EN+ GROUP IPJSC
(formerly EN+ GROUP PLC)

SEPARATE FINANCIAL STATEMENTS

for the year ended 31 December 2019

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Independent Auditors' Report

To the Shareholders of EN+ GROUP IPJSC
(formerly EN+ GROUP PLC)

Opinion

We have audited the separate financial statements of EN+ Group IPJSC (formerly EN+ GROUP PLC) (the "Company"), which comprise the separate statement of financial position as at 31 December 2019, the separate statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying separate financial statements present fairly, in all material respects, the unconsolidated financial position of the Company as at 31 December 2019, and its unconsolidated financial performance and its unconsolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Separate Financial Statements* section of our report. We are independent of the Company in accordance with the independence requirements that are relevant to our audit of the separate financial statements in the Russian Federation and with the International Code of Ethics for Professional Accountants (including International Independence Standards), and we have fulfilled our other ethical responsibilities in accordance with the requirements in the Russian Federation and the International Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the separate financial statements of the current period. These matters were addressed in the context of our audit of the separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of investments in subsidiaries	
Please refer to the Note 8 in the separate financial statements.	
The key audit matter	**How the matter was addressed in our audit**
The Company has a significant balance of investments in subsidiaries as at 31 December 2019, which is material to the separate financial statements.These investments are accounted for at cost less impairment. Current global market conditions, including fluctuations in LME aluminium prices, market premiums and alumina purchase prices, may indicate that some investments in subsidiaries may be subject to impairment loss. This is in particular related to investment in UC Rusal. As at the reporting date management performs valuation of the recoverable amount of the Company's investments in subsidiaries as the higher of their fair value less cost to sell or value in use. Due to the inherent uncertainty involved in forecasting and discounting future cash flows, which are the basis of the assessment of value in use, this is one of the key judgmental areas that our audit is concentrated on.	We evaluated the reasonableness of the expected cash flow forecasts by comparing them with the latest budgets approved by the Board of Directors, externally derived data as well as our own assessments in relation to key inputs such as production levels, forecasted aluminium sales prices, forecasted alumina purchase prices, costs inflation, foreign currency exchange rates, discount rates and terminal growth rates. We also considered the historic accuracy of management's forecasts by comparing prior year forecasts to actual results. We used our own valuation specialists to assist us in evaluating the assumptions and methodology used by the Company. In particular, we challenged: - aluminium and alumina smelters and bauxite mines costs projections by comparing them with historical results and industry peers; - the key assumptions for long term revenue growth rates in the forecasts by comparing them with historical results, economic and industry forecasts; and - the discount rates used. Specifically, we recalculated the weighted average cost of capital using market comparable information. We also performed sensitivity analysis on the discounted cash flow forecasts and assessed whether the Company's disclosures about the sensitivity of the outcome of the impairment assessment to changes in key assumptions, including forecasted aluminium and alumina prices, terminal growth and discount rates, reflected the risks inherent in the valuation of investments in subsidiaries.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Issuer's Quarterly Report for the first quarter of 2020, but does not include the separate financial statements and our auditors' report thereon. The Issuer's Quarterly Report for the first quarter of 2020 is expected to be made available to us after the date of this auditors' report.

Our opinion on the separate financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the separate financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Responsibilities of Management and Those Charged with Governance for the Separate Financial Statements

Management is responsible for the preparation and fair presentation of the separate financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the separate financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

— Identify and assess the risks of material misstatement of the separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

— Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

— Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

— Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

— Evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditors' report is:

Акционерное общество ОГРН 1027700125628 КПМГ KPMG МОСКВА

Yerkozha Akylbek

JSC "KPMG"

Moscow, Russia

26 March 2020

EN+ GROUP IPJSC

SEPARATE STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2019

	Note	2019 USD thousand	2018 USD thousand
Dividend income	13	44,366	-
General and administrative expenses		(40,107)	(44,603)
Reversal of impairment / (impairment) of assets	8,13	3,249	(1,213)
Results from operating activities		**7,508**	**(45,816)**
Finance (costs) / income, net	5	(119,679)	53,409
(Loss) / profit before tax		**(112,171)**	**7,593**
Income tax expense	7	(1)	-
(Loss) / profit for the year		**(112,172)**	**7,593**
Other comprehensive income		-	-
Total comprehensive (loss) / income for the year		**(112,172)**	**7,593**
Basic and diluted earnings per share consolidated, (USD)	6	1.356	1.692

These separate financial statements were approved by the Board of Directors on 26 March 2020.

General Director of
EN+ GROUP IPJSC

Vladimir Kiriukhin

The separate statement of profit or loss and other comprehensive income is to be read in conjunction with the notes to, and forming part of, the separate financial statements set out on pages 11 to 25.

SEPARATE STATEMENT OF FINANCIAL POSITION

As at 31 December 2019

	Note	31 December 2019 USD thousand	31 December 2018 USD thousand
ASSETS			
Non-current assets			
Investments	8	4,904,774	4,358,770
Prepaid expenses and other non-current assets		6,427	231
Property, plant and equipment		13	13
		4,911,214	**4,359,014**
Current assets			
Loan receivable from related party	13(b)	9	9
Prepaid expenses and other current assets		1,059	955
Cash and cash equivalents	9	3,992	650
		5,060	**1,614**
Total assets		**4,916,274**	**4,360,628**
EQUITY AND LIABILITIES			
Equity			
Share capital	10	45	40
Share premium		1,515,271	972,542
Retained earnings		2,466,722	2,578,894
Total equity		**3,982,038**	**3,551,476**
Non-current liabilities			
Loans and borrowings	11	685,284	133,110
		685,284	**133,110**
Current liabilities			
Loans and borrowings	11	244,996	655,748
Other payables	12	3,956	20,294
		248,952	**676,042**
Total equity and liabilities		**4,916,274**	**4,360,628**

The separate statement of financial position is to be read in conjunction with the notes to, and forming part of, the separate financial statements set out on pages 11 to 25.

