

Current Report

No. 58/21.07.2022

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: **21.07.2022**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

The prohibitive power and natural gases prices force ALRO Group to take decisive decisions for preserving the Group' s assets value

- ***The gas price on the Romanian market increased ten times - from 18 EUR/MWh in Q1 2021 it reached and exceeded quotations of 180 EUR/MWh in Q4 2022;***
- ***The local electricity price increased from 60 EUR/MWh in Q1 2021 and reached and exceeded quotations of 500 EUR/MWh in Q4 2022;***
- ***The scarce availability of energy products and the uncertainty for the near future represents a tough situation at national level for all industrial players, even for the strategic ones;***
- ***The Group strategy to be vertically integrated is endangered considering the current energy products' and CO₂ certificates' prohibitive prices;***
- ***ALUM, the only calcinated refinery located in Romania, faces dramatic competitive challenges in front of other European and international alumina refineries, which benefit from local advantages;***
- ***Around 500 employees are to be laid off at the Tulcea plant in the current context, while the plant will keep a key group of specialists to perform R&D, alumina supply logistics, maintenance, and repair works and to be ready for a quick restart and ramp up of the production when the energy market conditions will improve;***

Slatina, 21 July 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 that due to the high costs and scarce availability of energy products, it has to change its strategy of being vertically integrated and adapt to the new and challenging context by temporarily shutting down its alumina production facility based in Tulcea.

“The economic crisis generated by the pandemic has been escalated by the energy crisis from 2021 as a result of the accelerated increase of the electricity and natural gas prices with a negative impact on the production costs for calcined alumina and electrolytic aluminium. The natural gas cost per one tonne of alumina is significantly higher than the actual price of one tonne of alumina imported and delivered to ALRO”, said Gheorghe DOBRA, CEO of ALRO and Chairman of the Board of Directors of ALUM. **“Specifically, the alumina produced by ALUM, would reach a cost of more than 900 USD/tonne, while the price of alumina on the international markets is around 500 USD/tonne. The weight of energy products only in the total cost of alumina is notably high, reaching approximately 500 USD/tonne in 2022”**, added Gheorghe DOBRA.

The gas price increased ten times from 18 EUR/MWh in Q1 2021 to over 180 EUR/MWh in Q4 2022. The electricity price followed the same trend and from 60 EUR/MWh in Q1 2021 it reached and exceeded 500 EUR/MWh in Q4 2022. Currently, there is a shortage of electricity and natural gas for consumers on the market.

The price of the CO₂ emission certificates has increased from approx. 25 EUR/certificate at the end of 2020 up to over 90 EUR/certificate currently.

ALRO and ALUM have developed scenarios for operating at a minimum break-even point or at by reducing the financial losses by suspending certain production activities and switching some production equipment to stand-by. ALRO has reduced the primary aluminium production by 60% by shutting down three electrolysis potrooms and, ALUM has revised its manufacturing schedule according to the level of calcined alumina required for ALRO but with the continuous increases in prices, the cost of alumina has reached an unsustainable level.

In this context, the Management proposed for the approval of the General Meeting of Shareholders, which will take place on 29 July 2022, the temporary suspension of ALUM’s alumina production operations, starting with 1st of August 2022 for an estimated period of 17 months, while keeping the key specialists from all plant departments that will prepare for the resumption of production when the evolution of energy product prices will allow it.

ALUM will continue to perform R&D activities and alumina logistics operations and also will start actions to repair and revamp its equipment, in order to be ready for a quick restart of the alumina production when the market will allow.

The aim of the decisive measures, which are fully compatible with the technology used in ALUM’s alumina refinery, is to preserve the Group assets and to keep the financial stability of the Group at a sound level, in order to be ready to face the challenges ahead in the current particularly difficult economic environment.

The Group will keep the investors and the interested public informed about the most recent evolutions in the field.

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 (12.38%).

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 325,000 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.