclosed in Notes 13 and 14.

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26. ADMINISTRATIVE EXPENSES

For 2022 and 2021, administrative expenses consisted in:

	<u>2022</u>	<u>2021</u>
Amortization	700,557	1,310,993
Wages	2,812,940	2,590,904
Salary contributions	88,279	80,944
Other third party suppliers	809,473	1,164,204
Rental fees	23,668	16,160
Insurances	978	1,334
Taxes and charges	20,058	12,239
Utilities	52,667	38,210
Other administrative expenses	1,561,226	1,225,370
Total administrative expenses	<u>6,070,846</u>	<u>6,440,358</u>

In 2022 and 2021, Other administrative expenses include management, audit and security expenses.

27. DEPRECIATION AND AMORTIZATION EXPENSES

For 2022 and 2021, the depreciation and amortization expenses consisted in:

	<u>2022</u>	<u>2021</u>
Tangible assets depreciation	1,839,529	1,841,322
Intangible assets amortization	129,855	95,511
Right of use assets depreciation	2,375,830	2,361,865
Total salary expenses	<u>4,345,214</u>	<u>4,298,698</u>

28. INTEREST EXPENSES

For 2022 and 2021, the interest expenses consisted in:

	<u>2022</u>	<u>2021</u>
Interest expense on bank loans	121,613	45,149
Interest expense on lease liabilities	137,749	155,805
Other finance cost	71,545	55,311
Total interest expenses	<u>330,907</u>	<u>256,265</u>

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29. SALARY EXPENSES

For 2022 and 2021, the salary expenses consisted in:

	<u>2022</u>	<u>2021</u>
Gross salaries related to the year	14,631,899	12,763,138
Social security expenses	76,261	61,632
Health insurance expenses	-	-
Unemployment fund contribution expenses	-	-
Labor security contribution	187,428	164,285
Other contributions	321,170	283,870
Total salary expenses	<u>15,216,758</u>	<u>13,272,925</u>

30. EMPLOYEES, ADMINISTRATORS AND DIRECTORS

As of 31 December 2022 and 31 December 2021, the employees' structure is as follows:

	<u>2022</u>	<u>2021</u>
Production	42	40
Sales & marketing	107	97
Administrative personnel	19	17
Total employees	<u>168</u>	<u>154</u>

Details on the members of the Board of Directors and the executive directors are presented in Note 32.

The Company has no payables to administrators or directors in the analyzed period. There were no advance payments or loans granted to administrators or directors.

31. DECLARED DIVIDENDS

	<u>2022</u>	<u>2021</u>
Dividends declared during the year	<u>6,250,000</u>	<u>6,000,000</u>

In the SGM of 27 April 2022, the distribution of dividends from the profit of 2021 and the retained earnings amounting to RON 6,000,000 were approved.

The Board of Administration's proposal for the appropriation of the profit for 2022 is to be subject to the approval of the SGM of 26 April 2023.

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32. AFFILIATES

a) The main affiliates and a short description of their activity and of the major transactions with the Company during the years 2022 and 2021 are presented in the table below:

Entity name	Nature of the operations with the Company	Country of origin
Alumil EGE SA	Associate of the Company – Alumil Rom Industry (40.00%)	Turkey
Alumil MISR for Aluminium and Accesories Industry SA	Associate of the Company – Alumil Rom Industry (40.00%)	Egypt
Alumil Aluminium Industry SA	The parent-entity and the main provider of semi-manufactured goods	Greece
Alumil Industry SRL	Subsidiary of the parent-entity, Alumil Mylonas (70.00%)	Moldova
Alumil Bulgaria	Subsidiary of the parent-entity, Alumil Mylonas (99.98%)	Bulgaria
Alumil Albania Shpk	Subsidiary of the Company – Alumil Group LTD Cyprus (99.23%)	Albania
Alumil YU Industry SA Serbia	Subsidiary of the parent-entity, Alumil Mylonas (48.35%)	Serbia
Alumil Group LTD	Subsidiary of the parent-entity, Alumil Mylonas (100.00%)	Cyprus

Receivables from affiliates are the following:

	31 December 2022	31 December 2021
Clients		
Alumil Industry (Chisinau)	410,661	502,961
Alumil Aluminium Industry (Greece)	715,141	216,548
Total	1,125,802	719,509

Payables to affiliates are the following:

	31 December 2022	31 December 2021
Alumil Aluminium Industry (Greece)	145,090	-
Alumil Albania Shpk	-	237,094
Total	145,090	272,451

The advances to suppliers as of December 31, 2021 include the amount of EUR 51,417, equivalent of RON 254,418, advance paid to ALUMIL SA Greece, based on the framework agreement, advance settled by the acquisitions from January 2022.

