

**Independent auditor's report
on the financial statements of
EN+ GROUP
INTERNATIONAL PUBLIC JOINT-STOCK COMPANY
for 2021
*March 2022***

**Independent auditor's report
on the financial statements of
EN+ GROUP
INTERNATIONAL PUBLIC JOINT-STOCK COMPANY**

Translation of the original Russian version

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Independent auditor's report

Translation of the original Russian version

To the Shareholders and the Board of Directors of
EN+ GROUP INTERNATIONAL PUBLIC
JOINT-STOCK COMPANY

Opinion

We have audited the financial statements of EN+ GROUP INTERNATIONAL PUBLIC JOINT-STOCK COMPANY (the Company), which comprise the balance sheet as at 31 December 2021, statement of financial results for 2021 and appendices thereto.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2021 and its financial performance and its cash flows for 2021 in accordance with the rules on preparation of financial statements established in the Russian Federation.

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 *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' (IESBA) International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in the Russian Federation, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. 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 financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For the matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

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Key audit matter

How our audit addressed the key audit matter

Calculation and recognition of impairment of investments in subsidiaries

As of 31 December 2021 the Company had significant amount of investments in subsidiaries. These investments are accounted for based on historical cost less impairment losses.

Impairment analysis of investments in subsidiaries was a key audit matter due to the significance of investments in subsidiaries balance in the financial statements, high subjectivity of judgments and estimates underlying the impairment analysis and used by management.

Current global market conditions, including fluctuations in LME aluminium prices, market premiums and alumina purchase prices together with their long-term forecasts, may indicate that for some investments in subsidiaries related to aluminum and/or coal segment of the business impairment losses may be incurred or that previously accrued losses must be fully or partially reversed.

Evaluation of the recoverable amount of investments in subsidiaries is based on the higher of the fair value less cost to sell and value in use. As of the reporting date management makes an assessment of value-in-use of investments in subsidiaries based on the discounted cash flow models.

Information on the significant estimates used for discounted cash flow calculation and the results of the impairment testing is provided in Note 2.5 to the financial statements.

During the audit we compared the key assumptions such as production volumes, forecasted aluminium and coal sales prices, forecasted alumina and bauxites purchase prices, forecasted costs inflation, forecasted currency exchange rates, discount rates, used in the discounted cash flow models with published macroeconomic indicators and forecast data.

We assessed the historical accuracy of management's budgets and forecasts by comparing them to actual performance.

We checked the arithmetic accuracy of the models and assessed a sensitivity analysis of value-in-use to changes in key assumptions and correctness of key assumptions sensitivity disclosure.

We engaged our internal valuation experts to analyze the Company's management calculations of the recoverable amount of investments in subsidiaries.

Emphasis of matter

We draw attention to Note 3.6 "Events after the reporting date" to the balance sheet and the statement of financial results which describes the development of geopolitical tensions related to the situation in Ukraine and sanctions imposed by certain countries that have affected and could significantly affect in the future the Russian economy, as well as the activity of the Company. Our opinion is not modified in respect of this matter.

Other matter

The financial statements of the EN+ GROUP INTERNATIONAL PUBLIC JOINT-STOCK COMPANY for the year ended 31 December 2020 were audited by another auditor who expressed an unmodified opinion on those statements on 30 March 2021.

The financial statements of the EN+ GROUP INTERNATIONAL PUBLIC JOINT-STOCK COMPANY for the period from 9 July to 31 December 2019 were audited by another auditor who expressed an unmodified opinion on those statements on 31 March 2021.

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Other information included in Issuer's report for 2021

Other information consists of the information included in the Issuer's report for 2021 other than the financial statements and our auditor's report thereon. Management is responsible for the other information. Issuer's report for 2021 is expected to be made available to us after the date of this auditor's report.

Our opinion on the 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 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 financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Responsibilities of management and the Audit and Risk Committee of the Board of Directors for the financial statements

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

In preparing the 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.

The Audit and Risk Committee of the Board of Directors are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 financial statements.

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

- Identify and assess the risks of material misstatement of the 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 auditor's report to the related disclosures in the 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 auditor's 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Audit and Risk Committee of the Board of Directors 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 the Audit and Risk Committee of the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit and Risk Committee of Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's 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.

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The partner in charge of the audit resulting in this independent auditor's report is M.S. Khachatryan.

M.S. KHACHATURYAN,
acting on behalf of Ernst & Young LLC
on the basis of power of attorney w/o number dated 1 March 2022,
partner in charge of the audit resulting in this independent auditor's report (main registration number 21906108270)

1 April 2022

Details of the auditor

Name: Ernst & Young LLC

Record made in the State Register of Legal Entities on 5 December 2002, State Registration Number 1027739707203.

Address: Russia 115035, Moscow, Sadovnicheskaya naberezhnaya, 77, building 1.

Ernst & Young LLC is a member of Self-regulatory organization of auditors Association "Sodruzhestvo". Ernst & Young LLC is included in the control copy of the register of auditors and audit organizations, main registration number 12006020327.

Details of the audited entity

Name: EN+ GROUP INTERNATIONAL PUBLIC JOINT-STOCK COMPANY

Record made in the State Register of Legal Entities on 9 July 2019, State Registration Number 1193926010398.

Address: 236006, Russia, Kaliningrad, Oktyabrskaya street, office 34, b. 8.

Balance Sheet
as at 31 December 2021

		Form under OKUD	Codes		
		Date (day, month, year)	31	12	2021
Entity	EN+ GROUP INTERNATIONAL PUBLIC JOINT-STOCK COMPANY	under OKPO	40562096		
Taxpayer Identification Number (INN)		INN	3906382033		
Type of economic activity	Activities of holding companies	under OKVED 2	64.20		
Type of incorporation/form of ownership		under OKOPF / OKFS	12247	16	
Public joint-stock companies / Privately owned		under OKEI	384		
Unit of measure:	RUB '000				
Location (address)	Kaliningrad Region, Kaliningrad, Oktyabrskaya Str., 8, Office 34				

Financial statements shall be audited YES NO

Name of audit company / full name of individual auditor
Ernst & Young LLC

Taxpayer identification number of audit company / individual auditor	INN	7709383532
Principal state registration number (OGRN) of audit company / individual auditor	OGRN/ OGRNIP	1027739707203

Notes	Item	Code	As at 31 December 2021	As at 31 December 2020	As at 31 December 2019
	ASSETS				
	I. NON-CURRENT ASSETS				
	Intangible assets	1110	8 480	3 499	608
	Research and development results	1120	-	-	-
	Intangible development assets	1130	-	-	-
	Tangible development assets	1140	-	-	-
	Property, plant and equipment	1150	2 645	920	744
	Income yielding investments into tangible assets	1160	-	-	-
	Financial investments	1170	313 368 784	313 734 439	313 267 433
	Deferred tax assets	1180	494	249	8
	Other non-current assets	1190	-	-	404 658
	Total for section I	1100	313 380 403	313 739 107	313 673 451
	II. CURRENT ASSETS				
	Inventories	1210	-	-	-
	Value added tax on acquired assets	1220	-	-	-
	Accounts receivable	1230	20 203	77 922	118 426
	Financial investments (except for cash equivalents)	1240	1 079 501	376 365	31 537
	Cash and cash equivalents	1250	362 311	39 733	247 111
	Other current assets	1260	4 232	2 975	26 620
	Total for section II	1200	1 466 247	496 995	423 694
	TOTAL ASSETS	1600	314 846 650	314 236 102	314 097 145

