

Current Report

No. 18/25.02.2022

To: Financial Supervisory Authority
Bucharest Stock Exchange

Current report in compliance with the stipulations of the Law no. 24/2017 (republished) and of the FSA Regulation no.5/2018 (including the subsequent amendments) regarding the issuers of financial instruments and market operations

Date of report: **25.02.2022**

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

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

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

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

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

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

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

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

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

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

Press Release

ALRO registered in 2021 a preliminary consolidated turnover of RON 3.5 billion

Slatina, 25 February 2022 – ALRO S.A. (BSE: ALR, “the Company” or “ALRO”), one of the largest vertically integrated aluminium producers in Europe, measured by production capacity, announces today its preliminary consolidated financial results for the year 2021. The Group registered a turnover of RON 3.5 billion up from RON 2.5 billion in 2020, benefiting from a favourable LME evolution and growing demand for the Group's high value-added products, especially for the aerospace industries, general engineering, and consumer products sector. The Group closed 2021 with a positive gross result of RON 493 million compared to a loss in 2020 of RON 7 million. The operating result (EBIT) for 2021 is a profit of RON 228 million, compared to RON 400 million, in 2020, and the net profit recorded by the Group in 2021 was RON 26 million compared to RON 335 million in 2020.

“2021 brought us even more challenges than 2020, as while struggling to mitigate the pandemic’s effects, we were also facing a new and exceptionally volatile situation in terms of energy prices and supply”, said Marian NĂSTASE, Chairman of ALRO’s Board of Directors. ***“On one hand, the aluminium market registered higher demand that led to a significant increase in the quotation, but on the other hand, this increase was offset by the inflated electricity prices. Under these circumstances, we took all the necessary measures to honour our contractual obligations, but also to reduce the electricity consumption to remain on the market and continue our almost 60 years of uninterrupted activity in Romania”,*** added Marian NĂSTASE.

Market Update

In 2021, the LME continued its upward trend, with an annual average of 2,480 USD/tonne, compared to 1,704 USD/tonne registered in 2020. This increase was triggered by the higher aluminium demand at the international level, especially for high value-added products, mainly from the aerospace industries, general engineering, and consumer products sector. As such, in October 2021, the aluminium price at London Metal Exchange (LME) reached the record price of 3,180 USD/tonne, up over 1,000 USD/tonne compared to the record level of 2020. Moreover, starting with the second half of 2021, aluminium inventories registered a constant decrease in the LME warehouses, ending the year with a decline of 50% compared to March 2021.

Despite these favourable market conditions, aluminium producers in Europe faced a very challenging situation in terms of production costs due to the abrupt increase in energy prices. The peak levels of LME were offset mainly by the higher electricity costs throughout the EU due to the CO₂ certificate increase prices. As a result, aluminium producers from France, Germany, Romania, the Netherlands, Slovenia, and Spain curtailed their production, some of them being forced to halt their activity entirely temporarily.

At the local level, the electricity market registered even higher volatility, translated into an unprecedented price increase and supply shortage, with some suppliers denouncing the contracts unilaterally. Therefore, ALRO had to renegotiate some of its electricity contracts or turn to the electricity market to cover quantities from the cancelled contracts. Under these circumstances, the electricity price paid by the Group in Q4 2021 was more than 100% higher compared to Q1 2021.

Operational Update

The increase in demand at the international level led ALRO Group to register higher cast aluminium production in 2021 (293,399 tonnes, compared to 271,307 tonnes, in 2020). The Group increased its processed aluminium production to 113,662 tonnes, up from 98,020 tonnes in 2020, in line with its strategy to focus on the production and sales of high and very high value-added products.

Despite the surge of production costs, ALRO Group continued developing its long-term and sustainable strategy, focusing on investments in energy efficiency and reduction of consumption rates, sustaining the production of high and very high value-added products and ensuring safe activity and workplace.

The exceptional situation faced on the energy market in 2021- higher prices and lack of supply in 2021 made the management decide on reducing the electrolytic aluminium production, halting the production of three out of the five potrooms, a measure implemented in 2022. The temporary shut-down considers specific technological measures that will allow a quick and efficient restart when energy market conditions return to normal, most probably in 2023.

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

Marian-Daniel NĂSTASE
Chairman of the Board of Directors



Gheorghe DOBRA
Chief Executive Officer



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Notes to the Editors:

ALRO Group

The companies part of ALRO Group are: ALRO S.A. – manufacturer of aluminium, Alum S.A. – producer of alumina, Sierra Mineral Holdings I, Ltd. – bauxite mining, Vimetco Extrusion S.R.L. – extrusion business line, Conef S.A. – holding and management company, Global Aluminium Ltd. – holding company and Bauxite Marketing Ltd – marketing, Vimetco Trading – aluminium sales. Having this structure, the Group created an integrated production chain assuring the raw materials for ALRO.

ALRO

ALRO is a subsidiary of Vimetco PLC (Republic of Cyprus), a global, vertically-integrated primary and processed aluminium producer. ALRO is one of the largest vertically integrated aluminium producers, by capacity, in Europe, having an installed production capacity of 265,000 tonnes per annum of electrolytic aluminium, 35,000 tonnes per annum of recycled aluminium and the Cast-House has a total cast aluminium capacity of 335,000 tonnes per annum and processing facilities of 130,000 tpa of hot and cold rolling facilities and extrusion shop.

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

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

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