

EN+ GROUP ANNOUNCES 9M AND 3Q 2021 TRADING UPDATE

En+ Group has demonstrated a solid operational performance across both the Metals and Power segments for the first nine months of 2021. The Power segment's hydro assets increased output by 15% as a result of favourable hydrological conditions, with total electricity output up 12% during the period. Aluminium production and sales remained stable, while sales of value-added products (VAPs) increased 21.6% and accounted for 52% of total aluminium sales, compared with 43% in 9M 2020. The London Metal Exchange (LME) aluminium price reached levels above USD 3,000/tonne, and the Shanghai Futures Exchange aluminium price rose above RMB 23,510/tonne in 3Q 2021. This resulted in the average aluminium realised price increasing 38% y-o-y in 9M 2021 and 55% y-o-y in 3Q 2021.

27 October 2021 — EN+ GROUP IPJSC (the "**Company**", "**En+ Group**" or the "**Group**") (LSE: ENPL; MOEX: ENPG), the world's largest producer of low-carbon aluminium and independent hydropower, today announces its operational results for the nine month and three month periods ended 30 September 2021.

9M 2021 key highlights¹:

- Aluminium production was broadly unchanged, totalling 2,811 kt (up 0.2% y-o-y).
- Aluminium sales were broadly unchanged, totalling 2,915 kt (up 0.6% y-o-y).
- The average aluminium realised price² increased 38.0% y-o-y to USD 2,426 per tonne.
- The LME QP³ component increased by 35.8% y-o-y to USD 2,195 per tonne, while realised premiums increased 62.5% y-o-y to USD 231 per tonne.
- Sales of VAPs⁴ increased 21.6% y-o-y to 1,508 kt, representing 52% of aluminium sales against 43% in 9M 2020.
- Electricity production⁵ by the Group's Power segment increased 11.9% y-o-y to 65.7 TWh.
- Hydropower⁵ output from the Group's Power segment increased 15.0% y-o-y to 57.4 TWh.

		9M'21	9M'20	chg,%	3Q'21	3Q'20	chg,%
Power segment							
Electricity production ⁵	TWh	65.7	58.7	11.9%	21.8	19.3	13.0%
Heat production	mn Gcal	19.1	17.3	10.4%	3.1	2.8	10.7%
Metals segment							
Aluminium production	kt	2,811	2,805	0.2%	943	939	0.4%
Aluminium sales	kt	2,915	2,898	0.6%	915	1,008	(9.2%)
VAP sales ⁴	kt	1,508	1,239	21.6%	498	455	9.5%
Aluminium avg. realised price ²	USD/t	2,426	1,758	38.0%	2,729	1,762	54.9%

Vladimir Kiriukhin, CEO of En+ Group, commented:

¹ Operating results are based on preliminary data. Please note, the text of this announcement may contain inaccuracies in the calculation of proportions, percentages, and amounts when rounding estimated values.

² The realised price includes three components: LME component, commodity premium and VAP upcharge.

³ QP (quotation period) prices differ from the real time LME quotes due to a time lag between LME quotes and sales recognition and due to contract formula speciality.

⁴ VAP includes alloyed ingots, slabs, billets, wire rod and special purity aluminium.

⁵ Excluding Onda HPP (installed capacity 0.08 GW), located in the European part of the Russian Federation, leased to RUSAL since October 2014.

“En+ Group has demonstrated a solid operating performance across both the Metals and Power segments during the first nine months of 2021.

“In the Metals segment we saw stable aluminium production and sales while we increased the share of value-added products sales to 52%. Realised aluminium prices increased significantly during the period. We are also seeing positive demand trends for low-carbon aluminium, which is incentivising less environmentally-friendly producers to reduce GHG emissions in order to defend their market share, a trend we expect to intensify with the continued development of green finance and investment.

“The Power segment increased production, with hydroelectric power output increasing 15%, benefiting from favourable hydrological conditions as well as efficiency improvements as part of our “New Energy” modernisation programme.