Note	Item	Code	As at 31 December 2021	As at 31 December 2020	As at 31 December 2019
	LIABILITIES				
	III. EQUITY AND RESERVES				
	Authorized capital (reserve capital, authorized fund, partners contributions)	1310	3 001	3 001	3 001
	Treasury shares repurchased from shareholders	1320	-	-	-
	Non-current assets revaluation	1340	-	-	-
	Additional capital (without revaluation)	1350	96 780 190	96 780 190	96 780 190
	Reserve capital	1360	-	-	-
	Retained earnings (accumulated losses)	1370	168 845 171	156 315 519	159 621 915
	Total for section III	1300	265 628 362	253 098 710	256 405 106
	IV. NON-CURRENT LIABILITIES				
	Loans and credits	1410	28 966 724	46 348 107	42 423 017
	Deferred tax liabilities	1420	28	40	-
	Provisions	1430	-	-	-
	Other liabilities	1450	-	-	-
	Total for section IV	1400	28 966 752	46 348 147	42 423 017
	V. CURRENT LIABILITIES				
	Loans and credits	1510	19 727 385	14 342 533	15 166 638
	Accounts payable	1520	282 662	227 969	102 361
	Unearned revenues	1530	-	-	-
	Provisions	1540	241 489	218 743	23
	Other liabilities	1550	-	-	-
	Total for section V	1500	20 251 536	14 789 245	15 269 022
	TOTAL LIABILITIES	1700	314 846 650	314 236 102	314 097 145

Chief Executive _____
(signature)

Vladimir Alekseevich Kiriukhin
(full name)

March 30, 2022

Statement of profit or loss
for January - December 2021

		Form under OKUD	Codes		
		Date (day, month, year)	31	12	2021
Entity EN+ GROUP INTERNATIONAL PUBLIC JOINT-STOCK COMPANY		under OKPO	40562096		
Taxpayer Identification Number (INN)		INN	3906382033		
Type of economic activity Activities of holding companies		under OKVED 2	64.20		
Type of incorporation/form of ownership		under OKOPF / OKFS	12247	16	
Public joint-stock companies / Privately owned		under OKEI	384		
Unit of measure: RUB '000					

Notes	Item	Code	for January - December 2021	for January - December 2020
	Revenue	2110	17 501 900	1 637 100
	Cost of goods, products, work, services sold	2120	-	-
	Gross profit (loss)	2100	17 501 900	1 637 100
	Selling expenses	2210	-	-
	Administrative expenses	2220	(1 882 213)	(1 387 273)
	Sales profit (loss)	2200	15 619 687	249 827
	Revenues from participation in other companies	2310	-	-
	Interest receivable	2320	78 421	1 677
	Interest payable	2330	(3 202 578)	(2 353 761)
	Other income	2340	655 996	257 467
	Other expenses	2350	(621 892)	(1 461 569)
	Profit (loss) before taxation	2300	12 529 634	(3 306 359)
	Income tax	2410	18	(37)
	including:			
	current corporate tax	2411	(239)	(238)
	deferred corporate tax	2412	257	201
	Other	2460	-	-
	including:			
	Net profit (loss)	2400	12 529 652	(3 306 396)

Notes	Item	Code	For January - December 2021	For January - December 2020
	Result of non-current assets revaluation, which is not included in net profit (loss) of the period	2510	-	-
	Result of other operations, which is not included in net profit (loss) of the period	2520	-	-
	Income tax on result of operations, which is not included in net profit (loss) of the period	2530	-	-
	Cumulative financial results of the period	2500	12 529 652	(3 306 396)
	FOR REFERENCE			
	Basic earnings (loss) per share	2900	-	-
	Diluted earnings (loss) per share	2910	-	-

Chief Executive _____
(signature)

Vladimir Alekseevich
Kiriukhin

(full name)

March 30, 2022

Statement of changes in equity
for January - December 2021

Entity	EN+ GROUP INTERNATIONAL PUBLIC JOINT-STOCK COMPANY	Form under OKUD	0710004		
Taxpayer Identification Number (INN)		Date (day, month, year)	31	12	2021
Type of economic activity	Activities of holding companies	under OKPO	40562096		
Type of incorporation/form of ownership		INN	3906382033		
		under OKVED 2	64.20		
Public joint-stock companies / Privately owned		under OKOPF / OKFS	12247	16	
Unit of measure: RUB '000		under OKEI	384		

1. Capital flow

Item	Code	Authorized capital	Treasury shares repurchased from shareholders	Additional capital	Reserve capital	Retained earnings (accumulated losses)	Total
Balance as at 31 December 2019	3100	3 001	-	96 780 190	-	159 621 915	256 405 106
<u>For 2020</u>							
Capital increase, total:	3210	-	-	-	-	-	-
including:							
net income	3211	X	X	X	X	-	-
revaluation of assets	3212	X	X	-	X	-	-
revenues directly attributable to capital increase	3213	X	X	-	X	-	-
additional issue of shares	3214	-	-	-	X	X	-
increase in nominal value of shares	3215	-	-	-	X	-	X
reorganization of legal entity	3216	-	-	-	-	-	-

Item	Code	Authorized capital	Treasury shares repurchased from shareholders	Additional capital	Reserve capital	Retained earnings (accumulated losses)	Total
Capital reduction, total:	3220	-	-	-	-	(3 306 396)	(3 306 396)
including:							
loss	3221	X	X	X	X	(3 306 396)	(3 306 396)
revaluation of assets	3222	X	X	-	X	-	-
expenses directly attributable to capital reduction	3223	X	X	-	X	-	-
reduction of nominal value of shares	3224	-	-	-	X	-	-
reduction of the number of shares	3225	-	-	-	X	-	-
reorganization of legal entity	3226	-	-	-	-	-	-
dividend	3227	X	X	X	X	-	-
Changes in additional capital	3230	X	X	-	-	-	X
Changes in reserve capital	3240	X	X	X	-	-	X
Balance as at 31 December 2020	3200	3 001	-	96 780 190	-	156 315 519	253 098 710
For 2021							
Capital increase, total:	3310	-	-	-	-	12 529 652	12 529 652
including:							
net income	3311	X	X	X	X	12 529 652	12 529 652
revaluation of assets	3312	X	X	-	X	-	-
revenues directly attributable to capital increase	3313	X	X	-	X	-	-
additional issue of shares	3314	-	-	-	X	X	-
increase in nominal value of shares	3315	-	-	-	X	-	X
reorganization of legal entity	3316	-	-	-	-	-	-
Capital reduction, total:	3320	-	-	-	-	-	-
including:							
loss	3321	X	X	X	X	-	-
revaluation of assets	3322	X	X	-	X	-	-
expenses directly attributable to capital reduction	3323	X	X	-	X	-	-
reduction of nominal value of shares	3324	-	-	-	X	-	-
reduction of the number of shares	3325	-	-	-	X	-	-
reorganization of legal entity	3326	-	-	-	-	-	-
dividend	3327	X	X	X	X	-	-
Changes in additional capital	3330	X	X	-	-	-	X
Changes in reserve capital	3340	X	X	X	-	-	X
Balance as at 31 December 2021	3300	3 001	-	96 780 190	-	168 845 171	265 628 362

