

EN+ GROUP IPJSC

**Financial statements
for the three and nine months ended 30 September 2020
(unaudited)**

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EN+ GROUP IPJSC
*Statement of profit or loss and other comprehensive income
for the three and nine months ended 30 September 2020*

	Note	Three months ended 30 September		Nine months ended 30 September	
		2020	2019	2020	2019
		USD thousand	USD thousand	USD thousand	USD thousand
General and administrative expenses		(5,629)	(11,072)	(14,110)	(24,416)
(Impairment) / reversal of impairment of assets		-	15,991	(4,048)	16,069
Creditors write-off		-	484	-	484
Operating (loss) / profit		(5,629)	5,403	(18,158)	(7,863)
Finance income / (costs), net	5	96,123	2,878	186,199	(106,483)
Profit / (loss) for the period before tax		90,494	8,281	168,041	(114,346)
Taxation		(3)	265	-	265
Profit / (loss) for the period		90,491	8,546	168,041	(114,081)
Other comprehensive income		-	-	-	-
Total comprehensive income for the period		90,491	8,546	168,041	(114,081)

These financial statements were approved by the Board of Directors on 13 November 2020 and were signed on its behalf by:

General Director of
EN+ GROUP IPJSC

Vladimir Kiriukhin

EN+ GROUP IPJSC
Statement of financial position as at 30 September 2020

		30 September 2020	31 December 2019
	Note	USD thousand	USD thousand
ASSETS			
Non-current assets			
Investments	6	4,906,974	4,904,774
Prepaid expenses and other non-current assets		179	6,427
Property, plant and equipment		14	13
		<u>4,907,167</u>	<u>4,911,214</u>
Current assets			
Loan issued to subsidiary		-	9
Prepaid expenses and other current assets		1,414	1,059
Cash and cash equivalents		66	3,992
		<u>1,480</u>	<u>5,060</u>
Total assets		<u>4,908,647</u>	<u>4,916,274</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	7	45	45
Share premium	7	1,515,271	1,515,271
Retained earnings		2,634,763	2,466,722
Total equity		<u>4,150,079</u>	<u>3,982,038</u>
Non-current liabilities			
Loans and borrowings		567,428	685,284
		<u>567,428</u>	<u>685,284</u>
Current liabilities			
Loans and borrowings		185,244	244,996
Other payables		5,896	3,956
		<u>191,140</u>	<u>248,952</u>
Total equity and liabilities		<u>4,908,647</u>	<u>4,916,274</u>

Statement of cash flows for the nine months ended 30 September 2020

	Note	Nine months ended 30 September	
		2020	2019
		USD thousand	USD thousand
OPERATING ACTIVITIES			
Profit / (loss) for the period		168,041	(114,081)
Adjustments for:			
Depreciation and amortisation		9	5
Impairment / (reversal of impairment) of assets		4,048	(16,069)
Creditors write-off		-	(484)
Interest income	5	(10)	-
Interest expense	5	23,355	49,363
Foreign exchange (gain) / loss	5	(209,308)	48,737
Income tax		-	(265)
Cash used in operating activities before changes in working capital and provisions		(13,865)	(32,794)
Change in trade and other receivables		(353)	213
Change in trade and other payables and provisions		1,916	(8,855)
Interest paid		-	(4,517)
Income tax paid		(2)	-
Cash flows used in operating activities		(12,304)	(45,953)
INVESTING ACTIVITIES			
Repayment of loans granted to related parties		8	-
Interest received		12	-
Advance paid for acquisition of investments		-	(6,314)
Contributions to investments in subsidiaries		-	(100)
Acquisition of property, plant and equipment		(9)	-
Cash flows from / (used in) investing activities		11	(6,414)
FINANCING ACTIVITIES			
Repayment of loans to related parties		(5,481)	(8,039)
Proceeds of loans from related parties		13,868	68,265
Other payments related to issuance of shares		-	(8,383)
Cash flows from financing activities		8,387	51,843
Net change in cash and cash equivalents		(3,906)	(524)
Cash and cash equivalents at beginning of period		3,992	650
Effect of exchange rate fluctuations on cash and cash equivalents		(20)	54
Cash and cash equivalents at end of the period		66	180

The statement of cash flows is to be read in conjunction with the notes to, and forming part of, the financial statements set out on pages 7 to 10.

EN+ GROUP IPJSC*Statement of changes in equity for the nine months ended 30 September 2020*

	Share capital	Share premium	Retained earnings	Total
Balance at 1 January 2019	40	972,542	2,578,894	3,551,476
Glencore deal	5	542,729	-	542,734
Loss for the period	-	-	(114,081)	(114,081)
Balance at 30 September 2019	45	1,515,271	2,464,813	3,980,129
 Balance at 1 January 2020	 45	 1,515,271	 2,466,722	 3,982,038
Profit for the period	-	-	168,041	168,041
Balance at 30 September 2020	45	1,515,271	2,634,763	4,150,079

1. BACKGROUND

(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.

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. On 17 February 2020, the Company’s ordinary shares were included into the “Level 1” part of the list of securities admitted to trading on Moscow Exchange. On 20 April 2020, the Company’s GDRs were delisted from the Moscow Exchange.

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

As at 30 September 2020 Mr. Oleg Deripaska beneficially controls and exercises voting rights in respect of 35% of the voting shares of the Company and his direct or indirect shareholding cannot exceed 44.95% of the shares of the Company.

The other significant holders as at 30 September 2020 were as follows:

	Shareholding	Voting rights
Company’s subsidiary	21.37%	7.04%
Citi (Nominees), including	14.18%	14.18%
<i>Glencore Group Funding Limited</i>	10.55%	10.55%
Other shareholders	19.50%	6.10%
Independent trustees	-	37.68%

Glencore Group Funding Limited is a subsidiary of Glencore Plc.

