

JSC “UZAUTO MOTORS”

**Consolidated Financial Statements
for the year ended 31 December 2023
and Independent Auditor's Report**

JSC “UZAUTO MOTORS”

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JSC "UZAUTO MOTORS"

STATEMENT OF MANAGEMENT'S RESPONSIBILITIES FOR THE PREPARATION AND APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

Management is responsible for the preparation of the consolidated financial statements that present fairly the financial position of JSC "UZAUTO MOTORS" (the "Company") and its subsidiaries (the "Group") as of 31 December 2023, and the results of its operations, cash flows and changes in shareholders' equity for the year then ended, in accordance with International Financial Reporting Standards ("IFRSs") as issued by the International Accounting Standards Board.

In preparing the consolidated financial statements, management is responsible for:


- Properly selecting and applying accounting policies;
- Presenting information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- Providing additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group's consolidated financial position and financial performance; and
- Making an assessment of the Group's ability to continue as a going concern.

Management is also responsible for:


- Designing, implementing and maintaining an effective and sound system of internal controls, throughout the Group;
- Maintaining adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the consolidated financial position of the Group, and which enable them to ensure that the consolidated financial statements of the Group comply with IFRSs;
- Maintaining statutory accounting records in compliance with Uzbekistan legislation and accounting standards;
- Taking such steps as are reasonably available to them to safeguard the assets of the Group; and
- Preventing and detecting fraud and other irregularities.

The consolidated financial statements of the Group for the year ended 31 December 2023 were approved by management on 28 June 2024.

On behalf of the Management:


Bo Inge Andersson
General Director
Tashkent, Uzbekistan


K.J. Umurzakov
Chief Financial Officer
Tashkent, Uzbekistan


I.I. Burhanov
Chief Accountant
Tashkent, Uzbekistan

28 June 2024

INDEPENDENT AUDITOR'S REPORT

To Shareholders of Joint Stock Company "UzAuto Motors":

Opinion

We have audited the consolidated financial statements of JSC "UzAuto Motors" (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

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 Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (the "IESBA Code") together with the ethical requirements that are relevant to our audit of the consolidated financial statements in Uzbekistan, 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.



Ilia Gramotov, Qualified Auditor

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Key Audit Matters

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

Why the matter was determined to be a key audit matter

Contingent liabilities

The Group has disclosed contingent liabilities arising from legal claims in Note 31. The accounting policy related to contingent liabilities is disclosed in Note 3, key sources of estimation uncertainty are disclosed in Note 4.

The assessment of the existence of a present legal obligation, analysis of the probability of the related liability and analysis of a reliable estimate, is dependent to a high degree on discretionary estimates and assumptions by management.

Due to the level of judgement relating to the recognition, valuation and presentation of contingent liabilities arising from these claims, we determined this to be a key audit matter.

How the matter was addressed in the audit

We performed the following procedures with respect to contingent liabilities:

- obtained an understanding of management's processes of recording of the risks, the estimation of the outcome of the proceedings and the reflection in the consolidated financial statements of the legal proceedings;
- held discussions with the Group's internal legal department, other departments familiar with the matters related to the legal claims, and the Group's external advisors, in order to obtain explanations, and assess the appropriateness of the factors, that led to the respective estimations;
- we involved our internal legal experts to review all the available information and assist the engagement team in auditing assumptions used in recognition of contingent liability.
- obtained written assessments on legal cases from Group's external attorneys; and
- verified the adequacy and completeness of the presentation of contingent liabilities in the consolidated financial statements.



Ilya Gramotov, Qualified Auditor

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

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

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated financial statements.

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 consolidated 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 Group's internal control.



Ilia Gramotov, Qualified Auditor

- 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 Group'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 consolidated 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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated 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 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 those charged with governance, 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.