2. Adjustments related to changes in accounting policy and correction of errors

Item	Code	As at 31 December 2019	Changes in equity within 2020		As at 31 December 2020
			through net income (loss)	due to other factors	
Equity - total					
before adjustments	3400	256 405 106	(3 306 396)	-	253 098 710
adjustments related to:					
change in accounting policy	3410	-	-	-	-
correction of errors	3420	-	-	-	-
after adjustments	3500	256 405 106	(3 306 396)	-	253 098 710
including:					
retained earnings (accumulated losses):					
before adjustments	3401	159 621 915	(3 306 396)	-	156 315 519
adjustments related to:					
change in accounting policy	3411	-	-	-	-
correction of errors	3421	-	-	-	-
after adjustments	3501	159 621 915	(3 306 396)	-	156 315 519
other equity items that were adjusted					
before adjustments	3402	-	-	-	-
adjustments related to:					
change in accounting policy	3412	-	-	-	-
correction of errors	3422	-	-	-	-
after adjustments	3502	-	-	-	-

3. Net assets

Item	Code	As at 31 December 2021	As at 31 December 2020	As at 31 December 2019
Net assets	3600	265 628 362	253 098 710	256 405 106

Chief Executive _____
(signature)

Vladimir Alekseevich Kiriukhin
(full name)

March 30, 2022

**Cash flow statement
for January - December 2021**

Entity	EN+ GROUP INTERNATIONAL PUBLIC JOINT-STOCK COMPANY	Form under OKUD	0710005		
Taxpayer Identification Number (INN)		Date (day, month, year)	31	12	2021
Type of economic activity	Activities of holding companies	under OKPO	40562096		
Type of incorporation/form of ownership		INN	3906382033		
		under OKVED 2	64.20		
Public joint-stock companies / Privately owned		under OKOPF / OKFS	12247	16	
Unit of measure: RUB '000		under OKEI	384		

Item	Code	for January - December 2021	for January - December 2020
Cash flows from operating activities			
Cash inflow - total	4110	17 510 531	1 797 877
including:			
from sales of products, goods, work and services	4111	-	-
rental payments, license payments, royalties, commission and other similar payments	4112	8 004	-
from resale of financial investments	4113	-	-
dividend	4114	17 501 900	1 637 100
other inflow	4119	627	160 777
Cash outflow - total	4120	(3 826 900)	(1 458 439)
including:			
payments to suppliers (contractors) for raw materials, materials, work and services	4121	(1 240 748)	(461 534)
related to salary payment to employees	4122	(217 806)	(589 932)
interest on debt instruments	4123	(1 913 332)	(35 360)
corporate tax	4124	(84)	(234)
	4125	-	-
other outflow	4129	(454 930)	(371 379)
Net cash from operating activities	4100	13 683 631	339 438
Cash flows from investing activities			
Cash inflow - total	4210	730 474	1 557
including:			
from sale of non-current assets (except for financial investments)	4211	-	-
from sale of shares of (participation interest in) other entities	4212	-	-
from repayment of loans extended, from sale of debt securities (right of claim to other persons)	4213	727 472	482
dividends, interest on debt financial investments and similar inflows from participation interest in other organizations	4214	2 415	1 075
	4215	-	-
other inflow	4219	587	-
Cash outflow - total	4220	(846 867)	(1 286 145)
including:			
related to non-current assets purchase, creation, modernization, reconstruction and preparation for use	4221	(2 157)	(2 554)
related to purchase of shares of (participation interest in) other entities	4222	(2 218)	(1 000 091)
related to purchase of debt securities (right of claim to other persons), provision of loans to other persons	4223	(842 492)	(283 500)
interest on debt instruments included in the value of investment asset	4224	-	-
	4225	-	-
other outflow	4229	-	-
Net cash from investing activities	4200	(116 393)	(1 284 588)

Item	Code	For January - December 2021	For January - December 2020
Cash flows from financing activities			
Cash inflow - total	4310	5 978 383	1 512 498
including:			
borrowings	4311	5 945 000	1 512 498
monetary contributions of owners (members)	4312	-	-
from issue of shares, increase in participation interest	4313	-	-
from issue of bonds, promissory notes and any other debt securities, etc.	4314	-	-
	4315	-	-
other cash inflows	4319	33 383	-
Cash outflow - total	4320	(19 217 352)	(778 811)
including:			
payments to owners (members) related to repurchase of their shares (participation interest) of the organization or to their resignation from membership	4321	-	-
payment of dividends and other distribution of profit in favor of owners (members)	4322	-	-
related to collection (repurchase) of promissory notes and other debt securities, repayment of loans and credits	4323	(19 217 352)	(778 811)
	4324	-	-
other cash outflows	4329	-	-
Net cash from financing activities	4300	(13 238 969)	733 687
Net cash within reporting period	4400	328 269	(211 463)
Net cash and cash equivalents at the beginning of the reporting period	4450	39 733	247 111
Net cash and cash equivalents at the end of the reporting period	4500	362 311	39 733
Impact of foreign exchange rate fluctuations on ruble	4490	(5 691)	4 085

Chief Executive _____
(signature)

Vladimir Alekseevich
Kiriukhin

(full name)

March 30, 2022

**Notes to Balance Sheet and
Statement of Financial Results
EN+ GROUP IPJSC
for 2021**

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1. General information

EN+ GROUP International public joint-stock company (hereinafter referred to as EN+ GROUP IPJSC or the “Company”) was registered as an international public joint-stock company in the Unified State Register of Legal Entities of the Russian Federation on July 9, 2019. The company was incorporated under main state registration number (OGRN) 1193926010398.

In connection with the redomiciliation in July 2019, the Company was registered at the Interregional Inspectorate No. 9 of the Federal Tax Service for the city of Kaliningrad (where the Company is located); Taxpayer Identification Number (INN) 3906382033, Registration Reason Code (KPP) 390601001.

Registered address and location: office 34, 8 Oktyabrskaya st., Kaliningrad, Kaliningrad Region, 236006, Russia.

As at December 31, 2021, the average staff number of the Company was 18 persons.

Principal type of Company’s activity is the activities of holding companies (64.20).

