

EN+ GROUP ANNOUNCES 1H AND 2Q 2021 TRADING UPDATE

1H 2021 demonstrated strong growth momentum from both the Metals and Power segments: HPP electricity production increased 15.3% y-o-y, largely due to increased water reserves and efficiency improvements from plants modernization. Aluminium production in 1H 2021 was stable at 1.9 million tonnes. Aluminium sales increased 5.8% y-o-y, while sales of value-added products grew by 28.6% y-o-y to 1.0 million tonnes, representing 50% of total sales against 42% in 1H 2020.

27 July 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 six month and three month periods ended 30 June 2021.

1H 2021 key highlights¹:

- Aluminium production was broadly unchanged, totalling 1,868 kt (up 0.1% y-o-y).
- Aluminium sales increased 5.8% y-o-y to 2,000 kt reflecting stronger market demand.
- The average aluminium realised price² increased 30.2% y-o-y to USD 2,287 per tonne.
- During the period, the London Metal Exchange (LME) QP³ component increased by 29.0% y-o-y to USD 2,084 per tonne, while realised premiums increased 43.7% y-o-y to USD 203 per tonne.
- Sales of value-added products⁴ (VAP) increased 28.6% y-o-y to 1,010 kt, representing 50% of aluminium sales against 42% in 1H 2020.
- Electricity production⁵ by the Group's Power segment increased 12.0% y-o-y to 44.0 TWh.
- Hydropower⁵ output from the Group's Power segment increased 15.3% y-o-y to 36.9 TWh.

		1H'21	1H'20	chg,%	2Q'21	2Q'20	chg,%
Power segment							
Electricity production ⁵	TWh	44.0	39.3	12.0%	20.7	18.0	15.0%
Heat production	mn Gcal	16.1	14.5	11.0%	4.8	4.4	9.1%
Metals segment							
Aluminium production	kt	1,868	1,867	0.1%	936	927	1.0%
Aluminium sales	kt	2,000	1,890	5.8%	1,038	976	6.4%
VAP sales ⁴	kt	1,010	785	28.6%	542	363	49.3%
Aluminium avg. realised price ²	USD/t	2,287	1,756	30.2%	2,445	1,654	47.8%

¹ Operating results are based on preliminary data and may be updated in 1H 2021 financial results. 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.

Vladimir Kiriukhin, CEO of En+ Group, commented:

“En+ Group demonstrated strong growth momentum in both segments in the first half of 2021, despite the ongoing challenges caused by the pandemic. In the Metals segment, we increased the volume of value-added products (VAP) to 50% of overall sales compared to 42% in the 1H2020. We have seen strong demand in the aluminium sector and our financial results for the period will benefit from a significant increase in realised prices. The Power segment grew output, with hydroelectric power generated increasing by 15%, helped by increased water reserves but also benefiting from the investment into efficiency improvements under our “New Energy” programme.

We are increasingly seeing legislative initiatives connected to decarbonisation that will have a growing impact on the aluminium industry in the near future. On July 14, 2021, the European Commission officially presented the EU Green Deal action plan, which assumes a reduction in carbon emissions by 2030 of 55% compared to levels in 1990. The plan involves the introduction of a cross-border carbon tax (Carbon Border Adjustment Mechanism, CBAM) on imports of steel, cement, aluminium, fertilizers and electricity to EU countries. We are supportive of this type of initiative and believe it aligns with our own ambitious strategy to achieve Net Zero emissions by 2050. We believe that with a reasonable and balanced approach, new “green” legislation will drive increased investment in the modernisation and development of green technologies, and will benefit those businesses that align themselves to decarbonisation of the global economy. The En+ Group is determined to seize all of the opportunities that the growing low carbon economy presents.

Our business and the Russian metal industry as a whole will be impacted by the announcement at the end of June that the Russian government has approved a temporary export tax on ferrous and base metals, valid until December 31, 2021. The taxes will be calculated using a base rate (15%) and an additional coefficient, which will result in a charge of USD 254 per tonne of aluminium. We will see the impact of these new taxes on the En+ Group financial results in the second half of 2021.”

