

Half-year report 2020

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Cautionary statement

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Certain statements included within this Report contain (and oral communications made by us or on our behalf may contain) forward-looking information, including, without limitation, those relating to (a) forecasts, projections and estimates, (b) statements of management's plans, objectives and strategies for ALRO Group, such as planned expansions, investments or other projects, (c) targeted production volumes and costs, capacities or rates, start-up costs, cost reductions and profit objectives, (d) various expectations about future developments in ALRO Group's markets, particularly prices, supply and demand and competition, (e) results of operations, (f) margins, (g) growth rates, (h) risk management, as well as (i) statements preceded by "expected", "scheduled", "targeted", "planned", "proposed", "intended" or similar statements.

Although we believe that the expectations reflected in such forward-looking statements are reasonable, these forward-looking statements are based on a number of assumptions and forecasts that, by their nature, involve risk and uncertainty. Various factors could cause our actual results to differ materially from those projected in a forward-looking statement or affect the extent to which a particular projection is realized.

Factors that could cause these differences include, but are not limited to: our continued ability to reposition and restructure our upstream and downstream aluminium business; changes in availability and cost of energy and raw materials; global supply and demand for aluminium and aluminium products; world economic growth, including rates of inflation and industrial production; changes in the relative value of currencies and the value of commodity contracts; trends in ALRO Group's key markets and competition; and legislative, regulatory and political factors. No assurance can be given that such expectations will prove to have been correct.

ALRO Group disclaims any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Note 1: In this report, the terms "ALRO Group" and "the Group" are sometimes used for convenience where references are made to ALRO S.A. and its subsidiaries, in general, and the terms "Company" and "Parent-company" are sometimes used for convenience where references are made to ALRO S.A.

The Half-Year Report (including Directors' Report and Interim condensed consolidated financial statements of ALRO and its subsidiaries) for the 6 months ended 30 June 2020 is unaudited and has been prepared in accordance with IAS 34 Interim financial reporting as adopted by the European Union (EU). The accounting policies are in accordance with the Ministry of Public Finance Order no. 2844/2016, with subsequent amendments, which is in accordance with the International Financial Reporting Standards (IFRS) adopted by the European Union (EU).

The financial results for Q2 2020 compared to Q2 2019 included in this report are not audited and present ALRO Group figures in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU in accordance with the Ministry of Public Finance Order no. 2844/2016.

The indicators/ figures included in this report may be rounded to the nearest whole number and therefore minor differences may result from summing and comparison with exact figures mentioned in the financial statements.

Note 2: A list of all abbreviations and definitions used in this report can be found on page 45.

Financial and Operational Highlights for H1 2020

ALRO Group

Indicator	H1 2020	H1 2019
Primary aluminium production (tonnes)	137,163	142,667
Processed aluminium production (tonnes)	51,651	54,575
Alumina production (tonnes)	202,958	226,679
Bauxite production (tonnes)	739,341	1,117,240
Sales (thousand RON)	1,360,942	1,506,218
EBITDA ¹ (thousand RON)	430,259	235,117
EBITDA margin (%)	32%	16%
Adjusted net result ² (thousand RON)	261,781	76,427
Net result (thousand RON)	253,662	79,708

ALRO S.A.

Indicator	H1 2020	H1 2019
Primary aluminium production (tonnes)	137,163	142,667
Processed aluminium production (tonnes)	39,120	43,911
Primary aluminium sales (tonnes)	81,635	78,147
Processed aluminium sales (tonnes)	40,453	43,769
Sales (thousand RON)	1,222,845	1,330,783
EBITDA ¹ (thousand RON)	346,027	106,253
EBITDA margin (%)	28%	8%
Adjusted net result ² (thousand RON)	221,009	43,752
Net result (thousand RON)	211,772	(1,481)
Adjusted net result ² per share (RON)	0.310	0.061
Net result per share (RON)	0.297	(0.002)

¹ **EBITDA** earnings before interest, taxes, depreciation, amortization and impairment;

² **Adjusted Net Result:** Company's net result plus/(minus) non-current assets impairment, plus/(minus) the loss/(gain) from derivative financial instruments that do not qualify for hedge accounting, plus/(minus) deferred tax

Letter to shareholders



*Marian NĂSTASE,
Chairman*



*Gheorghe DOBRA,
Chief Executive Officer*

Dear readers and shareholders,

We are happy to share with you two milestones that occurred during H1 2020: the Romanian authorities have approved the implementation of the EU-ETS compensation scheme based on the EU decision and we managed to keep our business viable in an unprecedented context, an economic and sanitary crisis that the humanity faces once in a century, set by the COVID-19 outbreak.

The EU-ETS compensation scheme was approved by the European Commission on 11 May under EU State aid rules covers the period 2019-2020 and an estimated number of 170 Romanian companies facing significant electricity costs, will benefit from it. This compensation represents a partial refund of indirect ETS costs to eligible companies and the Romania budget approved at EU's levels is of EUR 291 million (RON 1,397 million).

The Government Emergency Ordinances (GEO) for amending GEO no.115/ 2011 mention the precise formula to calculate the indirect emissions costs in the total electricity price and thus, the amounts for compensations. Speaking about the amounts it is important to mention that the source of funds comes from the auctioning of the greenhouse gas emission certificates attributed freely to Romania by the EU and hence, is not affecting the state budget nor the rest of the Romanian consumers.

COVID-19 Updates: we successfully managed to overcome a difficult half-year and succeeded to keep all production sites fully operational and to maintain unaffected the activity of ALRO and of all our subsidiaries. Thus, in H1 2020, all our segments have been

operating continuously and at normal parameters - bauxite mine, alumina refinery and aluminium manufacturing facilities and we are expecting the same in the near future.

All our management teams are on alert 24/7 and with the crucial help of the monitoring systems implemented, we have access to real-time information being able to respond and take the required measures fast and with an immediate effect. We have implemented extremely complex protocols and procedures for preventing COVID-19 spreading in all our sites to both employees and suppliers / clients and to mitigate all the possible negative effects.

We reacted fast and efficiently to the new COVID-19 pandemic and we minimized interaction as much as possible by the implementation of rotational shifts, work-from-home programs and by keeping the recommended distance inside the offices and at all times all areas inside and outside production facilities have been disinfected. Moreover, access to our production facilities and offices has been rigorously monitored and we applied restrictions where necessary.

Sustainable business and organic results - the drivers of our competitiveness continue to be our human capital, integration of state-of-the-art technologies and our ability to attract and create lasting relationships with our customers by providing high-quality products and respect. In the next period, we will focus on increasing the production mix in favour of high and very high value-added products and continuing investing in energy efficiency. Having in view the unique properties of aluminium as it can be recycled infinitely

without losing its features, which ensures its sustainable utilisation and extensive applications, our Group represents a major player in achieving a more environmental friendly global industry and ensure the premises to remain a key player in this industry. Moreover, in the context of the new European Green Deal requirements, our focus will be on redirecting our capital towards long-term environmentally sustainable investments and the integration of innovative technology. We want to be a viable choice for all investors that are interested in green investments' opportunities that align with the greenhouse gas emissions European targets.

In the light of the latest legislative changes at European level, like the Taxonomy for Sustainable Finance Regulation and the amendments to the Non-Financial Reporting Directive, our Group is determined to accordingly comply to and adapt its development strategy and programs. As such, we detailed all our key-projects and green investments in 2019 Sustainable Value Report that represents a declaration of our commitment, diligence and perseverance in positioning ALRO and ALRO Group as a trendsetter and an example of following the best available practices. This Report is available here: <http://www.alro.ro/en/sustainability-reports>.

Moreover, we accelerated the previously started anti-crisis saving programs in progress since H2 2019 and we implemented even stricter controls and savings measures in H1 2020. An important contribution in our cash flow is coming from the successful implementation of such programs.

Still, the earnings for H1 2020 were affected due to a combination of factors: lower LME prices on international markets and impact of COVID-19 over the demand levels, partially mitigated by the efficiency of our operations and previously implemented cost-savings measures. However, recovery signs are already visible in H2 2020, the LME quotations on the international markets showing an ascending trend and steady levels above 1,650 USD/tonne. EBITDA margin is now at a comfortable level of around 30% both for the Group and ALRO with a net profit of around RON 262 million at Group's level and of RON 212 million for ALRO individual figures.

Commitment and tradition are the words that describe best what ALRO represents. Only being driven by these values we managed to celebrate this year, on 30 June our 55th anniversary since we started the production back in 1965. Over the past five decades, ALRO has been committed to its employees, partners and clients by becoming one of the main pillars of the Romanian economy. At the time of its establishment, the Company had an electrolytic aluminium production of over 8,000 tonnes per annum and produced only aluminium ingots. Currently, the Company has a capacity of 265,000 tonnes per annum and a diversified products portfolio, with almost 50% of its sales being represented by high and very-high value-added products for sophisticated industries, such as automotive and aerospace.

All along these five decades we also aimed to increase the professional skills and competencies of our actual and future employees, leading to the improvement of their individual and team performance, through professional training programs, qualification courses, retraining, specialization, postgraduate programs and team buildings. Hence, we continued to closely collaborate with the local decision-makers, thus often becoming the first company to fund pilot-projects in various strategic fields.

Gheorghe DOBRA,
Member of the Management Board
(Chief Executive Officer)

Innovation, new business line and strategic investments – these are the keywords for our subsidiaries. Hence, **ALUM** innovated in 1H 2020 to combat COVID-19 pandemic and allocated significant resources to develop a hand liquid disinfectant. This new product is based on the local production guide of the World Health Organization and has already passed the bactericidal and fungicidal activity tests of the National Institute for Medical-Military Development Research "Cantacuzino". At the date of this Report, this new product received the approval for being produced and used at company's level.

Our extrusion business line, **Vimetco Extrusion** made in H1 2020 further steps to penetrate the aerospace industry and signed a partnership with a company certified by AACR ("The Romanian Civil Aeronautical Authority") as developer and installer of aerodrome elements and infrastructure. Vimetco Extrusion will deliver the aluminium profiles and high value-added products (i.e. connectors for helideck assembly) required.

And least, but not last, **SMHL**, our bauxite mine division is advancing with the project related to the construction of an alumina tri-hydrate plant with a start-up capacity of 200,000 tonnes per annum. As of now, the first draft report was presented for internal review and it is estimated to be finalized in August 2020.

Corporate Governance best-practices, a promise kept despite the difficult times– we strive and act towards aligning our activity with the global corporate governance best practices and hence, to achieve better management of our business potential risks. Thus, ALRO's Board of Directors decided to set-up a new committee, the Risk and Sustainability Committee. As such, currently, ALRO has in place three committees, along with the Audit Committee and the Remuneration and Nomination Committee set-up in the previous years. We are confident that this new committee will efficiently assist the Board in the task to ensure that appropriate management practices and assurance methodologies are adopted.

We cannot end this comprehensive letter by not reaffirming once again our commitment and dedication to this industry and especially to ALRO. We have faced adverse, complicated and unpredictable times and the future is not soon estimated to develop again in the 'business as usual'. We faced unusual times in the first half of 2020 and it is clear for us that the 'old normality' does not exist anymore – it is time to reinvent ourselves and the COVID-19 pandemic was just a trigger for accelerating this change and for the implementation of new and redesigned measures and innovative business solutions along with a total change of mind-set.

Thinking out-of-the-box in a sensed traditional organization seems unlikely, but we proved once again that we can continue and find solutions no matter what. In the end, **we wish to restate that having a strategic thinking along with a long-term vision for the Company and insisting on implementing it despite the conditions faced represents the most crucial thing to do, especially when the market conditions are adverse and the temptation to divert from your initially set strategy is more facile.**

Marian NASTASE,
Chairman of the Management Board

ALRO GROUP - Major events in H1 2020

• February 2020

Status of the investment project started in Sierra Leone

The Group's subsidiary, SMHL started in H2 2019 a bankable feasibility study ("BFS") for the construction of an alumina tri-hydrate plant ("ATH plant") with a start-up capacity of 200,000 tonnes per annum within its mining lease – ML/2005 in Sierra Leone.

In February 2019 a pre-feasibility study was completed and approved by SMHL's shareholders to carry out an onward bankable feasibility study by SMHL. The BFS work was entrusted to Guiyang Aluminium Magnesium Design and Research Institute (GAMI), China in November 2019. The study is expected to be completed on or before August 2020, if all goes as per schedule. SMHL team was appointed to ensure the BFS work is carried out diligently and within the given agreed time frame.

As a part of this bankable feasibility study, SMHL carried out a detailed extensive exploration program in the northern part of SMHL concession to establish bauxite Mineral Resources and Ore Reserves Statement in line with JORC 2012 reporting standard. The first draft of the JORC 2012 report should be ready for review before end of August 2020. SMHL team also started other associated supplementary studies including preliminary hydrogeological, geotechnical, infrastructure, market and Rapid Environmental Social Impact Assessment (ESIA) to support the overall BFS for the ATH Project. The internal infrastructure study and assessment work was completed and first draft report was presented for internal review and should be finalized during July 2020. BSF final report is currently in progress and it is estimated to be finalized in August 2020.

• March 2020

ALRO received a notification regarding an anti-dumping duty investigation

On 17 March 2020, the Company announced investors and the interested public that it received from the United States International Trade Commission a notification about a petition filed to the US Department of Commerce. This petition concerns to establish anti-dumping tariffs for certain aluminium products originated from 18 countries, including Romania, imported in the United States between 2017 and 2019.

The petition filed by the US Aluminium Association treated the aluminium sheets with a thickness between 0.2 mm and 6.3 mm, made from common alloys (1xxx, 3xxx and 5xxx series). Regarding the sheets of Romanian origin, produced by ALRO, the initial requested anti-dumping tariff proposed by the United States Department of Commerce to be charged was of 56.22%. Subsequently, on 30 March 2020, the Company announced that it was informed through an external legal consultant that the petition was modified by the authors of the claim, following the submission of the questionnaires with the information regarding the status of the exports in the United States by the companies targeted by the anti-dumping tariffs and following the interaction with the United States International Trade Commission.

In case of the products of Romanian origin, subject of the antidumping investigation, the requested anti-dumping tariff, alleged by the petitioners to be assessed by the US Department of Commerce was reduced by them from 56.22% to 12.51%.

The Company intends to vigorously defend its position in front of the US authorities involved and it will continue to permanently inform the investors and the public about the development of the events related to this anti-dumping petition.

ALRO sets-up a new Committee

Aiming to align its activity with the global corporate governance best practices and to make further steps towards a better management of the business potential risks, the Board of Directors decided to set-up the Risk and Sustainability Committee. As such, currently ALRO has in place three committees, i.e. the Audit Committee, the Remuneration and Nomination Committee and the newest one which was set-up in H1 2020 is represented by the Risk and Sustainability Committee.

The Risk and Sustainability Committee is a committee elected by the Board of Directors of ALRO and has powers delegated to it under the Articles of Incorporation and the board decisions. The Risk and Sustainability Committee is made of up to 5 members, elected by the Board of Directors through voting with simple majority, for a four-year mandate.

ALRO GROUP - Major events in H1 2020 - continued

Vimetco Extrusion reaffirms its involvement in the local community

The Group's subsidiary, Vimetco Extrusion, has thoughtfully monitored the dynamic and spread of COVID-19 along with the rest of the world. Health and safety of its employees represent the company's highest priority and thus VE took all the necessary measures to prevent and mitigate COVID-19 effects, in its production facility, ensuring at the same time the deliveries continuity towards its business partners.

However, Vimetco Extrusion's endeavour is not only to act inside the company but to join forces with authorities and support their efforts in ensuring the well-being of people. Therefore, as a major pillar of the local community, the company donated RON 70,000 to Slatina Emergency County Hospital, that facilitated the purchasing of medical supplies.

Vimetco Extrusion will continue to reduce the risk of exposure to the virus and courageously perform its activity, assuring at the same time to our employees a safe and secured living.

Outbreak of COVID-19 pandemic

At the end of 2019, China announced that it faced a new type of virus, initially called SARS-CoV-2 and later officially named "COVID-19". It originally appeared in the city of Wuhan, China, and affected the respiratory systems when infected. Being extremely easily transmitted, it quickly led to a pandemic, which determined governments to take extraordinary measures. This worldwide unprecedented situation has led to dysfunctionalities in many countries and has completely changed the world.

In Romania, the Government enforced the state of emergency on 16 March and ALRO implemented new protocols and procedures in the plants with the observance of the national rules and World Health Organization's recommendations for industrial sites. Moreover, the Company undertook all the needed steps to mitigate the COVID-19 pandemic effects and to protect the health of its employees while securing its business continuity. Some of the operational and administrative measures taken by the Group are mentioned below:

- strict measures of cleaning, sanitization and disinfection of the locker rooms, common areas, cafeteria, offices were implemented and all areas inside and outside production facilities were constantly disinfected;
- hygienically and sanitary materials, including protective equipment (i.e. face masks, gloves, overalls) were distributed to all employees;

- all employees were instructed how to act to prevent their infection with COVID-19 and have to report daily their health status and the working and shifts hours were changed to minimize interaction;
- a contingency plan was simulated for the case when one or more the employees would be infected with COVID-19 and thus the Company ensured that the operations are not disrupted;
- business trips have been reduced to an absolute minimum and participation in events of all kinds has been suspended;
- the recommendations for drivers and relevant transport-related undertakings involved in freight transport following the COVID-19 outbreak as published by European Commission were already implemented within the Company;
- work- from-home was encouraged and supported by the Company when and if possible.

ALRO's Management decided to present the measures taken as response to COVID-19 pandemic in a video, which was further posted on the official website, <http://www.alro.ro>.

However, the scope of the measures implemented had concerned not only ALRO's employees and clients, but the entire community. Therefore, various donations had been made in order to help the medical personnel in its fight against the pandemic by helping them procure the needed medical supply. Thus, ALRO donated RON 400,000 to Slatina Emergency Hospital.

April 2020

ALRO took further actions to mitigate the COVID-19 pandemic effects

The Group continued to implement comprehensive operational, administrative and health-related protocols and procedures inside their premises to mitigate the negative consequences of this pandemic while ensuring the health of its employees, preventing infections and securing a continuous supply chain for its business partners and clients. Moreover, ALRO continued to support the local community by further donating RON 25,000 to Romanian Red Cross, Olt and almost RON 18,000 to International Romanian Association of Police, Olt. Moreover, ALRO tested its most exposed employees for COVID-19 and it has its own healthcare office, opened 24/7 that constantly monitors its staff's health.

ALRO GROUP - Major events in H1 2020 - continued

ALUM supports the local community through donations and innovation

ALUM involved itself in the local community by helping the medical staff in their fight against the COVID-19 pandemic by donating RON 100,000 to Tulcea County Hospital, reaffirming its position as one of the main pillars in Tulcea area. Considering the need to urgently apply hygiene measures for the employees of ALUM in order to prevent infection with COVID-19, as well as the lack of liquid or gel disinfecting materials on the market, the Company explored alternatives and safe solutions to overcome this situation. In this respect, the Research & Development Laboratory of ALUM has prepared (for laboratory tests) a hand liquid disinfectant based on the guidelines for the local production as set by the World Health Organization.

ALRO held its Annual General Meeting of Shareholders

In compliance with the ASF Regulation no. 5/2020, ALRO Ordinary General Meeting of Shareholders took place on 28 April 2020. However, considering the exceptional situation caused by COVID-19 pandemic, the enforcement of state of emergency in Romania, which banned assemblies of persons and restrictions of movement, the Company expressly recommended its shareholders to use electronic/remote interaction means regarding the General Shareholders Meetings.

Some of the business and administrative items included in the meeting's agenda and voted were the approval of the Directors' Report for the financial year 2019, Income and Expenses Budget, Investment Plan and Activity Program for 2020 and the appointment of Ernst & Young Assurance Services as a financial auditor for a one-year mandate, from 15 August 2020 until 15 August 2021.

ALUM held its Annual General Meeting of Shareholders

Following the legislation's requirements, ALUM held remotely (in compliance with the national regulations enforced during the state of emergency on the Romanian territory) its Ordinary General Meeting of Shareholders on 29 April 2020. Within the items included in the meeting's agenda and approved during the AGM are the Directors' Report, Individual and Consolidated Financial Statements for financial year 2019, Income and Expenses Budget, Investments Plan and the Activity Program for year 2020, appointment of Ernst & Young Assurance Services as auditor for financial year 2020 etc.

• May 2020

ALRO reports changes within its operational management composition

The Company has continued to refresh its management structures and in 2020 two changes took place within its Operational Management: the Acquisition and Logistics areas of both ALRO and ALUM were taken over by Mr. Aurel Bărbulescu (replacing Mr. Serghei Gheorghe who resigned in November 2019), while the new Technical, Quality and Investment Director of ALRO is Mr. Cristian Stănescu (replacing Mr. Ioan Sava, who retired). Both Mr. Bărbulescu and Stănescu are working for ALRO for more than 15 years or since the beginning of their professional careers and proved to have the necessary skills and experience to take over these key positions within the organization.

ALRO is a company with tradition and well-known for its employees' loyalty and as such it encourages promotions of the employees working inside the organization.

Vimetco Extrusion takes further steps towards the aerospace industry

Starting with 2020, Vimetco Extrusion will develop together with ABC Aviation helideck platforms made in Romania. ABC Aviation is a Romanian company brought to life in 2007, which is active in the aerospace industry and certified by AACR ("The Romanian Civil Aeronautical Authority") as developer and installer of aerodrome elements and infrastructure. ABC Aviation is working mostly with hospitals all around the country, but aiming to reach the abroad markets as well. The helidecks platform installed by ABC Aviation is servicing the medical industry where demand remains positive considering the current context. Vimetco Extrusion will deliver aluminium profiles and high value-added products (i.e. connectors for helideck assembly) and ABC Aviation will certify the final products and take care of its proper usage.

The key drivers of the collaboration between Vimetco Extrusion and ABC Aviation are the technical specification, quality and delivery terms.

ALRO GROUP - Major events in H1 2020 - continued

• June 2020

Indirect Emissions Compensation Updates

At the end of June 2020, the Romanian authorities approved the implementation of state aid scheme for partially compensate the energy-intensive companies for higher electricity prices resulting from indirect emission costs. This measure is part of EU-ETS Directive as translated into the Romanian legislation and represents the normal next step in the alignment process with the European legislation for keeping the Romanian companies' competitiveness inside the European Union, especially given the current market conditions.

Short background history of EU-ETS scheme:

- On 11 May 2020, the European Commission approved under EU State aid rules the EU-ETS scheme;
- The scheme covers the period 2019-2020 and refers to the Romanian companies active in sectors facing significant electricity costs;
- ALRO and several other companies from 15 Romanian industrial sectors and eight sub-sectors benefit from this scheme;
- The compensation represents a partial refund of indirect ETS costs to eligible companies and Romania's budget approved at EU's level is of EUR 291 million (RON 1,397 million);
- The Government Emergency Ordinances for amending GEO no. 115/2011 mention the precise formula to calculate the indirect emissions costs in the total electricity price and also that an estimated number of 170 Romanian companies would benefit from this scheme;
- The source of funds comes from the auctioning of the greenhouse gas emission certificates attributed freely to Romania by the EU. Therefore, the scheme is supported directly from this mechanism implemented across the EU and is not affecting the rest of the Romanian consumers.

COVID-19 Updates & Market Overview

The aluminium manufacturing facilities, alumina refinery and bauxite mine were fully operational throughout the COVID-19 pandemic during H1 2020

The SARS-CoV-2 virus ("COVID-19") that appeared originally in the city of Wuhan, China at the end of 2019 led currently to over 18 million cases reported worldwide and around 700,000 deaths, determined worldwide governments to take extraordinary measures such as limiting the movement of persons and even restricting businesses. This worldwide unprecedented lockdown generated by the COVID-19 pandemic situation has led to dysfunctionalities in most of the countries in 2020 and has completely changed the world starting with the end of 2019.

Concerning the aluminium industry, a drop of the aluminium price was registered in 2020: from an average of 1,791 USD/tonne in 2019 to 1,595 USD/tonne in H1 2020, while during April and May 2020 LME showed levels around 1,450 USD/tonne. In H1 2020 the highest LME value reported was of 1,811 USD/tonne in January, while the highest value for H1 2019 was of 1,923 USD/tonne and reported in March. Nevertheless, the aluminium market has seen even lower quotations in the past and such volatility is not uncommon to the aluminium industry. Once the pandemic lockdown came to an end, the LME quotations bounced back to levels of 1,500 - 1,550 USD/tonne in May - June 2020 and over 1,600 USD/tonne further on July 2020.

In H1 2020 global primary aluminium market was weak, being affected by a surplus of capacity and overloaded inventories, and thus the primary aluminium consumers such as rolling mills and extrusion plants have faced the falling demand for their products, reduced or suspended operations. While the downstream and end-use aluminium sectors have been closing production units, aluminium smelters, in contrast to their customers, have generally continued to operate. The worldwide supply of primary aluminium continued to grow in the first six months of 2020, since aluminium smelters cannot simply be turned on and off as there is a cost and time penalty to closing production. These discrepancies between the supply and demand for aluminium products have resulted in sizable accumulated inventories and little buying interest currently shown by consumers.

ALRO GROUP - Major events in H1 2020 - continued

Since the beginning of this sanitary crisis, ALRO Group implemented comprehensive operational, administrative and health-related procedures and protocols inside its premises to ensure the health of its employees, prevent infections and secure a continuous supply for clients while effectively managing the negative consequences of this pandemic. Thus, since an incipient phase, ALRO Group got involved in the fight against COVID-19 pandemic spread and supported the local communities with several donations both in money and protective supplies and equipment (i.e. face masks, gloves, overalls etc.). The Group's management realized that the entire world is facing an exceptional situation and exceptional measures are required. Thus, it wanted to prove that ALRO fully understood its role in the local communities where the Group was active. The number one responsibility was towards its employees and their families. Because the employees, their families along with their friends and relatives, they represented the community.

Moreover, the Group has implemented contingency plans simulating the case of one or more employees got infected with COVID-19 and thus ensuring that the operations were not disrupted and the Group remained fully operational and delivered on time. Besides this, starting from an early stage of this pandemic crisis, the Group has implemented an Emergency and Coordination Committee with the main role to supervise and monitor the health condition of all employees, with the main focus that all sanitization and disinfection measures were properly implemented within the entire organization.

Currently, ALRO has in place complex protocols and procedures implemented in coordination with the central and local authorities and in compliance with the recommendations of the World Health Organization for industrial sites. Among the newly implemented preventive measures is the introduction of thermal scanning systems in its locations' access points that allow personnel's entry only if the body temperature is below 37.3 degrees Celsius.

Being one of the pillars of the Romanian economy, ALRO Group bears a particular responsibility for the environment as well as for the society. Thus, in the COVID-19 context, the Group reaffirmed its commitment towards the society, employees and their families and made several donations in money and medical equipment since the beginning of the sanitary crisis of almost RON 650,000 to institutions and organizations involved in preventing and fighting against COVID-19.

In addition to all the measures mentioned above, the Group had also made several analysis and outlook of the coronavirus impact on its future operations and financial position. Despite the significant effect of the coronavirus outbreak in China at the beginning of the year, the demand for aluminium products has increased after the recent easing of COVID-19 restrictions across the country. Economic activity continued to improve across China in H1 2020, and aluminium demand started to show increasing levels. However, the market remains very concerned about the second half of the year's export volume because of COVID-19 spread in Europe and the USA.

In Europe, the lockdown caused certain disruptions to the deliveries from Romania outwards and for imports of some materials from affected countries. The Primary aluminium deliveries have been less affected due to major clients being established in Romania. Moreover, cable clients are key players in the supply chain of infrastructure projects and thus helped Primary aluminium products such as wire rod being delivered over the plan in H1 2020.

The Processed aluminium segment has been more affected by the pandemic because flat-rolled and extruded products are normally exported, especially to other European countries, but even under these circumstances, H1 2020 proved a good performance of the extruded products sector. However, in Europe, following the relaxation of restrictions, early signs of economic restoration have just started to be visible since May-June and considering the significant surplus on the primary aluminium market, it is expected that a full recovery will probably take several months. Even if aluminium prices are currently very low by historical standards, the experience shows that prices will rally sharply and quickly once upward momentum is established. Medium to long-term demand prospects remain positive, with compelling growth stories across many aluminium end users consumption sectors, and such an example is the use of aluminium in the automotive sector. The Directors of the Group are optimistic that improvement in domestic markets will help to partially offset the coronavirus impact on the global economy and aluminium industry in particular during the second half of 2020.