As at December 31, 2021 the Company has three separate structural units:

Name	Location
Limassol Branch Office	Krinou 3, The OVAL, Office 204, 2nd floor, 4103, Limassol, Cyprus
London Branch	8 Cleveland Row, London SW1A 1DH, UK
Moscow branch (KPP 773043001)	121096, Moscow, Vasilisy Kozhinoy str., 1

Governance bodies

The Company has the following governance bodies:

- General Meeting of Shareholders.
- Board of Directors:
 - Lord Gregory Barker – Executive Chairman of the Board of Directors;
 - Carl Hughes – Independent Non-executive Director;
 - Joan MacNaughton – Independent Non-executive Director;
 - Christopher Bancroft Burnham – Senior Independent Non-executive Director;
 - Nicholas Jordan / Николас Джордан – Independent Non-executive Director till May 25, 2021;
 - Alexander (Valentinovich) Chmel – Independent Non-executive Director till May 25, 2021;
 - Andrey (Vladimirovich) Sharonov – Independent Non-executive Director;
 - Andrey (Vladimirovich) Yanovsky – Independent Non-executive Director;
 - Thurgood Marshall Jr. – Independent Non-executive Director since May 26, 2021;
 - Zhanna (Sergeevna) Fokina – Independent Non-executive Director since May 26, 2021;
 - Vadim (Viktorovich) Geraskin – Non-executive Director;

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- Elena (Valerievna) Nesvetaeva – Non-executive Director;
 - Timur (Fidailievich) Valiev – Non-executive Director since May 26, 2021;
 - Olga (Vladimirovna) Filina – Non-executive Director since December 15, 2021;
 - Anastasia (Vladimirovna) Gorbatova – Non-executive Director till December 9, 2021;
 - Ekaterina (Vyacheslavovna) Tomilina – Non-executive Director till May 25, 2021.
- Sole Executive Body – General Director Vladimir (Alekseyevich) Kiriukhin.

The Company established an Audit and Risk Committee of the Board of Directors to exercise control over consistency, completeness, accuracy and reliability of information including accounting (financial) statements prepared in accordance with the Russian Accounting Standards (RAS). Internal audit is provided in the Company by Directorate for Internal Audit.

Auditor

Ernst and Young Limited Liability Company is the auditor of accounting (financial) statements for the year 2021 prepared in accordance with the RAS. Ernst and Young LLC is a member of the Self-regulatory Organization of Auditors Association “Sodruzhestvo” (SRO AAS). Principal entry in the register of auditors and audit organizations: 12006020327.

2. Applicable methods of accounting and material items in financial statements

The financial statements were prepared in accordance with the Accounting Policy adopted by the Company for 2021 as approved by the Order UP/2021-BU dd. December 25, 2019 issued by Director General; the Accounting Policy is prepared in accordance with the provisions of the Federal Law No. 402-FZ *On Accounting* dd. December 6, 2011, the Regulation on Accounting and Accounting Statements in the Russian Federation, other regulations relevant to accounting.

Indicators of separate assets, liabilities, income, expenses and business transactions are reflected in the statements and disclosed separately, if they are material, and if interested parties need to be aware of them in order to be able to estimate the current financial position of the Company or financial results of its activities. Indicators are deemed material, if they contribute more than 5% to the totals of any assets, liabilities, income and expense.

The statements were prepared on a going concern basis.

The accounting policy of the Company supposes compliance with the requirements of completeness, prudence, substance over form, consistency and rationality.

In exceptional circumstances, when the preparation of an accounting policy leads to an unreliable representation of the entity’s financial situation, the financial results of its activities and its cash flows in the accounting (financial) statements, the Company has the right to deviate from the rules, in accordance with clause 7.3. Russian Accounting Standard (RAS) 1/2008 *Accounting Policy of the Organization*.

Translation of the original Russian version

The Company has the right not to apply the accounting method prescribed by a federal accounting standard where such method results in a non-compliance of an organization's accounting policy with the requirements of International Financial Reporting Standards, pursuant to paragraph 2 of clause 7 Russian Accounting Standard (RAS) 1/2008 *Accounting Policy of the Organization*, as the Company discloses consolidated financial statements prepared in accordance with International Financial Reporting Standards.

Assessment of property, liabilities and assets, economic events is performed in the currency of the Russian Federation.

In these notes to the balance sheet and statement of financial results, unless otherwise stated, the cost indicators are expressed in thousands of rubles (thousand rubles). Negative indicators are shown in brackets.

These financial statements were prepared on paper carrier and signed by Director of the Company on March _____, 2022.

2.1 Basis of preparation of accounting (financial) statements

The accounting statements are prepared in accordance with the accounting and reporting rules currently effective in the Russian Federation provided by the Federal Law *On Accounting and Regulation on Accounting and Reporting in the Russian Federation* as well as other accounting regulations approved by the Russian Ministry of Finance. Other accounting methods used by the Company are described in paragraph 2.5 of these Notes.

Assets and liabilities are valued at actual costs, excluding assets for which impairment provisions were formed as prescribed, and also estimated liabilities.

Uncertainty associated with estimates

Below are the main assumptions regarding future events and other sources of uncertainties associated with estimates that, as of the reporting date, create a substantial risk of the need of substantial adjustments to be made to the carrying value of the assets and liabilities during the next reporting year:

- Provision for impairment of financial investments.

2.2 Foreign currency transactions

Assets and liabilities denominated in foreign currency and the procedure for conversion of these assets and liabilities into the currency of the Russian Federation, i.e. roubles, are accounted for in accordance with the Russian Accounting Standard (RAS) 3/2006 *Accounting for Assets and Liabilities Denominated in Foreign Currency* (as approved by the Ministry of Finance of the Russian Federation Order No. 154n dated November 27, 2006).

Transactions denominated in a foreign currency are accounted for in Russian roubles. The value of assets and liabilities in a foreign currency is converted into Russian roubles at the exchange rate set by the Central Bank of the Russian Federation for the relevant foreign currency to the Russian rouble as of the date of execution of the transaction in foreign currency and as of the date of preparation of the accounting statements. In the financial results statement and the cash flow statement the said transactions are recorded according to the exchange rate as of the date of the transaction.

Translation of the original Russian version

Foreign exchange differences generated during a year from transactions for converting into roubles (including as of the reporting date) of the value of assets and liabilities denominated in foreign currency, which are payable in foreign currency or roubles, are recognized in financial results as other expenses or income.

FX rates in effect as of December 31, 2021:

- USD – 74.2926;
- Euro – 84.0695;
- GBP – 100.0573;
- CHF – 80.9376.

2.3 Changes to accounting policy

The changes in the accounting policy effective since January 1, 2021 were caused by the Federal Accounting Standards FSBU 5/2019 *Inventories*. The said changes did not affect the financial statements as the Company had no inventory as of December 31, 2021, December 31, 2020 and December 31, 2019.

No other decision to change the accounting policy were taken that could have a material effect on the indicators in the 2021 statements.