EN+ GROUP IPJSC

SEPARATE STATEMENT OF CASH FLOWS

For the year ended 31 December 2019

	Note	2019 USD thousand	2018 USD thousand
OPERATING ACTIVITIES			
(Loss) / profit for the year		**(112,172)**	**7,593**
Adjustments for:			
Income tax expense		1	-
Depreciation		6	4
Interest expense	5	34,739	57,688
Payables write-off		(492)	(108)
Receivables write-off		-	296
(Reversal of impairment) / impairment of assets	8,13	(3,249)	1,213
Foreign exchange loss / (gain), net	5	84,914	(111,113)
Dividend income	13	(44,366)	-
Cash used in operating activities before changes in working capital and provisions		**(40,619)**	**(44,427)**
Decrease / (increase) in trade and other receivables		15	(1,067)
Decrease in trade and other payables		(17,268)	(3,906)
Cash flows used in operations before dividends, income taxes and interest paid		**(57,872)**	**(49,400)**
Dividends received		44,116	18,880
Interest paid	11	(5,699)	(5,015)
Net cash used in operating activities		**(19,455)**	**(35,535)**
INVESTING ACTIVITIES			
Advance paid for acquisition of investments		(6,314)	-
Loans repaid by related parties		80	1,403
Acquisition of investments in subsidiary	8	(100)	(19,253)
Acquisition of property, plant and equipment		(4)	(1)
Net cash used in investing activities		**(6,338)**	**(17,851)**
FINANCING ACTIVITIES			
Proceeds of loans from related parties	11	82,187	171,417
Repayment of loans from related parties	11	(53,176)	(36,722)
Other expenses related to Offering		-	(13,069)
Dividends paid	10	-	(68,000)
Net cash generated from financing activities		**29,011**	**53,626**
Net increase in cash and cash equivalents		**3,218**	**240**
Cash and cash equivalents at the beginning of the year		650	257
Effect of exchange rate fluctuation on cash held		124	153
Cash and cash equivalents at the end of the year	9	**3,992**	**650**

In 2019 significant non-cash transactions were represented by Glencore deal as disclosed in note 10.

The separate statement of cash flows is to be read in conjunction with the notes to, and forming part of, the separate financial statements set out on pages 11 to 25.

EN+ GROUP IPJSC

SEPARATE STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2019

USD thousand	Share capital	Share premium	Retained earnings	Total equity
Balance at 1 January 2018	**40**	**972,542**	**2,632,202**	**3,604,784**
Total comprehensive income				
Profit and total comprehensive income for the year	-	-	7,593	7,593
Transactions with the owners of the Company				
Dividends to shareholders (note 10)	-	-	(68,000)	(68,000)
Other contribution (note 11)	-	-	7,099	7,099
Balance at 31 December 2018	**40**	**972,542**	**2,578,894**	**3,551,476**
Total comprehensive income				
Loss and total comprehensive income for the year	-	-	(112,172)	(112,172)
Transactions with the owners of the Company				
Glencore deal (note 10)	5	542,729	-	542,734
Balance at 31 December 2019	**45**	**1,515,271**	**2,466,722**	**3,982,038**

The separate statement of changes in equity is to be read in conjunction with the notes to, and forming part of, the separate financial statements set out on pages 11 to 25.

1 INCORPORATION AND PRINCIPAL ACTIVITIES

(a) Organisation

EN+ GROUP IPJSC (the “Company”) was established as a limited liability company according to the legislation of the British Virgin Islands on 30 April 2002 under the name of Baufinanz Limited. On 18 March 2004, the Company registered a change of its legal name to Eagle Capital Group Limited. On 25 August 2005, the Company changed its domicile to Jersey and was renamed to En+ Group Limited. On 1 June 2017, the Company changed its status to a public company and was renamed to EN+ GROUP PLC. On 9 July 2019, the Company changed its domicile to the Russian Federation with a registration as EN+ GROUP International public joint-stock company (EN+GROUP IPJSC). As at the reporting date the Company’s registered office is Oktyabrskaya st. 8, office 34, Kaliningrad, Kaliningrad Region, 236006, Russian Federation.

The Company was registered as a Russian tax resident on 9 July 2019. In this respect, the Company ceased to be a Cyprus tax resident and has assumed Russian Tax residency.

On 8 November 2017, the Company successfully completed an initial public offering of global depositary receipts on the London Stock Exchange and the Moscow Exchange.

EN+ GROUP IPJSC is the parent company for a vertically integrated aluminium and power group, engaged in aluminium production and energy generation (together with the Company referred to as “the Group”).

Based on the information at the Company’s disposal at the reporting date, there is no individual that has an indirect prevailing ownership interest in the Company exceeding 50%, who could exercise voting rights in respect of more than 35% of the Company’s issued share capital or has an opportunity to exercise control over the Company.

As at 31 December 2019, Mr. Oleg Deripaska beneficially controls and exercises voting rights in respect of 35% of the voting shares of the Company and cannot exceed his direct or indirect shareholding over 44.95% of the shares of the Company.

