

Supplementary Disclosure – Reporting on Financial Impact of COVID-19

In response to the Central Bank of Bahrain (CBB) letter on 14 July 2020 (reference OG/259/2020), Aluminium Bahrain B.S.C. (Alba) provides the following information:

A. Overall Impact on the Financial Information	
<p>The COVID-19 pandemic continues to be an ongoing global concern; however, the Aluminium industry has rebounded thanks to strong macroeconomic recovery and economic activity – this has translated in a big surge in LME prices to above pre-pandemic levels.</p> <p>The overall impact on the Financial Information as of 31 December 2021 has been thoroughly assessed by the Management and it was concluded that there was no material or adverse impact on the Financial Information.</p>	

B. Impact on Income Statements	
Revenues	<p>Revenues/top-line recovered in the 12 months of 2021 thanks to higher LME prices and premia. 2021 Sales' volume target was achieved despite global container shortages and shipping disruptions which are partly related to COVID-19.</p> <p>(Further info on LME prices and regional premia can be found in the 2021 Investor Relations Presentation).</p>
Expenses	<p>Amidst COVID-19 pandemic, our expenses have increased Year-over-Year owing to higher Alumina and other Major Raw Materials' prices as well as freight costs.</p>

C. Impact on Balance Sheet	
Assets	
(specify sub-categories, ex. Cash and balances with banks)	<p>The impact of LME price increase on Alba Revenue has improved the Company's overall liquidity position: our Cash balance has increased to BD93.3 million by 31 December 2021. In addition, the shift in the Company's strategy from selling Commodity Ingots (P1020) to Value Added Products (VAP) coupled with higher LME prices have caused Accounts Receivables balance to increase.</p> <p>We have assessed the impact of COVID-19 on our receivables after incorporating the necessary changes in the ECL model and this has resulted in no material change in ECL provision.</p> <p>There is no material impact on any other assets of the Company as of 31 December 2021.</p>
Liabilities	
(specify sub-categories, ex. Loans)	<p>Alba carries on its Balance Sheet several loans: short and long-term. There were no breaches or defaults on the loan agreements, and we expect to continue to meet our payment obligations as and when they become due.</p> <p>The strong LME price recovery in 2021 has enabled the Company to reduce its overall debts during 2021. The Company has also secured unused short-term facilities from Banks which can be used as a contingency if and when needed.</p>
Equity	
Net Equity Attributable to Shareholders	No material change
Other Material Impact on the Balance Sheet	None other attributable to COVID-19

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سجل تجاري رقم: ٩٩٩**D. Impact on the Company's Ability to Continue as Going Concern**

The management and the Board of Directors (BoD) have been closely monitoring (and continue to monitor) the potential impacts of the COVID-19 developments on the Company's operations and its financial position to include possible loss of revenues, impact on asset valuations, impairment, review of onerous contracts and debt covenants, outsourcing arrangements, supply disruptions etc.

The Company has also put in place contingency measures which include but are not limited to enhancing and testing the Business Continuity Plans including its liquidity requirements in the short run.

Based on this assessment, Alba's Board of Directors is of the view that the Company will continue as a going concern entity for the next 12 months from the date of the Consolidated Financial Statements on 31 December 2021.

This view was informed in part by the detailed impairment testing conducted by Management, as part of standard disclosure requirements, which assessed the recoverable amount of the Property, Plant and Equipment considering the Company as a single cash generating unit (CGU). The recoverable amount of the CGU was determined to be higher than its carrying amount and no impairment loss was therefore required or recognised as on 31 December 2021. The recoverable amount of the CGU was based on its value-in-use by using a discounted cash flow method that considers 5-year Cash-Flow projections.



Ali Al Baqali**Chief Executive Officer**

10 February 2022