In February 2020, a subsidiary of the Company acquired 21.37% of the Company’s shares from VTB for USD 1,579 million at a price of USD 11.57 per share. The Company provided a guarantee to Sberbank for a Company’s subsidiary in respect of a 3-year RUB 100.8 billion loan to finance the acquisition of the shares.

The voting rights in respect of acquired shares representing 14.33% of the Company’s issued share capital are retained with independent trustees. Voting rights attached to the remaining 7.04% shares are executed by the Chairman of the Company’s Board at the Board’s direction.

(b) Seasonality

There are no material seasonal events in business activity of the Company.

2. BASIS OF PREPARATION

(a) Applicable reporting standards

These financial statements have been prepared in accordance with accounting policies based on International Financial Reporting Standards (IFRS) described in Note 3. These financial statements do not include all of the information required for full annual financial statements prepared in accordance with IFRS.

The annual consolidated financial statements of the Company and the latest consolidated interim condensed financial information for the six months ended 30 June 2020 prepared in accordance with IFRS are available at <https://enplusgroup.com>.

The Company has no updates to information provided in the last annual financial statements about the standards issued but not yet effective that may have a significant impact on the Company's financial statements.

(b) Background for separate financial information preparation

Under the Russian Central Bank regulations the Company is required to prepare quarterly reports which are based on the Company's financial statements. The Russian legislation on international companies allows international companies to prepare their accounts in conformity with accounting policy based on IFRS for any purposes provided for by the law of the Russian Federation, apart from submitting to authorized state authorities of the Russian Federation. The Company chose to prepare its financial statements for the purposes of compliance with the Russian Central Bank regulations in accordance with the accounting policy based on IFRS.

(c) Going concern basis

As at 30 September 2020, the Company's current liabilities exceeded its current assets by USD 189,660 thousand. Liabilities are mainly represented by loans to related parties.

Management 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 30 September 2020, the Company has unused credit facilities in the amount of USD 201,080 thousand to cover its current liabilities should they become due.

(d) COVID-19

As a result of the COVID-19 outbreak in the beginning 2020, aluminium prices dropped significantly. This factor had an adverse impact on the revenue and profitability of UC RUSAL, IPJSC (before 25 September 2020 UC RUSAL PLC), the Company's subsidiary and most significant investment, partially offset by rouble depreciation and decreases in costs of raw materials linked to the oil price. Due to, challenging pricing and macroeconomic environment management of UC RUSAL, IPJSC is implementing a number of measures including, but not limited to, cost and working capital optimization.

At the date of these financial statements the Company continues to assess the impact of COVID-19 factors on its financial position, including the valuation of investments, and closely monitors all developments. Considering current cash flows forecasts, management has concluded that the Company will continue in operation and be able to meet its commitments as they fall due.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied in these financial statements are the same as those applied in the Company's separate financial statements as at and for the year ended 31 December 2019, prepared in accordance with IFRS.

4. SEGMENTS REPORTING

The Company does not prepare segment reporting at a standalone level. For segmental information at consolidated level please see the Company's consolidated financial statements. From 2020, the Company has changed the basis of the public reporting of its consolidated financial results from a quarterly to a half-yearly basis.

5. FINANCE INCOME AND COSTS

	Three months ended 30 September		Nine months ended 30 September	
	2020	2019	2020	2019
	USD	USD	USD	USD
	thousand	thousand	thousand	thousand
Finance income				
Foreign exchange gain	103,405	19,447	209,308	-
Other finance income	1,994	-	2,256	-
Interest income	-	-	10	-
	<u>105,399</u>	<u>19,447</u>	<u>211,574</u>	<u>-</u>
Finance costs				
Interest expense	(9,276)	(16,562)	(23,355)	(49,340)
Foreign exchange loss	-	-	-	(48,736)
Other finance costs	-	(7)	(2,020)	(8,407)
	<u>(9,276)</u>	<u>(16,569)</u>	<u>(25,375)</u>	<u>(106,483)</u>

6. INVESTMENTS

	Nine months ended 30 September	
	2020	2019
	USD thousands	USD thousands
Net investments –balance at beginning of the period	4,904,774	4,358,770
Impairment	(4,048)	15,996
Acquisitions and reclassification from other assets	6,248	542,734
Contributions to subsidiaries	-	100
Net investments - balance at 30 September	<u>4,906,974</u>	<u>4,917,600</u>

	Three months ended 30 September 2020	2019
	USD thousands	USD thousands
Net investments –balance at beginning of the period	4,906,974	4,901,604
Impairment	-	15,996
Net investments - balance at 30 September	4,906,974	4,917,600

As at 30 September 2020 management made a performance analysis of subsidiaries. As a result an impairment of USD 4,048 thousand for nine months ended 30 September 2020 was recognised.

7. EQUITY

(a) Share capital, additional paid-in capital and transactions with shareholders

As at 30 September 2020, the Company's authorised share capital comprised 714,285,714.286 ordinary shares, out of which 638,848,896 shares were issued with a par value of USD 0.00007 each.

As at 30 September 2020 and 31 December 2019, all issued ordinary shares were fully paid.

On 3 February 2020, the second stage of the Glencore deal was completed, and 6.78% of UC RUSAL's shares were received by the Company.

(b) Dividends

During the nine months ended 30 September 2020 the Company did not declare and pay dividends.

The Company may distribute dividends from retained earnings and profit for the reporting period in compliance with the current legislation of the Russian Federation and the provisions of its Charter.

8. EVENTS SUBSEQUENT TO THE REPORTING DATE

There were no significant events subsequent to the reporting date.