The other significant holders as at 31 December 2019 were as follows:

	Shareholding	**Voting rights**
VTB	21.37%	7.04%
Citi (Nominees), including	15.47%	15.47%
Glencore Group Funding Limited	*10.55%*	*10.55%*
Other shareholders	18.21%	4.81%
Independent trustees	-	37.68%

Glencore Group Funding Limited is a subsidiary of Glencore Plc.

In February 2020 subsequent to the reporting date an indirect subsidiary of the Company acquired 21.37% of the Company’s shares from VTB for cash at a price of $11.57 per share (see note 11). The voting rights in respect of acquired shares representing 14.33% of the Company's issued share capital are retained with independent trustees. Votes attaching to the remaining 7.04% shares will be voted by the Chairman of the Company’s Board at the Board’s direction.

(b) Russian business environment

With respect to the subsidiaries located in Russian Federation the Company is exposed to the economic and financial markets of the Russian Federation, which display the characteristics of an emerging market. The legal, tax and regulatory frameworks continue to develop and are subject to varying interpretations and frequent changes which contribute together with other legal and fiscal factors to the risks faced by entities operating in the Russian Federation.

Starting in 2014, the United States of America, the European Union and some other countries have imposed and gradually expanded economic sanctions against a number of Russian individuals and legal entities. The imposition of the sanctions has led to increased economic uncertainty, including more volatile equity markets, a depreciation of the Russian rouble, a reduction in both local and foreign direct investment inflows and a significant tightening in the availability of credit. As a result, some Russian entities may experience difficulties accessing the international equity and debt markets and may become increasingly dependent on state support for their operations. The longer-term effects of the imposed and possible additional sanctions are difficult to determine.

The first months of 2020 have seen significant global market turmoil triggered by the outbreak of the COVID-19. Together with other factors, including a sharp decrease in the oil price, this has resulted in significant stock market volatility with a considerable drop in market indices, as well as a depreciation of the Russian Rouble. The Group is assessing the impact of these market developments for its financial position, financial performance and future cash flows.

(c) OFAC Sanctions

On 6 April 2018, the U.S. Department of the Treasury's Office of Foreign Assets Control ("OFAC") designated, amongst others, the Company, JSC Eurosibenergo ("Eurosibenergo") and UC RUSAL Plc ("UC RUSAL"), as a Specially Designated Nationals ("SDN") (the "OFAC Sanctions").

As a result, all property or interests in property of the Company and its subsidiaries located in the United States or in the possession of U.S. Persons were blocked, frozen, and could not have been transferred, paid, exported, withdrawn, or otherwise dealt in. Several general licenses were issued at the time of the designation and subsequently certain transactions were authorised with the Company, Eurosibenergo and UC RUSAL, and with their respective debt and equity.

On 27 January 2019, OFAC announced the removal of the Company and its subsidiaries, including UC RUSAL and Eurosibenergo, from OFAC's SDN list and Blocked Persons with immediate effect. The removal was subject to and conditional upon the satisfaction of a number of conditions, including, but not limited to:

- ending Mr Oleg Deripaska's control of the Company, through the reduction of his direct and indirect ownership interest in the Company to below 50%;
- establishing independent voting arrangements for the Company's shares held by certain shareholders;
- making changes in the corporate governance framework, including, inter alia, overhauling the composition of the EN+ Board to ensure that independent directors constitute the majority of the Board, and
- ongoing transparency through auditing, reporting and certifications by the Company and UC RUSAL to OFAC concerning compliance with the conditions for sanctions' removal.

2 BASIS OF PREPARATION

(a) Statement of compliance

The separate financial statements of the Company for the year ended 31 December 2019 have been prepared in accordance with International Financial Reporting ("IFRSs"), which collective term includes all International Accounting Standards and related interpretations, promulgated by the International Accounting Standards Board ("IASB"), and constitute the Company's separate financial statements in accordance with IAS 27 "Separate Financial Statements". Apart from these separate financial statements, the Company has prepared consolidated financial statements in accordance with IFRS which can be obtained from the Company's registered office at Oktyabrskaya st. 8, office 34, Kaliningrad, Kaliningrad Region, 236006, Russian Federation and also can be obtained from official website (https://www.enplus.ru).

A number of new standards are effective from 1 January 2019 but they do not have a material effect on the Company’s separate financial statements.

A number of new standards are effective for annual periods beginning after 1 January 2020 and earlier application is permitted; however, the Group has not early adopted the new or amended standards in preparing these separate financial statements.

The following amended standards and interpretations are not expected to have a significant impact on the Company’s financial statements.

- *Amendments to References to Conceptual Framework in IFRS Standards.*
- *Definition of a Business (Amendments to IFRS 3).*
- *Definition of Material (Amendments to IAS 1 and IAS 8).*
- *IFRS 17 Insurance Contracts.*
- *Interest Rate Benchmarking Reform (Amendments to IFRS 9, IAS 39 and IFRS 7).*

(b) Basis of measurement

The separate financial statements are prepared on the historical cost basis.

(c) Functional and presentation currency

The Company’s functional currency is the United States Dollar (“USD”) because it reflects the economic substance of the underlying events and circumstances of the Company.

The separate financial statements are presented in USD, rounded to the nearest thousand except as otherwise stated herein.

