

EN+ GROUP ANNOUNCES 4Q AND FY 2021 TRADING UPDATE

Stable operational performance supported by strong aluminium price environment

9 February 2022 — 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 twelve month and three month periods ended 31 December 2021.

FY 2021 key highlights¹:

- Aluminium production was broadly unchanged, totalling 3,764 kt (up 0.2% y-o-y).
- Aluminium sales decreased 0.5% y-o-y to 3,904 kt.
- The average aluminium realised price² increased 41.4% y-o-y to USD 2,553 per tonne.
- The London Metal Exchange (LME) QP³ component increased 38.9% y-o-y to USD 2,303 per tonne, while realised premiums increased 70.4% y-o-y to USD 250 per tonne.
- Sales of value added products⁴ (VAP) increased 18.1% y-o-y to 2,034 kt, representing 52% of aluminium sales compared to 44% in 2020.
- Electricity production⁵ by the Group's Power segment grew by 10.0% y-o-y to 90.4 TWh.
- Hydropower⁵ output from the Group's Power segment increased 12.1% y-o-y to 77.7 TWh. Bratsk HPP and Krasnoyarsk HPP generated record power volumes in their entire history.
- A worldwide increase in inflation had a negative impact on manufacturing companies throughout the year, raw materials prices significantly increased. The Company has also gradually increased wages of the employees in the Siberian and other regions throughout the year. These factors may impact the Group's operating and capital expenditures.

		FY21	FY20	chg,%	4Q'21	4Q'20	chg,%
Power segment							
Electricity production ⁵	TWh	90.4	82.2	10.0 %	24.7	23.5	5.1%
Heat production	mn Gcal	28.5	26.9	5.9%	9.3	9.6	(3.1%)
Metals segment							
Aluminium production	kt	3,764	3,755	0.2%	953	950	0.3%
Aluminium sales	kt	3,904	3,926	(0.5%)	989	1,028	(3.8%)
VAP sales ⁴	kt	2,034	1,722	18.1%	527	483	9.1%
Aluminium avg. realised price ²	USD/t	2,553	1,805	41.4%	2,927	1,940	50.9%

¹ Operating results are based on preliminary data and may be updated in FY 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:

“2021 was a successful year for En+ Group in terms of our operational performance. In both segments we saw an increase in demand for our products and this was naturally reflected in pricing. The London Metal Exchange aluminium price again reached levels above USD 3,000/tonne in 4Q 2021. Furthermore, despite the challenging conditions relating to the ongoing COVID-19 pandemic, our performance was supported by our large-scale modernisation programme and the dedicated work of the Company's employees.

“In 2021, the Group continued to progress all of our social projects, including the housing programme for our Power segment employees, and launched several new initiatives. In particular, I would like to highlight our new educational projects and scholarship programme. Thanks to these initiatives we are building up a strong pool of future talent for both our Company and the broader industry.

“In addition, En+ Group raised salaries for its employees in Irkutsk, Krasnoyarsk, Nizhny Novgorod and other regions gradually throughout the year. We aim to ensure that salaries at our enterprises are at least 15% higher than the regional average, and this is aligned to the Company's ESG goal of reducing inequality.

“One of the key events of the past year was the completion of the construction of the world's most advanced low-carbon aluminium production plant, the Taishet Aluminium Smelter (TaAZ) in Siberia. This development further demonstrates, our Metals segment's commitment to the decarbonisation of its operations and consumer supply chains. The En+ Group Power segment has also made significant progress in line with the Group's decarbonisation strategy. The “New Energy” HPP modernisation continued apace and five new EV charging stations were opened in the Irkutsk region.”

POWER SEGMENT

		FY21	FY20	chg,%	4Q'21	4Q'20	chg,%
Production volumes⁵							
Total Electricity Production	TWh	90.4	82.2	10.0%	24.7	23.5	5.1%
HPPs, incl.	TWh	77.7	69.3	12.1%	20.3	19.5	4.1%
Angara cascade ⁶	TWh	53.0	47.3	12.1%	13.8	13.1	5.3%
Yenisei cascade ⁷	TWh	24.7	22.0	12.3%	6.4	6.4	-
CHPs	TWh	12.7	12.9	(1.6%)	4.4	4.1	7.3%
Abakan SPP	GWh	6.1	5.5	10.9%	0.7	0.6	16.7%
Heat	mn Gcal	28.5	26.9	5.9%	9.3	9.6	(3.1%)
Market prices							
Average electricity spot prices ⁸ :							
1 st price zone	RUB/MWh	1,406	1,211	16.1%	1,404	1,201	16.9%
2 nd price zone:	RUB/MWh	934	872	7.1%	1,006	823	22.2%
Irkutsk region	RUB/MWh	807	793	1.8%	811	705	15.0%
Krasnoyarsk region	RUB/MWh	857	789	8.6%	955	713	33.9%

Power segment operations update

The Group's power plants generated 90.4 TWh of electricity (up 10.0% y-o-y) in 2021 and 24.7 TWh (up 5.1% y-o-y) in 4Q 2021.