“Our ESG initiatives also continue at pace. In January 2021, En+ Group announced its ambition to become Net Zero by 2050 and to reduce greenhouse gas emissions by at least 35% by 2030 (compared to the Group's 2018 GHG emissions, Scope 1 and 2). In September 2021, En+ Group also published its Pathway to Net Zero Report, which provides a detailed overview of our initiatives. It is built on very strong foundations and we have the capability and experience that will allow us to meet our demanding GHG reduction targets. Whilst more than 98% of our aluminium is already made using green energy from hydropower, new breakthrough technologies, such as our inert anode smelting process, will be critical to moving En+ to the next level of GHG reduction.

“Despite the positive dynamics, there are risks that restrictions to prevent the spread of COVID-19 may return back and this may affect the Company’s performance. We are continuing to monitor public health developments across our markets and regions of our operations. Our business is well-prepared and we are ready to take all necessary measures to protect our employees and provide them with safe working conditions.”

POWER SEGMENT

		9M'21	9M'20	chg, %	3Q'21	3Q'20	chg, %
Production volumes⁵							
Total Electricity Production	TWh	65.7	58.7	11.9%	21.8	19.3	13.0%
HPPs, incl.	TWh	57.4	49.9	15.0%	20.5	17.9	14.5%
Angara cascade ⁶	TWh	39.2	34.2	14.6%	13.6	11.9	14.3%
Yenisei cascade ⁷	TWh	18.2	15.7	15.9%	6.8	6.0	13.3%
CHPs	TWh	8.3	8.8	(5.7%)	1.3	1.5	(13.3%)
Abakan SPP	GWh	5.4	4.8	12.5%	2.2	1.6	37.5%
Heat	mn Gcal	19.1	17.3	10.4%	3.1	2.8	10.7%
Market prices							
Average electricity spot prices ⁸ :							
1 st price zone	RUB/MWh	1,406	1,214	15.8%	1,542	1,296	19.0%
2 nd price zone:	RUB/MWh	910	888	2.5%	914	857	6.7%
Irkutsk region	RUB/MWh	806	822	(2.0%)	780	756	3.2%
Krasnoyarsk region	RUB/MWh	824	814	1.2%	807	775	4.1%

⁶ Includes Irkutsk, Bratsk, Ust-Ilimsk HPPs.

⁷ Krasnoyarsk HPP.

⁸ Day ahead market prices, data from ATS and Association “NP Market Council”. The prices average electricity spot prices are calculated as an average of the prices reported in the Monthly Day Ahead Prices Overview by Association “NP Market Council”.

Power segment operations update

The Group's power plants generated 65.7 TWh of electricity (up 11.9% y-o-y) in 9M 2021 and 21.8 TWh (up 13.0% y-o-y) in 3Q 2021.

The Group's hydro power output increased to 57.4 TWh (up 15.0% y-o-y) in 9M 2021 and to 20.5 TWh (up 14.5% y-o-y) in 3Q 2021.

The Group's Angara cascade HPPs (Irkutsk, Bratsk and Ust-Ilimsk HPPs) increased power generation to 39.2 TWh (up 14.6% y-o-y) in 9M 2021 and to 13.6 TWh (up 14.3% y-o-y) in 3Q 2021. This was due to increased water reserves in Lake Baikal and the Bratsk reservoir. Water levels in Lake Baikal reached 457.22 metres as at 1 October 2021 vs. 457.12 metres at 1 October 2020. Water levels in the Bratsk reservoir reached 401.76 metres as at 1 October 2021 vs. 400.04 metres at 1 October 2020.

The Group's Krasnoyarsk HPP's total power generation increased to 18.2 TWh (up 15.9% y-o-y) in 9M 2021. In 3Q 2021, power generation at the Krasnoyarsk HPP was 6.8 TWh (up 13.3% y-o-y). This increase was a result of a more intensive state regulated drawdown in the Krasnoyarsk reservoir due to high water reserves which resulted from abnormally high water inflows in 2Q 2021. The maximum mark of the headwater level of the Krasnoyarsk reservoir was 1.5 meters higher than last year.

In 9M 2021, the Abakan Solar Power Plant generated 5.4 GWh (up 12.5% y-o-y) and 2.2 GWh (up 37.5% y-o-y) in 3Q 2021, due to more sunny days during the reporting period.