(d) Use of estimates and judgments

The preparation of separate financial statements in accordance with IFRSs requires management to exercise judgment, to make estimates and form assumptions that influence the application of accounting principles and the related amounts of assets and liabilities, income and expenses. The estimates and underlying assumptions are based on historical experience and various other factors that are deemed to be reasonable based on knowledge available at that time. Actual results may deviate from such estimates.

The estimates and underlying assumptions are revised on a continuous basis. Revisions in accounting estimates are recognised in the period during which the estimate is revised, if the estimate affects only that period, or in the period of the revision and future periods, if the revision affects the present as well as future periods.

The Company has identified the following critical accounting policy under which significant judgements, estimates and assumptions are made and where actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results of the financial position reported in future periods.

Valuation of investments in subsidiaries

In accordance with the Group’s accounting policies, investments in subsidiaries are stated at cost less provision for impairment. If any indication of impairment exists, a formal estimate of recoverable amount is performed and an impairment loss recognised to the extent that the carrying amount exceeds the recoverable amount. The recoverable amount of an investment is measured at the higher of fair value less costs to sell and value in use.

3 SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these separate financial statements are set out below. These policies have been consistently applied to all periods presented in these separate financial statements unless otherwise stated.

(a) Investments in subsidiaries

Subsidiaries are entities controlled by the Company. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In assessing control, potential voting rights that presently are exercisable are taken into account.

Investments in subsidiaries are stated at cost less provision for impairment (note 8), which is recognised as an expense in the period in which the impairment is identified.

(b) Foreign currency transactions

Transactions in foreign currencies are translated into the functional currency of the Company at the exchange rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. Foreign currency gains or losses on monetary items are the difference between the amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the reporting period. Foreign currency differences arising on retranslation are recognised in profit or loss.

(c) Finance income and costs

Finance income comprises interest income on funds invested, dividend income and foreign currency gains. Interest income is recognised as it accrues, using the effective interest method. Dividend income is recognised on the date that the Company’s right to receive payment is established.

Finance costs comprise interest expense on borrowings, foreign currency losses, bank charges, restructuring fees and other. All borrowing costs are recognised in profit or loss using the effective interest method.

Foreign currency gains and losses are reported on a net basis.

(d) *Dividends*

Dividends on ordinary shares are recognised as a liability in the period in which they are declared.

(e) *Dividend income*

Dividend income is recognised in profit or loss on the date that the Company’s right to receive payment is established.

(f) *Financial instruments*

Non-derivative financial instruments comprise loans and receivables (excluding prepayments), cash and cash equivalents, loans and borrowings and other payables.

Non-derivative financial instruments are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

Non-derivative financial assets
A financial instrument is recognised when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Company’s contractual rights to the cash flows from the financial assets expire or if the Company transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset.

The Company has the following non-derivative financial assets: loans and receivables and cash and cash equivalents. Based on the business model in which a financial asset is managed and its contractual cash flow characteristics Company’s receivables and loans granted have been classified as at amortised cost.

The Company does not have any receivables, loans and investments in equity securities managed on a fair value basis.

Non-derivative financial liabilities
The Company initially recognises debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities are recognised initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

The Company has the following non-derivative financial liabilities: loans and borrowings and other payables. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortised cost using the effective interest method.

The Company has not designated any financial liabilities at FVTPL and it has no current intention to do so.

(g) *Insurance contracts*

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies, controlled by the Company, the Company considers these to be insurance arrangements and accounts for them as such. In this respect, the Company treats the guarantee contract as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

4 SEGMENTS REPORTING

Operating segments at the consolidated level are determined on the basis of business divisions whose internal reporting is provided to chief operating decision makers who are Company's CEO and Board of Directors. Segment disclosures are presented in note 4 of the consolidated financial statements in accordance with IFRS 8.

5 FINANCE INCOME AND COSTS

	2019	**2018**
	USD thousand	**USD thousand**
Finance income		
Foreign exchange gains	-	111,113
	-	**111,113**
Finance costs		
Foreign exchange losses	(84,914)	-
Interest expense	(34,739)	(57,688)
Bank charges	(26)	(16)
	(119,679)	**(57,704)**

6 CONSOLIDATED EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders for the years ended 31 December 2019 and 31 December 2018.

	Year ended 31 December	
	2019	**2018**
Weighted average number of shares at the beginning of the period	571,428,572	571,428,572
Issuance of shares (note 10)	67,420,324	-
Weighted average number of shares	634,231,066	571,428,572
Consolidated profit for the year attributable to the shareholders of the Company, USD million	860	967
Basic and diluted earnings per share, USD	**1.356**	**1.692**

There were no outstanding dilutive instruments during the years ended 31 December 2019 and 31 December 2018.

7 INCOME TAX EXPENSE

Following the redomiciliation to Russia and after registering with the Russian tax authorities, the Company became subject to all applicable Russian taxes. This means that the Russian withholding tax will apply to future dividends payable to shareholders. The profits derived by the Company are taxed in Russia at an income tax rate of 20%.

Prior to 9 July 2019 the Company was a tax resident in Cyprus and was liable to pay taxes according to Cypriot tax law. The corporation tax rate in Cyprus is 12.5% for 2018 and 2019.