The Group's hydro power output increased to 77.7 TWh (up 12.1% y-o-y) in 2021 and to 20.3 TWh (up 4.1% y-o-y) in 4Q 2021.

The Group's Angara cascade HPPs (Irkutsk, Bratsk and Ust-Ilimsk HPPs) increased power generation to 53.0 TWh (up 12.1% y-o-y) in 2021 and to 13.8 TWh (up 5.3% y-o-y) in 4Q 2021. This was due to increased water reserves in Lake Baikal and the Bratsk reservoir due to high water levels in the HPPs' reservoirs of the Angara cascade. Water levels in Lake Baikal reached 457.23 metres in 2021 vs. 457.12 metres in 2020. Water levels in the Bratsk reservoir reached 402.03 metres in 2021 vs. 400.60 metres in 2020.

The total power generation at the Group's Krasnoyarsk HPP increased to 24.7 TWh (up 12.3% y- o-y) in 2021. In 4Q 2021, power generation at the Krasnoyarsk HPP was 6.4 TWh (flat y- o- y). The increase in 2021 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 242.60 metres (1.5 meters higher than last year).

In 2021, the Abakan Solar Power Plant generated 6.1 GWh (up 10.9% y-o-y) and 0.7 GWh (up 16.7% y-o-y) in 4Q 2021, due to a higher number of sunny days during the reporting period.

Power generation at the Group's CHPs decreased to 12.7 TWh (down 1.6% y-o-y) in 2021, mainly due to increased generation by the Angara cascade HPPs in 2021. At the same time, in 4Q 2021, power generation increased to 4.4 TWh (up 7.3% y-o-y) due to a 7.0% increase

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".

in power consumption in the Irkutsk energy system compared to the same period last year, partially reflecting more limited COVID-19 restrictions on industrial enterprises.

Heat generation at the Group's CHPs increased to 28.5 mn Gcal (up 5.9% y-o-y) reflecting weather conditions - the average temperature during 2021 was 1.7°C lower than during the last year. In 4Q 2021, heat generation decreased to 9.3 TWh (down 3.1% y-o-y) due to weather conditions - the average temperature during the reporting period was 1.3°C higher 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 467.5 GWh in 4Q 2021 (2,104.4 GWh in 2021), helping to prevent greenhouse gas emissions by approximately 542 thousand tonnes of CO₂e, due to the partial replacement of prior thermal power generation volumes (2,439 thousand tonnes of CO₂e in 2021).

Russian energy market update⁹

- In 2021, according to the System Operator of the United Power System, power production in the Russian United Power System increased 6.3% y-o-y and amounted to 1,131.2 TWh. Consumption increased 5.4% y-o-y to 1,107.1 TWh.
- Power production in the integrated energy systems in the first price zone¹⁰ increased by 7.0% and accounted for 851.7 TWh in 2021. Consumption increased 5.9% y-o-y to 830.2 TWh.
- In 2021, the Siberian integrated energy system (the Company's key region of operations) produced 215.9 TWh of electricity (up 4.3% y-o-y). Output from HPPs in Siberia increased by 8.5% y-o-y, while thermal power plants and captive power stations decreased their electricity production by 1.4% y-o-y.
- In 2021, electricity consumption in the Siberian integrated energy system increased 3.8% y-o-y and accounted for 217.3 TWh.
- In 2021, the Group generated approximately 41.1% of the total electricity produced in the Siberian integrated energy system. The Group's HPPs generated approximately 60.8% of the total electricity produced by hydropower stations in the Siberian integrated energy system.
- In 2021, the average electricity spot price on the day-ahead market in the second price zone, increased 7.1% y-o-y to 934 RUB/MWh. This dynamic was driven by fewer low price periods compared to 2020, when there were transmission constraints on the transit between East and West Siberia on the back of high HPP generation. These factors predominantly affected prices in 4Q 2021. In addition, higher coal prices, which affected the CHPs' price bids levels on the market, and change in market demand structures contributed to the price increases. In 2021, average electricity spot prices in the Irkutsk

⁹ According to the FY 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.

region increased 1.8% y-o-y to 807 RUB/MWh and in Krasnoyarsk region increased 8.6% y-o-y to 857 RUB/MWh. The lower prices in Irkutsk region reflected ongoing transmission constraints on the transit between East and West Siberia in the period from October to December.