Moreover, in H1 2020 the Group achieved significant inventories reduction due to the forward-looking approach it adopted that included the market monitoring, trends anticipation and implementing an anti-crisis strategy that involved selling the current production but also the accumulated inventories while optimizing its acquisitions and operations. During H1 2020, even though the adverse conditions continued, the Group maintained its plants operational, without any shutdowns and continuously produced aluminium, alumina and bauxite while keeping client servicing on top of its priorities.

ALRO GROUP - Major events in H1 2020 - continued

ALRO celebrated its 55th anniversary

Starting production in 1965, ALRO celebrated on 30 June its 55th anniversary. Over the past five decades, ALRO has committed itself to its employees, partners and clients by becoming one of the main pillars of the Romanian economy. At the time of its establishment, the Company had an electrolytic aluminium production of over 8,000 tonnes per annum and produced only aluminium ingots. Currently, the Company has a diversified products portfolio, and almost 50% of its sales is represented by high and very-high value-added products for sophisticated industries, such as automotive and aerospace. Moreover, high value-added products used in the aerospace industry have increased by 40% in the last seven years, from over 27,000 tonnes in 2012 to over 38,000 tonnes in 2019.

ALRO has constantly implemented energy efficiency programs and applied circular economy principles in its business. Following this direction of increasing efficiency and reducing the effects of the Company's activity on the environment and capitalizing on new opportunities, ALRO continued to increase the volume of recycled and re-melted aluminium scrap, reaching a level of 400,000 tonnes of processed scrap since 2013 and a level of 10 million tonnes of electrolytic aluminium produced since 1965, when it started the production. One of the Company's main goals is to increase the total processing capacity of its Eco-Recycling Facility to 100,000 tonnes per year. By processing the aluminium scrap and increasing the recycling rate, ALRO reduces its dependence on the supplied electricity, as the energy consumption for the supplementary recycled quantities decreases by 95% compared with the electrolytic aluminium.

In this way, ALRO is increasing its competitiveness by using the best available technologies, which are in line with the EU requirements for creation of one circular, sustainable aluminium industry. Thus, although ALRO is one of the major consumers of electricity in Romania, it has 99% energy efficiency for electrolysis technology and all as a direct consequence of the massive investments made during the past years, amounting more than USD 700 million. Moreover, ALRO holds more than seven patents, underlining its commitment to innovation and high-value added products.

The Company has also aimed to increase the professional skills and competencies of employees, leading to the improvement of their individual and team performance, through professional training programs, qualification courses, retraining, specialization, postgraduate programs and team buildings. ALRO has been an active member of the local community and

has involved in aiding entities, institutions and associations in the education, health or religious systems in Slatina and Olt County through specific sponsorships or actions. The Company has also continued its long-term partnerships with academic institutions in the country for internships and supports students in acquiring their bachelor's, master's or doctoral projects, as well as in obtaining their professional qualification in the dual qualification educational system.

ALRO Group published its 2019 Consolidated Sustainable Value Report

On 30 June, ALRO Group published for the third consecutive year its Sustainability Report, presenting the most important initiatives for sustainable value creation following a structure based on the GRI Standards, Core option. The Report provides a transparent and detailed overview of the Group's efforts around the key environmental, social and governance areas that are important to its investors, employees, customers and other stakeholders.

In the light of the latest legislative changes at European level, the Group is committed to comply to and adapt its development strategies and programs and through this Sustainable Value Report, the Group intended to make available to all its stakeholders not only its investments plans, which were channelled to make the operations environmentally friendly but also how it assumed, from a sustainable point of view, its position of being one of the largest producer of aluminium in Europe. Thus, ALRO, with the help of the overall investments made during the past years, managed to position itself in top four companies among its peers, having a 99% energy efficiency for electrolysis technology and emissions' values below the European average.

Moreover, considering the changes occurring at European level (such as the taxonomy for Sustainable Finance Regulation and the Amendments to the Non-Financial Reporting Directive), the Group is determined to accordingly comply and adapt to its development strategies and programs.

One of the Group's main ongoing strategic objectives remains lowering its energy dependency by increasing the Eco-Recycling facility's capacity while improving the energy efficiency of the existing processes. Moreover, consistent efforts are made to reduce the greenhouse gas emissions by permanently complying with the Best Available Techniques requirements and environmental safeguard regulations. Additional information can be found in **ALRO's 2019 Consolidated Sustainable Value Report**, which is available on the Company's website: <http://www.alro.ro/en/sustainability-reports>.

ALRO GROUP - Major events in H1 2020 - continued

ALUM innovates to combat COVID-19 pandemic

ALUM has continued to focus on the health and safety of its employees and the community where it operates through extensive and comprehensive safety measures. Additionally, the hand liquid disinfectant developed in March in ALUM's Research and Development Laboratory based on the local production guide of the World Health Organization has passed the bactericidal and fungicidal activity tests of the National Institute for Medical-Military Development Research "Cantacuzino" and at the date of this Report, this new product received the approval for being produced and used at Company's level.

ALRO continues investments in energy efficiency and sustainable development

In H1 2020, 17 additional pots were relined with the AP12LE technology as part of the contract signed with Rio Tinto Aluminium Pechiney back in 2018. Currently, 42 pots were relined according to this innovative technology and the results are in line with the initial estimations and expectations. AP12LE (Aluminium Pechiney Low Energy) represents a state of the art technology, the latest innovative measures that could be implemented in respect of energy efficiency and environmental protection within the electrolysis sector. According to the research studies done by Rio Tinto Aluminium Pechiney, after the implementation of this project, ALRO will be a top-four performer from an energy efficiency of the electrolysis area perspective within its European peers.

Besides this, in H1 2020 other investments with an environmental protection main objective were implemented, such as the acquisition and commissioning of new equipment for dust suction and filtration at the anodes slots cutting machine. Moreover, to improve the quality and delivery conditions of the aluminium wire, wire lubrication device were installed on the rolling mill and packing of coils in stretch foil equipment was purchased.

General information

ALRO S.A.

Company's address	116 Pitesti Street, Slatina, Olt County
Telephone number	+40 249 431 901
Fax number	+40 249 437 500
Registration number in the Trade Register	J28/8/1991 of 31.01.1991
Fiscal code	RO1515374
Class, type, number and main features of the financial instruments issued by the company	Registered dematerialised and ordinary shares
Subscribed share capital, fully paid up	RON 356,889,567.5
The European Unique Identifier (EUID)	ROONRCJ28/8/1991
Legal Entity Identifier (LEI) Code	5493008G6W6SORM2JG98
Organised market on which shares and stocks are traded	Bucharest Stock Exchange - Regulated Market (market symbol: ALR)
Total market value for each class of shares	Premium Tier Category - 1,370,455,939 ¹ RON

ALRO Group - entities

Company	Parent	Shareholding (%)
ALRO S.A.	Vimetco NV	54.19
Alum S.A.	ALRO S.A.	99.40
Conef S.A.	ALRO S.A.	99.97
Vimetco Extrusion SRL.	ALRO S.A.	100.00
Global Aluminium Ltd.	Alum S.A.	100.00
Bauxite Marketing Ltd.	Global Aluminium Ltd.	100.00
Sierra Mineral Holdings I Ltd.	Global Aluminium Ltd.	100.00

ALRO Group is registered at FSA as per Decision no. A/632/ 26 November 2013.

¹ Calculated based on the BSE quotation available on 30 June 2020 - the last day of H1 2020 when ALRO's shares were traded (713,779,135 shares * 1.92 RON/share).

Directors' Consolidated Report

Overview

ALRO S.A. together with its subsidiaries ("ALRO Group" or "the Group") is one of the largest vertically integrated aluminium producers in Europe, measured by production capacity. With operations throughout all major stages of aluminium production, the Group consists of upstream and downstream divisions, from the mining and refining of raw materials to the production and sale of primary and processed aluminium products.

ALRO ("the Company" or "the Parent-company") was established in 1961 and founded for an unlimited period of time under the form of a joint-stock commercial company in accordance with Romanian Government Decision no. 30 of 14 January 1991 on the establishment of commercial companies in the nonferrous metallurgy sector. The Company's administrative and managerial offices are located in Romania.

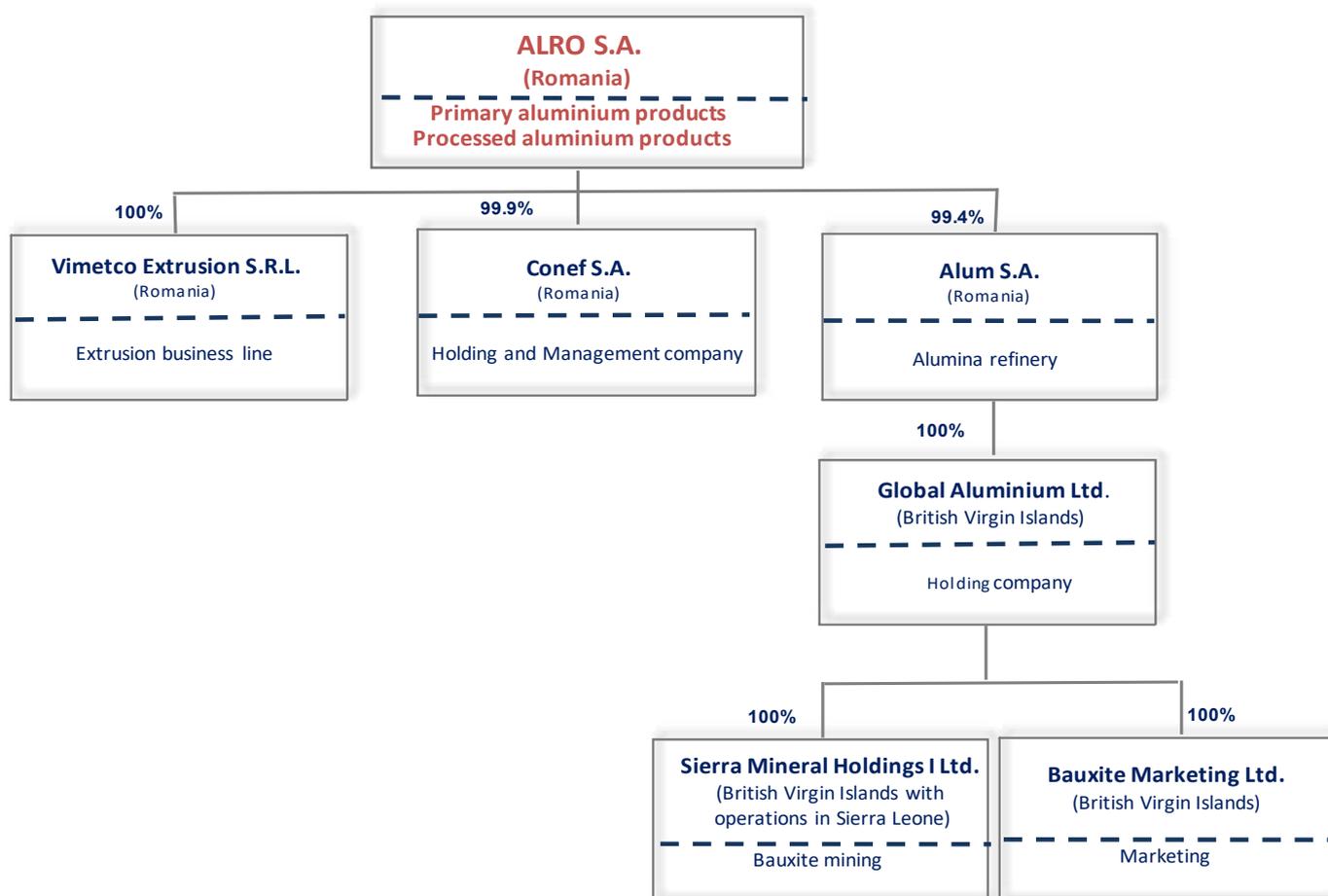
ALRO is part of an integrated Group that produces aluminium, which covers the entire technological process, from bauxite mining to obtaining processed products. The Company was registered under the trade name "ALRO S.A." and has been listed on the Bucharest Stock Exchange since 16 October 1997. The Company's Shares are traded on the Bucharest Stock Exchange under the symbol "ALR".

The major shareholder of ALRO S.A. is Vimetco N.V. (the Netherlands), which holds 54.19% of the Company's share capital (as of 31 December 2018). Vimetco N.V is a privately held company and its registered office is at Strawinskylaan 403, World Trade Center, A Tower, 4th floor, 1077 XX Amsterdam, The Netherlands. The Company's ultimate controlling entity is Maxon Limited (Bermuda).

ALRO Group includes the following companies:

- **Alro** – manufacturer of aluminium – primary & processed ("FRPs") products (a company listed on the Bucharest Stock Exchange, Premium Tier Category);
- **Alum** – producer of alumina (a company listed on BSE, ATS market, AeRo Category);
- **Sierra Mineral Holdings (SMHL)** – bauxite mining;
- **Vimetco Extrusion** – extrusion business line;
- **Conef** – holding and management company;
- **Global Aluminium** – holding company, and
- **Bauxite Marketing** - marketing.

In this way, the Group managed to provide an integrated production chain, securing the raw materials for ALRO.



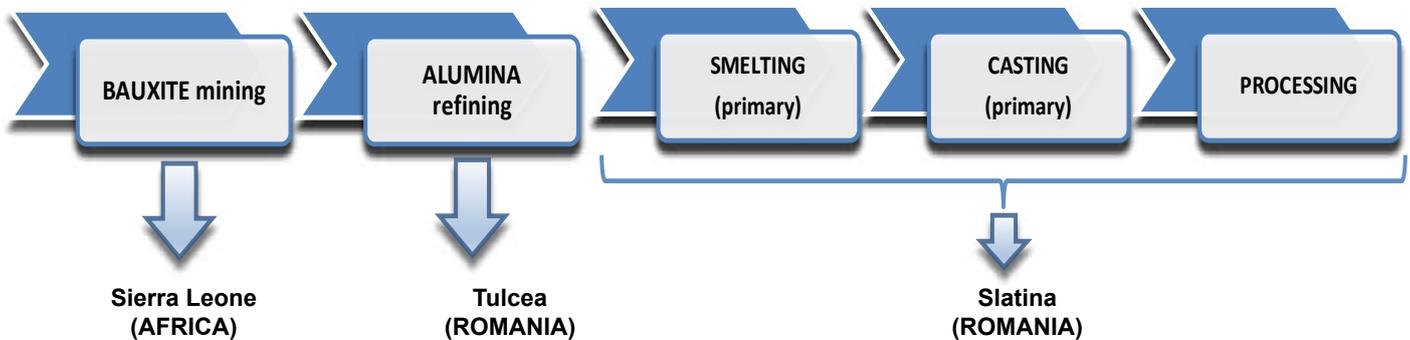
The Group is vertically-integrated, its operations being organized, for management purposes, in four segments: **Bauxite**, **Alumina**, **Primary Aluminium** and **Processed Aluminium**. In this way, the resources are efficiently allocated and the segments performance is properly evaluated, while being the basis on which the Group reports information to its management:

- **Bauxite segment** - consists of the bauxite mine operated by the Group in Sierra Leone (Africa) and which includes SMHL, Global Aluminium and Bauxite Marketing;
- **Alumina segment** - consists of the Group's alumina production operations, which is the principal raw material for aluminium smelting and which includes Alum;

- **Primary Aluminium segment** - manufactures primary aluminium products such as wire rod, slabs, billets and ingots (occasionally) and which mainly includes the Anodes section, Electrolysis section, the Casting House and Eco Recycling Facility;
- **Processed Aluminium segment** which develops and sells flat rolled products ("FRPs") such as sheets, plates and coils, and extruded products.

Both smelting and processing mills are located in Slatina, while the alumina refinery is located in Tulcea, Romania (Europe).

The following chart shows the vertical flow of the Group's upstream and downstream divisions:



In respect of ALRO, the Company is structured in **two divisions**:

- **Primary Aluminium Division** includes the Company's primary aluminium internal division, and comprises the anodes section, the electrolysis section, the casting house, the aluminium Eco Recycling Facility, repairs and spare parts production units, road and rail transportation and other ancillary sections. After investing in modernizing its equipment and in new technology, ALRO reached a production capacity of 265,000 tonnes of electrolytic aluminium per annum having the possibility to produce in six potrooms the same quantities produced 20 years ago in ten potrooms. The Eco Recycling Facility has a capacity of 35,000 tonnes of recycled solid aluminium and a total primary cast aluminium capacity of 325,000 tonnes per annum. At the same time all necessary anodes for the electrolysis of alumina are internally produced;

- **Processed Aluminium Division ("FRP Division")** depends on the specific product range produced at any one time, the Group's facilities generally have a capacity of 100,000 tonnes per annum of FRPs and 25,000 tonnes per annum of extruded profiles.

The Group's subsidiaries hold several certifications. For example, ALRO is ISO 9001, ISO 14001, ISO 45001, ISO 50001 certified for quality management and has NADCAP, as well as EN 9100 certifications for aerospace production, and also the ISO TS/IATF 16949 certification for automotive industry, its products being certified by the international standards for quality assurance for primary aluminium as set by the London Stock Exchange and those for flat rolled products, as well.

ALRO produces a diversified range of products, as detailed below:

- aluminium and aluminium alloyed wire rod;
- homogenised aluminium alloyed billets mainly AlMgSi,
- aluminium and AlSi7Mg 0.3 billets;
- aluminium and aluminium alloyed slabs;
- aluminium and aluminium alloyed plates (heat treated and not heat treated);
- aluminium and aluminium alloyed sheets and coils;
- aluminium alloyed clad sheets and coils.

The Company receives alumina from ALUM, its own alumina refinery with an installed capacity of 600,000 tonnes per year which is obtained by using the bauxite mined in Sierra Leone. ALRO produces value added primary aluminium products for its customers and the primary aluminium is also used as raw material by the processed aluminium production facilities. Moreover, the Company sells aluminium alloys billets to its subsidiary, Vimetco Extrusion that further produces extruded products.

Sales

The outlook for H1 2020 can be split into two periods: the first quarter, until mid-March 2020 and the second quarter, which was dominated by the worldwide COVID-19 pandemic crisis. In the first two months of 2020, the external factors remained more or less unchanged from the ones present at the end of 2019, except for UK's decision of leaving the European Union. The other external factors such as the political ones (i.e. the trade war, US sanction policy etc.) and those economic (i.e. slowing down of world economy and of some markets like the automotive one etc.) have resulted in the uncertainty of market participants and also in the aluminium business, but with signs of increasing demand.

In the Primary Aluminium Division, in the first two months of 2020 ALRO's sales showed a good performance for the aluminium wire rod business and for the demand of aluminium billets for extrusions producers. In the FRP, the sales were below the expected levels for this period but with a good order income level.

This situation has changed drastically mid-March 2020 when the COVID-19 pandemic started to negatively influence and change the entire environment. The impact on the aluminium business has been immediately and strong, stopping partially deliveries in highly effected countries such as Italy, Spain, France due to logistic restrictions for transportation and national state regulations for goods and private border crossing.

Around 70 of ALRO's clients and their plants had been temporarily closed thus allowing no deliveries. As a result, ALRO had to reschedule its production, manage the increasing finished goods stocks of FRP and take measures to assure the sales and deliveries in the countries less effected. Until May 2020 this situation of limited sales and delivery possibilities of ALRO's finished products persisted without any signs to reverse this negative impact in a short time.

Two main market segments for the Company, aerospace and automotive, have been particularly strongly hit by the COVID-19

pandemic crisis. The main aerospace producers reviewed completely their programs and procurement strategies without being in a position to give a clear outline for the near future. Some of ALRO's clients had a temporary reduction of 80% of their aerospace businesses with limited improvement for the remaining 2020. In the automotive industry, clients reported between 20 and 50% temporary reduction of their business. Therefore, further postponing of order positions took place on one side and on the other side, no new orders respectively call off or releases from existing contracts had been provided by aerospace and automotive clients.

Given the international and local adverse conditions, ALRO's ambitious objective of increasing the FRP sales in 2020 with around 15% compared with 2019 could not be fulfilled in the first six months of 2020. Even though most of the clients have started their plants during May 2020, the pandemic continued to dominate the behaviour of the market participants. However, there are slight improvements in business activities, demand and inquiries for ALRO's FRP.

Regarding ALRO's Primary Aluminium Division, in the first six months of 2020, the wire rod and billets, have shown, contrary to FRP, increasing sales, above the estimated figures. In H1 2020, the wire rod sales were above the budgeted ones. The cable sector performance during the low season was stable and thus partially decreased the stock accumulated at the end of 2019. The wire rod demand is expected to remain stable in 2020 so that we have fully covered our capacity of 100,000 tonnes. Moreover, customers reported a good level of demand and are optimistic about 2020. We also expect the COVID-19 pandemic crisis would not have a major impact on the cable sector since the cable producers are considered essential in the supply chain having in their portfolios public utilities consumers. ALRO remains one of the first suppliers in this competitive market, being the biggest producer of aluminium wire rod in Europe.

Most of the customers reported a reduced four-day work week during Q4 2019 and ALRO has done its best to deliver as much as possible in Q1 2020. In H1 2020, the capacity was fully covered by contracts and the Company managed to achieve higher sales than the budget and to decrease the stocks accumulated at the end of December 2019. Nevertheless, there are late signs of depressed demand in the extrusion sector because of the global pandemic, decline of the automotive and construction sectors and closure or reduced activity of the extruders in many European countries. Nevertheless, the order income in July is in line with the budget and we expect a stable demand in Q3. From a premium point of view, the extruders and FRP mills continue to be the most affected by the current global pandemic.

Production

In H1 2020, the Company remained committed to its strategy of increasing its high value added products ("HVAPs") and very high value added products ("VHVAPs") sales, but the COVID-19 pandemic crisis hit especially the FRP and extruded markets.

The Group considers all of its FRPs to be HVAPs and refers to products such as cladded sheets and coils, and aero heat-treated plates as VHVAPs. Within extruded products, the Group considers its special products to be HVAPs and the machined, painted and anodized or powder coated products to be VHVAPs.

As in the previous years, amongst the investments that are currently in progress, the Group is increasing its production capacities and exposure to HVAPs and VHVAPs for instance by improving the quantity of hot-rolled products with higher value added and higher premium, in particular the production of heat-treated plates, sheets and cladded products, in order to diversify its product range and meet the most demanding quality requirements of its customers in sophisticated industries.

In H1 2020, the Company continued to improve the mix of products, as a result of the implementation of its strategy to keep the focus on high value added products.

Moreover, the Eco-Recycling facility production decreased compared to the same period of 2019 by 16.81%, as part of ALRO's efforts to match the trends of the aluminium market.

In addition to a decreased production level in the attempt to match the demand, other measures were also implemented to compensate the adverse economic and pandemic factors such as:

- Reduce the amperage and number of pots in operation;
- Reduction of inventories;
- Reduction of capital expenditure and capital allocation;
- Costs cuts and stricter cost discipline across the entire organization.

Following AGM's resolution that took place in April 2020, ALRO allocated more than USD 24 million for 2020 ALRO's Investment Plan, for Primary and Processed Aluminium Divisions. Part of the approved investment budget is directed towards completing investment projects started during the previous years and the amount invested during H1 2020 was of USD 4 million (H1 2019: USD 8 million).

Taking into account the Company's target objectives, 2020 ALRO Investments Program is structured in three chapters representing the leading priorities and each chapter is also structured based on a chronological priority list assigned to the investments projects included in those chapters:

- Chapter 1 – Investment projects previously approved, which are in different stages of implementation;
- Chapter 2 – Investment projects needed to advance the overall energy efficiency and provide the operating conditions and to maintain the secure continuity of the production process in ALRO;
- Chapter 3 – Investment projects aiming the increase of important equipment reliability, the decrease of the Company's dependence on energy supply by boosting the scrap recycling capacity and the compliance with latest BAT requirements in terms of emission level.

Moreover, ALRO Group has a long-standing commitment to sustainability. For this reason, several projects with the aim to reduce the energy consumption were continued in H1 2020, too. Within the Primary Aluminium Division, the implementation of the pot relining AP12LE technology developed by Aluminium Pechiney, part of Rio Tinto Aluminium (RTA) for upgrading the electrolysis pots has been continued, and a number of 17 additional pots were relined according to this technology within H1 2020. This project aims at reducing the specific energy consumption by approximately 300 kWh/ tonne of aluminium, while maintaining the current production. The AP12LE technology implementation is part of the Company's long term programme for increasing the energy efficiency of the technological processes, targeting an energy consumption below 13 MWh/tonne. This project represents one of the steps already implemented by the Group to mitigate the electricity prices volatility risk as ALRO, the Parent-Company, is one of the main electricity consumers in Romania and is highly exposed to energy prices evolution. ALRO Group's Management has a bidirectional approach regarding this subject: on one side through these types of projects is aiming to maximize the Group's performance and thus to reduce the consumption rates at a minimum possible level and, on the other side the energy prices evolution is one of the main topics on Management's agenda who investigates any new trends, regulations and new legislative updates that might further have an influence on the current business and operational activities.

Besides this, ALRO Group has a strong presence in many industry sectors of the international markets and its expertise and increased focus on flat-rolled and extruded HVAPs enables it to meet specialized technical and production standards requested by certain customers. It also increasingly targets sophisticated industries such as the aerospace, automotive, marine and construction industries with products the Group considers to be VHVAPs and for which it is able to negotiate higher premiums. Thus, the Group has an increasingly diverse customer base. In H1 2020, the Group sold the majority of its primary products to end-users, and the majority of its processed aluminium products to service centres, metal traders and distributors. In the same period, the Group's primary products, FRPs and extruded products measured by revenues were exported, predominantly within Europe.

In line with the Group's objective of implementing a new aluminium plant concept based on research and development, a high degree of digitalization and automation, eco-friendly technologies, with near to zero emissions and waste, the Group aims at reducing its energy consumption rates. Given that aluminium recycling requires only approximately 5% of the energy required to produce the same quantity of electrolytic aluminium, the Group is permanently trying to increase the use of recycled metal quantities. To this end, the Group is focusing on increasing the processing capacity of the Eco-Recycling Facility, with the objective to reach a total waste processing capacity of 100,000 metric tonnes per year. Through this new facility, the Group has managed to ensure some metal produced from recycled aluminium scrap, partially replacing the aluminium produced by electrolysis. In addition, the Group is currently implementing new technologies in its alumina refinery for the research and production of dry aluminium hydroxide, for the grinding and sorting of dry aluminium hydroxide, and for the classification of wet aluminium hydroxide, all of which are new alumina products with special destination. Moreover, the projects for using the alumina residue by modifying its properties and transforming it into an active material suitable for new cement products, with low CO₂ footprint. Besides this, ALUM has invested during the past years in another circular economy project that aims to introduce the red mud (i.e. the alumina residue) into agriculture as a soil fertilizer.

Furthermore, the Group is continuing its technological upgrading programmes within all its divisions, with the main objective of improving the efficiency of the existing equipment and its day-to-day operations. As such, the Group's extrusion subsidiary, Vimetco Extrusion has acquired a new and highly-performant extrusion press to increase its overall production capacity, while it made further steps into penetrating the aerospace sector and also developed a new business line – i.e. the welding products.

For all the Group's companies, ongoing improvement of product quality and range of products is done and the audits performed up to now in 2020, had as a result the approval and renewal of all the certifications in place.

Procurement and Logistics

In H1 2020, Procurement and Logistics Department ("PLD") followed the Group strategy in continuously improving its activities and competitiveness. Moreover, in H1 2020 the Group faced an unfavourable environment marked on top of everything by the COVID-19 pandemic outbreak. The COVID-19 crisis has disrupted both the EU and world economy, and thus the Group faced even more challenges from the global business environment severely affected by the economic slowdown and fears of a recession, while the LME continued to show a descending trend in the first six months of 2020, too. Therefore, the main objectives of PLD in H1 2020 were:

- *Effectiveness in sourcing* proving a professional attitude, meeting deadlines and achieving the lowest possible costs, in terms of prices, logistics and payment terms. Moreover, each raw material was closely monitored to avoid a potential supply disruption caused by the COVID-19 pandemic;
- *Permanent and objective analysis* of results based on key performance indicators ("KPI") to assess the performance, optimize activities and finally to realize the targeted cost-cutting parameters;
- *Cost reduction* by negotiating raw materials acquisition prices and logistics quotas. In H1 2020, the expenditures of the raw materials were reduced by approximately 21% compared to H1 2019 and for H2 2020 is estimated a further decrease in the acquisition prices. Moreover, special attention is paid for ensuring an efficient purchasing of aluminium scrap, which is a key driver in achieving lower energy costs;
- *Improving inventory management* by targeting Raw Materials Inventory Turns (RMIT) at the top performers level by using predictive planning and scheduling, to avoid both stock-outs or overstock and where possible dual and/ or multiple sourcing to improve supply assurance;
- *Detailed analysis of suppliers' performance* for goods and services deliveries by monitoring suppliers' performance especially for the raw materials in the aerospace and auto products; these industries KPI's are evaluated based on several criteria: quality, timely delivery, price and payment terms;
- *Sustainable approach of the acquisitions* done to support the Group's strategy in social responsibility, environmental protection and continuous development through sustainable contracting for the on-going and future investment projects;

- *Digital transformation* was implemented inside the PLD area to align with one of the Group's objectives through:
 - *E-tendering* – extending this process to all similar/comparable goods and services, as this approach proved to be a significant source of savings;
 - *Digitalization* - completion of switching from paperwork to electronic documents enabling 100% traceability of documents and materials flow;
 - *GPS monitoring* – performing a timely analysis of the information collected through GPS systems for the entire transportation fleet; this data also allows the organization to react quickly whenever the situation requires it.