Reconciliation of effective tax rate

	Year ended 31 December			
	2019		**2018**	
	USD thousand	**%**	**USD thousand**	**%**
(Loss)/profit before taxation	**(112,171)**	**(100)**	**7,593**	**(100)**
Income tax at tax rate applicable for the Company	22,434	20	(1,518)	(20)
Non-deductible/taxable items, unrecognised deferred tax assets, net	(14,050)	(12.5)	949	12.5
Effect from different income tax rates	(8,385)	(7.5)	569	7.5
Income tax (current tax)	**(1)**	**-**	**-**	**-**

8 INVESTMENTS

The Company has the following investments in subsidiaries and other investments:

Name	Country of incorporation	Ownership and equity interest, % 31 December 2019	Ownership and equity interest, % 31 December 2018
Investments in subsidiaries			
UC RUSAL PLC	Jersey	56.88%*	48.13%
Catona Commercial Ltd.	British Virgin Islands	100%	100%
En+ Downstream Holdings Ltd.	Republic of Cyprus	100%	100%
En+ Holding Ltd (formerly Eurosibenergo PLC)	Republic of Cyprus	100%	100%
Fordma Limited	Republic of Cyprus	100%	100%
Dasten Limited	Republic of Cyprus	100%	100%
En+ Resources Limited	Republic of Cyprus	100%	100%
Soleggiato Investments Limited	Republic of Cyprus	99.9%	99.9%
En+ Logistic Limited	Republic of Cyprus	99.96%	99.96%
En+ Management Limited	British Virgin Islands	-	100%
CEAC Holdings Limited	Republic of Cyprus	100%	100%
Shasta Universal Inc.	British Virgin Islands	100%	100%
AP Financing Limited	Jersey	100%	100%
En+ Magnesium Limited	Republic of Cyprus	100%	100%
En+ Uranium Resources Limited	Republic of Cyprus	100%	100%
En+ Silicon Holdings Limited	Republic of Cyprus	100%	100%
En + Coal Limited	Republic of Cyprus	99.9%	99.9%
En+ Consult Ltd.	United Kingdom	100%	100%
Astibe Limited	British Virgin Islands	100%	100%
Other investments			
Hong Kong Mercantile Exchange Limited	Hong Kong	1.047%	1.047%
En+ Management LLC	Russian Federation	0.0008%	0.0008%

*As at 31 December 2019, Company's nominal shareholding in UC RUSAL PLC is 50.10% (note 10).

	31 December 2019 USD thousand	31 December 2018 USD thousand
Net investments - balance at 1 January	4,358,770	4,339,517
Acquisitions	542,734	19,253
Contributions to subsidiaries	101	-
Reversal of impairment of investments in subsidiaries	3,169	-
Net investments - balance at 31 December	**4,904,774**	**4,358,770**

In 2019, the Company's investment in UC RUSAL increased by USD 542,734 thousand (note 0) and as at 31 December 2019 amounted to USD 4,595,337 thousand (31 December 2018: USD 4,052,604 thousand). During the year, the share price of UC RUSAL increased from USD 0.33 (HKD 2.59) per share as at 31 December 2018 to USD 0.49 (HKD 3.82) per share as at 31 December 2019. The market capitalisation of investment in UC RUSAL Plc amounted to USD 4,237,742 thousand at 31 December 2019 (31 December 2018: USD 2,418,492 thousand).

As at 31 December 2019 management performed an impairment test of its investment in UC RUSAL. The recoverable amount of the aluminium business of UC RUSAL represents value in use as determined by discounting the future cash flows generated from the continuing use of UC RUSAL's plants. The following assumptions were used to determine the recoverable amount of the investment in UC RUSAL:

- Total production was estimated based on average sustainable production levels of 3.8 million metric tonnes of primary aluminium, of 8.2 million metric tonnes of alumina and of 15.4 million metric tonnes of bauxite. Bauxite and alumina are primarily used internally for the production of primary aluminium;

- Sales prices were based on the long-term aluminium price outlook derived from available industry and market sources at USD 1,802 per tonne for primary aluminium in 2020, USD 1,860 in 2021, USD 1,952 in 2022, USD 2,028 in 2023, USD 2,099 in 2024. Alumina prices were derived from the same sources as aluminium prices at USD 301 per tonne for alumina in 2020, USD 311 in 2021, USD 322 in 2022, USD 341 in 2023, USD 349 in 2024. Operating costs were projected based on the historical performance adjusted for inflation;
- Nominal foreign currency exchange rates applied to convert operating costs of the Group denominated in RUB into USD were RUB 65.8 in 2020, RUB 65.4 in 2021, RUB 63.9 in 2022, RUB 63.0 in 2023, RUB 63.6 in 2024. Inflation of 4.0% – 4.6% in RUB and 1.7% - 2.1% in USD was assumed in determining recoverable amounts;
- The pre-tax discount rate was estimated in nominal terms based on the weighted average cost of capital basis and was 11.3%;
- A terminal value was derived following the forecast period assuming a 1.7% annual growth rate.

Values assigned to key assumptions and estimates used to measure the units' recoverable amount was based on external sources of information and historic data. Management believes that the values assigned to the key assumptions and estimates represented the most realistic assessment of future trends. The results were particularly sensitive to the following key assumptions:

- A 5% reduction in the projected aluminium and alumina price levels would result in a decrease in the recoverable amount by 44% and would lead to an impairment in amount of USD 1,241 million;
- A 5% increase in the projected level of electricity and alumina costs in the aluminium production would have resulted in a 21% decrease in the recoverable amount but would not lead to an impairment;
- A 1% increase in the discount rate would have resulted in a 11% decrease in the recoverable amount but would not lead to an impairment.

Based on results of impairment testing, management concluded that no impairment should be recorded in relation to the investment in UC RUSAL as at 31 December 2019.