Deloitte & Touche" Audit Organisation LLC is included in the Register of auditing organizations of the Ministry of Finance of the Republic of Uzbekistan from 8 June 2021


Iliya Gramotov

Qualified Auditor

Auditor qualification certificate authorizing audit of companies, #05422 dated 20 August 2016 issued by the Ministry of Economy and Finance of the Republic of Uzbekistan

28 June 2024
Tashkent, Uzbekistan




Turgunboy Tokhirov
Acting Director

"Deloitte & Touche" Audit Organisation LLC

JSC "UZAUTO MOTORS"

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (in thousands of US Dollars, unless otherwise stated)

	Notes	2023	2022 (Restated)*	2021 (Restated)*
ASSETS				
Non-current assets				
Property, plant and equipment	9	431,091	454,518	439,326
Intangible assets		1,409	1,773	2,311
Bank deposits	10	349,361	175,781	3,741
Restricted deposits	11	85,601	209,361	191,414
Loans issued		7,768	5,856	4,647
Other non-current assets	16,17	112,745	115,780	92,529
Investment in associate		14,322	15,068	-
Total non-current assets		1,002,297	978,137	733,968
Current assets				
Cash and cash equivalents	12	55,522	96,560	136,020
Restricted cash	13	10,561	65,613	70,648
Bank deposits	10	43,830	432,132	124,290
Restricted deposits	11	198,100	44	3,514
Loans issued		4,478	5,538	7,567
Trade and other receivables	14	170,107	180,519	207,487
Advances paid to suppliers	16	237,050	339,522	177,950
Income tax prepayments		464	8,054	-
Inventories	15	1,212,770	1,181,970	751,795
Total current assets		1,932,882	2,309,952	1,479,271
TOTAL ASSETS		2,935,179	3,288,089	2,213,239
EQUITY				
Share capital	17	358,144	357,790	266,667
Share premium		4,643	-	-
Additional paid in capital	17	131,731	131,611	131,611
Other reserves	17	96,604	96,604	96,604
Retained earnings		370,292	163,896	138,148
Cumulative translation differences		(175,220)	(109,605)	(88,422)
Equity attributable to the Company's owners		786,194	640,296	544,608
Non-controlling interest		519	513	538
TOTAL EQUITY		786,713	640,809	545,146
LIABILITIES				
Non-current liabilities				
Borrowings	19	401,032	302,707	299,915
Deferred income tax liability	30	21,501	23,578	22,096
Other non-current liabilities		6,385	4	1,764
Total non-current liabilities		428,918	326,289	323,775
Current liabilities				
Borrowings	19	58,962	9,870	28,827
Trade and other payables	20	781,288	495,267	450,939
Other taxes payables		4,087	3,546	5,079
Contract liabilities	21	815,424	1,772,990	846,919
Dividends and in-kind distributions	17	57,528	30,165	8,443
Other liabilities		2,259	9,153	4,111
Total current liabilities		1,719,548	2,320,991	1,344,318
TOTAL LIABILITIES		2,148,466	2,647,280	1,668,093
TOTAL EQUITY AND LIABILITIES		2,935,179	3,288,089	2,213,239

*See Note 6 for details

Approved for issue and signed on 28 June 2024.

Bo Inge Andersson
General Director
Tashkent, Uzbekistan

K.J. Umurzakov
Chief Financial Officer
Tashkent, Uzbekistan

I.I. Burhanov
Chief Accountant
Tashkent, Uzbekistan

The notes set out on page 10 to 44 form an integral part of these consolidated financial statements.


JSC "UZAUTO MOTORS"

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (in thousands of US Dollars, unless otherwise stated)


	Notes	2023	2022 (Restated)*
Revenue from contracts with customers	22	4,609,608	3,298,349
Cost of sales	23	(3,978,952)	(2,867,589)
Gross profit		630,656	430,760
General and administrative expenses	24	(71,972)	(77,542)
Selling expenses	25	(108,130)	(84,140)
Expected credit losses on trade receivables	14	691	(10,252)
Share of results of associate		654	697
Other operating income, net	26	17,270	22,255
Operating profit		469,169	281,778
Finance income	27	44,325	38,003
Finance costs	28	(35,819)	(15,940)
Net foreign exchange loss	29	(82,284)	(29,717)
Profit before income tax		395,391	274,124
Income tax expense	30	(61,626)	(38,190)
Profit for the year		333,765	235,934
Other comprehensive loss:			
<i>Items that may be reclassified to profit or loss:</i>			
Exchange differences on translation to presentation currency		(65,615)	(21,183)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		268,150	214,751
Profit is attributable to:			
- Owners of the Company		333,759	235,959
- Non-controlling interest		6	(25)
Total comprehensive income is attributable to:			
- Owners of the Company		268,144	214,776
- Non-controlling interest		6	(25)
Profit for the year attributable to owners of the Company	18	333,759	235,959
- Basic and dilutive earnings per share in US Dollars	18	1.23	1.27

*See Note 6 for details

Approved for issue and signed on 28 June 2024.