The changes in the accounting policy effective since January 1, 2022 were caused by the Federal Accounting Standards FSBU 6/2020 *Property, Plant and Equipment* and 25/2018 *Rental*. The financial statements reflect changes in the accounting policy effective since January 1, 2022 caused by FSBU 6/2020 *Property, Plant and Equipment*, namely pursuant to clause 49 of the said Federal Accounting Standards. The financial statements reflect changes in the accounting policy effective since January 1, 2022 caused by FSBU 25/2018 *Rental*, namely pursuant to clause 50 of the said Federal Accounting Standards.

2.4 Financial investments

Financial investments (other than financial investments in subsidiaries) are accounted for by the Company in accordance with RAS 19/02 *Financial Investment Accounting* approved by Order No. 126n of the Ministry of Finance of the Russian Federation dated December 10, 2002 (as amended on April 6, 2015).

For purposes of fair presentation, financial investments in subsidiaries are accounted for in accordance with IFRS 27 *Separate Financial Statements*.

This deviation from the method of accounting established by the Federal accounting standard was made as the Company discloses its consolidated financial statements prepared in accordance with the International Financial Reporting Standards (with consideration of paragraph 2 of clause 7 of RAS 1/2008 *Accounting Policy of the Organization*). And with consideration of the fact that investments in subsidiaries constitute a significant share in the total balance of the Company's balance sheet in terms of value, application of the rules of International Financial Reporting Standards will allow to prepare accounting statements that provides a reliable and complete presentation of the Company's financial situation, financial results of its activities and changes in its financial position.

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In the event that the accounting of investments in subsidiaries under IFRS 27 *Separate Financial Statements*, requires the application of other related International Financial Reporting Standards, particularly, IFRS 36 *Impairment of Assets*, as discussed below, the Company shall apply those standards instead of the relevant federal accounting standards.

Financial investments in subsidiaries are recorded at cost less the provision for impairment, which is recognized as an expense for the period during which the impairment is identified.

Impairment of financial investments in subsidiaries

The recoverable amount of investments in subsidiaries is assessed in accordance with IFRS 36 *Impairment of Assets* as the relevant federal accounting standards do not stipulate any procedure of determining the recoverable amount of investments in subsidiaries.

As of each reporting date, each financial investment in a subsidiary is evaluated to find any indicators of its possible impairment. A financial investment is impaired if there is indicators that an event resulting in loss occurred after its initial recognition and such event had a negative impact on expected future cash flows from this asset, which can be reliably estimated.

Indicators of impairment may include a significant or prolonged decrease in its fair value below its current value.

Losses from impairment of an investment in a subsidiary are recognized when its carrying value exceeds its recoverable amount.

The recoverable amount of such financial investment is the greater of its value in use and its fair value less cost to sell. In determining the value in use of an financial investment, the Company estimates: (a) the share of the present value of estimated future cash flows expected to be generated by the financial investee, including cash flows from operations of the financial investee and proceeds from disposal of the investment; or (b) the present value of estimated future cash flows expected to arise from dividends to be received from the financial investee and from its disposal depending on which available information with respect to each financial investee is more reliable.

Impairment losses recognized in prior periods are assessed as of each reporting date for any indicators that the loss has decreased or no longer exists. Amounts impaired are reversed if there has been a change in the estimates used to calculate the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognized.

The Company has the following financial investments:

RUB thousand

	As at December 31, 2021	As at December 31, 2020
Long-term financial investments	313,368,784	313,734,439
<i>Shares</i>	<i>313,368,784</i>	<i>313,734,439</i>
Short-term financial investments	1,079,501	376,365
<i>Loans issued</i>	<i>1,079,501</i>	<i>376,365</i>
Total	314,448,285	314,110,804

Translation of the original Russian version

Amounts include interest on loans issued and provision for impairment.

In 2021, the Company concluded a new agreement and issued a RUB 751,572 thousand loan to its subsidiary. The loan is at the CB rate per year with payment on demand.

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

Name	Country of incorporation	Ownership and equity interest, %	
		As at December 31, 2021	As at December 31, 2020
IPJSC United Company Rusal	Russian Federation (formerly, Jersey)	56.88%	56.88%
CATONA COMMERCIAL LTD	British Virgin Islands	100%	100%
EN+ DOWNSTREAM HOLDINGS LIMITED	Republic of Cyprus	100%	100%
ILLC EN+ Holding	Russian Federation (formerly Republic of Cyprus)	100%	100%
FORDMA LIMITED	Republic of Cyprus	100%	100%
DASTEN LIMITED	Jersey	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%
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	Liquidated	100%
EN+ SILICON HOLDINGS LIMITED	Republic of Cyprus	Liquidated	100%
EN+ COAL LIMITED	Republic of Cyprus	99.9%	99.9%
EN+ CONSULT LIMITED	United Kingdom	100%	100%
ASTIBE LIMITED	British Virgin Islands	100%	100%
S.P.I. SUNLIGHT POWER INVESTMENT LTD	Republic of Cyprus	100%	100%
ALSIB PLC	Republic of Cyprus	99.9%	–
Other financial investments			
Hong Kong Mercantile Exchange Limited	Hong Kong	1.047%	1.047%
EN+ Management LLC	Russian Federation	0.0008%	0.0008%

The long-term financial investments are mainly represented by investments in UC RUSAL. As at December 31, 2021 and December 31, 2020, the Company's investment in UC RUSAL was USD 4,595,337 thousand (RUB 293,503,739 thousand). During the reporting period, the share price of UC RUSAL increased from USD 0.47 (HKD 3.61) per share as at 31 December 2020 to USD 0.97 (HKD 7.55) per share as at 31 December 2021. The market capitalisation of investment in UC RUSAL amounted to USD 8,369,566 thousand (RUB 621,796,806 thousand) at 31 December 2021, as at 31 December 2019 – USD 4,022,904 thousand (RUB 297,194,849 thousand).

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As at December 31, 2021, in accordance with the accounting policy an impairment test of investment in UC RUSAL was performed. 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 8.4 million metric tonnes of alumina and of 16.7 million metric tonnes of bauxite. Bauxite and alumina will be used primarily internally for production of primary aluminium;
- Aluminium sales prices were based on the long-term aluminium price outlook derived from available industry and market sources at USD 2,623 per tonne for primary aluminium in 2022, USD 2,476 in 2023, USD 2,371 in 2024, USD 2,375 in 2025, USD 2,411 in 2026. Alumina prices were derived from the same sources as aluminium prices at USD 345 per tonne for alumina in 2022, USD 319 in 2023, USD 316 in 2024, USD 320 in 2025, USD 352 in 2026. 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 72.2 for one USD in 2022, RUB 74.7 in 2023, RUB 76.8 in 2024, RUB 79.2 in 2025, RUB 80.7 in 2026. Inflation of 3.3-6.6% in RUB and 2.0-4.0% 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 11.5%;
- A terminal value was derived following the forecast period assuming a 2.0% annual growth rate.

Values assigned to key assumptions and estimates used to measure the units' recoverable amount were 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 of the analysis showed that realistic changes in the used assumptions and estimates do not cause impairment of the investment.