In 2018, the Company purchased 100% of the shares in Astibe Limited for USD 19,253 thousand (GBP 15,000 thousand). The consideration for the shares acquired was paid in full. During 2019 the Company contributed USD 100 thousand into the share capital of Astibe Limited in cash.

During 2019 the Company's subsidiary En+ Management Limited was liquidated. As at 31 December 2019 the Company additionally reviewed its investments in certain subsidiaries. As a result, a reversal of impairment of USD 3,170 thousand is recognised in these separate financial statements.

During 2019 certain subsidiaries assigned their payables to the Company in the amount of USD 1 thousand. This amount was recognised as an additional investment in subsidiaries and was immediately impaired in profit and loss.

The management did not perform impairment testing in respect of other investments as there were no indicators of impairment.

9 CASH AND CASH EQUIVALENTS

	31 December	
	2019	**2018**
	USD thousand	**USD thousand**
Bank deposit, RUB	3,069	-
Bank balances, other currencies	923	650
Cash and cash equivalents	**3,992**	**650**

10 SHARE CAPITAL, SHARE PREMIUM, RESERVES AND TRANSACTIONS WITH SHAREHOLDERS

Share capital

The Company's authorised share capital comprises 714,285,714.286 ordinary shares, out of which 638,848,896 shares were issued at 31 December 2019 with a par value of USD 0.00007 each.

Following redomiciliation (note 1(a)) the Company revised its accounting policy in respect of classification of certain transaction within the statement of changes in equity. Reclassification between additional paid-in capital and retained earnings of USD 384,000 thousand was made retrospectively, for the opening balance of the earliest period presented.

(i) Glencore deal

On 26 January 2019, the Company issued 67,420,324 shares with a par value of USD 0.00007 each with a subsequent issue of GDRs on these shares, to Glencore Group Funding Limited pursuant to a securities exchange agreement in exchange for 8.75% shares in UC RUSAL ("Glencore deal").

Due to certain regulatory requirements, under the securities exchange agreement, Glencore has agreed to transfer its stake in UC RUSAL to the Company in two stages. The first stage was settled on 31 January 2019 and 1.97% of RUSAL's shares was transferred to the Company following the removal of the Company and UC RUSAL from the SDN list (see note 1(c)), the remaining 6.78% of UC RUSAL's shares were transferred on 3 February 2020.

Under the Company's accounting policy, the Glencore deal was accounted for under the anticipated-acquisition method, as if the remaining 6.78% of UC RUSAL's shares had already been transferred in 2019. Fair value of the consideration transferred was determined with reference to market quotations on the London Stock Exchange.

As a result of the Glencore deal share capital increased by USD 5 thousand and share premium increased by USD 542,729 thousand, and investment in UC RUSAL increased by USD 542,734 thousand (see note 8).

As at 31 December 2019 and 31 December 2018 all issued ordinary shares were fully paid.

Dividends

In March 2018, the Company declared interim dividends for 2017 in the amount of USD 68,000 thousand (USD 0.12 per share), which were distributed in cash in 2018.

During the year ended 31 December 2019 the Company did not propose the payment of dividends.

11 LOANS AND BORROWINGS

All of the Company's loans and borrowings are payable its subsidiaries.

Currency	Interest rate as at 31.12.2019	As at 31.12.2018	Proceeds	Repayment	Foreign exchange loss/(gain)	Interest accrued and other movements	As at 31.12.2019
Long-term borrowings							
RUB	CBR key + 2.31% (8.56%)	126,469	-	-	44,845	267,560	438,874
RUB	CBR key * 0.85 (5.31%)	-	38,370	-	17,660	131,198	187,228
RUB	CBR key * 1.1 (6.88%)	-	30,769	-	1,574	1,212	33,555
Total		**126,469**	**69,139**	**-**	**64,079**	**399,970**	**659,657**
Long-term interest on borrowings							
RUB	CBR key + 2.31% (8.56%)	6,641	-	-	1,326	2,730	10,697
RUB	CBR key * 0.85 (5.31%)	-	-	-	854	13,461	14,315
RUB	CBR key * 1.1 (6.88%)	-	-	-	28	587	615
Total		**6,641**	**-**	**-**	**2,208**	**16,778**	**25,627**
Short-term borrowings							
RUB	0%-12%	433,137	-	(49,525)	14,811	(191,466)	206,957
EUR	0%	6,276	9,883	(2,516)	(171)	(10,392)	3,080
USD	8.5%	152,210	3,165	(1,135)	-	(154,236)	4
Total		**591,623**	**13,048**	**(53,176)**	**14,640**	**(356,094)**	**210,041**
Short-term interest on borrowings							
RUB	0%-12%	18,641	-	(5,699)	2,443	19,404	34,789
EUR	0%	1	-	-	-	(1)	-
USD	8.5%	45,483	-	-	-	(45,317)	166
Total		**64,125**	**-**	**(5,699)**	**2,443**	**(25,914)**	**34,955**
Total borrowings		**788,858**	**82,187**	**(58,875)**	**83,370**	**34,740**	**930,280**

In April 2019, the loans payable to subsidiaries of USD 200,749 thousand and EUR 11,201 thousand including interest were converted to the Russian roubles.

In December 2019, the Company entered into an additional loan agreements to extend the maturity date for two loans amounting to USD 449,571 thousand to December 2023.

During 2019, the Company entered into an additional loan agreement to extend the maturity date of loans amounting to USD 201,544 thousand to March 2022.