Bo Inge Andersson
General Director
Tashkent, Uzbekistan


K.J. Umurzakov
Chief Financial Officer
Tashkent, Uzbekistan


I.I. Burhanov
Chief Accountant
Tashkent, Uzbekistan

JSC "UZAUTO MOTORS"

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (in thousands of US Dollars, unless otherwise stated)

Notes	Share capital	Share premium	Attributable to owners of the Company				Non-controlling interest	Total
			Additional paid in capital	Other reserves	Cumulative translation differences	Retained earnings		
Balance at 1 January 2022 - As previously issued	266,667	-	131,611	96,604	(88,413)	137,718	538	544,725
Correction of error	-	-	-	-	(9)	430	-	421
Balance at 1 January 2022 as restated*	266,667	-	131,611	96,604	(88,422)	138,148	538	545,146
Profit for the year	-	-	-	-	-	235,959	(25)	235,934
Other comprehensive loss for the period	-	-	-	-	(21,183)	-	-	(21,183)
Total comprehensive income for the period	-	-	-	-	(21,183)	235,959	(25)	214,751
Capitalised amount	91,123	-	-	-	-	(95,918)	-	(4,795)
Dividends declared	-	-	-	-	-	(73,790)	-	(73,790)
Charity and sponsorship in accordance with orders of state regulatory and supervisory authorities	-	-	-	-	-	(40,503)	-	(40,503)
Balance at 31 December 2022 as restated*	357,790	-	131,611	96,604	(109,605)	163,896	513	640,809
Profit for the period	-	-	-	-	-	333,759	6	333,765
Other comprehensive loss for the period	-	-	-	-	(65,615)	-	-	(65,615)
Total comprehensive income for the period	-	-	-	-	(65,615)	333,759	6	268,150
Issued shares for sale	1,181	-	-	-	-	-	-	1,181
Repurchase of own shares	(827)	-	-	-	-	-	-	(827)
Premium arising on new share issuance	17	-	4,643	-	-	-	-	4,643
Distribution of non-cash assets to shareholders	17	-	-	-	-	(9,265)	-	(9,265)
Capital contribution from shareholders	17	-	-	120	-	-	-	120
Dividends declared	17	-	-	-	-	(83,995)	-	(83,995)
Charity and sponsorship in accordance with orders of state regulatory and supervisory authorities	17	-	-	-	-	(46,180)	-	(46,180)
Related current tax	17	-	-	-	-	12,077	-	12,077
Balance at 31 December 2023	358,144	4,643	131,731	96,604	(175,220)	370,292	519	786,713

*See Note 6 for details

Approved for issue and signed on 28 June 2024.

Bo Inge Andersson
General Director
Tashkent, Uzbekistan

K.J. Umurzakov
Chief Financial Officer
Tashkent, Uzbekistan

I.I. Burhanov
Chief Accountant
Tashkent, Uzbekistan

The notes set out on pages 10 to 44 form an integral part of these consolidated financial statements.

JSC "UZAUTO MOTORS"

CONSOLIDATED STATEMENT OF CASH FLOWS

(in thousands of US Dollars, unless otherwise stated)