All raw materials ALRO purchases from domestic and/ or foreign suppliers are in strict compliance with European Union (EU) safety and environmental protection legislation including, but not limited to, European Commission (EC) legislation No.1907/2006 (REACH) and EC legislation no. 1272/2008 (CLP).

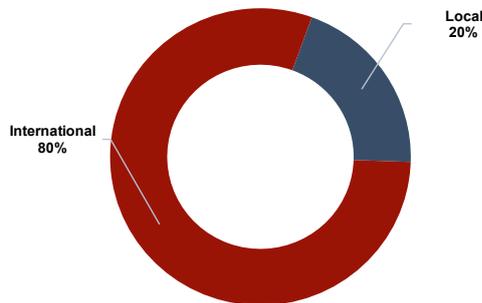
PLD manages ALUM's alumina and hydrate sales, too. Therefore, one of the main objectives is to increase Group profitability and cash flow by reducing raw materials acquisition prices and logistics costs while expanding sales volumes to third parties.

In H1 2020, alumina prices decreased by approximately 30% compared to H1 2019 and by 21% compared to the full year 2019 according to benchmark indexes. This decrease was mainly due to the severe global impact of COVID-19 on demand.

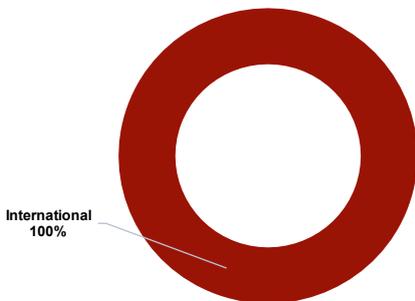
As alumina price around the World is mainly linked to Platts, CRU & Metal Bulletin indexes and ALUM third parties' sales are oriented to foreign markets (in a proportion of approximately 90%), keeping the sales volumes as per budget was a challenging task.

However, PLD managed in H1 2020 to conclude sale contracts of approximately 4,550 tonnes of alumina and around 35,550 tonnes of aluminium hydroxide (in equivalent alumina)/ 57,000 tonnes of hydrate, for both metallurgical and non-metallurgical applications.

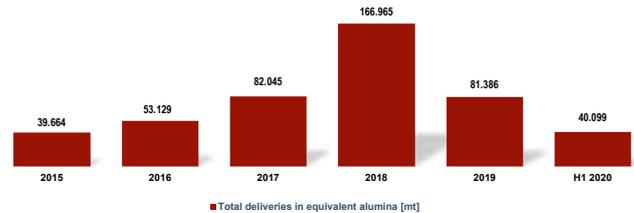
H1 2020 Acquisition structure for main Raw Materials (Alumina included)



H1 2020 Acquisition structure for main Raw Materials (Alumina excluded)



ALUM's total deliveries in equivalent alumina [mt]



Financial review

The Group's consolidated sales in the first half year of 2020 were of RON 1,360,942 thousand, lower with around 10% compared to the level reported in the similar period of 2019 (respectively RON 1,506,218 thousand), mainly due to the unfavourable market conditions and due to the COVID-19 pandemic crisis that affected all players in the aluminium industry during H1 2020. ALRO's sales were of RON 1,222,845 thousand in H1 2020 (H1 2019: RON 1,330,783 thousand).

Consolidated sales

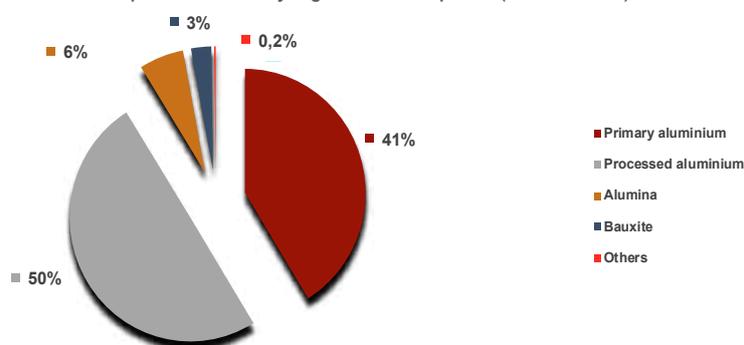
H1 2020: RON 1,360,942 thousand

H1 2019: RON 1,506,218 thousand



The contribution of the sales on the Primary Aluminium segment to third parties was RON 576,092 thousand in H1 2020 and represented 42% of the Group's total revenues (H1 2019: RON 621,118 thousand; 41%). Third party sales of Processed Aluminium segment represented 50% of the Group's total revenues in H1 2020, being of RON 676,353 thousand (H1 2019: RON 751,123 thousand; 50%), in line with the Group's strategy of increasing the percentage of the HVAPs and VHAPs sales out of total sales.

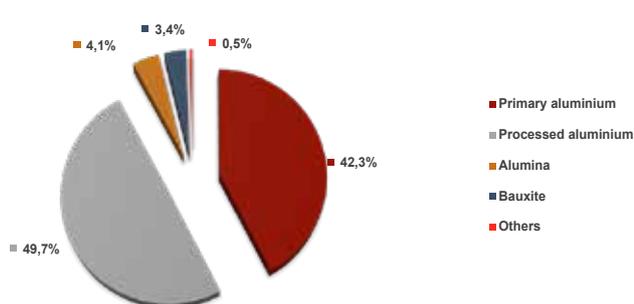
ALRO Group: H1 2019 sales by segments to third parties (RON thousand)



The **Group net result** for the first half of 2020 is a profit of RON 253,662 thousand, a higher amount compared to RON 79,708 thousand reported in H1 2019 due to the approval of the EU-ETS scheme into the local legislation partially offset by the adverse market circumstances of H1 2020, such as lower LME prices, decreased levels of demand due to COVID-19 pandemic crisis and transportation restrictions. The descending trend was confirmed by the turnover level which was lower by 10%, mainly due to weaker demand within the entire H1 2020, LME downwards trends in the same period, alumina lower prices and due to decreased quantities produced as a consequence of lower demand levels. In line with the Group, ALRO reported a net profit of RON 211,772 thousand compared to a net loss of RON 1,481 thousand in the same period of last year, as an immediate result of the above mentioned factors.

In H1 2020, the Romanian authorities have approved the implementation of the EU-ETS compensation scheme based on the EU decision, which therefore ensured that the Romanian companies' competitiveness is kept inside the European Union, especially given the current market conditions. ALRO Group recognised the amount related to 2019 and on an accrual basis, to half of the year 2020 of RON 453,761 thousand (out of which at ALRO's level of RON 441,904 thousand) and included it in the "Other operating income" position. These subsidies partially compensate the indirect emissions costs embedded in the energy price. The Government Emergency Ordinances (GEO) for amending GEO no.115/ 2011 mention the precise formula to calculate the indirect emissions costs in the total electricity price. This compensation represents a partial refund of indirect ETS costs and the budget approved for Romania at EU's levels is of EUR 291 million (RON 1,397 million) and around 170 Romanian companies will benefit from this scheme.

ALRO Group: H1 2020 sales by segments to third parties (RON thousand)



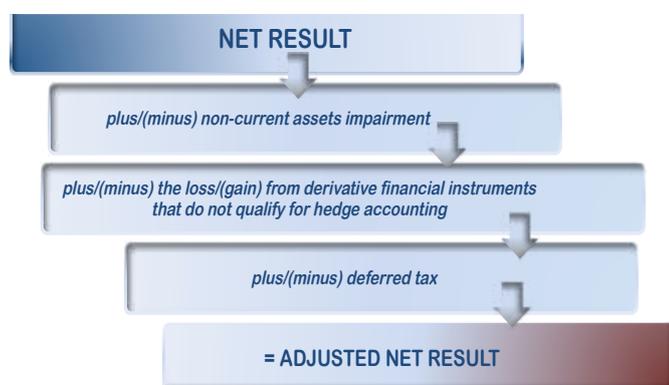
The reconciliation between the **Net Result** and the **Adjusted Net Result** at ALRO Group level and at ALRO's level for H1 2020 and H1 2019 are detailed below:

ALRO Group

Description (RON th)	H1 2020	H1 2019
NET RESULT	253,662	79,708
Plus/(minus) charge/(reversal) of non-current assets impairment expense/(income)	-	(4,790)
Plus/(minus) the loss/(gain) from derivative financial instruments that do not qualify for hedge accounting	-	(710)
Plus/(minus) deferred tax expense/(income)	8,119	2,219
ADJUSTED NET RESULT	261,781	76,427

ALRO S.A.

Description (RON th)	H1 2020	H1 2019
NET RESULT	211,772	(1,481)
Plus/(minus) charge/(reversal) of investments impairment expense/(income)	1,004	48,300
Plus/(minus) charge/(reversal) of non-current impairment expense/(income)	-	(4,754)
Plus/(minus) the loss/(gain) from derivative financial instruments that do not qualify for hedge accounting	-	(710)
Plus/(minus) deferred tax expense/(income)	8,233	2,397
ADJUSTED NET RESULT	221,009	43,752



Regarding the **cost of goods sold**, the Group reported a similar level in H1 2020 (H1 2020: RON 1,364,710 thousand versus H1 2019: RON 1,342,519 thousand) due to the drop in raw materials purchase prices, in line with the prices on dedicated markets and with the Group's strategy deployed in H1 2020 to reduce costs, partially offset by the Romanian energy market which continued to report the same upward trend in energy prices. The corresponding trend was displayed at ALRO's level, also, where the cost of goods sold is by 3% higher in H1 2020 compared to the equivalent period of last year (H1 2019: RON 1,295,704 thousand versus H1 2020: RON 1,258,520 thousand).

The **Group's gross profit** significantly dropped and reached the negative value of RON 3,768 thousand in H1 2020 compared to H1 2019 when the reported value was of RON 163,699 thousand; the correspondent gross profit margins were -0.3% in H1 2020 versus 11% in H1 2019, principally due to the adverse influence

of lower LME prices and lower premia and quantities sold in H1 2020 compared to the same period of last year, which were directly translated into ALRO's gross loss for H1 2020 of RON 72,859 thousand opposed to a gross profit of RON 72,263 thousand in H1 2019.

On the other side, the **general, administrative and selling expenses** slightly increased by 3% in the first six months of 2020 (to RON 141,448 thousand in H1 2020 from RON 137,378 thousand in H1 2019).

In H1 2020, the **operating income** amounted to RON 492,352 thousand (compared to RON 144,667 thousand in H1 2019) and it was related mainly to the Group's EU-ETS compensation scheme of RON 453,761 thousands and to the sales of emission rights in amount of RON 32,797 thousand (in H1 2019: RON 107,698 thousand). At ALRO's level, the amount related to the EU-ETS compensation scheme is of RON 441,904 thousand, the rest representing amounts to which the other Group's subsidiaries are entitled, i.e. ALUM and Vimetco Extrusion.

The amount of RON 14,132 thousand represents **net foreign exchange losses** coming principally from the revaluation of the loans and other debts of the Group in foreign currencies (H1 2019: a loss of RON 14,390 thousand).

For further details, see also **Note 9 Interest Expense** and **Note 18 Borrowings and leases** from the Interim condensed consolidated Financial Statements for the six months ended on 30 June 2020 included in this Report.

The **Group's operating result** for H1 2020 is of RON 343,421 thousand compared to RON 166,358 thousand in the similar period of 2019 mainly due to the amount of RON 486,558 thousand recognised in H1 2020 as other operating income relating to the approval of the EU-ETS compensation scheme for 2019 and the first six months of 2020 on one side and to a further sale of emission rights on the other side. Therefore, the Group reported for H1 2020 almost a double level for EBIT compared to the same period of 2019. The corresponding development, but even more positive was revealed at ALRO's level, the Parent-company, which recorded a positive EBIT of RON 288,454 thousand in H1 2020 compared to a positive EBIT of RON 13,019 thousand in H1 2019.

In H1 2020 the Group managed to generate positive cash flows from its operating activities of RON 136,260 thousand. However, this level was lower than the one reported for the similar period of last year (H1 2019: RON 193,529 thousand) mainly due the positive cash-flows generated by the inventory variation as a result of the measures taken by the Group's management to better and more efficiently manage its inventories. Moreover, a positive impact was also generated by the lower interest paid during H1 2020 compared to H1 2019 as lower levels were registered during this period for LIBOR and ROBOR rates and lower outstanding balances were registered for the Group's bank loans as at 30 June 2020. At ALRO's level, the cash flows generated from the operating activities was RON 57,477 thousand in H1 2020 (H1 2019: RON 250,084 thousand). A slight decrease in cash used in investing was recorded in H1 2020 compared to H1 2019, at Group's level (H1 2020: RON 68,561 thousand versus H1 2019: RON 74,616 thousand), while at ALRO's level it was registered a cash used in investing of RON 49,379 thousand in H1 2020 versus a net cash from investing activities of RON 8,207 thousand in H1 2019. The net cash-outflows

related to the investment activity in H1 2020 include acquisitions for investments aimed to improve the energy efficiency of the electrolysis technology, payments for relining the electrolysis pots and furnaces reconditioning in ALRO, as well as investments for maintenance and improving equipment parameters at ALUM and SMHL.

The **cash-flows provided by financing activities** for the six months ended on 30 June 2020 show mainly the instalments repayment of the bank loans according to their schedules agreed with the financing banks and the leasing debts for the reported period. Moreover, ALRO obtained in February 2020 a revolving facility in amount of RON 100,000 thousand for working capital with the maturity in November 2020.

As of 30 June 2020, the Group reported **cash and cash equivalents** of RON 158,124 thousand and restricted cash of RON 76,177 thousand, compared to RON 83,182 thousand and restricted cash of RON 46,164 thousand as at 31 December 2019. The change in restricted cash represents a collateral deposit of RON 30,000 thousand which was placed with the lending bank for a new revolving facility concluded in February 2020. Besides this, as a result of the extension until February 2024 of one of the non-cash facilities, the related collateral deposit in amount of RON 9,200 thousand was reclassified from Restricted cash as of 31 December 2019 to Other non-current assets as of 30 June 2020. For more details, see also **Note 17 Cash and cash equivalents** and **Note 18 Borrowings and leases** from the Interim condensed consolidated Financial Statements for the six months ended on 30 June 2020 included in this Report

Group's total assets reported as at 30 June 2020 were in amount of RON 2,772,187 thousand, a higher level compared to RON 2,462,026 thousand as at 31 December 2019, mainly due to the other current assets position referring to the EU-ETS compensation scheme approval. The same trend was reported at ALRO's level with a **total assets** value of RON 2,460,648 thousand as of 30 June 2020 versus RON 2,122,568 thousand as at 31 December 2019.

The **Group's non-current assets** recorded a similar amount as at 30 June 2020, i.e. RON 1,285,692 thousand (31 December 2019: RON 1,328,018 thousand) while the Group's current assets increased by 31% in the examined period compared to the level reported as at 31 December 2019 (H1 2020: RON 1,486,495 thousand versus 31 December 2019: RON 1,134,008 thousand) due to an increase of the **other current assets** position as mentioned above. The equivalent trend was reported by **ALRO** which reported **non-current assets** of RON 1,244,181 thousand as at 30 June 2020 (31 December 2019: RON 1,279,436 thousand) and **current assets** of RON 1,216,467 thousand as of 30 June 2020 versus RON 843,132 thousand as at 31 December 2019.

Group's total liabilities slightly increased by 3% and reached a level of RON 1,749,339 thousand at 30 June 2020 (31 December 2019: RON 1,692,074 thousand), principally due to the loans taken by the Parent-Company in H1 2020. The level of the **Group's non-current liabilities** as at 30 June 2020 was RON 413,947 thousand (31 December 2019: RON 512,663 thousand), while the **Group's current liabilities** were of RON 1,335,392 thousand at 30 June 2020 opposed to RON 1,179,441 thousand at 31 December 2019. The same trend was reported by **ALRO** which reported **total liabilities** of RON 1,507,330 thousand as of 30 June 2020 (31 December 2019: RON 1,381,022 thousand), out of which **non-current liabilities** of RON 298,632 thousand as of 30 June 2020 (31 December 2019: RON 341,907 thousand) and **current liabilities** of RON 1,208,698 thousand as of 30 June 2020 versus RON 1,039,115 thousand as of 31 December 2019.

Operational analysis

ALRO Group

ALRO Group reported in H1 2020, a total production of primary aluminium of 137,163 tonnes, a slightly lower level compared to the one reported in the same period of last year (H1 2019: 142,667 tonnes) due to unfavourable market conditions (i.e. lower demand and LME prices) that further translated in lower production levels. The processed aluminium production (FRP and extruded products) reported for H1 2020 a lower quantity as the one registered in H1 2019 (H1 2020: 51,651 tonnes versus H1 2019: 54,575 tonnes) mainly due to the adverse market conditions for FRP and extruded products in H1 2020 as the COVID-19 pandemic crisis affected mainly the automotive and aerospace industries.

The alumina production was of 202,958 tonnes in H1 2020, by 10% lower compared to the one reported in the same period of the last year when it was 226,679 tonnes mainly due to lower levels of the alumina prices in H1 2020 compared to H1 2019 by approximately 30% as a direct consequence of the COVID-19 pandemic crisis that further translated into lower sales to third parties and thus to lower production levels. Bauxite production recorded a level of 739,341 tonnes in H1 2020 (H1 2019: 1,117,240 tonnes), due to the alignment with the Group's necessities and strategy.

ALRO

In the first six months of 2020, the Company reported a slight decrease in the primary aluminium production compared to the same period of 2019, respectively a decrease of 4% (i.e. H1 2020: 137,163 tonnes versus H1 2019: 142,667 tonnes). The processed aluminium reported a level of 39,120 tonnes in H1 2020 compared to 43,911 tonnes in H1 2019, i.e. a 10.9% decrease in line with the lower demand levels registered during the first half of 2020 due to COVID-19 pandemic.

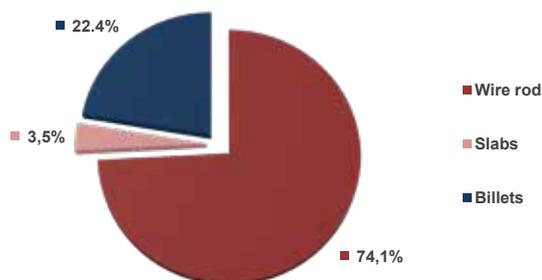
In H1 2020, the primary aluminium sales (including sales to Vimetco Extrusion) increased and reported a level of 81,635 tonnes compared to 78,147 tonnes in H1 2019 as even if the aluminium demand was hit by the sanitary crisis, the wire rod sector performed well as ALRO remains one of the first suppliers in this competitive market and the cable sector is considered a key one for the economy, in general. The processed aluminium sales decreased in the analysed period, being in H1 2020 of 40,453 tonnes compared to 43,769 tonnes in H1 2019, mainly due lower demand for coils.

Primary Aluminium

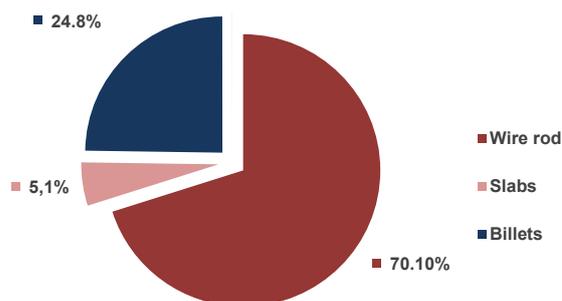
ALRO is the only producer of primary aluminium and aluminium alloys in Romania and one of the largest vertically integrated aluminium producers in Europe measured by production capacity. In H1 2020, the Company continued to improve the mix of products sold, as a result of the implementation of the strategy that is focused on high value added products. The main markets for ALRO's primary products in H1 2020 were besides Romania, Czech Republic, Poland, Bulgaria, Italy and Hungary.

The structure of primary aluminium sales based on product types in H1 2020, compared to H1 2019 is presented below:

Primary aluminium: sales structure in H1 2020 (RON th)



Primary aluminium: sales structure in H1 2019 (RON th)



The main primary aluminium markets in H1 2020 versus H1 2019 are detailed below:

Primary aluminium: main markets in H1 2020 (tonnes)



Primary aluminium: main markets in H1 2019 (tonnes)



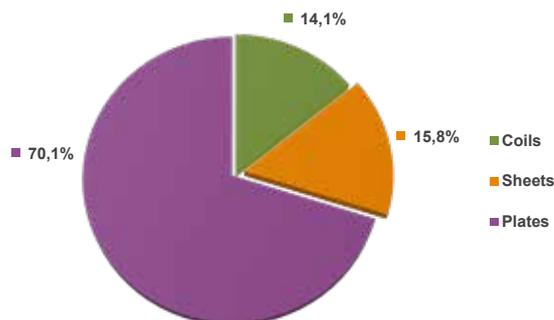
Processed Aluminium - Flat-rolled products (FRP) -

ALRO sells its processed aluminium products, both on domestic and external markets. These products are presented in a diversified range and are produced with high value added, being sold with a superior profit margin compared to the primary aluminium products.

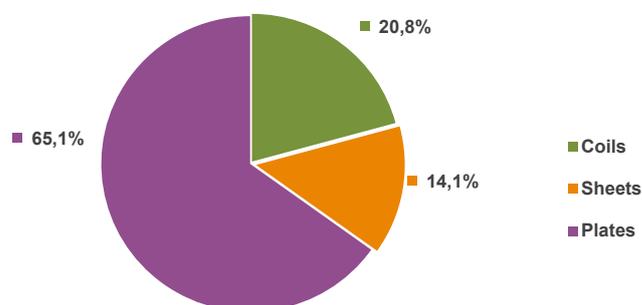
The processed aluminium sales recorded increased levels for sheets and plates in H1 2020 as compared to H1 2019 (i.e. in quantitative terms, aluminium sheets increased by 2.7% and plates by 1% in H1 2020 compared to the similar period of last year) offset by a significant decrease for coils in H1 2020 compared to H1 2019 (less by 38%). The main markets for ALRO's processed products in H1 2020 were besides Romania, Germany, Turkey Italy, USA, Czech Republic, Austria and Poland.

The structure of processed aluminium sales based on product types in H1 2020, compared to H1 2019 is detailed below:

Processed aluminium: Sales structure in H1 2020 (RON th)



Processed aluminium: Sales structure in H1 2019 (RON th)

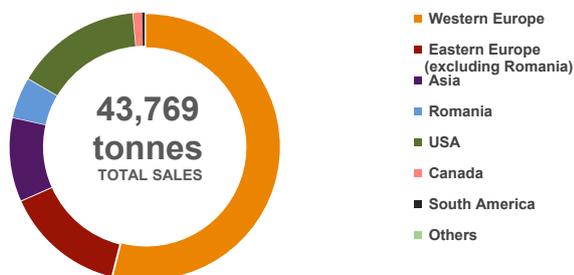


The processed aluminium markets in H1 2020 versus H1 2019 are detailed below:

Processed aluminium: main markets in H1 2020 (tonnes)



Processed aluminium: main markets in H1 2019 (tonnes)

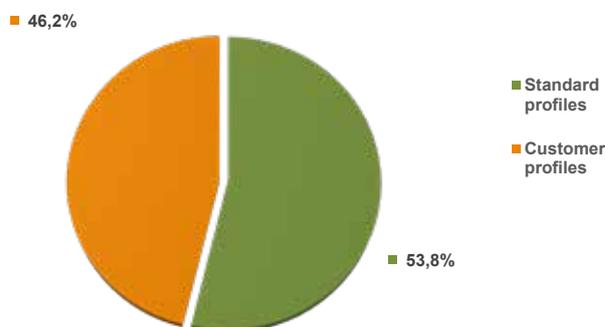


Processed Aluminium Segment - Extruded Products -

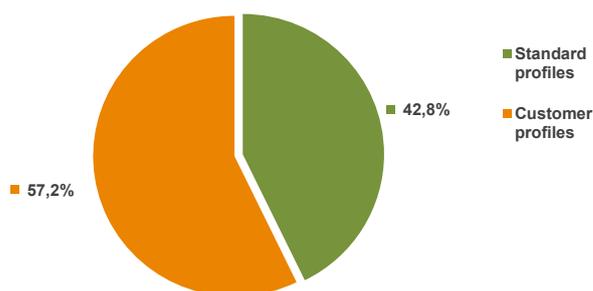
Vimetco Extrusion sells a wide range of extruded profiles, such as aluminium bars, tubes and profiles, both on domestic and external markets. Currently, 95% of Vimetco Extrusion products are sold abroad. In H1 2020, Vimetco Extrusion reported higher sales by 19% compared to the similar period of last year (+ 2,000 tonnes) as the company took advantage of the higher demand from the solar panels market. Vimetco Extrusion's special products are considered to be HVAPs and the machined, painted and anodized or powder coated products to be VHVAPs.

The structure of extruded products sales based on product types in H1 2020, compared to H1 2019, is detailed below:

Extruded products: Sales structure in H1 2020 (RON th)



Extruded products: Sales structure in H1 2019 (RON th)

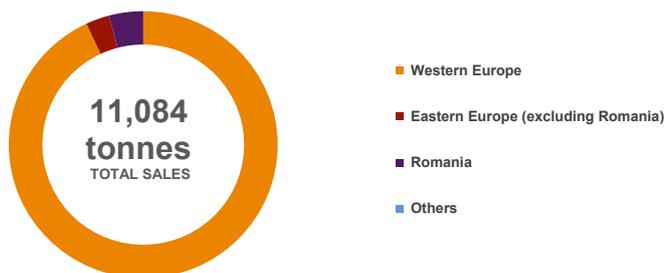


The extruded products markets in H1 2020 versus H1 2019 are detailed below:

Extruded products: main markets in H1 2020 (tonnes)



Extruded products: main markets in H1 2019 (tonnes)



Other information

- the Group is not dependent on a client or a group of clients due to its diversified portfolio customer base;
- in H1 2020, the Group did not buy or hold its shares;
- throughout H1 2020 no mergers or reorganizations took place;
- in H1 2020, there were no increases or decreases of the shares held in affiliated entities;
- the equipment status ensures safe operation and the achievement of the proposed objectives, with no problems related to the ownership of the Parent-Company or other Group's subsidiaries tangible assets;
- by upgrading its production machines and equipment, the Parent-Company and/or other Group's subsidiaries are technically and technologically similar to the main aluminium producers on the international market.

ALUM – The Group's refinery of alumina

The Group's refinery is represented by ALUM which has a production capacity of 600,000 tonnes of alumina per year making it the sole alumina producer in Romania and one of the largest in Central and Eastern Europe. The company administrative and managerial offices are located in Romania, with the headquarters in 82, Isacsei Street, Tulcea, Tulcea County, Romania.

Alumina is transported from Tulcea by rail to the Group's production facilities in Slatina. The refinery is located in Tulcea and is currently using tropical bauxite, such as the bauxite produced in its mines in Sierra Leone, which is processed with less energy-consumption due to its chemical composition. However, the refinery could utilise bauxite from other sources by implementing minor technological and equipment updates and without incurring significant costs or delay.

In H1 2020, approximately 80% of alumina produced by the Group (H1 2019: 77%) was used internally, while 20% (H1 2019: 23%) was sold to external customers through spot contract sales, 92% of which were located outside Romania (H1 2019: 96%).

While primarily supplying alumina to the Group, ALUM also sells to third party customers other special products such as aluminium hydroxide with a moisture content of less than 6%, dry aluminium hydroxide with a maximum humidity of 0.1%, calcined alumina with different granulations (ALC, ALK), alumina «low soda» and alpha-alumina – currently approximately 18% of the current production is represented by these special products.

In H1 2020, ALUM reported a total production of 202,958 tonnes of alumina (H1 2019: 226,679 tonnes) and achieved a turnover of RON 338,768 thousand (H1 2019: RON 384,603 thousand). Decreased levels of alumina production and sales in H1 2020 compared to the same period of 2019 are mainly due to the unfavourable circumstances both on the alumina and aluminium markets which had directly impacted the figures for the six months ended on 30 June 2020.