POWER SEGMENT

		1H'21	1H'20	chg, %	2Q'21	2Q'20	chg, %
Production volumes⁵							
Total Electricity Production	TWh	44.0	39.3	12.0%	20.7	18.0	15.0%
HPPs, incl.	TWh	36.9	32.0	15.3%	18.4	15.6	17.9%
Angara cascade ⁶	TWh	25.5	22.3	14.3%	11.8	10.5	12.4%
Yenisei cascade ⁷	TWh	11.4	9.7	17.5%	6.6	5.0	32.0%
CHPs	TWh	7.0	7.3	(4.1%)	2.3	2.4	(4.2%)
Abakan SPP	GWh	3.1	3.2	(3.1%)	2.0	2.1	(4.8%)
Heat	mn Gcal	16.1	14.5	11.0%	4.8	4.4	9.1%
Market prices							
Average electricity spot prices ⁸ :							
1 st price zone	RUB/MWh	1,338	1,174	14.0%	1,316	1,125	17.0%
2 nd price zone:	RUB/MWh	908	904	0.4%	899	902	(0.3%)
Irkutsk region	RUB/MWh	818	856	(4.4%)	807	845	(4.5%)
Krasnoyarsk region	RUB/MWh	833	834	(0.1%)	823	844	(2.5%)

Power segment operations update

The Group's power plants generated 44.0 TWh of electricity (up 12.0% y-o-y) in 1H 2021 and 20.7 TWh (up 15.0% y-o-y) in 2Q 2021.

The Group's hydro power output increased to 36.9 TWh (up 15.3% y-o-y) in 1H 2021 and to 18.4 TWh in 2Q 2021 (up 17.9% y-o-y).

The Group's Angara cascade HPPs (Irkutsk, Bratsk and Ust-Ilimsk HPPs) increased power generation to 25.5 TWh in 1H 2021 (up 14.3% y-o-y) and to 11.8 TWh in 2Q 2021 (up 12.4% y-o-y). This was due to increased water reserves in Lake Baikal and in the Bratsk reservoir. Water levels in Lake Baikal reached 456.60 metres as at 1 July 2021 vs. 456.49 metres as at 1 July 2020. Water levels in the Bratsk reservoir reached 400.90 metres as at 1 July 2021 vs. 397.67 metres as at 1 July 2020.

The Group's Krasnoyarsk HPP's total power generation increased to 11.4 TWh in 1H 2021 (up 17.5% y-o-y). In 2Q 2021, power generation at the Krasnoyarsk HPP was 6.6 TWh (up 32.0% y-o-y). This increase was a result of a more intense, state regulated forced drawdown in the Krasnoyarsk reservoir due to high water inflows. The water inflow to Krasnoyarsk reservoir was 4,526 cubic metres per second (154% of normal level) in 2Q 2021, compared to 3,565 cubic metres per second (121% of normal level) in 2Q 2020. The water inflow in 1H 2021 was 2,393 cubic metres per second (150% of normal level), compared to 1,915 cubic metres per second (120% of normal level) in 1H 2020.

In 1H 2021, the Abakan Solar Power Plant generated 3.1 GWh (down 3.1% y-o-y) and 2.0 GWh (down 4.8% y-o-y) in 2Q 2021, due to more cloudy days during the reporting period.

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 generation at the Group's CHPs decreased to 7.0 TWh in 1H 2021 (down 4.1% y-o-y) and to 2.3 TWh in 2Q 2021 (down 4.2% y-o-y) mainly due to increased generation by the HPPs of the Angara cascade in 1H 2021.

Heat generation at the Group's CHPs increased to 16.1 mn Gcal in 1H 2021 (up 11.0% y-o-y) and to 4.8 TWh in 2Q 2021 (up 9.1% y-o-y) reflecting weather conditions - the average temperature during winter months at the beginning of 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 413.6 GWh in 2Q 2021 (936.3 GWh in 1H 2021), helping to prevent greenhouse gas emissions by approximately 479 thousand tonnes of CO₂e, due to the partial replacement of prior thermal power generation volumes (1,085 thousand tonnes of CO₂e in 1H 2021).

