

Current Report

No. 81/14.11.2022

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 (subsequently amended and updated) regarding the Issuers of financial instruments and market operations

Date of report: **14 November 2022**

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

Headquarters: **Slatina, 116 Pitesti Street, Ilt 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 Group reports higher turnover in 1-3Q 2022 while diversifying its business model

- ***Higher sales volumes for plates for the aerospace sector and extruded aluminium products in 1-3Q 2022 compared to the same period of 2021;***
- ***The Group turnover increased by 19% in 1-3Q 2022 compared to 1-3Q 2021 with a decreasing trend in 3Q 2022 vs 3Q 2021, in line with the lower aluminium quotations and slowing demand;***
- ***ALRO Group aims to diversify its business model and secure the supply of electricity by being selected by Complexul Energetic Oltenia as a partner with whom to build a natural gas power generation plant at Işalniţa, Dolj;***
- ***ALRO's downstream subsidiary, Vimetco Extrusion celebrated its 16th anniversary by commissioning a new state-of-the-art automated extrusion line, following a EUR 10 million investment that will increase its production capacity of over 35,000 tonnes by the end of 2022;***
- ***The energy crisis which materialised in soaring power prices, coupled with a decline in demand in 3Q 2022, led to a net loss of RON 110 million in 1-3Q 2022 compared to a net loss of RON 25 million in 1-3Q 2021;***
- ***The long-awaited measure to compensate the indirect emissions costs embedded in the energy price for the years 2021-2030 was published in the Official Gazette in October 2022, and thus relieving some of the energy cost pressure for the period to come.***

Slatina, 14 November 2022 – ALRO S.A. (BVB: ALR, “the Company” or “ALRO”), one of the largest vertically integrated aluminium producers in Europe, measured by production capacity, announces today its consolidated financial results for the nine months ended 30 September 2022. The Group's turnover increased by 19% (1-3Q 2022: RON 2.9 billion vs 1-3Q 2021: RON 2.5 billion) with a decreasing trend in 3Q 2022 vs 3Q 2021, in line with the lower aluminium quotations and slowing demand, while embedding the scale down of certain production activities within the Group (electrolytic aluminium and alumina) in a challenging economic environment. ALRO Group's net result for the period was a net loss of RON 110 million (1-3Q 2021: a net loss of RON 25 million), without the impact of the new measure for compensating the indirect emissions included in the energy price, as the Emergency Ordinance was published only in October 2022, while the operating result (EBIT) remained positive at RON 100 million in 1-3Q 2022, down from RON 164 million in 1-3Q 2021.

“2022 brought the challenges faced by our industry to a new stress level, with the war closer to our borders than ever, with soaring power prices and scarcity of supply, slowing demand and huge markets volatility. In this tough context, we had to take drastic measures to reinvent and adapt our business model to this unprecedented context. And thus, to preserve our business and our place in the international aluminium industry, we temporarily disrupted the vertical integration model while still believing that in the long run, this strategy remains a competitive advantage”, said Marian NĂSTASE, Chairman of the Board of Directors, ALRO.

Market Update

The aluminium quotations at London Metal Exchange (LME) continued to rise in 1-3Q 2022, reaching an average of 2,830 USD/tonne, 19% higher than the 1-3Q 2021 average. However, due to a slowdown in demand and market volatility, in 3Q 2022 LME took a downturn registering an average of 2,354 USD/tonne, lower by 11% compared to the average reported in 3Q 2021. Moreover, the several overlapping crises – energy, raw materials, recession – led also to inflation peaks and higher interest rates worldwide.

The long-awaited measure to support the large industries has finally come in October 2022 the Romanian Government adopted the Emergency Ordinance regarding the compensation of the indirect emissions costs embedded in the electricity prices for 2021-2030. The support scheme was prepared in accordance with the provisions of the European Commission Guidelines on certain State aid measures in the context of the greenhouse gas emission allowance trading scheme post-2021 and targeted the sectors exposed to a real risk of relocation of CO₂ emissions due to the significant indirect costs embedded in the energy price. The impact of this measure is not yet included in the financial figures as of September 2022 as the coming into force is starting with October 2022.

In terms of demand in the aluminium industry, the increased orders for plates for the aerospace industry and extruded products (the Group's highest profitable products) gave ALRO Group the competitive edge resulting from years of investments in high and very high value-added products.

Financial and Operational Review

The Group's sales in 1-3Q 2022 were RON 2.9 billion, higher by 19% compared to the similar period in 2021 (respectively RON 2.5 billion). The Group benefited from the increase in demand for plates, mainly for the aerospace industry and extruded products, and in the first part of the year of higher LME quotations, showing, yet again, the positive results of its development strategy focused on investments in technology to produce sophisticated and very high valued-added aluminium products.

Despite these very challenging times, ALRO continued the investment programme aimed at reducing the power dependence by increasing the quantity of metal produced from aluminium scrap and improving the energy efficiency consumption rates. ALRO's budget for 2022 stands at USD 23 million.

The same business model cascades to ALRO's subsidiaries, with Vimetco Extrusion commissioning a new state-of-the-art automated extrusion line, in September 2022, following a EUR 10 million investment. This line will allow Vimetco Extrusion to reach a production capacity of over 35,000 tonnes by the end of 2022 (approximately an 11,000 tonnes increase).

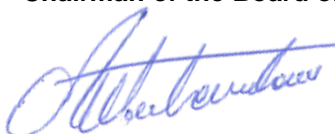
On the other side, the soaring power prices continued to affect the production costs and forced the Group to take unprecedented measures during the reporting period. If the year started with the temporary suspension of three out of five electrolysis pootrooms, in August 2022, the Group had to suspend the alumina production at ALUM, Tulcea. As a result of all these measures, the Group managed to keep its EBIT positive, at RON 100 million, albeit lower compared to 1-3Q 2021, when it reached RON 164 million.

However, running a sustainable business remains a top priority for the Group, even in these challenging times. Thus, the major investment done by the Group in this period is for the extension of the eco-recycling capacity till 100,000 tonnes per annum and to be finalised by mid next year, besides investments in the technological processes.

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

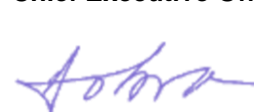
Marian-Daniel NĂSTASE

Chairman of the Board of Directors



Gheorghe DOBRA

Chief Executive Officer



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Notes to the Editor:

ALRO Group

The companies' part of ALRO Group are: ALRO S.A. – manufacturer of aluminium, ALUM S.A. – producer of alumina, 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 subsidiary of Vimetco PLC (Republic of Cyprus), a global, vertically-integrated primary and processed aluminium producer. The structure of ALRO's shareholders is: Vimetco PLC (54.19%), Paval Holding (23.21%), Fondul Proprietatea (10.21%) and others (12.39%).

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

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

Starting from 18 March 2019, the Index Committee of the Bucharest Stock Exchange approved the inclusion of ALRO (code ALR) in BET, the main index of the market, and in BET-TR, the total return version of BET. ALRO's

shares have been listed on the Bucharest Stock Exchange since October 1997 and ALRO represents the first company in the aluminium industry present in these two indices.

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