The competition on the alumina market is impacted by the selling price and by the quality of sold products. Therefore, ALUM continues its strategy of reducing costs by optimizing its consumption levels and developing new environmental-friendly technologies, by obtaining beneficial prices for its raw materials and by investing in technology and in human capital. Moreover, it is currently implementing new technologies for the research and production of dry aluminium hydroxide, for the grinding and sorting of dry aluminium hydroxide, and for the classification of wet aluminium hydroxide, all of them being new alumina products with a special destination. This is part of the Group's strategy to continue the technological upgrading programmes within all its divisions, with the main objective of improving the efficiency of the existing equipment and its day-to-day operations.

On the short and medium-term ALUM aims to achieve the following objectives:

- Investments with effect in decreasing production costs and increasing competitiveness, protecting the environment and improving the corporate social responsibility;
- Upgrading its equipment to meet high economic efficiency;
- Providing raw materials and energy resources in the most advantageous economic terms;
- Diversification of products ranges and increasing the turnover and production volumes;
- Retention of the current external clients and attraction of new clients by offering a diversified range of products;
- Development and implementation of new research and development projects.

In the context of COVID-19 pandemic, ALUM developed a hand liquid disinfectant using locally purchased ingredients in its Research and Development Laboratory. This new product is based on the local production guide of the World Health Organization and has already passed the bactericidal and fungicidal activity tests of the National Institute for Medical-Military Development Research "Cantacuzino". At the date of this Report, this new product received the approval of the National Institute for Medical-Military Development Research "Cantacuzino" for being produced and used at Company's level.

From an incipient phase and all along the sanitary crisis, ALUM implemented complex safety protocols and procedures to ensure business continuity and the health of its employees. Therefore, ALUM has:

- Provided medical and protective equipment to all employees, constantly disinfected and sanitized all the common areas;
- Implemented alternative/ rotational shifts to minimize the interaction and working from home programs for the employees that can perform their activity remotely;
- Installed disinfectant curtains in the entryway and temperature scanners in the access points;
- Activated a Business Continuity Plan, while performing numerous simulations in which one or more employees would be infected with COVID-19 to ensure that its operations run safely and in normal parameters;
- Donated RON 100,000 to Tulcea County Hospital for protective and medical equipment, antiviral medication, mechanical ventilation devices and monitoring of vital functions, supporting thus the efforts of the authorities to combat the spreading of the COVID-19 virus.

ALUM is listed on Bucharest Stock Exchange since December 1997 on RASDAQ and migrated towards the ATS segment, AeRO category in May 2015. Its shares are traded under the symbol "BBGA". AeRO represents the alternative trading system (ATS) and therefore is not a regulated market in regards to any MiFID directive.

At the date of this report, ALUM's Executive Management is composed of Mr. Gheorghe Dobra – Chief Executive Officer and Mrs. Mihaela Duralia – Chief Financial Officer. ALUM's Board of Directors is composed of five members: Gheorghe Dobra (Chairman), Aleksandr Barabanov (Vice-President), Marian Cilianu (Member), Mihaela Duralia (Member) and Ioan Popa (Independent Member). No changes took place during H1 2020 in this respect.

As of 30 June 2020, ALUM is involved in various litigations, which on the basis of the legal consulting provided by the company's lawyers, the management considers that won't have any negative effects on the results or on the financial position of the company.

VIMETCO EXTRUSION (“VE”) - The Group’s extrusion business line

The extrusion shop, which is operated by Vimetco Extrusion, represents the biggest extruder in Romania and a significant player in the Western European extrusion market. Starting with September 2006, Vimetco Extrusion was organized as a separate subsidiary company of ALRO Group to focus on the Group’s extrusion business. The company administrative and managerial offices are located in Romania, with the headquarters in 1, Milcov Street, Slatina, Olt County, Romania.

Through Vimetco Extrusion, the Group uses the billets produced by ALRO in its primary aluminium division and manufactures and sells a wide range of extruded profiles, such as aluminium bars, tubes and profiles. Aluminium extrusion is a technique used to transform aluminium billets into objects with a defined cross-sectional profile for a wide range of uses. In the extrusion process, heated aluminium is forced through a die. Extrusions can be manufactured in many sizes and in almost any shape for which a die can be created. The extrusion process makes the most of aluminium’s unique combination of physical characteristics. Its malleability allows it to be easily machined and cast, and yet aluminium is one-third the density and stiffness of steel so the resulting products offer strength and stability, particularly when alloyed with other metals.

Within extruded products, the Group considers its special products to be HVAPs and the machined, painted and anodized or powder coated products to be VHVAPs. Vimetco Extrusion’s products are used in various industries, such as transport, construction, party tents, photovoltaic panels. The Group’s extruded products are also used in the construction and interior design industries with curtain-walling, ceilings, partitions, railings and panels being some of the various applications of aluminium. In addition, extruded products are used in lighting, air conditioning/ventilation systems, reflectors and in the photovoltaic energy industry. Currently, 95% of Vimetco Extrusion products are being sold abroad and in H1 2020, 46% of the total sales were registered in Germany while Austria and Denmark are the next biggest markets for VE’s products.

The extrusion facility has two direct extrusion presses of 1,650 and 3,500 metric tonnes, with a billet diameter of 178 mm and 254 mm respectively, and a production capacity of 25,000 tonnes per annum, depending on the product mix, which allows production of extruded range of profiles from 0.1 kg/m to 13 kg/m. In H1 2020, Vimetco Extrusion made further investments and signed the acquisition of another extrusion press that will ensure a capacity growth to 35,000 tonnes per annum. The commissioning of this new press is estimated to take place in H2 2020.

Besides this, in H1 2020, Vimetco Extrusion continued its strategy to extend its products portfolio, especially that of the HVAPs and VHVAPs and the clients' portfolio, as well. Thus, the company has invested in one of the most up-to-date welding machines to weld aluminium with a thickness from 0.5 mm to 30 mm. The Miller Dynasty 800 is a powerful and compact welding machine with total

arc control that provides maximum productivity and weld quality while conserving energy compared to other traditional welding machines. Being a piece of highly-performance equipment it has many features when it comes to welding several types of products for the EU markets. To go along with this welding machine VE also invested in a Welding and clamping table by Siegmund, the leading manufacturer of welding tables. With this special table, it is possible to create many different welding jigs, for many products and within a short time while ensuring a high accuracy due to the building block configuration and special clamping system. Thus, these two combined equipment i.e. Dynasty welding machine and Siegmund welding table will help VE to take advantage of new market opportunities.

As H1 2020 was marked by the COVID-19 pandemic crisis, the European extrusion demand continued to be affected by the prolonged weakness in the automotive market and slowing construction activity; most of VE’s customers had also prolonged the winter holiday, resuming their activity later than normal. The impact of the COVID-19 crisis was an unprecedented one and put additional pressure in the first six months of 2020 on all extrusion markets. According to European Aluminium surveys, extruders have been deeply affected by the sanitary crisis; thus a survey taken in June 2020 all across Europe indicates a production decrease of 34% in May 2020 (versus an expected production decrease of 29% in the previous COVID-19 survey) while a production reduction of 29% is being expected in June 2020 (versus an expected production decrease of 22% in the previous COVID-19 survey).

The market’s segments where Vimetco Extrusion is quite active and affected by the pandemic are commercial vehicles and transportation, traders, solar industry (partially), as well as building and construction industries. While part of our customers sent notifications about their reduced activity and decrease in sales, others from countries deeply affected such as France and Belgium based on their national authority’s decisions had to close their activity during the lockdown.

Even if market demand was slowing down in H1 2020, VE sales team has accelerated the volumes sold by keeping close contact with all actual and new customer to compensate the lower demand levels contracted by the customers whose activity was affected by the COVID-19 crisis. Thus, took advantage of all opportunities and promoted its competitive advantages in front of the competition in order to secure the whole press capacity with a focus on special profiles and high added value products, which is in line with the Group’s strategy. The sales team worked back to back with the customers, tailoring the approach to the new situation and maintained the business development by online conferences that replaced the face to face meetings. Compared to previous years, in H1 2020, the lower demand market changed the stability of the commercial conditions into tenders for each order.

Therefore, in H1 2020, Vimetco Extrusion reported sales of 13,152 tonnes, a higher level by 19% compared to the similar period of last year (H1 2019: 11,084 tonnes) and a slight increase of its turnover to third parties by 5%, that reached in H1 2020 a level of RON 160,544 thousand (H1 2019: RON 152,466 thousand), as the company took advantage of the higher demand from the solar panels market.

The market in which Vimetco Extrusion operates is highly demanding. The investments done during the last years with the management efforts to increase the production capacity and the sales volume allows Vimetco Extrusion to produce a wider range of high-quality products at competitive prices. Moreover, the new and state-of-the-art technology implemented had as a direct result increasing productivity, while lowering the fixed costs. Besides this, through extensive use of raw materials from recycled scrap, the company managed to reduce its raw materials costs.

The main competitors of Vimetco Extrusion are companies from countries like Bulgaria, Poland, Slovakia, Turkey, Greece, Italy, Germany and Spain. Currently, with the automotive market on hold, partial lockdown in several countries, long-term projects practically have vanished and several extruders were found in the impossibility of fulfilling their capacity, therefore the pressure moved on the price side in a desperate attempt of the extrusion companies to maintain the activity fully running. Thus, currently, VE is facing strong competition from Romanian extruders as well as Polish and Greek – these act aggressively on the market by lowering the selling prices and putting additional pressure on the conversion margins. However, VE is well-known for its customer relationship services, products quality, excellent communication and thus the partnerships built over the years are the key factors that still maintains Vimetco Extrusion as a preferred choice for customers. Besides these challenging market conditions, VE managed in H1 2020 to add in its portfolio new clients from the aerospace and solar panels industry.

Thus, starting with 2020, Vimetco Extrusion will develop together with ABC Aviation helideck platforms made in Romania. ABC Aviation is a Romanian company brought to life in 2007, which is active in the aerospace industry and certified by AACR (“The Romanian Civil Aeronautical Authority”) as developer and installer of aerodrome elements and infrastructure. ABC Aviation is working mostly with hospitals all around the country, but aiming to reach the abroad markets as well. The helidecks platform installed by ABC Aviation is servicing the medical industry where demand remains positive considering the current context. Vimetco Extrusion will deliver aluminium profiles and high value-added products (i.e. connectors for helideck assembly) and ABC Aviation will certify the final products and take care of its proper usage.

In regards of the solar panels, VE succeeded to sign a contract with a global group of companies with production facilities in Germany and China. This new client is a leading manufacturer of solar mounting systems and this market is expected to develop significantly in the future as part of the new green behaviour promoted worldwide.

In the current context of an unstable worldwide economic environment, Vimetco Extrusion’s main advantage is represented by long-term partnerships with existing customers active in different industries.

In H2 2020, Vimetco Extrusion will continue to rely on the loyalty of existing customers, while entering new markets and finding new customers, offering value-added and high-quality products with a high degree of processing at competitive prices and flexible delivery terms.

Vimetco Extrusion Executive Management is composed of Mr. Igor Higer – General Director, Mrs. Stefania Yaksan – Finance Director. At the date of this Report, Vimetco Extrusion Board of Directors is composed of five members: Igor Higer (Chairman), Aleksandr Barabanov (Vice-President), Arie Shimon Meisel, Per Lyngaa and Razvan Pop.

Vimetco Extrusion is also involved in the life of local communities and encourages communication between educational institutions and the private sector. Thus ALRO Group’s subsidiary has also thoughtfully monitored the dynamic and spread of COVID-19 in H1 2020 along with the rest of the world. Health and safety of its employees represent the company’s highest priority and thus VE took all the necessary measures to prevent and mitigate COVID-19 effects in its production facility, ensuring at the same time the deliveries continuity towards its business partners.

However, Vimetco Extrusion’s endeavour is not only to act inside the company but to join forces with authorities and support their efforts in ensuring the well-being of people. Therefore, as a major pillar of the local community, the company donated RON 70,000 to Slatina Emergency County Hospital, that facilitated the purchasing of medical supplies.

Vimetco Extrusion will continue to reduce the risk of exposure to the virus and courageously perform its activity, assuring at the same time to our employees a safe and secured living.

As of 30 June 2020, Vimetco Extrusion is involved in various litigations, which on the basis of the legal consulting provided by the company’s lawyers, the management considers that won’t have any negative effects on the results or on the financial position of the company.

SIERRA MINERAL HOLDINGS I, Ltd. (SMHL)

SMHL is responsible for the Group's mining operations and operates bauxite mines located in the Bo, Bonthe and Moyamba districts in the Southern province of the Republic of Sierra Leone on the basis of the Bauxite Mineral Prospecting and Mining Agreement dated 16 July 2012 with the Government of the Republic of Sierra Leone and valid from 1 January 2012 until 31 December 2031. SMHL has no ownership right with respect to the plots of land where the bauxite mines or the other facilities are located but owns some production and accommodation facilities in the mining area and in the Nitti port. SMHL operates under a mining lease with a concession area of approximately 321.73 square kilometres and, in addition, holds two exploration licenses with concession areas of 87.21 square kilometers and 114.80 square kilometers, respectively. With reserves to support at least a further ten years of production, SMHL is the only operational bauxite mine in Sierra Leone and is the second-largest mining employer in the country.

As a vertically integrated producer, the Group sources and uses all of its bauxite from the mines operated in Sierra Leone. SMHL represents one component of the Group's technological flow since 2011, being at the base of this integrated production chain: mining of bauxite. The bauxite obtained by SMHL is sold to ALUM to be refined its refinery located in Tulcea, Romania and to produce alumina, the main raw material used for aluminium production, which further serves in the aluminium production at ALRO, Slatina, Romania.

During the past years, SMHL made significant investments through ground breaking technical initiatives in the implementation of technological process flows (Tailing beneficiation plants) to extract material of commercial value from previously deposited bauxite tailings in the tailing ponds. This is certainly going to minimize the environmental footprint previously created and will also reduce the tailing discharge going forward from the current operations while further improving in terms of limiting the land deforestation and reduce the consumption of run of mines which will directly contribute towards lesser environmental impacts on biological ecosystem.

Moreover, in H2 2019, SMHL started a bankable feasibility study ("BFS") for the construction of an alumina tri-hydrate plant ("ATH plant") with a start-up capacity of 200,000 tonnes per annum within its mining lease – ML/2005 in Sierra Leone. The pre-feasibility study for this project was initiated back in February 2019 and further on completed and approved by SMHL's shareholders to carry out an onward bankable feasibility. The BFS work was entrusted to Guiyang Aluminium Magnesium Design and Research Institute (GAMI), China in November 2019. The study is expected to be completed no later than August 2020, if all goes as per schedule. SMHL team was appointed to ensure the BFS work is carried out diligently and within the given agreed time frame.

As part of this bankable feasibility study, SMHL carried out a detailed extensive exploration program in the northern part of SMHL concession to establish bauxite Mineral Resources and Ore Reserves Statement in line with JORC 2012 reporting standard. The first draft of the JORC 2012 report should be ready for review before end of August 2020. SMHL team also started other associated supplementary studies including preliminary hydrogeological, geotechnical, infrastructure, market and Rapid Environmental Social Impact Assessment (ESIA) to support the overall BFS for the ATH Project. The internal infrastructure study and assessment work was completed and first draft report was presented for internal review and should be finalized during July 2020. BSF final report is currently in progress and it is estimated to be finalized in August 2020.

Other investment projects undertaken by SMHL in H1 2020 are geared towards stable, safe and continuous operations such as road construction, dam rehabilitation, major maintenance and overhaul of washing plant and river fleet, purchase of various equipment and light vehicles, etc. Total investment done in H1 2020 in this respect are of USD 1.9 million (H1 2019: USD 4.5 million).

In H1 2020, SMHL produced 739,341 tonnes of commercial bauxite (H1 2019: 1,117,240 tonnes), while in terms of sales the level reported in H1 2020 was of USD 25,773 thousand lower by 29% compared to the one reported in H1 2019 of USD 36,287 thousand, in line with the Group's strategy, as SMHL remains the sole supplier of bauxite to its Parent-Company, ALUM with the aim to cover 100% of ALUM's bauxite needs. In H1 2020, SMHL managed to ship 14 vessels of bauxite shipments (H1 2019: 18 vessels) and out of the total sales 32% was sold to third parties (H1 2019: 16% sold to third parties). The quantity which can be loaded on a single vessel varies from 50,000 to 60,000 tonnes.

SMHL has managed to run uninterruptedly its operations even though the outbreak of COVID-19 in Sierra in the districts within where the mine is operating led to the implementation of strict measures and complex strategies of identification, prevention and control of the infection with this virus. An Emergency Response Committee and an Outbreak task force were set-up in SMHL to drive and implement stringent measures within the work force to control and curtail the spread of infection in the community.

The executive management of SMHL consists of Alex Ivanov – Country Manager, Basudeb Datta – General Manager and Abdul Bangura – Chief Financial Officer. The Board of Directors comprises three members, as follows: Pavel Machitski (Member), Steluta Despa Niculae (Member) and Roman Bulat (Member).

Locally, SMHL is an active member within the communities in Sierra Leone, special attention being paid to the environmental protection, considering the environmental footprint of the mining activity. Through the Community Development Agreement, SMHL can support several investments and social projects for local community development within the mining communities.

As of 30 June 2020, SMHL is involved in various litigations, which on the basis of the legal consulting provided by the company's lawyers, the management considers that won't have any negative effects on the results or on the financial position of the company.

CONEF S.A.

Conef is a joint-stock company established based on GD no. 30/1991. The company's shares are not traded on a regulated market, Conef being a closed-end company. The company's share capital is of RON 6,692 thousand, representing 2,676,661 ordinary nominative shares with a nominal value of RON 2.50, fully paid in by the shareholders.

At the end of 2018, ALRO's majority shareholder, Vimetco N.V together with the shareholder Conef S.A. launched an accelerated private placement offers for a package of ALRO shares, representing a cumulative percentage of 33.77% of the share capital of the issuer. Following this operation, Conef S.A. disposed its entire shareholding in ALRO.

The executive management of Conef is provided by Marian Năstase – Chief Executive Officer and Constantin Ciobanu – Sole Administrator.

Other information in accordance with FSA Regulation no. 5/2018 - Financial Instruments and Investments Sector

Analysis of the trends or events that might have an impact over ALRO Group's activity

As of 30 June 2020, the Parent-Company and its subsidiaries are parties to various litigation or legal proceedings arising in the ordinary course of their business, in which they are either defendants or plaintiffs. The Group Companies are not involved in any litigation or court proceedings and are unaware of any actions of a judicial, arbitral or administrative nature that could reasonably be expected to materially and adversely affect the Group's business, financial condition or results of operations.

In H1 2020, no major new litigations were noted. The background of the Group's main litigation i.e. regarding the Romanian

Competition Council is detailed below. No updates were reported in this respect in H1 2020 and as it has declared in the past, as well, the Company will inform the public and its investors in due course of any updates (if the case) of this case file.

The Romanian Competition Council (summary)

- In 2016, the Company challenged before the Bucharest Court of Appeal a decision of the Romanian Competition Council to impose a fine of RON 21,239 thousand to the Company for an alleged vertical agreement on the energy market. The fine was paid but the challenge was still pending. For the next hearing the Court nominated an expert to file the expert report.

In addition, the Company challenged before the Bucharest Court of Appeal several ANRE orders regarding the:

- calculation of the Green Certificates quota for the Company's energy consumptions for 2015, and
- quota settlement methodology.

The first challenge was rejected at first instance by the Bucharest Court of Appeal as time-barred and the second appeal filed by the Company is now pending before the High Court of Cassation and Justice. The second challenge is pending before the Bucharest Court of Appeal, at first instance. Both proceedings are suspended until the Romanian Constitutional Court decides on the constitutionality challenges filed by the Company in relation to legal provisions which are impacting the disputes.

In the matter of the annulment of the Competition Council decision, the latest trial date was set to 1 April of 2019 by the Bucharest Court of Appeal, in order for the Competition Council to take note and to respond to the Company's request that the Court of Justice of the European Union shall be asked to clarify some legal aspects of the matter.

In the matter of the temporary suspension of the enforcement proceedings of the sanction decision no. 82/2015 issued by the Competition Council, ALRO informed its shareholders and investors that on 10 June 2016 the Bucharest Court of Appeal dismissed the claim as being ungrounded. Following the submission of the second appeal with the High Court of Cassation and Justice of Romania, and this court, on the hearing date of

14 November 2018, dismissed the second appeal filed by ALRO against the decision no. 2014/ 10.06.2016 given by the Bucharest Court of Appeal, as well as the cross appeal brought by the defendant Competition Council against the considerations of the same decision, as unfounded. The decision pronounced by the High Court was final.

- In the case file 954/2/2016 pending before the Bucharest Court of Appeal, whose object-matter is both the claim for the cancellation of an administrative document – i.e. the sanction report, as well as the claim for the cancellation of the sanction decision no.82/2015 issued by the Competition Council, following the attachment of the case file 3536/2/2016, the Court postponed the case until 5 June 2019, to deliver the judgement on the application initiating proceedings before the Court of Justice of the European Union submitted by the plaintiff.

According to the information posted on the Courts' websites, the decision ruled by the Court is as follows: The Court partly admits the request for the expert fee increase. The Court decides the increase of the expert fee with the amount of RON 22,000. It dismisses the application initiating proceedings before the Court of Justice of the European Union. It gives the date of 7 October 2019 as the date for continuing the hearing proceedings, the parties to be summoned for that date that further set a new hearing date on 4 November 2019. On this date the court has judged the claim and has deferred the issuance of the judgement for the date of 18 November 2019. Further on the court has deferred the issuance of the judgement for the date of 2 December 2019 and subsequently on 16 December 2019. Therefore, the next hearing date was 20 December 2019 when the court has deferred the issuance of the judgement for the date of 30 December 2019 the Court dismissed the claim for annulment of the ruling proceedings dated 24 December 2015 of the Plenum of the Competition Council, as being inadmissible and the amended claim for annulment of the Decision of the Plenum of the Competition Council no. 82/24.12.2015 was dismissed as being unfounded.

Anti-dumping notification (summary)

On 17 March 2020, the Company announced investors and the interested public that it received from the United States International Trade Commission a notification about a petition as filed to US Department of Commerce. This petition concerns to establish the anti-dumping tariffs for certain aluminium products originated from 18 countries, including Romania, imported in the United States between 2017 and 2019.

The petition filed by the US Aluminium Association treated the aluminium sheets with a thickness between 0.2 mm and 6.3 mm, made from common alloys (1xxx, 3xxx and 5xxx series). Regarding the sheets of Romanian origin, produced by ALRO, the initial requested anti-dumping tariff proposed by the United States Department of Commerce to be charged was of 56.22%. Subsequently, on 30 March 2020, the Company announced that it was informed through an external legal consultant that the petition was modified by the authors of the claim, following the submission

of the questionnaires with the information regarding the status of the exports in the United States by the companies targeted by the anti-dumping tariffs and following the interaction with the United States International Trade Commission.

In case of the products of Romanian origin, subject of the antidumping investigation, the requested anti-dumping tariff, alleged by the petitioners to be assessed by the US Department of Commerce was reduced by them from 56.22% to 12.51%.

From the preliminary analysis performed by the Company, it does not appear that the Company's performance will be significantly affected in 2020 by a potentially negative outcome of this petition and that the application of any anti-dumping tariff, if approved, will not be retroactive. The Company is actively working to mitigate any adverse impact that it might face if the petition will be adversely determined.

Moreover, the Company intends to continue vigorously defending its position in front of the US authorities involved and it will continue to permanently inform the investors and the public about the development of the events related to this anti-dumping petition.

Additional information

At 31 December and 30 June reporting dates, according to the existing borrowing agreements the Group is subject to certain restrictive covenants:

- refrain from paying dividends to its shareholders unless certain conditions;
- maintain a minimum or maximum level for certain financial ratios, including: debt service coverage ratio, net debt to EBITDA, net debt to equity, current ratio, net financial debt to shareholders' equity, solvency ratio, interest cover ratio, total net leverage ratio.

At 30 June 2020, one of the Group companies did not meet the contractual thresholds of some of the financial covenants in respect of their loans. Consequently the Group company discussed the situation with the banks and received the necessary waivers within the specified testing period. A breach of covenants in respect of a liability that entitles the creditors to require repayment at a future date within one year from the reporting date is unlikely, and therefore the amounts that are not expected to be paid within one year are classified as long-term liabilities.

During the first six months of the financial year 2020 there were no other significant changes in the economic and operating conditions except the ones already mentioned, affecting the fair value of the Group's assets and liabilities, except the normal volatility of the aluminium and alumina prices on international markets and the volatility of the foreign exchange rates, while locally, on the Romanian market higher energy prices were still registered.

Main investments / strategic projects / research and development

2020 Investment Plan

ALRO's 2020 Investment Plan as approved at the beginning of the year amounts to USD 24 million and is being focused on three main objectives:

- Providing the equipment and achieve the maintenance works to ensure the operating conditions and safe continuity of the production process (maintenance CAPEX);
- Continuing the committed energy efficiency programmes by implementing AP12LE state of the art technology on the smelter pot relining to reduce the energy consumption, and
- Developing ALRO's recycling capacity to become more independent to the energy supply and LME price, ensure the reliability of the Hot Rolling Mill operation and providing the environment conditions requested by the new European regulations.

The first half of 2020 was extremely difficult for market players all over the world due to the economic and financial depression caused by the COVID-19 pandemic crisis and ALRO's operations were also impacted; thus the Company has chosen to act cautiously to be able to partially mitigate the negative effects of the sanitary crisis and secure the continuity of its production and delivery operations.

Under these challenging and unpredictable circumstances, ALRO put in place a series of actions, such as to limit CAPEX spending to those items/ projects that are necessary to continue the energy efficiency programmes materialised in AP12LE (Aluminium Pechiney Low Energy) pot relining technology and to secure the business activity by implementing the maintenance CAPEX items necessary to provide the safety and reliability of the production equipment. The achieved CAPEX spending in H1 2020 amounted to USD 4 million.

The above-indicated CAPEX spending includes the relining of the smelter pots, one of ALRO's main projects which are part of its commitment to reduce the electricity consumption on the electrolysis pots and to increase the efficiency of its technological processes. AP12LE represents a state-of-the-art technology, the latest innovative measures that could be implemented in respect of energy efficiency and environmental protection within the electrolysis sector.

The contract was signed with Rio Tinto Aluminium Pechiney at the end of 2018 and ALRO is committed in the following years to repair all pots using the new technology (approx. 8-9 years) and according to the research studies done by the Rio Tinto Aluminium Pechiney after the implementation of this project, based on the positive impact on the quantity of energy consumed of the new relined pots, ALRO will be a top four performer from an energy efficiency of the electrolysis area perspective within its European peers.

Out of the 75 pots ALRO planned to be repaired in 2020 (53 pots relined with AP12LE technology) in H1 2020, 34 pots were relined within the maintenance programme, out of which 17 pots were relined using AP12LE technology and the results obtained during the tests confirm that all the AP12LE pots are working within the expected parameters.

Within the maintenance investments implemented in H1 2020, ALRO completed the overhaul/ modernization of one slab homogenizing furnace in order to provide the reliability of the homogenizing process according to the required parameters so as to achieve the planned slab production necessary for the FRP division.

Furthermore, in the Processed Aluminium Division, ALRO commissioned a semi-automatic equipment for plates non-destructive testing using penetrating liquids, specifically targeting the testing of 7xxx and 6xxx series plates for aerospace industry, as per NADCAP requirements for NDT-PT testing, which boosts the quality inspection capacity as it increases the inspected plates quantity by 50%, compared to the quantity of plates tested by the operators before the installation of the equipment.

The retrofitting of the emulsion spray bar system on the Hot Rolling Mill was started in the course of H1 2020 in order to provide, among other benefits, separate nozzle control which will significantly improve the work rolls cooling and will increase the clad plates productivity and the plates quality in general.

The other Group's subsidiaries continued in H1 2020 the investment already started either in 2019 or at the beginning of 2020. Furthermore, Vimetco Extrusion signed the acquisition and already ordered a new extrusion press that will ensure a capacity growth to 35,000 tonnes per annum. The new state-of-the art extrusion press is planned to be commissioned in H2 2020.

New projects planned for H2 2020/ 2021

Depending on the economic environment and efficiency of the measures taken for the industry recovery after the COVID-19 pandemic, ALRO plans to start the investments aiming at decreasing the Company's dependence on energy supply by extending the scrap recycling capacity to increase the quantity of recycled material, to make new steps in the strategic goal of achieving 100,000 tpa of processed aluminium scrap, knowing that the aluminium scrap recycling requires only approximately 5% of the energy consumption used in producing electrolytic aluminium.