	Notes	2023	2022 (Restated)*
Cash flows from operating activities			
Profit before income tax		395,391	274,124
Adjustments for:			
Share of results of associates		(654)	(697)
Depreciation of property, plant and equipment	9	59,813	34,604
Amortisation of intangible assets		597	633
(Gain)/loss on disposal of property, plant and equipment	26	(1,309)	2,362
Loss on disposal of subsidiary		-	(7,570)
Expected credit (gain)/losses on trade receivables	14	(691)	10,252
Net foreign exchange loss	29	82,284	29,717
Finance income	27	(44,325)	(38,003)
Finance costs	28	35,819	15,940
Operating cash flows before working capital changes		526,925	321,362
Net change in:			
Trade and other receivables		(23,311)	(4,786)
Advances paid to suppliers		75,500	(164,724)
Inventories		(159,371)	(463,391)
Restricted deposits		(89,754)	7,310
Restricted cash		55,359	2,147
Other non-current assets		7,669	(26,866)
Trade and other payables		270,230	66,591
Contract liabilities		(838,439)	970,391
Taxes and related charges payable		(3,553)	(6,996)
Other liabilities		(6,665)	7,094
Operating cash (inflows)/flows after working capital changes		(185,410)	708,132
Interest paid on borrowings	19	(17,622)	(7,367)
Interest paid on trade payables		(13,297)	(7,717)
Interest received		8,729	32,470
Income tax paid		(42,114)	(49,081)
Net cash (used in)/from operating activities		(249,714)	676,437
Cash flows from investing activities			
Purchase of property, plant and equipment		(73,882)	(78,071)
Proceeds from sale of property, plant and equipment		3,446	2,092
Cash outflow on disposal of subsidiary		(138)	(3,492)
Capitalised interest paid		-	(8,174)
Purchase of intangible assets		(382)	(230)
Loans issued		(122)	-
Repayment of loans issued		1,117	404
Bank deposits placements		(181,325)	(1,130,798)
Proceeds from matured bank deposits		404,650	612,090
Net cash from/(used in) investing activities		153,364	(606,179)
Cash flows from financing activities			
Proceeds from borrowings	19	150,649	6,830
Repayment of borrowings	19	(890)	(23,189)
Proceeds from issuance of new shares		5,824	-
Purchase of own shares		(827)	-
Dividends paid to the Company's shareholders		(84,701)	(61,615)
Charity and sponsorship in accordance with orders of state regulatory and supervisory authorities		(8,309)	(26,422)
Net cash from/(used in) financing activities		61,746	(104,396)
Net decrease in cash and cash equivalents		(41,038)	(39,460)
Cash and cash equivalents at the beginning of the year	12	96,560	136,020
Effect of exchange rate changes on cash and cash equivalents		(907)	(614)
The effect of translation to presentation currency		(5,527)	(4,708)
Cash and cash equivalents at the end of the year	12	55,522	96,560

*See Note 6 for details

Approved for issue and signed on 28 June 2024.

Bo Inge Andersson
General Director
Tashkent, Uzbekistan

K.J. Umurzakov
Chief Financial Officer
Tashkent, Uzbekistan

I.I. Burhanov
Chief Accountant
Tashkent, Uzbekistan

The notes set out on pages 10 to 44 form an integral part of these consolidated financial statements.

JSC “UZAUTO MOTORS”

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(in thousands of US Dollars, unless otherwise stated)

1. GENERAL INFORMATION

Organisation and operations

JSC “UzAuto Motors” (the “Company”) and its subsidiaries (together referred to as the “Group”) manufacture vehicles, and sell vehicles and spare parts, under the brand of Chevrolet to dealers and distributors mainly in Uzbekistan and CIS countries.

The Company was established as a joint venture company with Daewoo Motors Company in March 1993. In October 2005, the Company became wholly owned by JSC “Uzavtosanoat” (the “Ultimate Parent Company”). Based on the Decree of the President of the Republic of Uzbekistan # PP-800, the Company was recognised as a joint stock company “General Motors Uzbekistan” and is domiciled in Uzbekistan. The Company changed its name from JSC “General Motors Uzbekistan” to JSC “UzAuto Motors” effective from 1 July 2019.

In October 2017, the Ultimate Parent Company and General Motors Company, USA (“GM”) agreed to create the GM Alliance, which is a new cooperation platform that meets the needs of the Uzbekistan growing automotive industry. GM Alliance also provides an access to GM’s automotive technologies and know-how. Within the GM Alliance, the Ultimate Parent Company assumes full control over operating activity in the production of cars and car engines. On 25 August 2020, the Ultimate Parent Company agreed to establish an immediate Parent Company of the Group – “UzAuto Passenger Vehicles Management” LLC (the “Immediate Parent Company”). The Immediate Parent Company is the sole shareholder of the Company.