As at December 31, 2020 in accordance with the accounting policy an impairment test of investment in UC RUSAL was performed. 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 assets. 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 8.5 million metric tonnes of alumina and of 15.7 million metric tonnes of bauxite. Bauxite and alumina are primarily used internally for the production of primary aluminium;
- Aluminium sales prices were based on the long-term aluminium price outlook derived from available industry and market sources at USD 1,919 per tonne for primary aluminium in 2021, USD 1,906 in 2022, USD 1,927 in 2023, USD 1,955 in 2024, USD 2,003 in 2025. Alumina prices were derived from the same sources as the aluminium prices at USD 295 per tonne for alumina in 2021, USD 304 in 2022, USD 307 in 2023, USD 318 in 2024, USD 335 in 2025. Operating costs were projected based on the historical performance adjusted for inflation;

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- Nominal foreign currency exchange rates applied to convert operating costs of the Group denominated in RUB into USD were RUB 73.2 in 2021, RUB 71.9 in 2022, RUB 71.2 in 2023, RUB 72.5 in 2024, RUB 74.1 in 2025. Inflation of 3.8-4.1% in RUB and 1.5-2.2% 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 11.4%;
- A terminal value was derived following the forecast period assuming a 2.0% annual growth rate.

Values assigned to key assumptions and estimates used to measure the units' recoverable amount were 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 of the analysis showed that realistic changes in the used assumptions and estimates do not cause impairment of the investment.

Based on results of impairment testing, management concluded that no impairment should be recorded in relation to the investment in UC RUSAL as at December 31, 2021 and December 31, 2020.

As at December 31, 2021, the Company made an additional analysis of its investments in other subsidiaries. As a result an impairment of RUB 517,585 thousand was recognised (2020: impairment of investments of RUB 937,740 thousand).

2.5 Capital and reserves

As at December 31, 2021, the Company's equity recognized in the balance sheet includes:

- Charter capital – RUB 3,001 thousand (638,848,896 shares with the nominal value of USD 0.00007 per share for the total amount of USD 44,719.42). All issued shares were fully paid.
- In line 1350 “Additional capital (excl. revaluation)” of the balance sheet, the Company records its share premium of RUB 96,780,190 thousand, received as a result of the following events:
 - Offering of 107,142,858 depositary receipts at the offer price of USD 14 at the London Stock Exchange and the Moscow Exchange in November 2017. As a result of the offering, the additional capital of RUB 62,116,160 thousand (USD 972,542 thousand at the exchange rate as at July 9, 2019) was recognized.
 - In January 2019, the Company issued 67,420,324 shares with the nominal value of USD 0.00007 each with further issue of depositary receipts for these shares to Glencore Group Funding Limited (Glencore) in accordance with the securities exchange agreement in exchange for 8.75% shares in UC RUSAL. As a result of the transaction, the additional capital of RUB 34,664,030 thousand was recognized (USD 542,729 thousand at the exchange rate as at July 9, 2019).

There were no changes in charter and additional capital in 2021.

- Retained earnings of previous years – RUB 156,315,519 thousand;
- Net profit for the reporting year – RUB 12,529,652 thousand.

Translation of the original Russian version

2.6 Loans and borrowings

Loans and borrowings are accounted by the Company in accordance with Russian Accounting Standard RAS 15/2008 *Accounting of Expenses Related to Loans and Borrowings* approved by the Order No. 107n of the Russian Ministry of Finance on October 6, 2008.

The Company has no credit indebtedness.

All Company's borrowings were received from subsidiaries (direct or indirect ownership).

The Company had the following borrowings:

Contract currency	Fixed/ variable rate	Rate	As at December 31, 2021	As at December 31, 2020
Long-term borrowings			28,966,724	46,348,107
RUB			28,966,724	46,348,107
	Variable	CBR,*0.85	–	14,385,346
	Variable	CBR,*1.22	2,176,317	129,508
	Variable	CBR,*1.1	–	2,235,682
	Variable	CBR,+2.02%	26,790,407	29,597,571
Short-term borrowings			19,727,385	14,342,533
RUB			19,550,294	14,147,113
	Fixed	0%	513,156	6,274,171
	Fixed	0.10%	46,175	77,794
	Fixed	3.80%	–	2,874,979
	Variable	CBR,*1.25	–	1,993,669
	Variable	CBR,+1.22%	–	2,101,000
	Variable	CBR,*0.85%	18,990,963	825,500
USD			563	12,604
	Fixed	0%	–	12,068
	Fixed	0.10%	563	536
EUR	Fixed	0%	176,528	182,816
Total			48,694,109	60,690,640

CBR – Key Rate of Central Bank of the Russian Federation.

The long-term loans are repayable in 2023-2026.

All accrued interest on loans received are included in Interest payable for the reporting period.

2.7 Estimated provisions and liabilities

The Company accounts for estimated liabilities in accordance with the provisions of Russian Accounting Standard (RAS) 8/2010 *Provisions, Contingent Liabilities and Contingent Assets*, approved by Order of the Ministry of Finance of the Russian Federation No. 167n dd. December 13, 2010.

Estimated provisions and liabilities are created by the Company for the purpose of clarifying the valuation of certain categories of assets.

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The Company establishes the following provisions:

- For impairment of financial assets;
- For bad debts;
- Future payment of employee vacations;
- Future payment of bonuses for the reporting year.

Provision for impairment of financial investments is described in clause 2.5.

No bad debt provision for receivables recognized as doubtful, was formed as of December 31, 2021.

As at December 31, 2021, a provision of RUB 239,051 thousand in the form of a reserve for future payment of employee's vacations and future payment of bonuses for the reporting year was accrued and disclosed as short-term liabilities in line 1540 of the balance sheet. As at December 31, 2021, the provision of RUB 2,438 thousand was accrued as a reserve for future payment of employee's vacations.

2.8 Income and expense recognition

Income is accounting for in accordance with the requirements of RAS 9/99 *Incomes of the Organization* (approved by the Ministry of Finance of the Russian Federation dd. May 6, 1999 No. 32n), and expenses – RAS 10/99 *Expenses of the Organization* (approved by the Ministry of Finance of the Russian Federation dd. May 6, 1999 No. 33n), respectively.

Financial results of the Company are reflected in the Statement of financial results as follows:

- Income and expenses from ordinary activities;
- Other income and expenses.

General (administrative) expenses of the Company are fully recognized in the current period as expenses from ordinary activities and are debited to account 90.08 “Administrative Expenses”.

Revenues from the ordinary activities of the Company, in the form of dividends received, amounted to:

Revenue	For 2021	For 2020
Dividends from ILLC EN+ HOLDING	17,501,900	1,637,100

The Company has no cost of sales for 2020 and 2021.

Administrative expenses amounted to:

Type of expense from ordinary activities	For 2021	For 2020
Personnel costs	1,111,749	888,473
Legal services	265,020	290,417
PR and marketing services	188,582	59,026
Consulting services	33,085	48,148
Other services	283,777	101,209
Total administrative expenses (line 2220 of the Statement of financial results)	1,882,213	1,387,273

Translation of the original Russian version

In the accounting (financial) statements, other income and related other expenses arising from similar transactions are recorded separately, except for:

- Foreign currency purchase/sale transactions;
- Exchange differences from foreign currency transactions.