Power generation at the Group's CHPs decreased to 8.3 TWh (down 5.7% y-o-y) in 9M 2021 and to 1.3 TWh (down 13.3% y-o-y) in 3Q 2021, mainly due to increased generation by the Angara cascade HPPs in 2021.

Heat generation at the Group's CHPs increased to 19.1 mn Gcal (up 10.4% y-o-y) in 9M 2021 and to 3.1 TWh (up 10.7% y-o-y) in 3Q 2021 reflecting weather conditions - the average temperature during 9M 2021 was lower than during the same period last year.

"New Energy" HPP modernisation programme

Upgraded equipment at the Group's Bratsk, Ust-Ilimsk, Irkutsk and Krasnoyarsk HPPs supported an increase in hydropower production of 701.5 GWh in 3Q 2021 (1,636.9 GWh in 9M 2021), helping to prevent greenhouse gas emissions by approximately 813 thousand tonnes of CO₂e, due to the partial replacement of prior thermal power generation volumes (1,897 thousand tonnes of CO₂e in 9M 2021).

Russian energy market update⁹

- In 9M 2021, according to the System Operator of the United Power System, power production in the Russian United Power System increased 6.4% y-o-y and amounted to 822.0 TWh. Consumption increased 5.5% y-o-y to 804.7 TWh (up 5.9% y-o-y excluding 29 February 2020).
- Power production in the integrated energy systems in the first price zone¹⁰ increased by 7.1% and accounted for 618.9 TWh in 9M 2021 (up 7.5% y-o-y excluding 29 February 2020).

⁹ According to the 9M 2021 Report prepared by the System Operator of the Unified Power System of the Russian Federation (<https://so-ups.ru/>).

¹⁰ Comprises the Central, Central Volga, Urals, North-West and South energy systems.

2020). Consumption in the first price zone increased 6.1% y-o-y to 603.6 TWh (up 6.5% y-o-y excluding 29 February 2020).

- In 9M 2021, the Siberian integrated energy system (the Company's key region of operations) produced 157.8 TWh of electricity (up 4.9% y-o-y or up 5.3% y-o-y excluding 29 February 2020). In the same period, output from HPPs in Siberia increased by 11.8% y-o-y, while thermal power plants and captive power stations decreased their electricity production by 4.5% y-o-y.
- In 9M 2021, electricity consumption in the Siberian integrated energy system increased 4.0% y-o-y and accounted for 158.4 TWh (up 4.4% y-o-y excluding 29 February 2020).
- In 9M 2021, the Group generated approximately 40.8% of the total electricity produced in the Siberian integrated energy system. The Group's HPPs generated approximately 59.6% of the total electricity produced by hydropower stations in the Siberian integrated energy system.
- In 9M 2021, the average electricity spot price on the day-ahead market in the second price zone increased 2.5% y-o-y to 910 RUB/MWh. In 9M 2021, average electricity spot prices in the Irkutsk region decreased 2.0% y-o-y to 806 RUB/MWh and increased 1.2% y-o-y in Krasnoyarsk region to 824 RUB/MWh. Multidirectional price dynamics in the Irkutsk and Krasnoyarsk regions and price decreases in the Irkutsk region reflected the increase in HPP generation and ongoing transmission constraints on the transit between East and West Siberia.

Projected water inflows into reservoirs

The Hydrometeorological Centre of Russia forecasts water inflows into the main reservoirs of En+ Group's generating assets in 4Q 2021, as follows:

- Useful water inflows into Lake Baikal are expected to be 700-900 cubic metres per second or 188-222% of normal levels. In 3Q 2021, the water inflow was 5,867 cubic metres per second, or 143% of normal levels, compared to 4,167 cubic metres per second (102% of normal levels) in 3Q 2020 (up 41% y-o-y).
- Lateral inflows into the Bratsk Reservoir are expected to be 540-620 cubic metres per second or 110-127% of normal levels. In 3Q 2021, water inflows were measured at 2,627 cubic metres per second or 128% of normal level, compared to 2,237 cubic metres per second or 109% of normal levels in 3Q 2020 (up 17% y-o-y).
- The lateral water inflows into the Krasnoyarsk Reservoir are expected to be 480-720 cubic metres per second or 76-114% of normal levels. In 3Q 2021, the lateral inflows were measured at 1,472 cubic metres per second or 93% of normal level, compared to 1,607 cubic metres per second or 102% of normal levels in 3Q 2020 (down 8% y-o-y). In 9M 2021, the water inflow was 2,086 cubic metres per second, or 131% of normal levels, compared to 1,813 cubic metres per second, or 114% of normal levels, in 9M 2020 (up 15% y-o-y).