The Company had the following transactions with affiliates:

	2022			
	Sales	Purchases of materials and merchandise	Purchases of fixed assets	Others
Alumil Aluminium Industry (Greece)	623,053	60,671,831	117,826	1,758,622
Alumil Industry (Chisinau)	1,179,273	-	-	-
Alumil Albania Shpk	281,597	5,909,217	-	-
Alumil YU Industry AD Serbia	636	1,207,432	-	-
Alumil Bulgaria SRL	18,545	-	-	-
Alumil Group LTD Cyprus	-	814	-	-
Total	2,103,104	67,789,294	117,826	1,758,622

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32. AFFILIATES (continued)

	2021			
	Sales	Purchases of materials and merchandise	Purchases of fixed assets	Others
Alumil Aluminium Industry (Greece)	528,298	54,188,954	293,906	1,623,077
Alumil Industry (Chisinau)	746,003	-	-	-
Alumil Albania Shpk	-	4,624,765	-	-
Alumil Bulgaria SRL	-	-	-	-
	1,274,301	58,813,719	293,906	1,623,077

b) The current members of the Company's Board of Administration are the following:

No.	Name	Position	Date of appointment	Date of mandate expiry
1.	Michail Sotiriou	President of the Board of Directors	28.04.2018	27.04.2026
2.	Georgios Mylonas	Vice President of the Board	28.04.2018	27.04.2026
3.	Evangelia Mylona	Board member	28.04.2018	27.04.2026
4.	Marius Ionita	Board member/C.E.O.	28.04.2018	27.04.2026
5.	Georgios Doukidis	Board member	28.04.2018	27.04.2026

Mrs. Evangelia Mylona is the sister of Mr. Georgios Mylonas, President of the parent entity's Board of Administration Alumil Milonas Industria Aluminului SA Greece.

Administrators' investments in the parent entity's capital are the following:

No.	Name	Position	No. of shares held	% prior to IPO	% after IPO
1.	Michail Sotiriou	President of the Board	7,485,150	29.94%	23.95%
2.	Georgios Mylonas	Vice President of the Board	5,000	0.02%	0.02%
3.	Evangelia Mylona	Board member	5,000	0.02%	0.02%
4.	Marius Ionita	Board member/C.E.O.	600	0.00%	0.00%
5.	Georgios Doukidis	Board member	-	-	-

c) The performance of the daily operations of Alumil Rom Industry S.A. is entrusted to the following directors:

- Ionita Marius – C.E.O.
- Duca Vitalie – Commercial Director
- Balasca Ciprian – C.F.O.

The executive management's participation in the Company's capital as of 31 December 2021 is the following:

No.	Name	Position	No. of shares held
1.	Ciprian Balasca	C.F.O.	1,000
2.	Marius Ionita	C.E.O.	600
3.	Vitalie Duca	Commercial Director	600

In 2022, the expense with the remuneration of the executive management and of the directors amounted to RON 1,726,201 (2021: RON 1,714,850).

32. AFFILIATES (continued)

d) The conditions and terms of transactions with affiliates:

Overdue balances are not secured, non-interest bearing and discounts take place in cash. No guarantees were set and no guarantees were received for the receivables or payables from/to affiliates.

33. PROVISIONS, CONTINGENT EVENTS AND COMMITMENTS

The Company did not set any provisions as of 31 December 2022 and 2021.

The Romanian tax system is in process of consolidation and harmonization with the European legislation and different interpretations may exist by authorities concerning the tax legislation, which may generate additional taxes, charges and penalties. If the state authorities discover breaches of the Romanian legal provisions, these may lead, as applicable, to the confiscation of the amounts in case, imposing additional tax obligations, applying fines, applying late payment penalties (applied to the amounts actually payable). Consequently, the tax sanctions resulted from breaches of the legal provisions can be significant amounts payable to the State.

The Company considers it has registered and presented in the financial statements all its tax obligations. In Romania, the tax position is open to further verification for 5 years.

S.C. ALUMIL ROM INDUSTRY S.A. conducted, starting 18.05.2011 the project "Eco efficient and innovative investment in a modern Aluminum processing facility", co-financed by the **European Regional Development Fund** under the financing contract signed with the Ministry of Economy, Trade and Business Environment, as the Managing Authority for the Operational Sectorial Program "Increase of Economic Competitiveness. The project objective was to increase the productivity of the company by creating a modern, eco-efficient Aluminum profiles production and processing facility. The project, implemented in Filipestii de Padure, Minieri village no. 149, Prahova County, was completed in July 2013 and resulted in the building of a production hall of 8,835 square meters and the purchase of 11 state-of-the-art pieces of equipment, creating over 45 new jobs.

By the financing contract mentioned above, the Company was in the monitoring period for 5 years from the date of implementation completion, respectively 2018.

In 2019, the sustainability period of the project was finalized and based on the data and information presented in the Sustainability Report, as well as on the conclusions of the monitoring mission, the project was closed without financial adjustments.

The Company does not have any commitments concerning tangible and intangible assets as of 31 December 2022 and 31 December 2021.

The Company is a part of operating lease agreements for cars, on 1 to 4 year periods.

The minimum payments under the operating lease agreements are as follows:

	31 December 2022	31 December 2021
Below one year	392,022	408,807
Between one to two years	54,204	366,961
Between two to three years	25,113	13,092
Between three to four years	-	-
Total	471,339	788,860

33. PROVISIONS, CONTINGENT EVENTS AND COMMITMENTS (continued)

The Company is a party to rent agreements for commercial areas and warehouses, signed for 1 to 3 year periods. The Company has the option, according to certain agreements, to extend the rent agreement by another year.

The minimum payments according to rent agreements for commercial areas are as follows:

	31 December 2022	31 December 2021
Below one year	2,011,031	970,978
One to five years	2,210,153	920,020
Total	4,221,184	1,890,998

Starting with 2019, the Company applies IFRS 16 *Lease agreements* (Note 9). This standards treats all lease commitments (finance or operating) as conferring the right of use on the leased assets, except those with small value or leased for a period of 12 months or less, in exchange for subsequent payments.

34. SUBSEQUENT EVENTS

There are none.

These financial statements together with the explanatory notes were approved by the Board of Administration and signed on its behalf on 22 March 2023.

Marius Ionita
C.E.O.

Ciprian Balasca
C.F.O.