Type of other income and expense	For 2021	For 2020
Provision for impairment of financial investments	637,529	–
FX differences	9,459	100,397
Other	9,008	157,070
Total other income (line 2340)	655,996	257,467
Provision for impairment of financial investments	(517,585)	(937,740)
VAT paid as a tax agent	(83,740)	(52,838)
Membership fees	(17,822)	(25,760)
FX differences	–	(149,420)
Other	(2,849)	(295,811)
Total other expense (line 2350)	(621,996)	(1,461,569)

2.9 Earnings per share

Information on earnings per share is disclosed by the Company in accordance with the *Methodological Recommendations on Disclosure of Information on Profit per Share* approved by Order of the Russian Federation Ministry of Finance No. 29n dated March 21, 2000.

Basic earnings per share reflect a part of the profit for the reporting period that can potentially be distributed to ordinary shareholders. It is calculated as the ratio of basic earnings for the reporting period to the average weighted number of ordinary shares outstanding during the reporting year.

Item	For 2021	For 2020
Basic earnings (loss) for the reporting year, RUB thousand	12,529,652	(3,306,396)
Average weighted number of ordinary shares outstanding during the reporting year, thousand shares	638,848,896	638,848,896
Basic profit/(loss) per share, rubles	19.61	(5.18)

Diluted earnings per share were not calculated, as there were no factors having a dilutive effect for the basic earnings per share.

2.10 Income tax calculation

The Company calculates and pays taxes and charges in accordance with the tax law of the Russian Federation, the tax laws of the constituent entities of the Russian Federation, tax regulations adopted by local authorities.

Corporate income tax calculations are accounted in accordance with the Accounting Regulation PBU 18/12 *Corporate Income Tax*.

Tax accounting is done based on data from accounting registers.

For taxation purposes, formation of income was performed in accordance with Article 25 of the Tax Code of the Russian Federation, incl. the changes and additions effective since January 1, 2021.

Translation of the original Russian version

The Company evaluates earnings and expense on an accrual basis for taxation purposes. Earnings/(expense) are recognized in the period they were actually incurred regardless the actual cash receipt/(expenditure).

For the income tax calculation purposes, earnings are recognized, subject to the following:

- Expense is economically justified;
- Expense is done to ensure activities aimed at generation of income;
- Expense is confirmed by documents executed in accordance with the law of the Russian Federation.

The current income tax for the reporting (tax) period is determined based on the amount of temporary income tax expense/(profit) adjusted by the amounts of permanent tax liability/(asset), increase or decrease in deferred tax asset and deferred tax liability for the reporting (tax) period.

		For 2021	For 2020
Earnings/(loss) before tax	[1]	12,529,633	(3,306,358)
Income tax rate, %	[2]	20%	20%
Temporary income tax expense/(profit)	[3] = [1] * [2]	(2,505,927)	661,272
Permanent and deferred tax liability/(asset)	[4]	(2,505,688)	(661,510)
Permanent tax profit		(102,035)	–
Permanent tax profit (dividends)		(3,500,380)	(327,420)
Permanent tax expense		1,096,471	988,729
Deferred tax liability		256	201
Income tax expense/(profit)	[5] = [3] + [4]	(239)	(238)

Earnings/(loss) before tax as per the financial statements amounted to RUB 12,529,633 thousand, with the income tax base at RUB 1,193 thousand.

In accordance with the Russian Accounting Standard (RAS) 18/02 *Income Tax Accounting*, application of various rules for reflecting expenses and earnings in book-keeping and tax accounting records creates difference between the accounting and taxable profit reflected in the balance sheet and in the statement of financial result.

The difference (permanent – NtTP) between the earnings in book-keeping records and earnings in tax accounting records is mainly created as a result of provisions for financial investments.

The permanent differences (NtTE) were created as a result of expenses not accounted for as prescribed by Article 25 of the Tax Code of the Russian Federation, incl.:

- Expenses not accounted for the taxation purposes in accordance with Article 270 of the Tax Code of the Russian Federation;
- Provisions for financial investments.

Deferred taxes are accounted for by the Company in accordance with the Russian Accounting Standard (RAS) 18/02, the difference between the book-keeping and taxable income (loss) created as a result of the use of various rules of recognition of earnings and expenses stipulated by the accounting regulations, the Russian law on taxes and charges, and the resulting permanent and temporary differences.

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Deferred tax assets and deferred tax liabilities are reflected in book-keeping on the accounts 09 “Deferred tax assets” and 77 “Deferred tax liabilities”. Permanent tax income and permanent tax expense are reflected in book-keeping on the account 99.02.3.

Tax risks

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 from Jersey) (the tax residency prior to redomiciliation was on Cyprus) 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.

2.11 Cash flow statement

The Cash Flow Statement is prepared in accordance with the Russian Accounting Standard (RAS) 23/2011 *Cash Flow Statement* approved by Order of the Ministry of Finance dd. February 2, 2011 No. 11n.

The cash flow statement reflects payments done by the Company and cash and cash equivalents received by the Company, as well as opening and closing balances of cash and cash equivalents.

The statement contains data about all cash inflows of the Company, from transactions involving both cash, foreign currencies, bank transfers, and involving cash equivalents.

Deposits placed for a period less than 3 months are recognized as cash equivalents.

The amount of cash flows in foreign currencies is converted into roubles at the official exchange rate established by the Central Bank of the Russian Federation on the date of the respective payment.

Cash flows are reflected in the cash flow statement on a compressed basis when they are characterized by rapid turnover, large amounts and short repayment periods. Such turnovers include deposits for up to three months.

The cash balance at the end of the reporting period (line 4500) is affected by changes in the exchange rate of foreign currency to the rouble (line 4490).

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3. Other notes

3.1 Related parties

Information on related parties is disclosed by the Company subject to the Russian Accounting Standard (RAS) 11/2008 *Information on Related Parties* approved by Order No. 48n of the Ministry of Finance of the Russian Federation dated April 29, 2008.

Related parties of the Company include persons which are affiliated with the Company, in particular, based on belonging to the same group of entities with the Company, i.e. EN+ Group.

Ultimate beneficiary

The Company is an issuer of securities listed for organized trading on Moscow Exchange. Global Depository Receipts certifying the rights in respect of the Company's shares are listed for organized trading on London Stock Exchange.

Pursuant to Article 6.1, clause 2 of Federal Law No. 115-FZ dated August 7, 2001 *On Anti-Money Laundering and Combating the Financing of Terrorism* (hereinafter, "FZ-115"), the obligation of legal entities to have information about their beneficial owners and take measures, which are reasonable and available in current circumstances, to find out the details of their beneficiary owners, as prescribed by Article 7, clause 1, subclause 1, paragraph 2 of FZ-115, will not apply to the persons specified in Article 7, clause 1, subclause 2, paragraphs 2-5 of FZ-115, including issuers of securities listed for organized trading that disclose information in accordance with the securities laws of the Russian Federation.