Projected water inflows into reservoirs

The Hydrometeorological Centre of Russia forecasts water inflows into the main reservoirs of En+ Group's generating assets in 1Q 2022, as follows:

- Useful water inflows into Lake Baikal are expected to be 300-500 cubic metres per second or 81-135% of normal levels. In 4Q 2021, the water inflow was 850 cubic metres per second, or 305% of normal levels, compared to 567 cubic metres per second (203% of normal levels) in 4Q 2020 (up 50% y-o-y). In 2021, the water inflow was 2,602 cubic metres per second, or 136% of normal levels, compared to 1,898 cubic metres per second (99% of normal levels) in 2020 (up 37% y-o-y).
- Lateral inflows into the Bratsk Reservoir are expected to be 195-225 cubic metres per second or 109-126% of normal levels. In 4Q 2021, water inflows were measured at 615 cubic metres per second or 125% of normal level, compared to 755 cubic metres per second or 153% of normal levels in 4Q 2020 (down 19% y-o-y). In 2021, water inflows were measured at 1,370 cubic metres per second or 132% of normal level, compared to 1,089 cubic metres per second or 105% of normal levels in 2020 (up 26% y-o-y).
- The lateral water inflows into the Krasnoyarsk Reservoir are expected to be 220-280 cubic metres per second or 86-109% of normal levels. In 4Q 2021, the lateral inflows were measured at 529 cubic metres per second or 84% of normal level, compared to 762 cubic metres per second or 121% of normal levels in 4Q 2020 (down 30% y-o-y). In 2021, the water inflow was 1,697 cubic metres per second, or 126% of normal levels, compared to 1,550 cubic metres per second, or 115% of normal levels, in 2020 (up 9% y-o-y).

METALS SEGMENT

		FY21	FY20	chg,%	4Q'21	4Q'20	chg,%
Production volumes							
Aluminium	kt	3,764	3,755	0.2%	953	950	0.3%
Utilisation rate	%	99%	96%	3pp	99%	97%	2pp
Alumina	kt	8,304	8,182	1.5%	2,138	2,142	(0.2%)
Bauxite	kt	15,031	14,838	1.3%	3,602	3,539	1.8%
Nepheline	kt	4,390	4,599	(4.6%)	1,108	1,121	(1.2%)
Sales volumes							
Aluminium, incl.	kt	3,904	3,926	(0.5%)	989	1,028	(3.8%)
VAP sales ¹¹	kt	2,034	1,722	18.1%	527	483	9.1%
Share of VAP sales	%	52%	44%	8pp	53%	47%	6pp
Average prices							
Aluminium average realised price	USD/t	2,553	1,805	41.4%	2,927	1,940	50.9%
LME QP component	USD/t	2,303	1,658	38.9%	2,622	1,781	47.2%
Realised premium	USD/t	250	147	70.4%	305	159	91.8%

Metals segment operations update

Aluminium

In 2021, aluminium production remained stable at 3,764 thousand tonnes (up 0.2% y-o-y), with Siberian smelters accounting for 93% of the Group's total aluminium output. In 4Q 2021, aluminium production remained broadly unchanged at 953 thousand tonnes (up 0.3% y-o-y).

In 2021, aluminium sales decreased 0.5% y-o-y to 3,904 thousand tonnes. In 4Q 2021, sales were 989 thousand tonnes (down 3.8% y-o-y).

In line with its strategy, the Group continued to grow the share of VAPs in total sales. During 2021 VAP sales increased 18.1% to 2,034 thousand tonnes, with VAP share in total sales mix now at 52%, compared to 44% in 2020, which was then affected by market volatility caused by the COVID-19 pandemic. In 4Q 2021, VAP sales increased to 527 thousand tonnes (up 9.1% compared to 4Q 2020), and the share of VAP sales as a proportion of total sales was 53% (up by 6 percentage points y-o-y).

In 2021, European destinations continued to dominate the sales mix at 41%, but were down 4 percentage points y-o-y, while sales to Asia remained stable at 24% of total sales (down 1 percentage point y-o-y). The shift during the period was towards the Russian & CIS regions and America with the former growing to a share of 27% (up 4 percentage points y-o-y) and the latter up to 8% (up 1 percentage points y-o-y) respectively.