Russian energy market update⁹

- In 1H 2021, according to the System Operator of the United Power System, power production in the Russian United Power System increased 6.0% y-o-y and amounted to 564.5 TWh. Consumption increased 5.1% y-o-y to 553.0 TWh (up 5.7% y-o-y excluding 29 February 2020).
- Power production in the integrated energy systems in the first price zone¹⁰ increased by 6.6% and accounted for 423.5 TWh in 1H 2021 (up 7.2% y-o-y excluding 29 February 2020). Consumption in the first price zone increased 5.4% y-o-y to 412.7 TWh (up 6.1% y-o-y excluding 29 February 2020).
- In 1H 2021, the Siberian integrated energy system (the Company's key region of operations) produced 109.2 TWh of electricity (up 5.1% y-o-y or up 5.7% y-o-y excluding 29 February 2020). In the same period, output from HPPs in Siberia increased by 12.2% y-o-y, while thermal power plants and captive power stations decreased their electricity production by 2.9% y-o-y.
- In 1H 2021, electricity consumption in the Siberian integrated energy system increased 4.3% y-o-y and accounted for 109.9 TWh (up 4.9% y-o-y excluding 29 February 2020).
- In 1H 2021, the Group generated approximately 39.3% of the total electricity produced in the Siberian integrated energy system. The Group's HPPs generated approximately 60.3% of the total electricity produced by hydropower stations in the Siberian integrated energy system.
- In 1H 2021, the average electricity spot price on the day-ahead market in the second price zone remained on the same level compared to the last year (up 0.4% to 908 RUB/MWh). In 1H 2021, average electricity spot prices in the Irkutsk region decreased 4.4% y-o-y to 818 RUB/MWh and remained almost the same y-o-y in Krasnoyarsk region (decreased

⁹ According to the 1H 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.

0.1% y-o-y to 833 RUB/MWh). Price decreases in 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 3Q 2021, as follows:

- Useful water inflows into Lake Baikal are expected to be 3,800-4,800 cubic metres per second or 94-119% of normal levels. In 2Q 2021, the water inflow was 3,300 cubic metres per second, or 110.7% of normal levels, compared to 2,550 cubic metres per second in 2Q 2020 (up 29% y-o-y).
- Lateral inflows into the Bratsk Reservoir are expected to be 2,200-2,600 cubic metres per second or 107-127% of normal levels. In 2Q 2021, water inflows were measured at 2,050 cubic metres per second or 142.4% of normal level, compared to 1,153 cubic metres per second or 80% of normal levels in 2Q 2020 (up 77.8% y-o-y).
- The lateral water inflows into the Krasnoyarsk Reservoir are expected to be 1,600-2,100 cubic metres per second or 101-133% of normal levels. In 2Q 2021, the lateral inflows were measured at 4,526 cubic metres per second or 154% of normal level, compared to 3,565 cubic metres per second or 120% of normal levels in 2Q 2020 (up 27% y-o-y). In 1H 2021, the water inflow was 2,393 cubic metres per second, or 150% of normal levels, compared to 1,915 cubic metres per second, or 120% of normal levels, in 1H 2020 (up 25% y-o-y).

METALS SEGMENT

		1H'21	1H'20	chg,%	2Q'21	2Q'20	chg,%
Production volumes							
Aluminium	kt	1,868	1,867	0.1%	936	927	1.0%
Utilisation rate	%	97%	96%	1pp	96%	95%	1pp
Alumina	kt	4,102	4,022	2.0%	2,057	2,009	2.4%
Bauxite	kt	7,637	7,469	2.3%	3,836	3,892	(1.4%)
Nepheline	kt	2,161	2,264	(4.5%)	1,099	1,181	(6.9%)
Sales volumes							
Aluminium, incl.	kt	2,000	1,890	5.8%	1,038	976	6.4%
VAP sales ¹¹	kt	1,010	785	28.6%	542	363	49.3%
Share of VAP sales	%	50%	42%	8pp	52%	37%	15pp
Average prices							
Aluminium average realised price	USD/t	2,287	1,756	30.2%	2,445	1,654	47.8%
LME QP component	USD/t	2,084	1,615	29.0%	2,218	1,526	45.3%
Realised premium	USD/t	203	141	43.7%	227	128	77.3%

Metals segment operations update

Aluminium

In 1H 2021, aluminium production remained stable at 1,868 thousand tonnes, with Siberian smelters representing 93% of the Group's total aluminium output. In 2Q 2021, aluminium production remained broadly unchanged y-o-y at 936 thousand tonnes (up 1.0% y-o-y).

In 1H 2021, aluminium sales increased 5.8% y-o-y to total 2,000 thousand tonnes. In 2Q 2021, sales were 1,038 thousand tonnes (up 6.4% y-o-y). The sales increase was mostly attributable to intensified market demand.

In line with its strategy, the Group continued to grow the share of VAPs in total sales. In 1H 2021, VAP sales amounted to 1,010 thousand tonnes (up 28.6% y-o-y), and the share of VAP sales in total sales was 50% (up by 8 percentage points y-o-y). In 2Q 2021, VAP sales increased to 542 thousand tonnes (up 49.3% compared to 2Q 2020), and the share of VAP sales as a proportion of total sales was 52% (up by 15 percentage points y-o-y).