Information about the Company is available at the Internet page used by the Company to disclose information in accordance with the laws of the Russian Federation: on the page of the authorized news agency Interfax-CRCI (<https://www.e-disclosure.ru/portal/company.aspx?id=37955>); and on the Company's corporate website (www.enplusgroup.com).

The Company discloses information about its related parties by type of transactions.

Prices for transactions with related parties are set separately on a case-by-case basis, but not necessarily on the arm's length basis.

Turnovers with related parties

Transactions (cash flows) with related parties – subsidiaries – for the reporting period:

Item	For 2021	For 2020
Dividends received	17,501,900	1,637,100
Financial Investments	(2,218)	(1,000,091)
Purchase of goods, works and services	(8,498)	(65,239)
Borrowings received	5,945,000	1,512,498
Borrowings repaid	(842,492)	(283,500)
Interest on borrowings received	(19,217,352)	(778,811)
Dividends received	(1,913,332)	(35,360)

Translation of the original Russian version

Balances within transactions with related parties

Item	As of December 31, 2021	As of December 31, 2020
Financial investments in subsidiaries*	313,368,784	313,734,439
Loans issued*	1,079,501	376,365
Accounts receivable*	8,845	8,796
Borrowings received	44,760,157	57,046,889
Interest on borrowings received	3,933,952	3,643,751
Accounts payable	4,375	15,040

* Including provision for impairment.

No dividends were accrued and paid in 2020 and in 2021.

Remuneration to key management personnel

The Company's key management personnel include persons, responsible for management of EN+ Group, inter alia the Company's General Director and members of the Company's Board of Directors.

The list of members of the Company's Board of Directors is contained in the 'General Information' section of the Notes.

Item	For 2021	For 2020
Remuneration to key management personnel*	823,362	663,702

* Includes salaries and bonuses.

The remuneration amounts are net of insurance contributions to the Pension Fund, Social Insurance Fund and Compulsory Medical Insurance Funds.

There are no long-term remuneration to key management personnel.

The Company's activities cover one segment.

3.2 Information about business environment

As at December 31, 2021, the Company had no business events, other than the guarantees issued to the Company's subsidiaries, where there is an uncertainty regarding their consequences and probability of their occurrence in the future.

In February 2020, the Company provided a guarantee to Sberbank for the 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. In December 2020 acquired shares were pledged under the Sberbank loan agreement.

Translation of the original Russian version

As at December 31, 2021 and December 31, 2020 the Company provided the guarantees for its subsidiaries of RUB 189,260,130 thousand (including the guarantee described above) and RUB 202,342,492 thousand, respectively. The guarantees are repaid simultaneously with the ultimate maturity in December 2022 and December 2026 and can be called at any time in case of default of the original borrower.

Management estimates the probability of cash outflows under issued guarantees as being low.

3.3 Liquidity risk

Company's current liabilities exceed its current assets by RUB 20,362,091 thousand at December 31, 2021 (December 31, 2020: RUB 14,292,250 thousand). The financial statements of the Company have been prepared on a going concern basis after taking into consideration that as at December 31, 2021 the Company has unused credit facilities of RUB 13,673,224 thousand under the current loan agreements (December 31, 2020: RUB 15,502,974 thousand). The short-term borrowings of the Company as at December 31, 2021 are represented by balances due to subsidiary companies (direct and indirect subsidiaries). The Company has the power and ability to control operations of its subsidiaries and will be able to defer repayment of these loans until 2023 and beyond, if required, to ensure it has sufficient liquidity to finance its operations.

Since 2014, the United States of America, the European Union and some other countries have imposed and gradually tightened economic sanctions against a number of Russian citizens and legal entities. The sanctions created increased economic uncertainty, including high volatility in the capital markets, a depreciation of the Russian ruble, a reduction in foreign and domestic direct investments, and a significant reduced sources of debt financing. In particular, some Russian companies may experience challenges in accessing the international stock and debt markets, which may lead to a higher dependence on support from the government. After the reporting date, these sanctions were tightened (see clause 3.6). It is difficult to assess the consequences of the imposed and possible additional sanctions in the long term.

3.4 Analysis of the impact of the COVID-19 pandemic on the Company's reporting

During 2021, the Russian and global economies continued to recover from the pandemic due to increased business activity and certain support measures provided by the government. At the same time, as of the date of these accounting (financial) statements, the Company and the Group continue to assess their financial position and future cash flows, carefully monitor all changes in the market, and also take measures to reduce operational risks from the spread of COVID-19.

3.5 Discontinued operations

Discontinued operations are disclosed by the Company in accordance with the Russian Accounting Standard (RAS) 16/02 *Information on Discontinued Operations* approved by Order No. 66n of the Ministry of Finance of the Russian Federation dated July 2, 2002. The Company does not plan to discontinue operations.

3.6 Events after the reporting date

The Company accounts for the events after the reporting date and disclose them in the Company's financial statements in accordance with the Russian Accounting Standard (RAS) 7/98 *Events after the Reporting Date* approved by Order of the Ministry of Finance of the Russian Federation No. 56n dated November 25, 1998.

Translation of the original Russian version

The growing geopolitical tensions and the recent developments in Ukraine have had a negative impact on the Russian economy, including difficulties in obtaining international funding, significant increase in volatility on the securities and currency markets as well as significant devaluation of national currency and high inflation.

The United States of America and the European Union imposed sanctions against a number of Russian banks, which restrict their access to European financial markets, foreign assets were frozen for certain banks, and sanctions were introduced that restrict the access of Russian organisations to Euro and US dollar markets.

A number of other countries announced new packages of sanctions against certain Russian legal entities and personal sanctions against a number of individuals. In addition, Australia banned the export of alumina and bauxite to Russia, which, together with the suspension of production at Mykolaiv Alumina Refinery Company Ltd, may affect the availability or cost of alumina and bauxite purchase prices for the Company's largest subsidiary, UC RUSAL.

In March 2022 new temporary restrictive economic measures were introduced in Russian Federation, which include among others a prohibition to issue loans by residents to non-residents in foreign currency, deposit foreign currency to own bank accounts by residents in foreign currency, limitations on dividends and other payments on securities to foreign investors.

If the situation persists or continues to develop significantly, including the loss of significant parts of foreign markets, which cannot be reallocated to new markets, it may affect the Company and its subsidiaries' business, financial condition, prospects and results of operations.

The Company regards these events as non-adjusting events after the reporting period, the quantitative impact, in relation to all significant assets and liabilities, of which cannot be estimated as at the date of issue of these consolidated financial statements with a sufficient degree of confidence.

Additional sanctions and restrictions on the business activity of Russian legal entities and individuals, as well as counter measures from Russian authorities might be introduced, the full range and possible consequences of which cannot be assessed.

General Director

V.A. Kiriukhin

March 30, 2022