During 2019, the Company entered into a new loan agreement for RUB 2,000,000 thousand (USD 32,307 thousand). The loan is repayable on September 2022.

In November 2018, certain loans payable of USD 7,099 thousand (including interest) were forgiven by the creditor. The amount was recognised as other contribution through equity.

In February 2020, the Company provided a guarantee to Sberbank for a Company's indirect subsidiary in respect of a 3-year RUB 100.8 billion loan agreement with Sberbank to finance the acquisition of VTB's 21.37% stake in the Company for USD 1.6 billion (see note 1(a)).

12 OTHER PAYABLES

	31 December	
	2019	2018
	USD thousand	USD thousand
Payables to subsidiaries	610	19,264
Other payables	3,239	1,030
Taxes payable	107	-
	3,956	**20,294**

13 RELATED PARTY TRANSACTIONS

The following transactions were carried out with related parties:

(a) Loans payable to related parties and subsidiaries

All loans and borrowings, including interest payable, were payable to subsidiaries as disclosed in note 11.

(b) Loans receivable from related parties and subsidiaries

The Company has loans receivable from subsidiaries and other related parties as follows:

	31 December	
	2019	2018
	USD thousand	USD thousand
Current		
Subsidiary, interest free	9	9
	9	**9**

The above loan is unsecured and repayable on demand at 31 December 2019 and 31 December 2018.

During 2019, the Company reversed previous impairments of USD 80 thousand (2018: USD 1,403 thousand) relating to loans which were repaid during 2019.

As at 31 December 2018 loans of USD 1,508 thousand were considered unrecoverable and were fully impaired.

(c) Receivables from related parties

At 31 December 2018 receivables of USD 1,108 thousand were fully impaired as they were considered unrecoverable.

Receivables from related parties were unsecured, interest free and repayable within one year, and mostly comprised dividends receivable.

Prices for transactions with related parties are determined on a case by case basis but are not necessarily at arm’s length.

(d) Dividend income

In 2019 the Company received a dividend income from EN+ Holding Limited of USD 44,366 thousand.

14 REMUNERATION TO KEY MANAGEMENT

For 2019, remuneration to key management personnel was represented by short-term employee benefits and amounted to USD 10,271 thousand (2018: USD 1,827 thousand).

15 FINANCIAL INSTRUMENTS

Financial risk factors

The Company is exposed to the following risks from its use of financial instruments:

- Market risk;
- Liquidity risk;
- Credit risk.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

(a) Market risk

(i) Interest rate risk

Changes in interest rates primarily impact loans and borrowings by changing either their fair value (fixed rate debt) or their future cash flows (variable rate debt).

The Company's policy is to manage its interest cost by monitoring changes in interest rates with respect to its borrowings.

The interest rate profile of the Company's interest-bearing financial instruments at the reporting date is presented in the note 11.

(ii) Foreign currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the Company's functional currency. The Company is exposed to foreign exchange risk arising from various currency exposures primarily with respect to RUB. The Company's exposure at the reporting date to foreign currency risk from recognised assets and liabilities denominated in RUB is USD 924,558 thousand net liability (as at 31 December 2018: USD 604,114 thousand net liability). The Company's management monitors the exchange rate fluctuations on a continuous basis and acts accordingly.

(b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company ensures it has sufficient cash and cash equivalents or has available funding through an adequate amount of committed credit facilities to meet its operating and financial commitments.

The following tables show the remaining contractual maturities as of the reporting date of the Company's non-derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payment computed using contractual rates, or if floating, based on rates current at the reporting date, unless reclassified to payable on demand due to breach of the terms of loan agreements).

The maturity profile of the Company's loans and borrowings based on contractual undiscounted payments is disclosed in note 11.

Current liabilities exceeded current assets of the Company by USD 243,892 thousand at 31 December 2019. The Board of Directors believes that the Company will be able to meet its obligations and the financial statements of the Company have been prepared on a going concern basis after taking into consideration that as at 31 December 2019 the Company has unused loan facilities in the amount of USD 271,534 thousand to cover loans payable in case they become due.

The short-term loans of the Company at 31 December 2019 are represented by balances due to related parties (direct and indirect subsidiaries). The Company has the power and ability to control operations of these subsidiaries and will be able to defer repayment of these loans until 2021 and beyond, if required to ensure it has sufficient liquidity to finance its operations.

As at 31 December 2019 the Company's contractual undiscounted cash flows were as follows:

	Within 1 year or on demand	**More than 1 year but less than 2 years**	**More than 2 but less than 5 years**	**More than 5 years**	**Total**	**Carrying amount**
	USD thousand	**USD thousand**	**USD thousand**	**USD thousand**	**USD thousand**	**USD thousand**
Trade and other payables to third parties	3,346	-	-	-	3,346	3,346
Trade and other payables to related parties	610	-	-	-	610	610
Loans and borrowings	244,996	-	892,645		1,137,641	930,280
	248,952	-	**892,645**	-	**1,141,597**	**934,236**

As at 31 December 2018 the Company's contractual undiscounted cash flows were:

	Within 1 year or on demand	**More than 1 year but less than 2 years**	**More than 2 but less than 5 years**	**More than 5 years**	**Total**	**Carrying amount**
	USD thousand	**USD thousand**	**USD thousand**	**USD thousand**	**USD thousand**	**USD thousand**
Trade and other payables to third parties	1,030	-	-	-	1,030	1,030
Trade and other payables to related parties	19,264	-	-	-	19,264	19,264
Loans and borrowings	667,397	-	213,106		880,503	788,858
	687,691	-	**213,106**	-	**900,797**	**809,152**

In addition, the Group has guarantees issued as disclosed in note 16. These guarantees can be called at any time in case of default of the original borrower.