METALS SEGMENT

		9M'21	9M'20	chg,%	3Q'21	3Q'20	chg,%
Production volumes							
Aluminium	kt	2,811	2,805	0.2%	943	939	0.4%
Utilisation rate	%	99%	98%	1pp	98%	98%	-
Alumina	kt	6,167	6,040	2.1%	2,064	2,018	2.3%
Bauxite	kt	11,429	11,298	1.2%	3,792	3,829	(1.0%)
Nepheline	kt	3,282	3,478	(5.6%)	1,120	1,214	(7.7%)
Sales volumes							
Aluminium, incl.	kt	2,915	2,898	0.6%	915	1,008	(9.2%)
VAP sales ¹¹	kt	1,508	1,239	21.6%	498	455	9.5%
Share of VAP sales	%	52%	43%	9pp	54%	45%	9pp
Average prices							
Aluminium average realised price	USD/t	2,426	1,758	38.0%	2,729	1,762	54.9%
LME QP component	USD/t	2,195	1,616	35.8%	2,435	1,618	50.5%
Realised premium	USD/t	231	142	62.5%	294	144	104.2%

Metals segment operations update

Aluminium

In 9M 2021, aluminium production remained stable at 2,811 thousand tonnes (up 0.2% y-o-y), with Siberian smelters representing 93% of the Group's total aluminium output. In 3Q 2021, aluminium production remained broadly unchanged at 943 thousand tonnes (up 0.4% y-o-y).

In 9M 2021, aluminium sales remained stable at 2,915 thousand tonnes (up 0.6% y-o-y). In 3Q 2021, sales were 915 thousand tonnes (down 9.2% y-o-y). The sales decrease in 3Q 2021 can largely be explained by an increase of goods in transit that are recognized as inventories, which were caused among other factors by capacity restrictions on domestic transport routes, as well as supply chain globally.

In line with its strategy, the Group continued to grow the share of VAPs in total sales. In 9M 2021, VAP sales amounted to 1,508 thousand tonnes (up 21.6% y-o-y), and the share of VAP sales in total sales was 52% (up by 9 percentage points y-o-y). In 3Q 2021, VAP sales increased to 498 thousand tonnes (up 9.5% compared to 3Q 2020), and the share of VAP sales as a proportion of total sales was 54% (up by 9 percentage points y-o-y).

In 9M 2021, European destinations continued to dominate the sales mix at 40%, but were down 6 percentage points y-o-y, while sales to Asia remained stable at 25% of total sales. The main shift during the period was towards the Russian & CIS regions and America with the former growing to a share of 26% (up 4 percentage points y-o-y) and the latter up to 9% (up 2 percentage points y-o-y) respectively.

¹¹ VAP includes alloyed ingots, slabs, billets, wire rod, wheels, high and special purity aluminium.

In 9M 2021, the average aluminium realised price¹² increased 38.0% y-o-y to USD 2,426 per tonne. The LME QP¹³ component increased by 35.8% y-o-y to USD 2,195 per tonne in 9M 2021. The realised premium grew by 62.5% to USD 231 per tonne in 9M 2021, supported by a higher share of VAP in the total sales mix (52% in 9M 2021 vs 43% in 9M 2020). In 3Q 2021, the average aluminium realised price increased 54.9% y-o-y to USD 2,729 per tonne. The increase was driven both by the LME QP component (up 50.5% y-o-y to USD 2,435 per tonne) and the average realised premium component (up 104.2% y-o-y to USD 294 per tonne).

Alumina

In 9M 2021, alumina production increased 2.1% y-o-y to 6,167 thousand tonnes. In 3Q 2021, it increased 2.3% y-o-y, to 2,064 thousand tonnes. The Group's operations in Russia accounted for 37% in 9M 2021 and 38% in 3Q 2021 of the total output.