In 1H 2021, European destinations continued to dominate the sales mix at 41%, but were down 10 percentage points y-o-y, while sales to Asia grew to 26% of total sales (up 5 percentage points y-o-y). This resulted in a shift towards Russian & CIS sales which increased to 25% (up 4 pp y-o-y).

In 1H 2021, the average aluminium realised price¹² increased 30.2% y-o-y to USD 2,287 per tonne. The LME QP¹³ component increased by 29.0% y-o-y to USD 2,084 per tonne in 1H 2021. The realised premium grew by 43.7% to USD 203 per tonne in 1H 2021, supported

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

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 speciality.

by a higher share of VAP in the total sales mix (50% in 1H 2021 vs 42% in 1H 2020). In 2Q 2021, the average aluminium realised price increased 47.8% y-o-y to USD 2,445 per tonne. The increase was driven both by the LME QP component (up 45.3% y-o-y to USD 2,218 per tonne) and the average realised premium component (up 77.3% y-o-y to USD 227 per tonne).

Alumina

In 1H 2021, alumina production increased 2.0% y-o-y to 4,102 thousand tonnes. In 2Q 2021, it increased 2.4% y-o-y, to 2,057 thousand tonnes. The Group's operations in Russia accounted for 37% of the total output.

Bauxite and nepheline ore

In 1H 2021, bauxite output increased 2.3% y-o-y to 7,637 thousand tonnes. In 2Q 2021, bauxite production decreased 1.4% y-o-y to 3,836 thousand tonnes.

In 1H 2021, nepheline production decreased 4.5% y-o-y to 2,161 thousand tonnes. In 2Q 2021 it decreased 6.9% y-o-y to 1,099 thousand tonnes. The decline is due to scheduled mining site preparation works.

Aluminium market overview¹⁴

- The aluminium market continued its recovery in 2Q 2021 with LME aluminium price growth, to close the period above USD 2,500/tonne. The Shanghai Futures Exchange (SHFE) price in China remains supported by domestic demand and despite metal reserves sales from China's State Reserves Bureau, it is also experiencing constant low stock levels, supply disruptions and strong seasonality factors. The current SHFE price holds above RMB 19,000/tonne.
- At the same time, the highly contagious Delta variant of COVID-19 has led to an increase in new infections and deaths worldwide recently. Rising cases of Delta is potentially a significant downside risk for the global economy due to possible closures, and the related decrease in demand and fall of commodity prices, including aluminium.
- In 1H 2021, global primary aluminium demand grew by 11.9% y-o-y to 33.9 million tonnes. In the Rest of the World ex-China (RoW) demand increased by 14.6% to 14.1 million tonnes, while demand in China increased by 10.1% to 19.8 million tonnes.
- The worldwide supply of primary aluminium continued to grow in 1H 2021 increasing by 5.7% y-o-y to 33.8 million tonnes, mostly driven by Chinese production growth of 8.9% to 19.7 million tonnes, while in the RoW production grew by just 1.6% to 14.1 million tonnes. China's recent, strong de-carbonisation commitments have started to disrupt the balance in the market since aluminium capacity cuts had already started to take place in certain coal abundant provinces during 2Q 2021. The large emerging aluminium smelter hub, Yunnan, also suffered from power shortages caused by the dry season, resulting in operating capacity cuts of 800 thousand tonnes as well as commissioning delays at newly built projects. As a result, operating capacity in China lowered to 39.88 million tonnes in June compared to 39.93 million tonnes as of the end of 1Q 2021.

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

- On the backdrop of these trends in the Chinese aluminium industry, significant investment is already being made into scrap recovery hubs in China, which can potentially replace some primary metal deficit in future.
- Chinese unwrought aluminium and products exports grew by 10.6% in 1H 2021 y-o-y to 2.6 million tonnes from a low base in 1H 2020 that was affected by COVID lockdowns across markets ex-China.
- Total LME stocks remaining below 1.5 million tonnes as of the end of 1H 2021. Total cancelled metal warrants reached 627 thousand tonnes and constitute 40% of total stocks. Metal held outside of LME warehouses (off-warrant reported stocks) fell for the third month in a row – down to 0.87 million tonnes in May 2021, 13% below its peak of 1.74 million tonnes in February 2021.
- Regional stocks in China continued to see a decline following seasonally strong demand and dropped below 870 thousand tonnes from its peak of 1.26 million tonnes during 1Q 2021.
- Regional premiums remained strong with Midwest Al premium reaching levels above 30 cents/lb and EU DP premium - above USD 300/tonne.
- Overall the global market was roughly balanced in 1H 2021 compared to around 1.7 million tonnes of surplus observed during the same period of 2020.

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