Another major focus is to continuously improve the quality of the products and embodying in its production facilities the best available technologies on the market and which can deliver eco-friendlier products. In this respect, by extending the fume treatment plant in the Cast House to the melting and alloying furnaces, by installing state of the art fume filter systems for the collection and filtering of the emissions generated by the furnaces, the Company will observe the new associated emission levels for dust emissions to air from aluminium melting, treatment and casting in primary aluminium production, as imposed through the new BAT regulations, ALRO getting closer to its target of near to "Zero waste, Zero emissions".

Furthermore, as part of a safe, responsible and profitable business, ALRO is committed to continuing its energy efficiency programme by relining the pots using the new AP12LE technology. In the Processed Aluminium Division, ALRO will continue to focus on ensuring the operational reliability as well as increasing the process efficiency and intends to continue the upgrading of its main production machines, by starting the upgrading of the main drive on the Hot Rolling Mill, which is an important equipment for the Processed Aluminium Division, installing at the same time a dedicated profile control system for hot-rolled products. The use of state-of-the-art driving equipment will lead to reliable operation and

better efficiency of the mill, with greater rolling speeds and forces, to the reduction of consumed power and a decrease in the annual maintenance costs.

Research and Development Activity

In ALRO, over 90 working personnel are involved in the research and development activity, out of which 60 of them are working in the Research and Development Department, whose activity main purpose is to technically and technologically sustain the industrial sectors of ALRO through technological flow improvement, decreasing the specific consumption rates, quality product upgrading, increasing the product competitiveness and new product development.

The most important research actions, during the first half of 2020, consisted in:

- Construction and commissioning of 17 pots equipped with AP12LE technology, the total number of pots is 42, made in collaboration with Rio Tinto Aluminium Pechiney.
- *Objective: the reduction of aluminium smelter energy consumption with approximately 300kWh/tonne (CC);*
- Research on improving the electrolysis cell's energy consumption by developing a better anode change schedule.
- *Objective: reducing the instability of the electrolysis pot when changing the anodes and decreasing the electricity consumption by improving the heat balance;*
- Test casting beginning and processing in plates of a new alloy from 7xxx and 2xxx aluminium series.

Objective: product portfolio diversification and growing the share of value added products;

- Improving test beginning's quality for aluminium alloy billets using a new additive for the modification of metallographic structure.

Objective: reducing the additive consumption and increasing the bar's quality;

- The influence of the casting table's vibration on the internal quality of the casting slabs.

Objective: establishing the correspondence between the speed and vibration acceleration of the casting table and the metallographic structure in the slab and as well increasing the recovery rate in case of hard alloys casting;

- Experimental research on temperature influence and the cooling water conductivity on the mechanical characteristics of aluminium plates processed in the quenching furnace from Thermal Treatment Compartment according to "Investments in the R&D Department of ALRO aiming at improving the research infrastructure for the aluminium alloy heat treated plates with high qualification industrial applications" project.

Objective: establishing the technology that confers the best physical and mechanical properties to aluminium alloy plates and as well implement it in the production sectors;

- Experimental research made on the "Independent equipment for the research of the residual stress removal process for the aluminium alloy plates with thickness lower than 20 mm" regarding the final elongation percentage for the tension levelling on the obtained mechanical properties when processing hardened aluminium plates of alloy 6082 with thickness less than 20 mm.

Objective: establishing the internal residual stress removal depending on the alloy and thickness implementing as well the technology used in the production sectors;

- Experimental research made on the "Independent equipment for the research of aluminium alloy plates aging process" regarding the correlation between the total charge volume made of 6082 aluminium alloy plates and the volume distribution of the obtained mechanical properties in the calibrated working space after the artificial aging treatment for the structural hardening for 6082 alloy aluminium plates.

Objective: establishing the correlation between the aging technology and the initial parameters of the plates in order to obtain the best possible quality properties and exporting the technology used in the production sectors;

- Scientific study, in collaboration with Polytechnic University of Bucharest: Establishing the connection between the manufacturing processes of alloy 7 xxx thick plates and the presence of structural inhomogeneity;

Objective: Extend the involvement in research through collaboration with Romanian universities;

- Scientific study, in collaboration with Polytechnic University of Bucharest: Research regarding the influence of cooling water temperature and conductivity on the mechanical characteristics of plates.

Objective: Extend the involvement in research through collaboration with Romanian universities;

- Applying for two research - innovation projects on EU Orizont 2020 program.

- OSIM submission for a new product trademark, "ALRO optim@!", developed by the equipment from the EU "Investments in the R&D Department of ALRO aiming at improving the research infrastructure for the aluminium alloy heat treated plates with high qualification industrial applications";

- Product traceability improvement by implementing QR code for each plate that is processed.

Energy efficiency

One of the foremost objectives for the medium and long term is represented by the optimization of energy and utility consumption rates, ALRO steadily investing in this direction. Therefore, regularly energy consumption monitoring to optimize production processes and increase energy efficiency is performed.

Other information

During H1 2020, ALRO has been surveilled seven times by the various Inspection commissions, six in ALRO Primary Aluminium from National Environmental Guard - Olt County Commissariat and one from the Olt Labour Inspectorate. No major nonconformities were identified

Other information regarding the Group's activity

Training policy

The training activity within ALRO Group focuses on continuing professional development of employees and training in advance the future employees in order to provide the necessary qualified personnel for achieving the targeted goals.

Main principles for organizing and performing the training activity within the Group

- The Group's human resources policy is linked with the Group's strategy for achieving a sustainable growth on short, medium and long term;
- Labour Code, as republished and the other related legal requirements in force regarding ongoing professional development for employees;
- Other related legal requirements currently in force.

Fundamentals of the Group's training activity

- Annual programs for professional development;
- Operational procedures for achieving higher standards of professional development, competence, awareness and training, specialized certifications and professional assessments;
- Collective Labour Agreement, at each company's level;
- Human resources – each Group's company has in its organisational structure a HR Department.

Implementation of ALRO's training procedures & activities

The ongoing professional development of ALRO Group's employees is carried out on the basis of an annual training program, which consists of several steps & measures:

- periodical professional trainings;
- programs for initiation, qualification, requalification, authorization and specific certification carried in-house or in collaboration with specialised companies;
- training and specialisation programs carried out by prestigious consulting companies either at the Group's companies' premises, or at the external consultants' offices;

- participation to different programs of comprehensive studies, post graduate programs, MBA or EMBA etc.;
- participation in other activities, such as team-building, symposiums, conferences, workshops, fairs and exhibitions, in Romania and/ or abroad;
- consultancy services provided by well-known specialists in the aluminium production field;
- additional training methods using formal and informal ways;
- advanced professional education programs through partnerships with the Technical Metallurgic College in Slatina students by setting up dual education classes.

In H1 2020, within ALRO, qualification and requalification professional trainings were organized such as: nonferrous metallurgist, laminator, truck driver etc., as well as courses for authorising employees to practice jobs that require additional qualifications besides the document that certifies each occupation (for example: training and authorisation courses for NDT operators, ISCIR authorisations, authorisation of operators carrying out activities in the field of natural gas, etc.).

Additionally, in H1 2020, the programs for the improvement of the professions of "low voltage electrician", "mechanical locksmith", "theoretical and practical notions in the field of industrial hydraulic equipment and systems" etc. were organized in ALRO Skills Academy program. Yet, starting with March 2020, the courses were suspended due to the measures taken to prevent the spreading of COVID-19. However, part of the professional trainings has been held online, using WEBINAR system, such as the professional training concerning the electronic preparations of reports and the course regarding the maintenance and planning and manual execution of machines etc.

The main objectives of these trainings are to:

- comply with the legal provisions in force for ensuring a proper correlation between the employees' qualifications and their profession;
- secure the critical positions in the Company's organizational chart with well-trained employees;
- upgrade the skill levels of the Company's employees to the one of the new equipment commissioned, which represents "state-of-the-art" technology;
- facilitate the internal mobility of employees, in case any changes in the organizational structure of the Company would be required, and
- comply with the legal stipulations in force for ensuring a proper correlation between the employees' qualifications and their profession.

In H1 2020 the professional training and certifications of the employees involved in the Aero and Auto projects continued. The focus on changing employees' view regarding self-control, quality, cost reduction measures, efficient use of the resources needed to carry out activities will be kept, while complying with the operational procedures, improving communication, with technical guidance received from external consultants.

In H1 2020, TESA employees from all areas of activity (such as technical, industrial automation, IT, economic areas and others) followed professional development training programmes or specialisation programmes to access the most advanced information and best technical and economic practices and in other areas of interest for the Company.

Professional development programs and training and specialization programs have been organized in order to provide optimal operating conditions, such as: training on predictive maintenance system for the machines' viability, training on quality management and environmental protection and energy, evaluation of injury and disease risks, EU regulations regarding chemicals management, training of the personnel responsible for RSL IR and RTS, IT training, SSM training, accounting and financial training and other training and certification programs necessary for the day-to-day performance of the business, trainings on protective measures on preventing coronavirus infections.

In February 2020, 12 employees from ALRO completed the Six Sigma Course, organized in partnership with Effective Flux and they obtained the black belt certification. The objective of the course was the improvement of the operational systems through statistical analysis that can identify and prevent production defects. To complete the course, each participant had to prepare a paper with applicability in ALRO's activity. Another important method for ongoing professional development is represented by the participation of certain specialists of the Company at several workshops, fairs and exhibitions, both in Romania and abroad. However, in H1 2020 all business and educational trips were suspended due to COVID-19 pandemic crisis.

Within the other Group's subsidiaries similar training procedures and activities measures are implemented – some of the employees of Vimetco Extrusion participate to an MBA programme, ongoing professional and certifications trainings are done for ALUM, Vimetco Extrusion and SMHL employees. Moreover, for SMHL employees a special attention is given to health and safety working measures considering the environment in which the company activates.

Within the entire Group, the employees are encouraged to continue their professional and personal development and the staff is encouraged to follow post-secondary schools, universities, masters, postgraduate or PhD programs.

Dual professional education - the Academy Skills project

The main goal is to train in advance potential employees (i.e. pupils from vocational schools or technical colleges, students, other categories of young people etc.).

Dual professional education

Starting with 2017 the partnership between ALRO and the Slatina Metallurgical Technical College was signed for the organisation of the first dual professional educational class in Olt County. Through this partnership, ALRO has become an active part of the training and professional qualification process, providing qualified staff, workshops and space for practical classes, providing logistics and equipment, so that students can obtain and apply the skills required to perform the qualifications chosen;

The "Dual Vocational Education" project continued in the educational year 2018 - 2019 by organising a class of students composed of two groups: a group of 14 students for the qualification as electricians and a group of 14 students for the qualification of low voltage electricians and starting with the educational year 2020-2021, each class will have 28 students. Moreover, the first class, which was formed in 2017, had their graduation and part of the students will be hired by ALRO.

The partnership with the Slatina Metallurgical Technical College has also facilitated several specialised internships within ALRO production facilities for vocational schools' students – classes of rolling mill operators, numerical control machine tool operators, Cast-House operators and electro mechanics. Moreover, it has encouraged some of the Company's employees to follow high-school or postsecondary schools.

Joint projects with Universities & High-schools

Partnerships with technical universities, mostly with Polytechnic University of Bucharest, University of Craiova (Physics Department, Faculty of Automation and Computers etc.) implemented through:

- Internships within ALRO's production facilities & offices - on average, each year more than 50 students from different universities and specialisations have conducted professional trainings inside the Company. Starting H1 2020, around 15 students from universities from Bucharest, Craiova and Pitesti, carried out internships within ALRO;
- Realisation of the final papers for Bachelor's or Master's Degree on various case studies based on ALRO's activity & business;
- Conducting different joint activities with universities (i.e. students' documentation visits, meetings between ALRO's specialists and students held inside the universities campuses, preparing research papers, participation to career fairs, etc.);
- ALRO is organizing Internship Programs, which are addressed to students attending university courses in non-ferrous metallurgy.

Anticipated professional training turned out to be beneficial for ALRO, from the following perspectives:

- It smoothed the recruitment & selection process and anticipated the professional development of future employees. Thus, part of the students that followed internships at ALRO were employed after graduation and soon became valuable specialists in the aluminium production process;
- It is also an activity for the community service, as it supports the absorption by ALRO of graduates from technical high-schools from Slatina.

Corporate Social Responsibility

Corporate Social Responsibility ("CSR") represents the management process, integrated part of the Group's business strategy, through which it aims at contributing to the development of a sustainable and performing society in every area where it operates.

The Group has a policy through which are constantly identified individuals that may be interested in its activities, recognizes their legal rights and encourages their cooperation with the companies within the Group, to create wealth, jobs, and in order to ensure sustainability of a financially sound enterprise.

The Group constantly tries to be involved in solving the social problems of the community where it operates and gives consideration to the interests of the society, having responsibility towards its employees, shareholders, community and environment. ALRO Group is actively involved in the life of the community by engaging in corporate responsibility programs, from the reconstruction of the homes destroyed by natural disasters to education, sports and health programs.

As for the Parent-company, ALRO's corporate identity and culture are of fundamental importance. Corporate social responsibility, partnerships, donations and sponsorships are the forms in which the Society interacts with the community in which it operates by developing a community engagement strategy.

ALRO Group believes in the sustainable development which contributes to the Group's growth and represents a step forward to develop innovative aluminium solutions. The Group supplies VHVP to the technically demanding customers in the aerospace and automotive industries and we are proud to report that our lightweight aluminium contributes to fuel efficiency of planes and vehicles, thus reducing emission levels.

The Management is constantly concerned of improving and developing partnership and sponsorship policy, promoting and encouraging CSR practices and principles by integrating them into managers and employee performance evaluation criteria, youth education, a better knowledge of Romanian art and culture, and also, the promotion of a clean environment and a healthy lifestyle.

The Group is aware of the important role it has in the communities in which it activates, so it acts with responsibility to have a positive influence. ALRO has a decisive role in the economic, social, cultural and sports life of the community.

Moreover, ALRO, the Parent-Company, due to its economic and financial potential, but also because it is the only producer of aluminium and aluminium alloys in Romania, it is a representative company not only for the area in which it activates, but for the entire Romanian industry. ALRO is an example of how technical and financial management are blended together with the one related to environmental protection and stakeholder management.

At the same time, the Group is responsible for the safety of its products and customers. ALRO Group contributes to the Romanian capital growth, to the development of the national economy, while ensuring large number of jobs. Guidelines of measures related to social responsibility within ALRO are published in the Social Responsibility section on page: www.alro.ro.

In H1 2020, ALRO has contributed and provided support in various cultural, sports and educational actions and activities, as well as social activities, out of which some examples are detailed below:

- In the new context of COVID-19 sanitary crisis, ALRO supported the local community to prevent and combat the effects of this pandemic by donating RON 400,000 to Slatina County Emergency Hospital, RON 30,000 to Bucharest Fundeni Hospital, RON 25,000 to Romanian Red Cross, Olt and RON 18,000 to International Police Association of Romania, Olt.

The amount donated to the Slatina Emergency County and to Bucharest Fundeni Hospitals helped the medical staff to procure the sanitization materials needed for both medical staff and patients, thus ensuring the proper working conditions for the efficient management of the COVID-19 cases. On the other side, the amount donated to the Romanian Red Cross ensured the funds needed to acquire the hygiene products and food for the persons' lockdown in their homes due to COVID-19 aggressiveness.

Another indispensable component in the fight against COVID-19 fast spreading was represented by the Police and therefore, ALRO supported the policemen around Olt area with protective equipment (i.e. face masks and overalls), high visibility reflective jackets and body-video-cameras used for limiting the spread of coronavirus.

- For ensuring the health of its employees, their families and friends while preventing the spreading of this virus within its facilities, starting from an early stage of this pandemic crisis, ALRO has implemented an Emergency and Coordination Committee with the main role to supervise and monitor the health condition of all employees, while taking care that all sanitization and disinfection measures are properly implemented within the entire organization;
- Among the comprehensive operational and administrative measures implemented within the entire organization there are:
 - hygienically and sanitary materials, including protective equipment (i.e. face masks, gloves, overalls) have been distributed to all employees;
 - ALRO has been operating in normal parameters and has a supply chain fully operational;
 - Strict measures of cleaning, sanitization and disinfection of the locker rooms, common areas, cafeteria, offices have been implemented and thoroughly followed ever since;
 - All the areas inside and outside production facilities are permanently disinfected;
 - Disinfectant dispensers were placed in the access points, cafeterias and no more cooked meals are offered to the employees;
 - All employees were instructed how to act to prevent their infection with COVID-19 and have to report daily their health status;
 - The working and shifts hours were changed to minimize interaction;
 - Employees' health condition has been checked daily before starting the work;
 - A contingency plan was already simulated for the case when one or more the employees are infected with COVID-19 and thus the Company ensured that the operations are not disrupted;
 - Business trips have been reduced to an absolute minimum and participation in events of all kinds has been suspended;
 - Professional trainings and courses have been suspended and part of them have been held online;
 - Visits to the production facilities site were reduced to a minimum;
 - The Company had implemented working from home for employees, where possible;
- The recommendations for drivers and relevant transport-related undertakings involved in freight transport following the COVID-19 outbreak as published by European Commission have been implemented within the company;
- Moreover, ALRO has its own private Fire Brigade, which is fully operational inside the production facility, as well as its own healthcare office and during the past months benefited from substantial support from its affiliated security company, Rivergate. All these entities are in full alert 24/7.
- Between March-April 2020, dozens of volunteers from ALRO planted over 10,000 oak tree sprouts on 3.5 acres, as part of the "Resca forest – The month of planting trees" campaign.
- On 5 March 2020, the Ilt County Police Inspectorate in partnership with ALRO launched the "Safety and Respect in traffic" campaign, in which the policemen have informed the citizens from both rural and urban areas about the traffic participants' responsibilities, discipline and preventive and cautious behaviour in traffic. The campaign will be carried out on three months, in which the policemen present to all the traffic participants ways to prevent traffic accidents;
- The project "Dual-educational school with a duration of three years" - a project that started in 2017 and is on-going at the date of this report;
- ALRO, in partnership with Metallurgical Technical College from Slatina, has developed and implemented starting with 2017 the "Dual-educational school" project by organizing a class of 27 students in the specialization "equipment and installations in industry mechanics". This partnership continues in the school year 2020/2021. Within this project ALRO financially supports students during their internship periods by granting scholarships of 200 RON/month/student, the Company ensures the work equipment and a warm meal during the internship periods and ALRO offers jobs to those students who passed the qualification exam at the end of the period.

ALRO is an important contributor to local and national budgets.

The other Group's subsidiaries are actively involved, as well in the activity and welfare of the communities in which they operate.

In H1 2020, ALRO's subsidiary, ALUM was also involved in several socio-cultural activities with a major impact in the area where it operates, among which it can be mentioned:

- Donation of RON 100,000 to Tulcea County Hospital for protective and medical equipment, antiviral medication, mechanical ventilation devices and monitoring of vital functions, supporting thus the efforts of the authorities to combat the spreading of the COVID-19 virus;

- the working conditions offered respect the human rights, equality and welfare of employees. In this regard, recruitment, selection and hiring workforce is done mainly from Tulcea County. Also, the percentage of the number of women employed in the company increased from 10% in 2010 to 16.47% in H1 2019;
- collecting funds for gifts offered during the Easter holidays for the old people from the social homes in Tulcea;
- collecting clothes, toys, food for low-income families with several children;
- continuing a sportive-educational partnership for having Alum employees' children involved in sporting activities (e.g.: swimming), while supporting the organization and participation of children in sports competitions (e.g.: swimming, triathlon).

Moreover, Vimetco Extrusion's endeavour is not only to act inside the company but to join forces with authorities and support their efforts in ensuring the well-being of people. Therefore, as a major pillar of the local community, the company donated RON 70,000 to Slatina Emergency County Hospital, that facilitated the purchasing of medical supplies in the context of COVID-19 pandemic crisis.

Locally, SMHL is an active member of Sierra Leone communities. Additionally, in the ordinary course of business, the Group's operations in Sierra Leone require it to perform mine work, consisting of scalping, excavation, loading and hauling, grade control, haul roads construction and maintenance, pit dewatering, pit maintenance, pit access maintenance, mine electrical facilities and general services, mill and wash work, consisting of primary crushing, secondary crushing, trammelling, screening, materials handling and storage, dewatering, tailings disposal, water reclamation and process control. Also, the Group is subject to environmental remediation works in accordance with the African Development Bank's Environmental and Social Assessment Procedures. Upon the depletion of the reserves in any particular orebody, the benches must be levelled, and the topsoil (humus and or lateritic humus) must be returned and spread over the levelled out benches. Vegetation must then be progressively re-introduced to rehabilitate the mined-out area.

Changes with impact on share capital and the management of the Group's companies

Changes in the Board of Directors and Management within ALRO Group

During H1 2020, there were no changes within the Board of Directors ALRO, but two changes took place within the Operational Management structure: the Acquisition and Logistics areas of both ALRO and ALUM were taken over by Mr. Aurel Bărbulescu (replacing Mr. Serghei Gheorghe who resigned in November 2019), while the new Technical, Quality and Investment Director of ALRO is Mr. Cristian Stănescu (replacing Mr. Ioan Sava, who retired). Both Mr. Bărbulescu and Stănescu are working for ALRO for more than 15 years or since the beginning of their professional careers and proved to have the necessary skills and experience to take over these key positions within the organization.

In the Group's subsidiary, SMHL in H1 2020, Mr. Alex Ivanov, the former General Manager became SMHL's Country Manager and Mr. Basudeb Datta was appointed as General Manager (former position was as Operational Manager).

Significant/ related party transactions

ALRO Group enters into transactions with its main shareholder, with companies under common control, with directors and key management personnel and these transactions are concluded at arms' length.

The balances of acquisitions, debts and receivables (if applicable) regarding significant transactions with related parties on 30 June 2020 are presented in the Unaudited Interim Condensed Consolidated Financial Statements. Regarding the nature of these transactions, they refer to goods sold and services rendered by the Group or acquired by the Group from related parties such as: Vimetco N.V., Paval Holding SRL, ALUM S.A., Vimetco Extrusion SRL, Conef S.A., Sierra Mineral Holdings 1, Ltd., Global Aluminium Ltd., Bauxite Marketing Ltd., Vimetco Trading SRL, Vimetco Management Romania SRL, Vimetco Power Romania SRL, Conef Gaz SRL, Conef Energy SRL, Centrul Rivergate SRL, Rivergate Rating Group SRL, Rivergate Fire SRL.

Moreover, the transactions primarily consist of an agreement for the provision of:

- consultancy services (concluded with Vimetco Management Romania) - under which Vimetco Management Romania provides services to the Company in connection with the review and analysis of financial and management reports, payroll, financial statements and other corporate and financial matters;

- agency and service agreements (concluded with Vimetco Trading) – under which Vimetco Trading identifies potential consumers for the Company's products, participates in negotiations, prepares draft supply contracts, supplies various services (IT, enterprise resource planning (ERP), purchasing services),
- sales of goods and services: i.e. acquisitions of gas for the production process by the Group companies from their related party Conef Gaz (during H1 2020: RON 86,819 thousand; during H1 2019: RON 107,322 thousand).

Dividends – in H1 2020, ALRO Group paid dividends of RON 32 thousand to shareholders in respect of dividends declared for the previous years (H1 2019: ALRO Group paid dividends declared for 2018 in total amount of RON 237,324 thousand, out of which an amount of RON 89,739 thousand was paid to the major shareholder Vimetco N.V. and an amount of RON 75,809 thousand to its shareholder Pavai Holding SRL).

Management compensation - the total compensation of the Group's key management personnel included in General, administrative and selling expenses in the Statement of Profit or Loss and other Comprehensive Income amounts to RON 5,260 thousand (H1 2019: RON 4,690 thousand), while the expense for determined contribution plan (social contributions) in H1 2020 was RON 1,003 thousand (H1 2019: RON 1,036 thousand).

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

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

During H1 2020, the transactions between the related parties were based on bilateral agreements and took place on arm's length and the transactions that took place are substantially the same as those set out above.

For more information, about significant transactions with related parties as defined by IAS 24 "Reporting Transactions with Related Parties" in accordance with IFRS at the date of this Report, please see *Note 19 Related parties* of the Unaudited Interim Condensed Consolidated Financial Statements for the six months ended on 30 June 2020 included in this Report.

Other information regarding ALRO

ALRO is aiming to align its activity with the global corporate governance best practices and to make further steps towards a better management of the business potential risks, the Board of Directors decided to set-up the Risk and Sustainability Committee. As such, currently ALRO has in place three committees, i.e. the Audit Committee, the Remuneration and Nomination Committee and the newest one which was set-up in H1 2020 is represented by the Risk and Sustainability Committee.

The Risk and Sustainability Committee is a committee elected by the Board of Directors of ALRO and has powers delegated to it under the Articles of Incorporation and the board decisions. The Risk and Sustainability Committee is made of up to 5 members, elected by the Board of Directors through voting with simple majority, for a four-year mandate.

The duties and general responsibilities of the Risk and Sustainability Committee within ALRO includes at least the following:

- To use all reasonable efforts to understand the Company's business and operations to assess whether the operating risks and sustainability matters, including any consequential financial risks faced by the Company, have been identified, enhanced or that appropriate mitigation plans have been implemented;
- To assist the Board in the task to ensure that appropriate management practices and assurance methodologies are adopted;
- To inform the Board of the adequacies and effectiveness of the specific requirements outlined in the Committee's terms of reference.

During the reporting period, the Group's companies did not face the situation of not being able to meet their financial obligations.

Moreover, during H1 2020 there were no amendments regarding the shares owner rights.

Shareholders' information

General information

ALRO S.A. shares are listed on the Bucharest Stock Exchange, Premium Tier Category under the ticker symbol "ALR" since October 1997.

At the beginning of 2019, the Index Committee of the Bucharest Stock Exchange approved the inclusion of ALRO in BET, the main index of the market, and in the BET-TR, the total return version of BET. Thus ALRO became the first company in the aluminium industry present in these two indices.

Total market value as of 30 June 2020 for ALRO is RON 1,370,455,939 (calculated based on the BSE quotation available on 30 June 2020 - the last day of H1 2020 when ALRO's shares were traded: 713,779,135 shares * 1.92 RON/share).

ALRO S.A owns 99.40% of ALUM S.A. shares, which is listed on Bucharest Stock Exchange since December 1997 on RASDAQ and migrated towards the ATS segment, AeRO category in May 2015. Its shares are traded under the symbol "BBGA".

Exchange rates

H1 2020

Average USD per RON 4.3726
End of period USD per RON 4.3233
Average EUR per RON 4.8166
End of period EUR per RON 4.8543

LME average in H1 2020: 1,595 USD/tonne

H1 2019

Average USD per RON 4.1967
End of period USD per RON 4.7400
Average EUR per RON 4.1587
End of period EUR per RON 4.727

LME average in H1 2019: 1,826 USD/tonne

Contact details

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Other information

2020 Financial Calendar

24 February
27 March
28 April
28 April
14 May
18 May
12 August
14 August
13 November
18 November

Publication of 2019 Preliminary Annual Financial Results
Conference Call for 2019 Annual Results proposed for shareholders approval
Annual General Shareholders Meeting for the approval of 2019 results
Publication of the Annual Report as at 31 December 2019
Publication of the Quarterly Report for 1 January - 31 March 2020 ("Quarter I 2020")
Quarter I 2020 Results Conference Call
Publication of the Half-Year Report for the six-months period ending 30 June 2020
2020 Half-Year Results Conference Call
Publication of the Quarterly Report for 1 January - 30 September 2020 ("Quarter III 2020")
Quarter III 2020 Results Conference Call

Information about ALRO's Shares

ISIN
Share Class
Ticker Symbol: Bucharest Stock Exchange
Indices
Bloomberg
Trading Segment
Market Segment
First Trading Day
Nominal value per share in RON
Number of shares in issue

ROALROACNORO
Ordinary shares
ALR
BET | BET-XT | BETPlus | BET-BK | BET-TR | BET-XT-TR
Alro SA (ALR RO Equity)
Main
Premium
16 October 1997
0.5
713,779,135

Outlook for H2 2020

In H2 2020, ALRO Group will remain committed to its long-term strategy of running a sustainable and responsible business and will continue to take the necessary actions to compensate for the actual adverse economic factors. Moreover, considering the unpredictability of the COVID-19 pandemic crisis evolution, the management is alert 24/7 and by the monitoring systems implemented as of now has access to real-time information and thus can take all the necessary measures and with an immediate effect.