In 2021, the average aluminium realised price¹² increased 41.4% y-o-y to USD 2,553 per tonne. The increase was driven both by the LME QP¹³ component (up 38.9% y-o-y to

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.

USD 2,303 per tonne) and the average realised premium component (up 70.4% y-o-y to USD 250 per tonne). In 4Q 2021, the average aluminium realised price increased 50.9% y-o-y to USD 2,927 per tonne. The increase was driven both by the LME QP component (up 47.2% y-o-y to USD 2,622 per tonne) and the average realised premium component (up 91.8% y-o-y to USD 305 per tonne). The increase of the realised premium during 2021 is attributed to the improved commodity component, as well as the growth of the VAP share in product sales mix (52% in 2021 vs 44% in 2020) and a positive shift in VAP upcharge. Together these factors reflect the significant changes in global market conditions.

Alumina

In 2021, alumina production increased 1.5% y-o-y to 8,304 thousand tonnes. In 4Q 2021, it remained broadly unchanged at 2,138 thousand tonnes (down 0.2%). The Group's operations in Russia accounted for 37% in 2021 and 36% in 4Q 2021 of the total output.

Bauxite and nepheline ore

In 2021, bauxite output increased 1.3% y-o-y to 15,031 thousand tonnes. In 4Q 2021, bauxite production increased 1.8% y-o-y to 3,602 thousand tonnes.

In 2021, nepheline production decreased 4.6% y-o-y to 4,390 thousand tonnes. In 4Q 2021 it decreased 1.2% y-o-y to 1,108 thousand tonnes.

Aluminium market overview¹⁴

- In 4Q 2021, the LME aluminium price again reached levels above USD 3,000/tonne. This was a result of soaring power prices in Europe, due to significantly increased natural gas prices and low renewable power supply levels. A number of European aluminium smelters also faced significant smelting cost pressures and negative margins. As a result, more than 720 thousand tonnes of EU aluminium smelting capacity was fully or partly closed from the beginning of 4Q 2021. This has triggered a strong growth in EU aluminium ingot premiums, which rose by 30% on average over November – December 2021 period.
- In 2021, global primary aluminium demand grew by 8.8% y-o-y to 69.0 million tonnes. In the Rest of the World ex-China (RoW) demand increased by 12.8% to 28.6 million tonnes, while demand in China increased by 6.1% to 40.4 million tonnes. Demand in China, which was suppressed from August to November due to power rationing policy, strongly rebounded in December amid a normalization of power supply.
- The worldwide supply of primary aluminium continued to grow in 2021, increasing by 3.9% y-o-y to 67.8 million tonnes. At the same time, RoW production increased by only 2.8% to 28.9 million tonnes. High gas prices in Europe have caused significant disruption to the aluminium smelting production due to smelters' negative cash margins. Nine European smelters with 1.46 Mtpa capacity executed or announced c. 720 ktpa of operating aluminium capacity cuts starting from 4Q 2021, equivalent to c.14.4% of total installed aluminium capacity in the region (c. 5.02 Mtpa).
- Supply growth in China slowed significantly from 7.6% in 9M 2021 to 4.7% for FY 2021

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

and the resulting supply in China was 39.0 million tonnes. Despite an easing of power supply tightness in China and a drop in domestic thermal coal prices, significant smelting capacity cuts are still in place due to power constraints in some provinces and dual control for decarbonisation targets. As a result, Chinese primary aluminium production has fallen steadily since July 2021.

- Chinese unwrought aluminium and semis exports continued to recover during 4Q 2021 and numbers for the full year 2021 demonstrate strong growth of 15.6% y-o-y to 5.6 million tonnes. This result was largely due to attractive export arbitrage and rising overseas demand. At the same time Chinese import of unwrought aluminium and products, which include primary metal and unwrought, alloyed aluminium was 3.2 million tonnes in 2021, a new record high and up from 2.7 million tonnes in 2020.
- During 2021 aluminium inventories generally declined, starting from March, with total LME stocks staying below 0.9 million tonnes at the end of the year. Metal held outside of LME warehouses (off-warrant reported stocks) fell to 447 thousand tonnes by the end of November 2021.
- Regional premiums remained strong and elevated with the Midwest Al premium reaching levels above 32.0 cents/lb and EU DU premium - above USD 360/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, and in anticipation of possible further smelting disruptions in Europe following a significant rise in the cost of power.
- Overall, the global market recorded a deficit of 1.2 million tonnes in 2021 compared to the 1.9 million tonnes of surplus observed during the same period of 2020.

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