Bauxite and nepheline ore

In 9M 2021, bauxite output increased 1.2% y-o-y to 11,429 thousand tonnes. In 3Q 2021, bauxite production decreased 1.0% y-o-y to 3,792 thousand tonnes.

In 9M 2021, nepheline production decreased 5.6% y-o-y to 3,282 thousand tonnes. In 3Q 2021 it decreased 7.7% y-o-y to 1,120 thousand tonnes. The decline is due to scheduled mining site preparation works.

Aluminium market overview¹⁴

- In 3Q 2021 the LME aluminium price reached levels above USD 3,000/tonne, and the Shanghai Futures Exchange (SHFE) aluminium price rose beyond RMB 23,510/tonne. This price appreciation was a result of continued production cuts in China affected by power rationing policies and dual control for decarbonisation targets, which resulted in the global market turning into a deficit in 9M 2021 compared to a balanced situation during 1H 2021. Beyond these factors, rising global gas and coal prices also fuelled significant growth in aluminium production costs especially for non-integrated power smelters in the EU, China and the US.
- In 9M 2021, global primary aluminium demand grew by 12.8% y-o-y to 51.9 million tonnes. In the Rest of the World ex-China (RoW) demand increased by 19.5% to 21.6 million tonnes, while demand in China increased by 8.5% to 30.3 million tonnes slowing down from 10.1% during 1H 2021. This demonstrates that demand in China continues to be robust and reminiscent of pre-COVID-19 levels, although in 3Q 2021 demand was affected by construction slowdowns and power cuts affecting downstream producers. As a result aluminium social ingot inventories in China continued to grow in 3Q 2021 by 62,900 tonnes q-o-q, up to 854,700 tonnes. Growth in inventory was mainly driven by Guangdong and Jiangsu – leading aluminium consuming regions most affected by recent power shortages. It is expected that demand in China will continue to decline marginally through 4Q 2021.
- The worldwide supply of primary aluminium continued to grow in 9M 2021 increasing by 5.4% y-o-y to 50.8 million tonnes, mostly driven by growth in China of 7.6% to 29.4 million

¹² The realised price includes three components: LME component, commodity premium and VAP upcharge.

¹³ QP (quotation period) prices differs from the real time LME quotes due to a time lag between LME quotes and sales recognition and due to contract formula specialty.

¹⁴ Unless otherwise stated, data for the "Market overview" section is sourced from Bloomberg, CRU, CNIA, IAI and Antaika.

tonnes, while in RoW production edged up by 2.4% to 21.4 million tonnes. At the same time the strong decarbonisation commitments promoted through dual control for both power intensity and greenhouse gas emissions coupled with power supply disruptions in some aluminium producing provinces in China, led to significant aluminium capacity cuts of up to 3 million tonnes of annualized production as well as commissioning delays at newly built projects. Even more severe cuts in China are expected during 4Q 2021 as a result of the winter curtailing season.

- Chinese unwrought aluminium and semis exports continued to recover and rose by 14.2% y-o-y to 4.068 million tonnes in 9M 2021 from a low base of 9M 2020 that was affected by COVID-19 lockdowns across markets ex-China. Imports of unwrought aluminium into China were up by 12.9% to 1.916 million tonnes for the same period.
- In 9M 2021 aluminium inventories declined with total LME stocks staying below 1.230 million tonnes as of the end of the period. Total cancelled metal warrants surged to 587 thousand tonnes and now constitute 48% of total stocks. Metal held outside of LME warehouses (off-warrant reported stocks) trended mostly lower between April – August 2021 and fell to 677 thousand tonnes in August 2021, the lowest level since February 2020, when the LME began tracking off-warrant stocks.
- Regional premiums remained strong with the Midwest Al premium reaching levels above 34.5 cents/lb and EU DP premium - above USD 300/tonne. This growth occurred against the backdrop of sellers raising quotations on expectations that the premium will continue to climb in line with strong physical demand, rising freight costs, and in anticipation of possible smelting disruptions following a significant rise in the cost of power.
- Overall, the global market recorded a deficit of 1.1 million tonnes in 9M 2021 compared to the balanced situation in 1H 2021 and the 2.2 million tonnes of surplus observed during the same period of 2020.

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