In respect of the aluminium industry, the descending trend of the aluminium price reported in H1 2020, i.e. average 1,595 USD/tonne (H1 2019: the LME average was of 1,826 USD/tonne), seems to recover in H2 2020 as the LME started to bounce and in July reached levels around 1,650 USD/tonne or even higher. LME's development in Q3 2020 should be an indicator for the remaining 2020 outlook, together with the COVID-19 situation and the business behaviour of the market participants in the industry. Although the aluminium industry experienced high volatilities even in the past and a certain correlation between the evolution of the pandemics and the evolution of LME cannot be established, during the latest months of worldwide lockdown industries that are a target for the aluminium high-end products were affected, such as the aerospace and the auto industries, and therefore the aluminium industry will need to make efforts to fill in this gap.

Therefore, in H2 2020 and onwards, it will be of great importance to improve the services offered to clients, to ensure a high degree of their satisfaction and reduce even more the costs by an optimization of operations and by implementation of advanced energy efficiency measures, while continuing to invest in research and development teams and projects, which will also allow in the future to expand and diversify the product and the customer portfolios.

Even though the market continues to be a challenging one internationally and also locally, the Group will keep in H2 2020 and in the next years its commitment to invest in sustainable development and circular economy projects. The aim for 2020 and onwards is to keep or even improve the levels of carbon intensity and indirect emissions, which in 2019 were significantly below the European average, thus placing ALRO in the top of companies with low environmental impact. Through investments in product technology, ALRO has achieved an energy efficiency of 99% for electrolysis technology and according to studies, it will be in top four at European level in terms of energy efficiency in the electrolysis area after the implementation of AP12LE project. As part of the same program to streamline activity and reuse resources, the Company has implemented various projects that have improved the water management system, optimized water production and treatment and made it possible to reuse almost 90% of used water.

As one of the pillars of the Romanian economy, ALRO Group bears a particular responsibility for the environment as well as for the society. For this reason, the Group's management has a holistic approach to sustainability along the entire value chain. Therefore, ALRO seeks to ensure an ethical, safe and healthy local business environment, having over 3,600 suppliers at Group level. The Group's sourcing activity annually generates significant expenditures that are mainly redirected locally, thus ensuring the wealth of the communities where the Group activates. Moreover, in the COVID-19 context, the Group reaffirmed its commitment towards the society, employees and their families and made several donations in money and medical equipment to both local and national institutions involved in preventing and fighting against the coronavirus spreading.

Regarding the Research and Development area, in H2 2020 it is planned to:

- Carry out scientific and technical studies with universities from Romania and the EU;
- Publish several papers in specialized journals;
- Unfortunately, the COVID 19 pandemic postponed/ cancelled some research projects: collaborations with EU universities and participation to Conferences; where possible the activity will be moved online to ensure the continuity of ongoing projects and papers;
- Put in operation 37 electrolysis pots based on AP-12 LE technology.

Moreover, in H2 2020, the Group will continue to:

- Ensure the safe operating conditions and health of the employees;
- Permanently improve programs by increasing the efficiency and reliability of current equipment and enhance the quality of the products to meet the most demanding quality requirements of customers;
- Increase energy efficiency and reduce the consumption rates of utilities;
- Reduction and better management of its inventories;
- Increase the share of HVAP and VHVAP in the production mix;
- Create added value for its customers, both through the quality of products, as well as through embodying in the production facilities the best available technologies on the market and which can deliver eco-friendly products;

Besides all these measures, the intensive digitalization process as started in 2018 and continued during 2019 became part of the Group's culture in 2020 and will be continued in H2 2020 and onwards -this concept was adopted and implemented as part of the business operating system to continuously deliver value while achieving significant savings and keeping up to date with the latest technologies the entire plant.

In H2 2020, the risk of overcapacity in the aluminium industry remains in place, downstream consumption is not very promising, while the international trade situation is quite complex and unpredictable. All these plus the impact of the new coronavirus epidemic worldwide most probably will add even more pressure on the aluminium industry. However, the whole industry will continue to:

- Develop the supply-side structural reforms following the requirements of the Central Economic Work Conference;
- Carry out standardized management of the aluminium industry;
- Strengthen industry self-discipline;
- Strictly control the new capacity of electrolytic aluminium;
- Rigorously implement the replacement of electrolytic aluminium production;
- Limit capacity and restrain the disorderly expansion of alumina production capacity;
- Enhance intelligence and green transformation actions within this industry;
- Stimulate the development and application of high-end products for aerospace and automotive industries;
- Expand aluminium applications and promote high-quality development of this sector.

All these measures have in view that aluminium represents one unique and extraordinary material with "permanent" properties, as it can be recycled infinitely without losing its properties, which ensures its sustainable utilisation. Recycling aluminium saves 95% of the energy needed for primary production, therefore the potential for decarbonisation might be tremendous. In the same time, aluminium offers several benefits for the most efficient current technologies and the future innovative solutions – it has a very low specific weight, it is very resistant against multiple forms of corrosion, it is a good thermal and electrical conductor, it cannot be magnetized or burnt, it offers a high-diffuse reflectivity and low secondary heat emission factor etc. Thus, aluminium is most probably one of the metals of the future for several key industries such as aerospace, transportation, constructions, food etc.

Abbreviations and definitions used in this report

AACR	The Romanian Civil Aeronautical Authority
ASF	Romanian Financial Supervisory Authority
ATS	Alternative trading system on BSE
BAT	Best Available Techniques
BoD	Board of Directors
BSE	Bucharest Stock Exchange
BSE Code	Corporate Governance Code issued by BSE and applicable to listed companies
EBIT	Earnings before interest and taxes
EBITDA	Earnings before interest, taxes, depreciation, amortization and impairment
EGSM	Extraordinary General Shareholders Meeting
EU ETS	European Union's Emissions Trading System
EUID	The European Unique Identifier
EURIBOR	Euro Interbank Offered Rate
FRP	Flat Rolled Product
FSA	Financial Supervisory Authority, Romania
GD	Government Decision
GSM	General Shareholders Meeting
H1/H2	Half-year
HVAPs	High value added products
IATF	International Automotive Task Force
IAS	International Accounting Standards
ICIM	The Research Institute of the Ministry of Environment
IFRS	International Financial Reporting Standards
IMNR	The Research Institute of Research and Development for non-ferrous and rare metals
IO	Intermediate Body
ISO	International Organization for Standardization
KPI	Key Performance Indicator
LC	Letter of credit
LIBOR	London Interbank Offered Rate
LME	London Metal Exchange
NADCAP	National Aerospace and Defense Contractor Accrediation Program of Performance Review Institute
OEM	Original Equipment Manufacturer
OGSM	Ordinary General Shareholders Meeting
Q1/Q2/Q3/Q4	Quarter 1/Quarter 2/Quarter 3/Quarter 4
QR Code	Quick response code
ROBOR	Romanian Interbank Offered Rate
RTA	Rio Tinto Aluminium Pechiney
U.S.A	United States of America
VHVAPs	Very high value added products

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

**Interim condensed consolidated financial statements for
the six months ended 30 June 2020**

Alro S.A. and its subsidiaries

Interim consolidated statement of profit or loss and other comprehensive income for the six months ended 30 June 2020 - unaudited

in RON '000,
unless otherwise stated

	Note	Six months ended 30 June 2020	Six months ended 30 June 2019
Revenue from contracts with customers	5	1,360,942	1,506,218
Cost of goods sold		-1,364,710	-1,342,519
Gross result		-3,768	163,699
General, administrative and selling expenses	7	-141,448	-137,378
Other operating income	8	492,352	144,667
Other operating expenses		-3,715	-4,630
Operating result (EBIT)		343,421	166,358
Interest expenses	9	-33,750	-38,630
Gains (losses) from derivative financial instruments, net		-	710
Other financial gains / (losses), net		-8,343	-9,247
Net foreign exchange gains / (losses)		-14,132	-14,390
Result before income taxes		287,196	104,801
Income tax	10	-33,534	-25,093
Result for the period		253,662	79,708
Other comprehensive income / (expense), net of tax:			
<i>Items that will not be reclassified subsequently to profit or loss:</i>			
Remeasurements of post-employment benefit obligations		-	-2
Income tax on items that will not be reclassified		-	-
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Translation adjustment		-766	-5,099
Other comprehensive income / (expense) for the period, net of tax		-766	-5,101
Total comprehensive income / (expense) for the period		252,896	74,607
Result attributable to:			
Shareholders of Alro SA		253,439	79,234
Non-controlling interest		223	474
		253,662	79,708
Total comprehensive income / (expense) attributable to:			
Shareholders of Alro S.A.		252,678	74,162
Non-controlling interest		218	445
		252,896	74,607
Earnings per share			
Basic and diluted (RON)	11	0.355	0.111

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

These financial statements were authorized for issue by the management on 11 August 2020.

Interim consolidated statement of financial position as at 30 June 2020 - unaudited

in RON '000

	Note	30 June 2020	31 December 2019
Assets			
Non-current assets			
Property, plant and equipment	12	1,129,513	1,169,009
Investment properties	12	680	696
Intangible assets		7,827	9,611
Goodwill	13	95,434	94,284
Right-of-use assets		11,839	13,258
Deferred tax asset	10	29,378	37,294
Other non-current assets		11,021	3,866
Total non-current assets		1,285,692	1,328,018
Current assets			
Inventories	15	629,583	828,948
Trade receivables, net		67,254	76,352
Current income tax receivable		695	6,225
Other current assets	16	563,862	93,137
Restricted cash	17	66,977	46,164
Cash and cash equivalents	17	158,124	83,182
Total current assets		1,486,495	1,134,008
Total assets		2,772,187	2,462,026
Shareholders' Equity and Liabilities			
Shareholders' equity			
Share capital		370,037	370,037
Share premium		86,351	86,351
Other reserves		343,464	342,667
Retained earnings		-32,846	36,446
Result for the period		253,439	-67,734
Equity attributable to shareholders of Alro S.A.		1,020,445	767,767
Non-controlling interest		2,403	2,185
Total shareholders' equity		1,022,848	769,952
Non-current liabilities			
Bank and other loans, non-current	18	279,183	374,271
Leases, non-current	18	4,466	6,161
Provisions, non-current		37,574	36,704
Post-employment benefit obligations		45,834	46,637
Government grants, non-current portion		45,837	47,970
Other non-current liabilities		1,053	890
Total non-current liabilities		413,947	512,633
Current liabilities			
Bank and other loans, current	18	990,764	869,667
Leases, current	18	4,232	4,321
Provisions, current		3,520	2,793
Trade and other payables		196,097	206,386
Current income taxes payable		26,907	2,551
Government grants, current portion		4,267	4,267
Other current liabilities		109,605	89,456
Total current liabilities		1,335,392	1,179,441
Total liabilities		1,749,339	1,692,074
Total shareholders' equity and liabilities		2,772,187	2,462,026

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

These financial statements were authorized for issue by the management on 11 August 2020.

Interim consolidated statement of changes in shareholders' equity for the six months ended 30 June 2020 - unaudited

	Share capital	Share premium	Other reserves
Balance at 1 January 2019	370,037	86,351	367,834
Result for the period	-	-	-
Other comprehensive income / (expense)			
Translation adjustment	-	-	-
Remeasurements of post-employment benefits	-	-	-
Other comprehensive income / (expense)	-	-	-
Total comprehensive income / (expense)	-	-	-
Transactions with owners of the company recognized directly in equity			
Distributions to owners of the company			
Appropriation of prior year result	-	-	4,090
Dividends distribution	-	-	-
Balance at 30 June 2019	370,037	86,351	371,924
Balance at 1 January 2020	370,037	86,351	372,397
Result for the period	-	-	-
Other comprehensive income / (expense)			
Translation adjustment	-	-	-
Other comprehensive income / (expense)	-	-	-
Total comprehensive income / (expense)	-	-	-
Transactions with owners of the company recognized directly in equity			
Distributions to owners of the company:			
Appropriation of prior year result	-	-	1,558
Balance at 30 June 2020	370,037	86,351	373,955

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

These financial statements were authorized for issue by the management on 11 August 2020.

in RON '000

Translation reserve	Total other reserves	Retained earnings	Result for the period	Attributable to shareholders of Alro SA	Non-controlling interests	Total shareholders' equity
-23,501	344,333	135,358	235,006	1,171,085	1,739	1,172,824
-	-	-	79,234	79,234	474	79,708
-5,070	-5,070	-	-	-5,070	-29	-5,099
-	-	-2	-	-2	-	-2
-5,070	-5,070	-2	-	-5,072	-29	-5,101
-5,070	-5,070	-2	79,234	74,162	445	74,607
-	4,090	230,916	-235,006	-	-	-
-	-	-326,600	-	-326,600	-14	-326,614
-28,571	343,353	39,672	79,234	918,647	2,170	920,817
-29,730	342,667	36,446	-67,734	767,767	2,185	769,952
-	-	-	253,439	253,439	223	253,662
-761	-761	-	-	-761	-5	-766
-761	-761	-	-	-761	-5	-766
-761	-761	-	253,439	252,678	218	252,896
-	1,558	-69,292	67,734	-	-	-
-30,491	343,464	-32,846	253,439	1,020,445	2,403	1,022,848

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

These financial statements were authorized for issue by the management on 11 August 2020.

Interim consolidated statement of cash flows for the six months ended 30 June 2020 - unaudited

in RON '000

	Note	Six months ended 30 June 2020	Six months ended 30 June 2019
Cash flow from operating activities			
Result before income taxes		287,196	104,801
<i>Adjustments for:</i>			
Depreciation and amortisation		86,839	73,549
Impairment of property, plant and equipment		-	-4,790
Movement in provisions		727	-27,299
Change in allowance for impairment of inventory	15	5,129	15,307
Change in allowance for impairment of doubtful receivables	7	-56	48
Loss on disposal of property, plant and equipment		446	686
Net foreign exchange losses on loans revaluation		11,201	8,965
Interest income		-1,980	-3,009
Interest expense	9	33,750	38,630
Dividend income		-2	-
Effect of derivative financial instruments		-	-710
<i>Changes in working capital:</i>			
Change in inventories		193,518	-133
Change in trade receivables and other assets		-461,057	1,614
Change in trade and other payables		8,150	37,664
Income taxes (paid)/refunded		4,468	-19,741
Interest paid	9	-31,368	-40,415
Cash receipts/ (Payments) from derivatives, net		-701	8,362
Net cash generated by / (used in) operating activities		136,260	193,529
Cash flow from investing activities			
Purchase of property, plant and equipment and intangible assets, net		-40,712	-81,571
Government grants received		-	4,895
Proceeds from sale of property, plant and equipment		245	588
Dividends received		2	-
Change in restricted cash	17	-30,013	-1,209
Interest received		1,917	2,681
Net cash used in investing activities		-68,561	-74,616
Cash flow from financing activities			
Proceeds from loans and leasing	18	103,063	372,653
Repayment of loans	18	-95,721	-33,225
Dividends paid	11	-32	-237,324
Net cash provided by/(used in) financing activities		7,310	102,104
Net change in cash and cash equivalents		75,009	221,017
Cash and cash equivalents at beginning of period		83,182	203,609
Effect of exchange rate differences on cash and cash equivalents		-67	32
Cash and cash equivalents at end of period	17	158,124	424,658

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

These financial statements were authorized for issue by the management on 11 August 2020

Notes to the interim condensed consolidated financial statements - unaudited

in RON '000, except per share data

1. Organisation and nature of business

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

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

Vimetco N.V. (the Netherlands) is the major shareholder of Alro S.A., holding 54.19% of the Company's share capital at 30 June 2020. Vimetco N.V. is a privately held company and its registered office is at Strawinskylaan 403, World Trade Center, A Tower, 4th floor, 1077 XX Amsterdam, The Netherlands. The Company's ultimate controlling entity is Maxon Limited (Bermuda).

Alro S.A. and its subsidiaries (collectively referred to as the Group) form a vertically integrated producer of primary and processed aluminium products: in Sierra Leone the bauxite is extracted, which is used to produce alumina in the Alum refinery at Tulcea; this is further used by Alro at its smelter in Slatina to produce aluminium. Alro casts aluminium into primary products that are sold or processed as higher value added products (flat rolled or extruded) within Alro or Vimetco Extrusion facilities. The Group has its customers primarily in Central and Eastern Europe.

These interim condensed consolidated financial statements were authorised for issue by the management on 11 August 2020.

2. Basis of preparation

Statement of compliance

These interim condensed consolidated financial statements of Alro and its subsidiaries (further named *Condensed financial statements*) for the 6 months ended 30 June 2020 are unaudited and have been prepared in accordance with *IAS 34 Interim financial reporting* as adopted by the European Union (EU). The accounting policies are in accordance with the Ministry of Public Finance Order no. 2844/2016, with subsequent amendments, which is in accordance with the International Financial Reporting Standards (IFRS) adopted by the European Union (EU)*.

Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the last annual consolidated financial statements as at and for the year ended 31 December 2019. These interim condensed consolidated financial statements do not include all the information required for full annual financial statements and should be read in conjunction with the annual financial statements of the Group for the year ended 31 December 2019.

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

Going concern

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

*The Ministry of Public Finance Order no. 2844/2016, with subsequent amendments, is in accordance with the International Financial Reporting Standards (IFRS) adopted by the European Union (EU), except for IAS 21 The effects of changes in foreign exchange rates regarding functional currency, except for the provisions of IAS 20 Accounting for Government Grants regarding the recognition of revenue from green certificates, except for the provisions of IFRS 15 Revenue from contracts with customers regarding the revenue from taxes of connection to the distribution grid.

Functional and presentation currency

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

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

	30 June 2020	31 December 2019
USD exchange rate at the end of the period**	4.3233 USD/RON	4.2608 USD/RON
	Six months ended 30 June 2020	Six months ended 30 June 2019
USD average exchange rate***	4.3726 USD/RON	4.1967 USD/RON

**) as communicated by National Bank of Romania

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

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

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

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2019. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Several amendments and interpretations apply for the first time in 2020, but do not have an impact on the interim condensed consolidated financial statements of the Group:

- *Conceptual Framework in IFRS standards*. The IASB issued the revised Conceptual Framework for Financial Reporting on 29 March 2018. The Conceptual Framework sets out a comprehensive set of concepts for financial reporting, standard setting, guidance for preparers in developing consistent accounting policies and assistance to others in their efforts to understand and interpret the standards. IASB also issued a separate accompanying document, Amendments to References to the Conceptual Framework in IFRS Standards, which sets out the amendments to affected standards in order to update references to the revised Conceptual Framework. Its objective is to support transition to the revised Conceptual Framework for companies that develop accounting policies using the Conceptual Framework when no IFRS Standard applies to a particular transaction.

- *Amendment to IFRS 3 Business Combinations*, issued on 22 October 2018 (not yet adopted by EU) intended to improve the definition of a business and assist entities to determine whether a transaction should be accounted for as a business combination or as an asset acquisition. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs; narrow the definitions of a business and of outputs by focusing on goods and services provided to customers and by removing the reference to an ability to reduce costs; add guidance and illustrative examples to help entities assess whether a substantive process has been acquired; remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs; and add an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The amendments apply prospectively to transactions or other events that occur on or after the date of first application.

- *Amendments to IAS 1 and IAS 8: Definition of Material*, issued on 31 October 2018. The amendments clarify and align the definition of 'material' and provide guidance to help improve consistency in the application of that concept whenever it is used in IFRS. The new definition states that 'information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.' The amendments clarify that materiality will depend on the nature or magnitude of information. An entity will need to assess whether the information, either individually or in combination with other information, is material in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. Although the amendments to the definition of material is not expected to have a significant impact

on financial statements, the introduction of the term 'obscuring information' in the definition could potentially impact how materiality judgements are made in practice, by elevating the importance of how the information is organised in the financial statements.

- *Amendments to IFRS 9, IAS 39 and IFRS 17: Interest Rate Benchmark Reform*, issued on 26 September 2019. The Amendments relate to the issues affecting financial reporting in the periods before replacement of an existing interest rate benchmark with an alternative interest rate. The Amendments provide relief from the highly probable and prospective assessments required by IFRS 9 and IAS 39 for hedging relationships that are affected by the uncertainties of the inter-bank offered rates ('IBORs') reform. With the same objective, the Amendments provide relief from the retrospective assessment under IAS 39. The exceptions described in the Amendments apply only to those hedging relationships directly affected by uncertainties of the IBOR reform including cross-currency interest rate swaps (for the interest component affected). The Amendments will become effective for the annual periods beginning on or after 1 January 2020, with earlier application permitted.

Standards issued, but not yet effective and not early adopted

The following new standards, amendments to standards and interpretations have been issued in 2020 but are not effective for the financial year beginning 1 January 2020 and have not been early adopted by the Group:

- *Amendment to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current* (issued on 23 January 2020). The amendments are effective for annual reporting periods beginning on or after 1 January 2023, with earlier application permitted. The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current or non-current. The amendments affect the presentation of liabilities in the statement of financial position and do not change existing requirements around measurement or timing of recognition of any asset, liability, income or expenses, nor the information that entities disclose about those items. Also, the amendments clarify the classification requirements for debt which may be settled by the company issuing own equity instruments. These Amendments have not yet been endorsed by the EU. The directors do not anticipate that the application of the standard in the future will have an impact on the Group's consolidated financial statements.

- *Amendments to IFRS 3 Business Combinations* (issued on 14 May 2020). The amendments update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations. Amendment also add a requirement that, for transactions and other events within the scope of IAS 37 or IFRIC 21, an acquirer applies IAS 37 or IFRIC 21 (instead of the Conceptual Framework) to identify the liabilities it has assumed in a business combination; and add to IFRS 3 an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination. The amendments are effective for annual periods beginning on or after 1 January 2022 and have not yet been endorsed by the EU. The directors do not anticipate any impact on the Group's financial statements.

- *Amendments to IAS 16 Property, Plant and Equipment* (issued on 14 May 2020). The amendments prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss. The amendments are effective for annual periods beginning on or after 1 January 2022 and have not yet been endorsed by the EU. The directors do not anticipate any impact on the Group's financial statements.

- *Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets* (issued on 14 May 2020). Amendments specify which costs a company includes when assessing whether a contract will be loss-making. The amendments are effective for annual periods beginning on or after 1 January 2022 and have not yet been endorsed by the EU. The directors do not anticipate any impact on the Group's financial statements.

- *Annual Improvements to IFRS Standards 2016 – 2018 Cycle* (effective for annual periods beginning on or after 1 January 2022), issued on 14 May 2020. The improvements are not expected to have a material impact on the Group's or financial statements. These annual improvements are a collection of amendments to IFRSs:

- *IFRS 1 First-time Adoption of International Financial Reporting Standards*. The amendment permits a subsidiary that applies paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to IFRSs.

- *IFRS 9 Financial Instruments*. The amendment clarifies which fees an entity includes when it applies the '10 per cent' test in assessing whether to derecognise a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

- *IFRS 16 Leases*. The proposed amendment to Illustrative Example 13 accompanying IFRS 16 would remove from the example

the illustration of the reimbursement of leasehold improvements by the lessor. The proposed amendment would resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example.

- *IAS 41 Agriculture*. The amendment aligns the fair value measurement requirements in IAS 41 with those in other IFRS Standards.

- *Amendment to IFRS 16 Leases Covid 19-Related Rent Concessions* (issued on 28 May 2020). The amendment exempts lessees from having to consider individual lease contracts to determine whether rent concessions occurring as a direct consequence of the covid-19 pandemic are lease modifications and allows lessees to account for such rent concessions as if they were not lease modifications. It applies to Covid-19-related rent concessions that reduce lease payments due on or before 30 June 2021. The amendment is effective starting 1 June 2020, but it has not yet been endorsed by the EU. The directors do not anticipate any impact on the Group's consolidated financial statements as there were no changes in lease contracts as the result of the Covid-19.

- *Amendments to IFRS 17 Insurance Contracts* (issued on 25 June 2020). The amendments are designed to reduce costs by simplifying some requirements in the Standard; make financial performance easier to explain; and ease transition by deferring the effective date of the Standard to 2023 and by providing additional relief to reduce the effort required when applying IFRS 17 for the first time. The amendments have not yet been endorsed by the EU. The directors do not anticipate any impact on the Group's financial statements.

4. Estimates

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

In preparing these condensed interim financial statements, the significant judgements made by the management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements for the year ended 31 December 2019.

5. Revenue from contracts with customers

Set out below is the disaggregation of the Group's revenue from contract with customers:

Segments						Six months ended 30 June 2020	
	Bauxite	Alumina	Primary aluminium	Processed aluminium	Others	Total	
Type of good or service							
Sale of bauxite	112,696	-	-	-	-	112,696	
Sale of alumina	-	337,968	-	-	-	337,968	
Sale of primary aluminium	-	-	1,020,741	-	-	1,020,741	
Sale of processed aluminium	-	-	-	676,019	-	676,019	
Other revenues and services performed	8,356	800	-	1,116	24,993	35,265	
Total revenue from contracts with customers	121,052	338,768	1,020,741	677,135	24,993	2,182,689	

Segments						Six months ended 30 June 2019	
	Bauxite	Alumina	Primary aluminium	Processed aluminium	Others	Total	
Type of good or service							
Sale of bauxite	152,284	-	-	-	-	152,284	
Sale of alumina	-	384,156	-	-	-	384,156	
Sale of primary aluminium	-	-	1,119,514	-	-	1,119,514	
Sale of processed aluminium	-	-	-	751,588	-	751,588	
Other revenues and services performed	13,585	447	-	314	17,335	31,681	
Total revenue from contracts with customers	165,869	384,603	1,119,514	751,902	17,335	2,439,223	

The first half of 2020 was a challenging one mainly due to the lower LME quotations and declining trend of the specific prices for alumina in the international market that led to lower revenue compared to the first half of 2019. At the same time, bauxite sales to third parties increased compared to the same period of the previous year without affecting the raw materials needs of the Group (for details please see Note 6).

Set out below, is the reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information in Note 6:

Revenue	Six months ended					
	30 June 2020					
	Bauxite	Alumina	Primary aluminium	Processed aluminium	Others	Total
Revenue from contracts with customers	121,052	338,768	1,020,741	677,135	24,993	2,182,689
Inter-segment transactions	-75,008	-282,819	-444,649	-782	-18,489	-821,747
Total Group revenue (Note 6)	46,044	55,949	576,092	676,353	6,504	1,360,942

Revenue	Six months ended					
	30 June 2019					
	Bauxite	Alumina	Primary aluminium	Processed aluminium	Others	Total
Revenue from contracts with customers	165,869	384,603	1,119,514	751,902	17,335	2,439,223
Inter-segment transactions	-125,081	-294,660	-498,396	-779	-14,089	-933,005
Total Group revenue (Note 6)	40,788	89,943	621,118	751,123	3,246	1,506,218

Transactions between operating segments are based on transfer prices that are set on an arm's length basis in a manner similar to transactions with third parties. For the way the Group monitors the performance of its segments, please see Note 6.

6. Segment information

For management purposes, the Group is organized on a vertically integrated basis into four divisions: bauxite, alumina, primary aluminium and processed aluminium. For the purpose of resource allocation and assessment of segment performance the divisions are the basis on which the Group reports its segment information to the chief operating decision maker. The bauxite segment is located in Sierra Leone. The alumina segment located in Tulcea, Romania, uses bauxite to produce alumina, which is the principal raw material for aluminium smelting. The Primary aluminium division manufactures primary aluminium products like wire rod, slabs, billets and ingots and the Processed aluminium segment develops and sells flat rolled products, such as sheets, plates, coils, and extruded products. Both the Primary and Processed aluminium divisions are located in Slatina, Romania. No operating segments have been aggregated to form the above reportable operating segments.