(c) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company has a concentration of credit risk which arises principally from the Company's loans granted to related parties. Cash balances are held with high credit quality financial institutions and the Company has policies to limit the amount of credit exposure to any financial institution.

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each party. With respect to credit risk arising from guarantees the Company's policy is to provide financial guarantees to wholly-owned subsidiaries and associates and, in rare cases, to related parties. The details of the guarantees outstanding are disclosed in note 16.

Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

(d) Capital management

The Company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Company's overall strategy remains unchanged from last year.

(e) Fair values

Management believes that, except as set out in the paragraph below, the fair values of financial assets and liabilities approximate their carrying amounts.

The methods used to estimate the fair values of the financial instruments are as follows:

Trade and other receivables, cash and cash equivalents, current loans and borrowings and trade and other payables: the carrying amounts approximate fair value because of the short maturity period of the instruments.

Long-term loans and borrowings: the fair values of non-current liabilities are based on the present value of the anticipated cash flows and approximate carrying value.

The following table presents the fair value of financial instruments carried at amortized cost at the end of the reporting period across the three levels of the fair value hierarchy defined in *IFRS 7, Financial Instruments: Disclosures*, with the fair value of each financial instrument categorised in its entirety based on the lowest level of input that is significant to that fair value measurement. The levels are defined as follows:

Level 1 (highest level): fair values measured using quoted prices (unadjusted) in active markets for identical financial instruments

Level 2: fair values measured using quoted prices in active markets for similar financial instruments, or using valuation techniques in which all significant inputs are directly or indirectly based on observable market data

Level 3 (lowest level): fair values measured using valuation techniques in which any significant input is not based on observable market data

As at 31 December 2019

		Carrying amount			Fair value			
	Note	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
		USD thousand	USD thousand	USD thousand	USD thousand	USD thousand	USD thousand	USD thousand
Financial assets not measured at fair value*								
Loans to subsidiaries and related parties	13(b)	9	-	9	-	9	-	9
Cash and cash equivalents	9	3,992	-	3,992	-	3,992	-	3,992
		4,001	**-**	**4,001**	**-**	**4,001**	**-**	**4,001**
Financial liabilities not measured at fair value*								
Loans from subsidiaries	11	-	(930,280)	(930,280)	-	(930,280)	-	(930,280)
		-	**(930,280)**	**(930,280)**	**-**	**(930,280)**	**-**	**(930,280)**

* The Company has not disclosed the fair values for financial instruments such as short-term trade receivables and payables, because their carrying amounts are a reasonable approximation of fair values.

As at 31 December 2018

		Carrying amount			Fair value			
	Note	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
		USD thousand	USD thousand	USD thousand	USD thousand	USD thousand	USD thousand	USD thousand
Financial assets not measured at fair value*								
Loans to subsidiaries and related parties	13(b)	9	-	9	-	9	-	9
Cash and cash equivalents	9	650	-	650	-	650	-	650
		659	**-**	**659**	**-**	**659**	**-**	**659**
Financial liabilities not measured at fair value*								
Loans from subsidiaries	11	-	(788,858)	(788,858)	-	(788,858)	-	(788,858)
		-	**(788,858)**	**(788,858)**	**-**	**(788,858)**	**-**	**(788,858)**

***** The Company has not disclosed the fair values for financial instruments such as short-term trade receivables and payables, because their carrying amounts are a reasonable approximation of fair values.

There were no transfers between instruments in Level 1, Level 2 and Level 3 during the years ended 31 December 2019 and 2018.

16 GUARANTEES ISSUED

At 31 December 2019 and at 31 December 2018, the Company guaranteed the indebtedness of subsidiaries in the amount of USD 1,660,190 thousand and USD 1,418,659 thousand, respectively. The guarantees matures simultaneously with the final maturity of the loans dated April 2021 and December 2026. The guaranteed loans contains certain financial and non-financial covenants. The Company believes that the risk of any cash outflow in the connection with this guarantee is low and therefore no provision is recorded in these separate financial statements.

17 TAX CONTINGENCIES

Russian tax, currency and customs legislation is subject to varying interpretations, and changes which can occur frequently. Management's interpretation of such legislation as applied to the transactions and activities of the Group may be challenged by the relevant local, regional and federal authorities. Notably recent developments in the Russian environment suggest that the authorities in this country are becoming more active in seeking to enforce, through the Russian court system, interpretations of the tax legislation, in particular in relation to the use of certain commercial trading structures, which may be selective for particular tax payers and different from the authorities' previous interpretations or practices. Recent events within the Russian Federation suggest that the tax authorities are taking a more assertive and substance-based position in their interpretation and enforcement of tax legislation.

Companies which register in the SAR (special administrative region) as part of the continuance out of a foreign jurisdiction (such as the Company following the redomiciliation) may have a number of tax benefits, subject to certain conditions.

This legislation, and practice of its application, is still evolving and the impact of legislative changes should be considered based on the actual circumstances.

18 EVENTS SUBSEQUENT TO THE REPORTING DATE

On 17 February 2020, the Company's ordinary shares have been included into the "Level 1" part of the list of securities admitted to trading on Moscow Exchange. Other subsequent events are disclosed in notes 1(a), 1(b) and note 11.