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

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

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

Alro Group revenues and results for the six months ended 30 June 2020 and 2019 by segment, were as follows:

	Bauxite	Alumina	Primary aluminium	Processed aluminium	Others	Inter-segment operations	Total
Six months ended 30 June 2020							
Sales to external customers	46,044	55,949	576,092	676,353	6,504	-	1,360,942
Inter-segment transfers	74,021	275,595	558,675	782	18,489	-927,562	-
Total sales revenues	120,065	331,544	1,134,767	677,135	24,993	-927,562	1,360,942
Segment results (gross profit)	24,865	13,008	-53,665	1,499	5,903	4,622	-3,768
Other operating income & expenses, net	-20,805	-11,033	58,114	31,185	289,197	531	347,189
Operating result (EBIT)	4,060	1,975	4,449	32,684	295,100	5,153	343,421
Total depreciation, amortisation and impairment	13,643	13,137	39,304	21,300	-	-546	86,838
EBITDA	17,703	15,112	43,753	53,984	295,100	4,607	430,259
Interest and other finance costs, net							-42,093
Net foreign exchange gains / (losses)							-14,132
Result before income taxes							287,196
Six months ended 30 June 2019							
Sales to external customers	40,788	89,943	621,118	751,123	3,246	-	1,506,218
Inter-segment sales	109,331	283,401	568,889	779	14,089	-976,489	-
Total sales revenues	150,119	373,344	1,190,007	751,902	17,335	-976,489	1,506,218
Segment results (gross profit)	31,453	43,043	39,089	56,343	3,090	-9,319	163,699
Other operating income & expenses, net	-22,431	-14,335	-42,020	-32,441	114,570	-684	2,659
Operating result (EBIT)	9,022	28,708	-2,931	23,902	117,660	-10,003	166,358
Total depreciation, amortisation and impairment	10,299	10,268	32,763	15,850	-	-419	68,761
EBITDA	19,321	38,976	29,832	39,752	117,660	-10,422	235,119
Interest and other finance costs, net							-47,167
Net foreign exchange gains / (losses)							-14,390
Result before income taxes							104,801

In the first semester of the year 2020, the aluminium segments were sensitive to the decrease of the LME quotation by 230 USD/t compared to the average level for the same period of the last year, which determined lower revenues. At the same time, they were affected by the increased prices of utilities, which is a specificity of the Romanian economic environment where electricity prices are higher than in many other European countries. As concerns the sale of upstream products, in 2020 the Group delivered more bauxite to third parties; in respect of alumina, due to a declining trend of the specific prices in the international market, Alum decreased its sales to third parties, considering that it was more economically advantageous to support mainly the Group's needs. The category Other operating income and expenses, net include revenues from the sale of CO2 emission certificates by the Group from its surplus: in Alum in total amount of RON 23,538 thousand in H1 2020 (in H1 2019: RON 62,294 thousand) and in Alro in total amount of RON 9,259 thousand in H1 2020 (and in H1 2019: RON 45,404 thousand). The category *Other operating income and expenses, net* in 2020 include government grants of cumulatively RON 453,761 thousand, which the Group is entitled to receive as a compensation for costs incurred in 2019 and in the 6 months ended 30 June 2020. The government grant is receivable as a result of adoption by EU of Romanian plans to partially compensate large energy-consuming enterprises for higher electricity prices resulting from their indirect emission costs (in H1 2019: nil). The subsidies for the 6 months ended 30 June 2020 are allocated per segments based on the electricity costs incurred directly and indirectly (through the raw materials produced by one segment and transferred to another segment, such as the aluminium metal). The subsidies for the year 2019 are not allocated per segments, being related to the costs of the entire year 2019, and are included in the column "Others".

Had the Group received the portion of government grants for the costs of the first half of the year 2019, in the first half of 2019 itself, it would have compensated the electricity costs incurred in the corresponding financial period and the result would have been higher by RON 127,553 thousand due to this subsidy, while the results per segments for the two comparative years would be as follows:

Six months ended 30 June 2020 (recomputed by including only the subsidy related to 6 months 2020):

	Bauxite	Alumina	Primary aluminium	Processed aluminium	Others	Inter-segment operations	Total
Sales to external customers	46,044	55,949	576,092	676,353	6,504	-	1,360,942
Inter-segment transfers	74,021	275,595	558,675	782	18,489	-927,562	-
Total sales revenues	120,065	331,544	1,134,767	677,135	24,993	-927,562	1,360,942
Segment results (gross profit)	24,865	13,008	-53,665	1,499	5,903	4,622	-3,768
Other operating income & expenses, net	-20,805	-11,033	58,114	31,185	34,091	531	92,083
Operating result (EBIT)	4,060	1,975	4,449	32,684	39,994	5,153	88,315
Total depreciation, amortisation and impairment	13,643	13,137	39,304	21,300	-	-546	86,838
EBITDA	17,703	15,112	43,753	53,984	39,994	4,607	175,153
Interest and other finance costs, net							-42,093
Net foreign exchange gains / (losses)							-14,132
Result before income taxes							32,090

Six months ended 30 June 2019 (recomputed by including the subsidy related to 6 months 2019):

	Bauxite	Alumina	Primary aluminium	Processed aluminium	Others	Inter-segment operations	Total
Sales to external customers	40,788	89,943	621,118	751,123	3,246	-	1,506,218
Inter-segment transfers	109,331	283,401	568,889	779	14,089	-976,489	-
Total sales revenues	150,119	373,344	1,190,007	751,902	17,335	-976,489	1,506,218
Segment results (gross profit)	31,453	43,043	39,089	56,343	3,090	-9,319	163,699
Other operating income & expenses, net	-22,431	-11,306	31,576	18,487	114,570	-684	130,212
Operating result (EBIT)	9,022	31,737	70,665	74,830	117,660	-10,003	293,911
Total depreciation, amortisation and impairment	10,299	10,268	32,763	15,850	-	-419	68,761
EBITDA	19,321	42,005	103,428	90,680	117,660	-10,422	362,672
Interest and other finance costs, net							-47,167
Net foreign exchange gains / (losses)							-14,390
Result before income taxes							232,354

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

Segment assets and liabilities at 30 June 2020 and 31 December 2019, respectively, were as follows:

Alro Group	Bauxite	Alumina	Primary aluminium	Processed aluminium	Others	Inter-segment balances	Total
30 June 2020							
Total assets	163,156	646,125	817,728	605,749	1,246,326	-706,897	2,772,187
Total liabilities	306,304	233,045	233,548	149,480	1,198,074	-371,112	1,749,339
31 December 2019							
Total assets	171,003	616,066	931,095	668,465	723,149	-647,752	2,462,026
Total liabilities	314,851	231,710	168,508	164,851	1,119,874	-307,720	1,692,074

Total assets representing *Others* include mainly investments in subsidiaries, administrative buildings, deferred tax asset and derivative financial instruments.

Total liabilities representing *Others* include mainly borrowings, provisions and, when applicable, dividends.

Inter-segment operations include intercompany eliminations.

7. General, administrative and selling expenses

	Six months ended 30 June 2020	Six months ended 30 June 2019
Staff costs	-62,107	-61,392
Third party services	-30,733	-31,725
Consulting and audit	-12,034	-13,313
Consumables	-6,196	-5,242
Taxes other than income taxes	-4,350	-4,727
Depreciation and amortisation	-6,176	-4,188
Insurance	-3,930	-4,400
Marketing and public relations	-2,441	-2,440
Travelling	-690	-2,568
Research and development costs	-7,609	-3,803
Other	-5,238	-3,532
Change in allowance for doubtful debts	56	-48
Total	-141,448	-137,378

Travelling expenses decreased in H1 2020 compared to the same period of the previous year mainly due to travel restrictions imposed by Covid-19 safety measures.

In the first semester of 2020, the Group recognized higher research and development costs after the placing into operation in the first half of 2019 of the equipments under the EU funded project for the research infrastructure for the aluminium alloy heat treated plates with high qualification industrial applications at Alro and also the project for the research of aluminum hydroxide technology (dry and wet) at Alum. The target of these projects is to establish new technologies to obtain plates for industrial application and to increase the level of innovation and market competitiveness of the Group, while expanding the products portfolio to include new products.

8. Other operating income

	Six months ended 30 June 2020	Six months ended 30 June 2019
Other operating income		
Rental income	1,104	886
Government grants	455,894	1,928
Income from sale of emission rights	32,797	107,698
Income from unused provision reversals	-	15,228
Income from claims and penalties	721	5,031
Reversal of impairment of property, plant and equipment	-	4,790
Other income	1,836	9,106
Total other operating income	492,352	144,667

Other operating income

In H1 2020, the Group recognized an amount of RON 453,761 thousand as *Government grants* representing a compensation to which it is entitled for its high electricity costs (nil in H1 2019). The compensation scheme is a part of Romania's plans to partly compensate large energy-consuming enterprises for higher electricity prices resulting from their indirect emission costs, in accordance with the EU Emissions Trading Scheme (ETS). The amount represents the compensation for indirect emission costs included in the energy expenses incurred by the Group in the year 2019, and, on an accrual basis, for 6 months of 2020.

In addition, in H1 2020 the category *Government grants* includes an amount of RON 2,133 thousand (in H1 2019: RON 1,928 thousand) representing government grants from EU funds received in the period 2013 - 2019 for the investment in equipment intended for the

production activity, well as for purchasing of equipments for research and development activities within the Group. The grants are recognized as income linearly during the useful life of the equipments for which they were received.

In H1 2020, the Group sold CO₂ emission certificates of RON 32,797 thousand (S1 2019: RON 107,698 thousand) and included them under *Income from sale of emission certificates*, benefiting from the increase in the price of CO₂ emission certificates. The Group was in the position to have a surplus of emission certificates as it made numerous efforts to invest in energy efficiency in the latest years.

In H1 2019, the amount of RON 15,228 thousand under the category *Income from unused provision reversals* represents the release of an unused provision for remuneration of staff and management. Further, at 31 December 2019 the Group did not book such a provision, and hence no such release was recognized either.

In the category *Income from claims and penalties* in H1 2020 RON 440 thousand represent income from penalties received from one of the suppliers that failed to perform its contractual obligations related to energy supply in 2017 (in S1 2019: RON 2,765 thousand). Another amount of RON 2,004 thousand included in the same category in H1 2019, represents an insurance indemnity received for a piece of equipment which was damaged during a fire incident that took place in 2018 at the Processing mill premises.

In H1 2019 an amount of RON 6,540 thousand was included in *Other income*, representing an adjustment of the alumina stock following the capital repairs that were made to one of the alumina silos in the Primary aluminium division.

9. Interest expense

	Six months ended 30 June 2020	Six months ended 30 June 2019
Interest expense	-33,750	-38,630
Total	-33,750	-38,630

Interest expense decreased in H1 2020 compared to the same period of the previous year mainly due to lower LIBOR and ROBOR benchmark interest rates.

Interest expense includes the amount of RON 5,854 thousand (in H1 2019: RON 6,279 thousand) representing transaction costs on loans, which are recognized during the period as interest expense based on the effective interest rate method. The cash effectively paid as transaction costs in 2020 for loans was of RON 3,044 thousand and it is included in the Statement of cash flow under *Interest paid* (in H1 2019: RON 8,383 thousand).

10. Income tax

Income tax expense is recognized based on management's best estimate of the annual income tax rate expected for the full financial year applied to the pre-tax income of the interim period. The effective income tax rate for the 6 months ended 30 June 2020 is 11.7% (for the same period of 2019: 23.9%).

The significant decrease in the effective income tax rate during the period of 6 months ended 30 June 2020 compared to previous period is mainly due to the usage of RON 56,124 thousand representing exceeding borrowing costs carried forward by Alro from prior periods (during 6 months 2019: RON 42,306 thousand were considered as non-deductible expenses). Due to a better EBITDA in the current period, which is used as a threshold in the determination of deductible borrowing cost, Alro had used all the 2020 borrowing costs as deductible expenses and also a part of prior years non-deductible exceeding borrowing cost, which according to local legislation can be carried forward indefinitely. According to the Romanian Fiscal Code, which transposes the EU Directive no. 2016/1164, issued in 2016, the exceeding borrowing costs include interest, expenses for obtaining finance and leasing, capitalized interest and foreign exchange losses above a threshold of EUR 1,000,000 per annum are deductible only up to the level of 30% of EBITDA. Romania implemented the above mentioned EU directive starting 1 January 2018.

Additionally an amount of RON 55,987 thousand representing tax losses carried forward from prior periods were used by Alro to offset its current income tax liability. As a result, the total amount of net deferred income tax asset decreased from RON 37,294 thousand as at 31 December 2019 to RON 29,378 thousand as at 30 June 2020.

According to the Government's set of measures to support businesses during the Covid-19 pandemics, companies in Romania are allowed to delay the payment of taxes until 25 October 2020 without penalties or interest. The Group adopted strategies to benefit its overall cashflow and, for one of its subsidiaries, took the opportunity to defer the payment of approximately RON 30 million on the basis of this facility.

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

	Six months ended 30 June 2020	Six months ended 30 June 2019
Income tax		
Current income tax	-25,415	-22,874
Deferred income tax	-8,119	-2,219
Income tax	-33,534	-25,093
Total income taxes	-33,534	-25,093

11. Earnings per share

	Six months ended 30 June 2020	Six months ended 30 June 2019
Net result attributable to the owners of the Entity	253,439	79,234
Weighted average number of ordinary shares	713,779,135	713,779,135
Basic and diluted earnings per share (RON/share)	0.355	0.111

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

During the reporting period, no interim dividends were declared by the Group related to the 6 months ended 30 June 2020.

During the 6 months ended 30 June 2020, the Group paid dividends in amount of RON 32 thousand to the shareholders in respect of dividends declared for the previous years (in the same period of 2019 the Group paid RON 237,324 thousand of the dividends declared for 2018).

12. Property, plant and equipment

At 30 June 2020, the book value of Property, plant and equipment of the Group is RON 1,129,513 thousand (at 31 December 2019: RON 1,169,009 thousand). During the 6-month period ended 30 June 2020, the Group's additions to property, plant and equipment were of RON 38,475 thousand (during the 6-month period of the year 2019: RON 59,505 thousand).

During the 6-month period ended 30 June 2020, the Group continued the investments started in 2018 in projects to implement a new low energy pot design ("AP12LE") that will allow the Group to reduce the amount of electricity needed to produce aluminium while maintaining the current production. The AP12LE technology implementation is part of the Group's long term programme for enhancing the energy efficiency of its technological processes. The programme will be continued in the following years until all the pots are relined according to the new technology.

At the same time, the Group allocated resources to maintain and improve the equipment parameters at Alum, in order to increase the economic efficiency and for reducing emissions, following the application of the best techniques available in the field. Simultaneously with the investment activity within the technological processes, the Group performed various refurbishing works and purchased equipment necessary to support the mining activity in Sierra Leone.

The depreciation expense for 6 months of 2020 was of RON 78,845 thousand, while in the same period of the year 2019, it was of RON 72,382 thousand.

The borrowing costs capitalized in the Property, plant and equipment during the 6 months ended 30 June 2020 were of RON 533 thousand at an average interest rate of 5.71% p.a. (during the 6 months ended 30 June 2019: RON 839 thousand at an average interest rate of 6.73 % p.a.).

At 30 June 2020, the net book value of property, plant and equipment pledged for securing the Group's borrowings amounts to RON 892,763 thousand (at 31 December 2019: RON 926,526 thousand).

The Group performs its annual impairment test in December and when circumstances indicate that the carrying value may be impaired. As at 30 June 2020, several factors, such as high volatility of aluminium market, COVID-19 pandemic outbreak with a severe impact on global manufacturing operations, prices and demand indicated that aluminium manufacturing cash-generating unit may be impaired. As a result, an impairment test of the property, plant and equipment of Alro was carried out. The resulting recoverable value of these property, plant and equipment was higher than their net book value, so no impairment expense was recognized.

The recovery value of the cash generating unit (CGU) Alro was determined based on a fair value of CGU less costs to sell calculation by using future cashflows extracted from budgets estimated by the management of the company. The cashflows in perpetuity beyond this period were extrapolated by using a growth rate of 2.0% per annum (at 31 December 2019: 2.2%), in line with forecast inflation. Average EBITDA margin was assumed at 13.8% (at 31 December 2019: 9.7%) for the next five years increasing to a stable level of 14.7% afterwards (at 31 December 2019: 11.0%) and remaining constant at this value in perpetuity. The fair value measurement was categorized as a Level 3 fair value based on the inputs in the valuation technique used.

The key assumptions for the cash-generating unit Alro are:

	30 June 2020	31 December 2019
Discount rate	9.8%	9.3%
Growth rate, average of next five years	7.20%	6.60%
EBITDA margin, average of next five years	13.80%	9.70%

The estimated recoverable amount of the CGU Alro exceeded its carrying amount by approximately RON 2,006,800 thousand (at 31 December 2019: RON 1,040,000 thousand). The following table shows the amount up to which the key assumptions used would need to change individually for the estimated recoverable amount to be equal to the carrying amount:

	30 June 2020	31 December 2019
Discount rate	22.1%	14.9%
Growth rate, average of next five years	-2.80%	0.80%
EBITDA margin, average of next five years	8.60%	8.20%
EBITDA margin, terminal value	6.50%	7.60%

Other than for Alro cash generating unit, there were no impairment indications identified for the companies in the Group. In 2019 there were no impairment indicators identified for the companies in the Group, therefore no impairment tests of the property, plant and equipment were performed at 30 June 2019.

13. Goodwill

	Six months ended 30 June 2020	Six months ended 30 June 2019
Balance 1 January	94,284	90,837
Translation adjustment	1,150	1,567
Balance at 30 June	95,434	92,404

The goodwill is allocated to the cash generating units as follows (after conversion into RON at the period end exchange rate):

	30 June 2020	31 December 2019
Alro Group	75,125	74,263
Global Aluminium Ltd.	19,883	19,595
Goodwill at acquisition of Vimetco Extrusion	426	426
Total	95,434	94,284

Impairment test

Goodwill is tested for impairment annually (as at 31 December) and when circumstances indicate the carrying value may be impaired. As at 30 June 2020, such impairment indications as decreasing aluminium prices, falling demand and the general negative effect of COVID-19 pandemic outbreak over the global economy were detected. As a result, an impairment test of the goodwill allocated to Alro

Group cash-generating unit was carried out. The resulting recoverable value was higher than the net book value, so no impairment expense was recognized.

The recoverable amount of the cash-generating unit Alro Group was determined based on fair value less costs of disposal, estimated using discounted cash-flow techniques and applying a market-based measurement. This method requires eliminating all owner specific synergies from the cash-flow projections other than those synergies that any market participant would be able to realize. The fair value measurement was categorized as a Level 3 fair value measurement based on the inputs in the valuation technique used.

The cash flow projections were based on the business plan estimated by the directors covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated below.

The key assumptions used in the estimation of the recoverable amount are set out in the following table. The values assigned to key assumptions and estimates used to measure the recoverable amount of the CGU Alro Group reflect past experience, are consistent with external sources of information and are based on management's expectations of market development. The production quantities were estimated based on past experience, represent management's best estimate of future production and reflect company's investment plans. Sales prices were based on the long-term aluminium prices derived from available industry and market sources. Operating costs were projected based on the historical performance and adjusted for the current market conditions and inflation.

Key assumptions	30 June 2020	31 December 2019
Discount rate, after-tax	9.8%	9.3%
Growth rate (average of next five years)	7.1%	6.9%
EBITDA margin (average of next five years)	15.9%	12.3%

Growth rates during the next five years are based on published industry research, directors' future expectations of economic and market conditions, the result of capital investments and anticipated efficiency improvements. The growth rate beyond the five-year period was assumed in line with the forecasted inflation, namely 2.0% (at 31 December 2019: 2.2%).

EBITDA margin is the average margin as a percentage of revenue over the five-year forecast period. It is based on the average levels experienced over the past years, with adjustments made to reflect the expected future sales volumes and price fluctuations.

The estimated recoverable amount of the CGU Alro Group exceeded its carrying amount by approximately RON 2,075,000 thousand (31 December 2019: RON 1,380,000 thousand).

The most sensitive key assumptions used in impairment test of CGU Alro Group are the discount rate and EBITDA margin. An increase of the discount rate to 18.7% and a decrease of EBITDA margin to 10.7% applied separately, would cause the estimated recoverable amount to be equal to the carrying amount (31 December 2019: increase to 14.2% and decrease to 10.6% respectively).

14. Financial instruments

Set out below, is an overview of financial assets and financial liabilities held by the Group as at 30 June 2020 and 31 December 2019.

Categories of financial instruments

	30 June 2020	31 December 2019
Financial assets		
At amortised cost		
Cash and bank balances	225,101	129,346
Receivables	591,059	133,567
Fair value through profit or loss (FVTPL)		
Designated as at FVTPL	15,492	11,761
Total financial assets	831,652	274,674

	30 June 2020	31 December 2019
Financial liabilities		
Fair value through profit or loss (FVTPL)	-	-
Amortised cost:		
Trade and other payables	318,605	267,220
Non-current bank and other loans	283,649	380,432
Current bank and other loans	994,996	873,988
Total financial liabilities	1,597,250	1,521,640

Total financial assets increased in H1 2020 compared to the end of 2019 mainly due to *Government grants* of RON 453,761 thousand recognized by the Group, in relation to the EU Emissions Trading Scheme. The receivable comprises the compensation to which the Group is entitled for the energy costs paid in 2019, as well as for the ones paid in the first 6 months of 2020 (please see Note 8).

There were no reclassifications between the categories of financial assets during the 6 months 2020 and 2019.

Fair value of financial instruments

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

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

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

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from valuation techniques containing inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Group does not have level 3 financial instruments.

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

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

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

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

15. Inventories

	30 June 2020	31 December 2019
Raw and auxiliary materials	282,689	358,838
Work in progress	201,887	222,379
Finished goods	193,180	290,610
Less: allowance for obsolescence	-48,173	-42,879
Total	629,583	828,948

The decrease in value of inventories as at 30 June 2020 compared to 31 December 2019 is a result of the Group management's strategy to optimize the levels of safety stocks of the raw and auxiliary materials and finished products that was placed in operation and of the consequent efforts to reduce inventories. The sales plan was made in such a way so as to sell available output and significantly decrease the stock levels of aluminium, and in the first half of 2020 the Group identified and took advantage of the opportunities existing in the market, especially for aluminium wire rod, aluminium billets, extruded products, but also for bauxite, and this is visible in the variation of finished products presented above. Furthermore, new procedures were implemented for stock control and acquisitions of raw materials and spare parts were made in an optimized way.

The value of inventories pledged for securing the Group's borrowings amounts to RON 598,372 thousand (at 31 December 2019: RON 800,944 thousand).

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

	Six months ended 30 June 2020	Six months ended 30 June 2019
Balance at beginning of the year	-42,879	-28,148
(Charge) to cost of goods sold	-6,866	-16,237
Reversal to cost of goods sold	1,737	930
Translation adjustments	-165	-219
Balance at end of the year	-48,173	-43,674

16. Other current assets

	30 June 2020	31 December 2019
Government grants receivable	453,761	-
VAT recoverable	66,426	55,479
Other current assets	12,362	11,916
Advances to suppliers	6,761	12,475
Prepayments	24,674	13,388
Allowance for sundry doubtful debtors	-122	-121
Total	563,862	93,137

Government grants receivable represent compensations for the high electricity prices resulting from the indirect emission costs under the EU Emission Trading Scheme (ETS). As per European and Romanian regulations, the Group is entitled to receive the aforesaid compensation for the electricity costs incurred in 2019 and in 2020, and at 30 June 2020 the Group recognized RON 453,761 thousand including the full compensation for the 2019 year and, on an accrual basis, half of the amount for the 2020 year.

17. Cash and cash equivalents

	30 June 2020	31 December 2019
Cash at banks in RON	74,917	10,604
Cash at banks in other currencies	83,157	72,534
Petty cash and cash equivalents	50	44
Total	158,124	83,182

A part of the Group's bank accounts (RON 140,612 thousand as at 30 June 2020 and RON 73,127 thousand as of 31 December 2019) are pledged to guarantee the borrowings from banks.

Restricted cash:

	30 June 2020	31 December 2019
Restricted cash	66,977	46,164
Total	66,977	46,164

Restricted cash represents cash held in banks as collateral deposits under the provisions of loan agreements.

The change in restricted cash represents a collateral deposit of RON 30,000 thousand which was placed with a lending bank for a new revolving facility concluded in February 2020 (refer to Note 18). Also, as a result of the extension until February 2024 of one of the non-cash facilities, the related collateral deposit in amount of RON 9,200 thousand was reclassified from *Restricted cash* as of 31 December 2019 to *Other non-current assets* as of 30 June 2020.

18. Borrowings and leases

	30 June 2020	31 December 2019
Long-term borrowings		
Long-term bank loans	1,136,937	1,209,745
Less: Short-term portion of long-term bank loans	-857,754	-835,474
Bank loans, non-current	279,183	374,271
Leases, non-current	4,466	6,161
Total long-term borrowings and leases	283,649	380,432
Short-term borrowings		
Short-term bank loans	100,000	1,747
Short-term portion of long-term bank loans	857,754	835,474
Bank loans	957,754	837,221
Other loans	33,010	32,446
Short-term bank loans, total	990,764	869,667
Leases, current	4,232	4,321
Total short-term borrowings and leases	994,996	873,988
Total borrowings and leases	1,278,645	1,254,420

The bank borrowings of the Group will mature until 2024. Their related interest rates ranged between 2.80% for EUR and 19% for SLL (Sierra Leone Leones) in 2020 and 2019.

In February 2020, the Parent Company obtained a revolving facility in amount of RON 100,000 thousand for working capital with the maturity in November 2020.

In March 2020, another subsidiary of the Group in Sierra Leone obtained finance from a local commercial bank amounting to SLL 6,000,000 thousand (the equivalent of RON 2,683 thousand) for working capital. The loan is repayable in equal instalments until August 2021.

At 30 June 2020, the Group had the amount of RON 20,684 thousand undrawn and available from the borrowing facilities contracted with the banks (at 31 December 2019: RON 735 thousand).

In February 2020 the Parent Company signed the extension of the non-cash facility for letters of credit and letters of guarantee of RON 46,000 thousand until February 2024 and the one of USD 30,000 thousand for electricity acquisition purposes until February 2021. At 30 June 2020, the Group had the amount of RON 75,612 thousand unutilized and available from the non-cash facilities for letters of credit and letters of guarantee (at 31 December 2019: RON 72,881 thousand).

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

At 30 June 2020, one of the Group companies did not meet the contractual thresholds of some of the financial covenants in respect of their loans; consequently the Group company discussed the situation with the banks and received the necessary waivers within the specified testing period. A breach of covenants in respect of a liability that entitles the creditors to require repayment at a future date within one year from the reporting date is unlikely, and therefore the amounts that are not expected to be paid within one year are classified as long-term liabilities.

Alro has initiated discussions for extending the working capital facilities with the current and new potential lenders, with the aim to prolong the maturity of the loans for another similar period.

The Group borrowings are secured with accounts receivable amounting to RON 78,020 thousand (at 31 December 2019: RON 55,422 thousand), with their current accounts opened with banks (see Note 17), with collateral deposits of RON 75,200 thousand (at 31 December 2019: RON 45,200 thousand), with property, plant and equipment (land, buildings, equipment) with a net book value of RON 892,763 thousand (2019: RON 926,526 thousand) and with inventories of RON 598,372 thousand (2019: RON 800,944 thousand).

The Group has estimated that the fair value of the borrowings and the leases equals their carrying amount, mainly due to the fact that the long term loans have variable interest and the bank margins are similar with those for the recently contracted bank loans. Their fair value belongs to the level 3 of the fair value measurement hierarchy.

19. Related party transactions

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

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

Related party	
Vimetco N.V.	Major shareholder
Paval Holding SRL	Shareholder
Alum S.A.	Subsidiary
Vimetco Extrusion SRL	Subsidiary
Conef S.A.	Subsidiary
Sierra Mineral Holdings 1, Ltd	Subsidiary
Global Aluminum Ltd.	Subsidiary
Bauxite Marketing Ltd.	Subsidiary
Vimetco Trading SRL	Common control
Vimetco Management Romania SRL	Common control
Vimetco Power Romania SRL	Common control
Conef Gaz SRL	Common control
Conef Energy SRL	Common control
Centrul Rivergate SRL	Common control
Rivergate Rating Group	Common control
Rivergate Fire SRL	Common control
Henan Zhongfu High Precision Aluminium	Common control

Group transactions are eliminated on consolidation.

The primary related party transactions are described below:

Sales of goods and services	Six months ended 30 June 2020	Six months ended 30 June 2019
Companies under common control	763	664
Total goods and services provided to related parties	763	664

Goods and services purchased from related parties:

Companies under common control	-114,689	-136,620
Total goods and services purchased from related parties	-114,689	-136,620

The purchases from related parties include acquisitions of gas for the production process by the Group companies from their related party Conef Gaz (during H1 2020: RON 86,819 thousand; during H1 2019: RON 107,322 thousand).

The following balances were outstanding at 30 June 2020 and 31 December 2019:

Trade and other accounts receivable:

	30 June 2020	31 December 2019
Companies under common control	5,037	3,557
Allowance for doubtful receivables	-140	-394
Total trade and other accounts receivable from related parties	4,897	3,163
- non-current	-	-
- current	4,897	3,163

Trade and other accounts payable:

	30 June 2020	31 December 2019
Companies under common control	10,171	7,118
Total trade and other accounts payable to related parties	10,171	7,118

Dividends

During the 6 months ended 30 June 2020, the Parent Company paid dividends of RON 32 thousand to shareholders in respect of dividends declared for the previous years. During the 6 months ended 30 June 2019, the Parent Company paid dividends declared for 2018 in total amount of RON 237,310 thousand, out of which an amount of RON 89,739 thousand was paid to the major shareholder Vimetco N.V. and an amount of RON 75,809 thousand to its shareholder Paval Holding SRL.

Management compensation

The total compensation of the Group's key management personnel included in *General, administrative and selling expenses* in the *Statement of Profit or Loss and Other Comprehensive Income* amounts to RON 5,260 thousand (during the 6 months of the year 2019: RON 4,690 thousand), while the expense for determined contribution plan (social contributions) during the 6 months of the year 2020 was RON 1,003 thousand (during the 6 months of the year 2019: RON 1,036 thousand).

Key management personnel transactions

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

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

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

	Six months ended 30 June 2020	Six months ended 30 June 2019
Goods and services purchased from entities controlled by key management personnel or their close family members	13	65
Total	13	65

20. Commitments and contingencies

Commitments

Investment commitments

As at 30 June 2020, the Group's commitments pertaining to the investments amounted to RON 40,074 thousand (31 December 2019: RON 42,873 thousand).

Raw material purchase contracts

As at 30 June 2020, the Group had contracts for purchases of raw materials, electricity, other consumables and utilities in amount of RON 675,283 thousand (31 December 2019: RON 957,574 thousand).

Contingencies

The Parent Company has a commitment concluded with the financing bank of one of its subsidiaries (Vimetco Extrusion) where it is mentioned, among others, that the Company should not, by its actions, cause circumstances in which the subsidiary might not be able to discharge its liabilities towards the financing bank. The Management does not expect that this commitment might materialize into cash outflows from the Company, as the conditions imposed by it are totally under the control of Alro.

Litigations

As at 30 June 2020 the Group was subject to a number of lawsuits resulting from the normal course of the business. Management believes that these actions will not have a significant impact on the financial performance and financial position of the Group.

The Group as a plaintiff: in 2016, the Parent Company contested before the Court of Law a decision of the Competition Council that fined the Company by RON 21,239 thousand for an alleged vertical agreement on the energy market, which was firmly challenged by the Company, as well as several Romanian Energy Regulatory Authority ("ANRE") orders regarding the calculation of green certificate quota for the Company's energy consumptions in 2015 and regarding the quota settlement methodology. The disputes are ongoing before the competent Courts of Law. The appeal against the sanction decision issued by the Competition Council was rejected by the Primary Court - the Bucharest Court of Appeal. The Company will use legal remedies to defend its position in the case.

The Group as a defendant: in March 2020, the Parent Company of the Group was notified by the United States International Trade Commission that several companies in the United States filed a petition for the establishment of antidumping tariffs for certain aluminium products originating from 18 countries, including Romania, imported in United States between 2017 and 2019. In the case of products originating from Romania, which are subject to the antidumping investigation and were manufactured by Alro S.A., the antidumping tariff proposed by the claimers to be analysed by the United States Department of Commerce is 12.51%. The tariffs which are the subject of the petition must be paid by the importers, not by the producers. For Alro Group, a potential loss would be the decrease of future sales to USA market if an anti-dumping tariff will apply, since the American importers are thus discouraged to continue buying from us. The Company intends to defend its position in front of the American authorities involved.

Taxation

Starting September 2019, the Parent Company of the Group has been subject to a fiscal audit by the National Agency for Fiscal Administration related to income tax and VAT transactions, for the period January 2013 - December 2014. At the date of approval of these interim condensed consolidated financial statements the fiscal inspection was not completed. The Group management does not estimate a significant financial impact as a consequence of this fiscal audit.

At 30 June 2020, one of the Group subsidiaries was subject to fiscal audit from the National Agency for Fiscal Administration regarding the period 2013 - 2018. At the date when these interim condensed consolidated financial statements were approved, the fiscal inspections was not finalized. The Group's management does not expect any significant financial impact from this fiscal audit.

In June 2020, one of the Group subsidiaries was subject to an audit from the National Agency for Fiscal Administration regarding the years 2014 - 2019. The audit was concluded without fiscal consequences.

In March 2020, the Group subsidiary Sierra Mineral Holdings 1, Limited received an information from the National Mining Agency on a new review of the regulatory document for all mining companies in Sierra Leone. The review has been postponed due to the SARS-CoV-2 pandemic. Management could not estimate, at the date when these interim condensed consolidated financial statements were approved, the potential impact that this review would have on the financial statements of the Group.

21. Events after the reporting date

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

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

CONSOLIDATED QUARTERLY REPORT Q2/2020

**Consolidated Financial Results
for the Second Quarter of 2020 (Q2/2020)
as Compared to the Second Quarter of 2019 (Q2/2019)
(unaudited)**

ALRO S.A. and its subsidiaries

Quarterly Report Q2 2020

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

in RON '000, except per share data

Q2 2020	Q2 2019		Six months ended 30 June 2020	Six months ended 30 June 2019
648,671	738,779	Revenue from contracts with customers	1,360,942	1,506,218
-649,672	-680,193	Cost of goods sold	-1,364,710	-1,342,519
-1,001	58,586	Gross profit	-3,768	163,699
-69,818	-73,788	General, administrative and selling expenses	-141,448	-137,378
489,787	123,959	Other operating income	492,352	144,667
-983	-1,758	Other operating expenses	-3,715	-4,630
417,985	106,999	Operating result (EBIT)	343,421	166,358
-16,826	-20,231	Interest expenses	-33,750	-38,630
-	7,942	Gains (losses) from derivative financial instruments, net	-	710
-3,686	-4,833	Other financial gains / (losses), net	-8,343	-9,247
12,104	16,568	Net foreign exchange gains / (losses)	-14,132	-14,390
409,577	106,445	Result before income taxes	287,196	104,801
-45,895	-17,672	Income tax	-33,534	-25,093
363,682	88,773	Result for the period	253,662	79,708
		Other comprehensive income / (expense), net of tax:		
		<i>Items that will not be reclassified subsequently to profit or loss</i>		
-2	4	Remeasurements of post-employment benefit obligations	-	-2
		<i>Items that may be reclassified subsequently to profit or loss:</i>		
-4,138	-6,580	Translation adjustment	-766	-5,099
-4,140	-6,576	Other comprehensive income / (expense) for the period, net of tax	-766	-5,101
359,542	82,197	Total comprehensive income / (expense) for the period	252,896	74,607
		Result attributable to:		
363,504	88,364	Shareholders of Alro SA	253,439	79,234
178	409	Non-controlling interest	223	474
363,682	88,773		253,662	79,708
		Total comprehensive income / (expense) attributable to:		
359,390	81,827	Shareholders of Alro S.A.	252,678	74,162
152	370	Non-controlling interest	218	445
359,542	82,197		252,896	74,607
		Earnings per share		
0.509	0.124	Basic and diluted (RON)	0.355	0.111

in RON '000

	30 June 2020	31 December 2019
Assets		
Non-current assets		
Property, plant and equipment	1,129,513	1,169,009
Investment properties	680	696
Intangible assets	7,827	9,611
Goodwill	95,434	94,284
Right-of-use assets	11,839	13,258
Deferred tax asset	29,378	37,294
Other non-current assets	11,021	3,866
Total non-current assets	1,285,692	1,328,018
Current assets		
Inventories	629,583	828,948
Trade receivables, net	67,254	76,352
Current income tax receivable	695	6,225
Other current assets	563,862	93,137
Restricted cash	66,977	46,164
Cash and cash equivalents	158,124	83,182
Total current assets	1,486,495	1,134,008
Total assets	2,772,187	2,462,026
Shareholders' Equity and Liabilities		
Shareholders' equity		
Share capital	370,037	370,037
Share premium	86,351	86,351
Other reserves	343,464	342,667
Retained earnings	-32,846	36,446
Result for the period	253,439	-67,734
Equity attributable to shareholders of Alro S.A.	1,020,445	767,767
Non-controlling interest	2,403	2,185
Total shareholders' equity	1,022,848	769,952
Non-current liabilities		
Bank and other loans, non-current	279,183	374,271
Leases, non-current	4,466	6,161
Provisions, non-current	37,574	36,704
Post-employment benefit obligations	45,834	46,637
Government grants, non-current portion	45,837	47,970
Other non-current liabilities	1,053	890
Total non-current liabilities	413,947	512,633
Current liabilities		
Bank and other loans, current	990,764	869,667
Leases, current	4,232	4,321
Provisions, current	3,520	2,793
Trade and other payables	196,097	206,386
Current income taxes payable	26,907	2,551
Government grants, current portion	4,267	4,267
Other current liabilities	109,605	89,456
Total current liabilities	1,335,392	1,179,441
Total liabilities	1,749,339	1,692,074
Total shareholders' equity and liabilities	2,772,187	2,462,026

	Share capital	Share premium	Other reserves
Balance at 1 January 2019	370,037	86,351	367,834
Result for the period	-	-	-
Other comprehensive income / (expense)			
Translation adjustment	-	-	-
Remeasurements of post-employment benefits	-	-	-
Other comprehensive income / (expense)	-	-	-
Total comprehensive income / (expense) for the period	-	-	-
Transactions with owners of the company recognized directly in equity			
Distributions to owners of the company			
Appropriation of prior year result	-	-	4,090
Dividends distribution	-	-	-
Balance at 30 June 2019	370,037	86,351	371,924
Balance at 1 January 2020	370,037	86,351	372,397
Profit for the period	-	-	-
Other comprehensive income / (expense)			
Translation adjustment	-	-	-
Other comprehensive income / (expense)	-	-	-
Total comprehensive income / (expense) for the period	-	-	-
Transactions with owners of the company recognized directly in equity			
Appropriation of prior year result	-	-	1,558
Balance at 30 June 2020	370,037	86,351	373,955

in RON '000

Translation reserve	Total other reserves	Retained earnings	Result for the period	Attributable to shareholders of Alro SA	Non-controlling interests	Total shareholders' equity
-23,501	344,333	135,358	235,006	1,171,085	1,739	1,172,824
-	-	-	79,234	79,234	474	79,708
-5,070	-5,070	-	-	-5,070	-29	-5,099
-	-	-2	-	-2	-	-2
-5,070	-5,070	-2	-	-5,072	-29	-5,101
-5,070	-5,070	-2	79,234	74,162	445	74,607
-	4,090	230,916	-235,006	-	-	-
-	-	-326,600	-	-326,600	-14	-326,614
-28,571	343,353	39,672	79,234	918,647	2,170	920,817
-29,730	342,667	36,446	-67,734	767,767	2,185	769,952
-	-	-	253,439	253,439	223	253,662
-761	-761	-	-	-761	-5	-766
-761	-761	-	-	-761	-5	-766
-761	-761	-	253,439	252,678	218	252,896
-	1,558	-69,292	67,734	-	-	-
-30,491	343,464	-32,846	253,439	1,020,445	2,403	1,022,848

Quarterly Report Q2 2020
Interim consolidated statement of cash flows - unaudited

in RON '000

Q2 2020	Q2 2019		Six months ended 30 June 2020	Six months ended 30 June 2019
		Cash flow from operating activities		
409,577	106,445	Result before income taxes	287,196	104,801
		<i>Adjustments for:</i>		
42,903	38,147	Depreciation and amortisation	86,839	73,549
-	-4,754	Impairment of property, plant and equipment	-	-4,790
746	-10,959	Movement in provisions	727	-27,299
-8,303	11,098	Change in allowance for impairment of inventory	5,129	15,307
185	140	Change in allowance for impairment of doubtful receivables	-56	48
177	184	Loss on disposal of property, plant and equipment	446	686
-11,616	-22,242	Net foreign exchange losses on loans revaluation	11,201	8,965
-777	-1,258	Interest income	-1,980	-3,009
16,826	20,231	Interest expense	33,750	38,630
-2	-	Dividend income	-2	-
-	-7,942	Effect of derivative financial instruments	-	-710
		<i>Changes in working capital:</i>		
78,387	-7,495	Change in inventories	193,518	-133
-460,068	38,702	Change in trade receivables and other assets	-461,057	1,614
-9,482	249	Change in trade and other payables	8,150	37,664
5,132	-9,418	Income taxes (paid)/refunded	4,468	-19,741
-13,932	-18,572	Interest paid	-31,368	-40,415
-	-287	Cash receipts/ (Payments) from derivatives, net	-701	8,362
49,753	132,269	Net cash generated by / (used in) operating activities	136,260	193,529
		Cash flow from investing activities		
-22,027	-37,185	Purchase of property, plant and equipment and intangible assets, net	-40,712	-81,571
-	4,895	Government grants received	-	4,895
94	317	Proceeds from sale of property, plant and equipment	245	588
2	-	Dividends received	2	-
-3	-149	Change in restricted cash	-30,013	-1,209
751	1,168	Interest received	1,917	2,681
-21,183	-30,954	Net cash used in investing activities	-68,561	-74,616
		Cash flow from financing activities		
238	60,768	Proceeds from loans and leasing	103,063	372,653
-60,185	-30,832	Repayment of loans	-95,721	-33,225
-9	-98	Dividends paid	-32	-237,324
-59,956	29,838	Net cash provided by/(used in) financing activities	7,310	102,104
-31,386	131,153	Net change in cash and cash equivalents	75,009	221,017
189,591	293,550	Cash and cash equivalents at beginning of period	83,182	203,609
-81	-45	Effect of exchange rate differences on cash and cash equivalents	-67	32
158,124	424,658	Cash and cash equivalents at end of period	158,124	424,658

1. Organisation and nature of business

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

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

Vimetco N.V. (the Netherlands) is the major shareholder of Alro S.A., holding 54.19% of the Company's share capital at 30 June 2020. Vimetco N.V. is a privately held company and its registered office is at Strawinskyiaan 403, World Trade Center, A Tower, 4th floor, 1077 XX Amsterdam, The Netherlands. The Company's ultimate controlling entity is Maxon Limited (Bermuda).

2. Basis of preparation

These financial figures have been prepared in accordance with the International Financial Reporting Standards as adopted by the European Union ("EU"), which is in accordance with the Public Finance Minister's Order no. 2844/2016, with subsequent amendments, which is in accordance with the International Financial Reporting Standards (IFRS) adopted by the European Union (EU)*. The Group's functional and reporting currency is the Romanian leu (RON). This consolidated quarterly report is prepared in RON thousand, rounded to the nearest unit.

The financial information for the 6-month period ended 30 June 2020 has not been audited and has not been subject to an external auditor's review.

3. Significant accounting policies

The same accounting policies and methods of computation have been followed in this consolidated quarterly report as those applied in preparing the Group's consolidated financial statements as at 31 December 2019.

This consolidated quarterly report has been prepared on a going concern basis, which assumes the Group will be able to continue in operation for the foreseeable future and to discharge its liabilities in the normal course of business.

*The Ministry of Public Finance Order no. 2844/2016, with subsequent amendments, is in accordance with the International Financial Reporting Standards (IFRS) adopted by the European Union (EU), except for IAS 21 The effects of changes in foreign exchange rates regarding functional currency, except for the provisions of IAS 20 Accounting for Government Grants regarding the recognition of revenue from green certificates, except for the provisions of IFRS 15 Revenue from contracts with customers regarding the revenue from taxes of connection to the distribution grid.

4. Explanatory notes

4.1. Consolidated statement of profit or loss and other comprehensive income

Revenues from contracts with customers

Q2 2020	Q2 2019		Six months ended 30 June 2020	Six months ended 30 June 2019
16,105	25,330	Revenues from sales of bauxite	46,044	40,788
39,157	38,064	Revenues from sales of alumina	55,949	89,943
271,873	312,540	Revenues from sales of primary aluminium	576,092	621,118
316,900	361,083	Revenues from sales of processed aluminium	676,353	751,123
4,636	1,762	Other	6,504	3,246
648,671	738,779	Total	1,360,942	1,506,218

The adverse effects of coronavirus pandemic on the world economy that have been felt since March 2020 have impacted the Group's turnover in Q2 2020, which was 12% lower as compared to the same period of the previous year.

The aluminum industry was strongly and immediately impacted by coronavirus pandemic as a result of the partial limitation of deliveries in European countries such as Italy, Spain, France, Great Britain, Germany, Poland due to restrictions enforced by the European states to limit the transport and temporary close these countries borders.

Some of our customers have temporarily closed their operations, therefore the Group had to reschedule the production, develop new inventory management strategies and take actions to deliver its finished products to countries less affected by the pandemic. Two important market segments were affected by the global closure, namely the automotive and aero industries and a global crisis was created, which led to a decrease in demand in these sectors and mainly impacted the Processed Aluminium Division.

In mid-May 2020, the epidemics status allowed the gradual ease of restrictive measures in the majority of European countries, therefore towards the end of the second quarter of 2020 there was a slight increase in demand, especially in the Processed Aluminium Division, which led to a quantitative increase in plate sales by over 740 tonnes in Q2 2020 as compared to Q2 2019.

In the second quarter of 2020, the price of aluminum on the London Metal Exchange (LME) had a decreasing trend as compared to Q2 2019, the same as in H1 2020 as compared to H1 2019. The LME downward trend has influenced the sales of the Group in Q2 2020, when the average LME cash-seller was 1,497 USD/tonne, dropping almost 300 USD/tonne as compared to Q2 2019 when the average LME cash-seller was 1,793 USD/tonne.

However, despite these negative factors, the quantitative sales of extruded products were higher by over 930 tonnes in Q2 2020 compared to the same period of previous year, consisting mainly of deliveries of standard profiles and customized profiles for solar power plants.

Although global economic conditions were unfavorable, in Q2 2020 the sales of aluminium wire rod in terms of quantities increased by 8% as compared to the similar period of 2019. Demand in the cable industry was stable in Q2 2020, which allowed the Group to sell aluminium wire rod more than 1,900 tonnes in Q2 2020 than in Q2 2019. The group expects the coronavirus pandemic not to have a major impact on the cable sector, as the cable producers are considered essential in the public utilities sector, which is a strategic area.

Moreover, the alumina segment managed to obtain better performances in Q2 2020 compared to Q2 2019 and reported a quantitative increase by over 9,100 tonnes in the alumina sales and a sales value increase by 3% in the analyzed period.

The **cost of goods sold** at the Group level recorded a decrease by RON 30,521 thousand in Q2 2020 as compared to Q2 2019, mainly due to the drop in raw materials purchase prices, in line with the prices on dedicated markets and with the Group's strategy deployed in H1 2020 to reduce costs, while the Romanian energy market continued to report the same upward trend in electric power prices. The decrease in the cost of goods sold during the analyzed period captures the efforts taken by the Group which anticipated, since Q1 2020, the market trends and implemented new procedures for optimizing the procurement of raw materials and materials while reducing the safety inventories to an acceptable level for the current period.

The Group reduced its **general, administrative and selling expenses** by 5% in Q2 2020 as compared to Q2 2019. This decrease is in line with the Group's strategy of conducting more efficient operations by optimizing and digitizing processes and monitoring its expenditure.

On 11 May 2020, the European Commission approved under EU State aid rules, the Romanian plans to partially compensate energy-intensive companies for higher electricity prices resulting from indirect emission costs under the EU Emission Trading Scheme (ETS). The scheme covers the period 2019-2020 and benefits companies active in Romania in sectors facing significant electricity costs and which are particularly exposed to international competition, such as ALRO and several other companies from 15 Romanian industrial sectors and 8 sub-sectors. The compensation will be granted through a partial refund of indirect ETS costs to eligible companies. Following the approval by the European Commission of the scheme, the Government Emergency Ordinance ("OUG") no. 81/2019, which sets up the state aid scheme, was amended by the OUG no. 85/2020, as approved on 21 May 2020 and published in the Official Journal on 29 May 2020. The Group submitted to the Ministry of Economy, Energy and Business Environment the application for requesting the state aid and at 30 June 2020 all the conditions for receiving the grant were fulfilled.

Thus, in Q2 2020, **Other operating income** mainly includes the state aid requested by the Group for the year 2019 and H1 2020 in the amount of RON 453,761 thousand (Q2 2019: nil) and the sales of emission rights in amount of RON 32,797 thousand (in Q2 2019: RON 107,698 thousand). Please see also Note 8 *Other operating income* in the interim consolidated financial statements for the six months period ended of 30 June 2020.

The amount of RON 12,104 thousand reported in Q2 2020 representing **net foreign exchange gains** results mainly from the revaluation of the loans and other liabilities of the Group in foreign currencies (in Q2 2019: a gain of RON 16,568 thousand).

In the light of the favourable factors for the increase of other operating income, despite the fact that the turnover decreased in Q2 2020 as compared to Q2 2019 following of the shock caused by the coronavirus pandemic on the world economy and a continuing downward trend of LME as well as the higher electricity costs, in Q2 2020 the net result of the Group was a **net profit** in amount of RON 363,682 thousand as compared to a net profit in amount of RON 88,773 thousand reported in the same period of previous year.

Amid the international economic conditions, during Q2 2020 the Group continued its activity, maintained its production units in operation, without temporary closures, continued to produce aluminum, alumina and bauxite, and also kept the serving of its customers as a priority.

The reconciliation between the net result and the adjusted net result for Q2 2020 and Q2 2019 is detailed below:

in RON '000	in RON '000		in RON '000	in RON '000
Q2 2020	Q2 2019		Six months ended 30 June 2020	Six months ended 30 June 2019
363,682	88,773	Net result of the period	253,662	79,708
-	-4,754	Impairment of other non-current assets	-	-4,790
-	-7,942	Derivative financial instruments that do not qualify for hedge accounting	-	-710
21,875	-462	Deferred income tax	8,119	2,219
385,557	75,615	Adjusted net result	261,781	76,427

4.2. Consolidated Statement of Financial Position

Non-current assets

In Q2 2020, the Group continued the investments in projects to reduce the energy consumption in the electrolysis sector by implementing a new and advanced technology for smelter pots relining providing lower energy consumption. At the same time, the Group continued its investments for environmental protection by applying the best available technologies in the field and revamping the existing equipment in order to increase economic efficiency. The depreciation of existing assets was higher than the acquisitions value so that the balance of the Group's tangible fixed assets decreased from RON 1,169,009 thousand as at 31 December 2019 to RON 1,129,513 thousand as at 30 June 2020.

Current assets

The current assets of the Group increased by 31% as at 30 June 2020 as compared to the value reported as at 31 December 2019 (30 June 2020: RON 1,486,495 thousand as compared to 31 December 2019: RON 1,134,008 thousand), mainly due to the recognition at 30 June 2020 of governments grants that the Group is entitled to receive as compensation to energy-intensive companies in Romania for indirect emission cost in amount of RON 453,761 thousand (31 December 2019: nil). This increase was partly offset by the decline in inventories of RON 199,365 thousand at 30 June 2020 compared to the end of previous year, since the Group implemented an inventory reduction program and took advantage of market opportunities in respect of the sales of wire, extruded products, alumina and bauxite. On the other hand, *Cash and cash equivalents* increased by RON 74,942 thousand, and the variation in the *Restricted cash* comes from a collateral deposit amounting to RON 30,000 thousand which was set up for a new revolving facility concluded with a commercial bank in February 2020. At the same time, due to the extension of one of the non-cash facilities until February 2024, the related collateral deposit amounting to RON 9,200 thousand was reclassified from the *Restricted Cash* as at 31 December 2019 to Non-current assets category as at 30 June 2020.

Equity

As at 30 June 2020, the equity increased to RON 1,022,848 thousand from RON 769,952 thousand at 31 December 2019 due to the net profit of RON 253,439 thousand generated during the reporting period.

Liabilities

The *total liabilities* of the Group increased by 3% and reached RON 1,749,339 thousand as at 30 June 2020 (31 December 2019: RON 1,692,074 thousand), mainly as a result of the new facilities contracted by the Parent Company and its subsidiary in Sierra Leone in February and March 2020, respectively (for more details, see also Note 18 *Borrowings and leases* in the interim consolidated financial statements for the period of 6 months 2020).

4.3. Consolidated Statement of Cash Flows

As at 30 June 2020, the Group recorded cash and cash equivalents amounting to RON 158,124 thousand, higher by RON 74,942 thousand, compared to the beginning of the year and lower by RON 266,534 thousand compared to the same period of the previous year.

In Q2 2020, the Group achieved a positive cash flow from operating activity, amounting to RON 49,753 thousand, lower as compared to the positive cash flow recorded in Q2 2019 which was in amount of RON 132,269 thousand, being influenced by the evolution of the turnover which was affected by the overall economic slowdown and lower aluminum quotations in Q2 2020 as compared to the same period of the previous year. The positive cash flows from the inventory variation of RON 78,387 thousand reported in Q2 2020 is the result of the measures taken by the Group's management for the most efficient management of its inventories.

The increase in net profit of Q2 2020, as a result of government subsidies recorded for compensation granted to large energy-intensive companies in Romania for their indirect emission costs was balanced by the change in trade receivables and other assets in amount of RON 460,068 thousand (for more details, see also Note 8 *Other operating income* in the interim consolidated financial statements for the period of 6 months 2020).

The net cash outflows related to the investment activity in Q2 2020 amounting to RON 21,183 thousand include acquisitions for the investments in improving the performance of the electrolysis sector, payments for electrolysis pots and furnaces reconditioning in Alro, as well as investments for maintenance and improving equipment parameters at Alum, as well as implementing various arrangements and purchasing equipment to support the Sierra Leone mining business.

The net cash flow from financing activity in Q2 2020 was negative, in amount of RON 59,956 thousand, being generated by the installments repayment of the bank loans according to their schedules agreed with the financing banks and the leasing debts.

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

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Ratios

Ratio description	Formula	Six months ended 30 June 2020	Six months ended 30 June 2019
Current ratio	Current assets/ Current liabilities	1.11	2.20
Gearing ratio	Long-term borrowings/ Equity x 100	27.73	120.77
	Long-term borrowings/ Capital employed x 100	21.71	54.70
Receivables turnover	Receivables average balance/ Turnover x 180	9.50	7.97
Non-current assets turnover	(Turnover x 360/ 180)/ Non-current assets	2.12	2.16

In the 6-month period ended 30 June 2020, the *Current Ratio* as well as the *Gearing ratio* decreased as compared to the same period of the year 2019 as a result of the classification from long term to short term at 31 December 2019, of some bank loan facilities with maturities within one year from the reporting date.

To ensure the comparability of the ratios *Current Ratio* and *Gearing Ratio*, the ratios for the 6-month period ended 30 June 2020 are presented below, adjusted with the aforementioned credit facilities by transferring them in the Long-term borrowings from the Current liabilities category.

Adjusted ratios

Ratio description	Formula	Six months ended 30 June 2020	Six months ended 30 June 2019
Adjusted current ratio	Current assets/ Current liabilities	2.35	2.20
Adjusted gearing ratio	Long-term borrowings/ Equity x 100	96.36	120.77
	Long-term borrowings/ Capital employed x 100	49.07	54.70

Statement of the Persons in Charge

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

Statement of the Persons in Charge

Pursuant to the legal stipulations of the Regulation no. 5/2018 issued by the Financial Supervisory Authority (FSA) for issuers and operations with securities, the management of the Group and of the Company states that:

1. We confirm to the best of our knowledge that the interim condensed consolidated financial statements of ALRO Group for the period ended on 30 June 2020 and ALRO Group quarterly financial results for Q2 2020 prepared in accordance with the applicable set of accounting standards give a true and fair view of the financial position, financial performance and cash-flow of the Group for the six months ended 30 June 2020;

2. The Consolidated Directors' Report gives a true and fair view of the development and the performance of ALRO Group for the six months ended 30 June 2020.

The Board of Directors represents the interests of the Group, of the Parent-company and of its shareholders and is responsible for the overall management of the Group and of the Company.

At the date of this report, the Board of Directors of the Parent-company consists of 11 members as follows:

1.	Marian-Daniel NASTASE	Chairman
2.	Svetlana PINZARI	Vice-President
3.	Gheorghe DOBRA	Member
4.	Pavel MACHITSKI	Member
5.	Aleksandr BARABANOV	Member
6.	Vasile IUGA	Member
7.	Marinel BURDUJA	Member
8.	Laurențiu CIOCIRLAN	Member
9.	Oana-Valentina TRUTA	Member
10.	Voicu CHETA	Member
11.	Pavel PRIYMAKOV	Member

The interim condensed consolidated financial statements of ALRO Group for the period ended on 30 June 2020 and ALRO Group quarterly financial results for Q2 2020 are not audited.

Chairman of the Board of Directors
Marian Daniel Nastase

Chief Executive Officer
Gheorghe Dobra

Chief Financial Officer
Genoveva Nastase

11 August 2020