As at 31 December 2023 the ultimate controlling party is the Government of the Republic of Uzbekistan represented by the Ministry of Economy and Finance of the Republic of Uzbekistan.

The Company’s registered address is 81 Xumo Street, Asaka, Andijan region, Republic of Uzbekistan. The Group’s manufacturing facilities are primarily based in Asaka (Andijan Region), and Pitnak city (Khorezm Region), Uzbekistan. Eight automobile models under the Chevrolet brand were produced in these facilities during 2023 and 2022. The maximum production capacity of the Company is approximately 430 thousand vehicles annually.

As at the end of the reporting year, the Company owns the following subsidiaries and associate:

	<u>Nature of business</u>	<u>Percentage of voting rights</u>	<u>Percentage of ownership</u>	<u>Country of registration</u>
Subsidiaries as of 31 December 2023				
"Research and Development Center" LLC	Research and development	100.00%	100.00%	Uzbekistan
"Avtosanoat-Injiniring" LLC	Construction	98.01%	98.01%	Uzbekistan
Associates as of 31 December 2023				
"Uzlogistic" LLC	Logistic services	47.30%	47.30%	Uzbekistan

JSC “UZAUTO MOTORS”

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(in thousands of US Dollars, unless otherwise stated)

Subsidiaries as of 31 December 2022

"Kurgontepa Tibbiyot Diagnostika Markazi" LLC	Healthcare	100.0%	100.0%	Uzbekistan
"Khonobod Sihatgohi" LLC	Service	100.0%	100.0%	Uzbekistan
"Grand Auto Palace" LLC	Service	100.0%	100.0%	Uzbekistan
"Research and Development Center" LLC	Research and development	100.0%	100.0%	Uzbekistan
"Avtosanoat-Injiniring" LLC	Construction	97.70%	97.70%	Uzbekistan

Associates as of 31 December 2022

"Uzlogistic" LLC	Logistic services	47.30%	47.30%	Uzbekistan
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On 19 May 2022, the Supervisory board of the Group made a decision to dispose of "Avtosanoat-Injiniring" LLC. The disposal had been expected to be completed in May 2023. As of the reporting date, the buying company notified the Group of its inability to complete the transaction and the decision to dispose the subsidiary was postponed. The Group disclosed "Avtosanoat-Injiniring" LLC as a subsidiary in these Consolidated Financial Statements.

During 2023, in accordance with the Decree of the President of Republic of Uzbekistan #168 dated 18 March 2022 the Group has finalised the transfer of three non-profitable and non-core subsidiaries ("Kurgontepa Tibbiyot Diagnostika Markazi" LLC, "Khonobod Sihatgohi" LLC and "Grand Auto Palace" LLC) to state authorities (note 17).

As at 31 December 2023 and 2022, the Group had in total 16,511 and 14,144 employees, respectively.

Business environment

Emerging markets such as Uzbekistan are subject to different risks than more developed markets, including economic, political and social, and legal and legislative risks. Laws and regulations affecting businesses in Uzbekistan continue to change rapidly, tax and regulatory frameworks are subject to varying interpretations. The future economic direction of Uzbekistan is heavily influenced by the fiscal and monetary policies adopted by the government, together with developments in the legal, regulatory, and political environment.

Because Uzbekistan produces and exports gold in large volume, its economy is sensitive to the price of gold on the world market. During 2023, the gold price was subject to significant fluctuations with the average price of 1,943.00 USD per troy ounce (2022: 1,801.97 USD per troy ounce). At the end of 2023 the Uzbekistan's gross domestic product ("GDP") grew by 6% (2022: 5.7%). In 2023 inflation rate in the country declined to 8.8% per annum (2022: inflation was 12.3% per annum).

The military and political conflict between Russian Federation and Ukraine escalated in early 2022. As a result, several countries introduced economic sanctions against Russia and Belarus, including measures to ban new investment and restrict interaction with major financial institutions and many state enterprises. As a result of these sanctions, the level of remittances to Uzbekistan has significantly reduced in 2023.

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In March 2023, the Central Bank of the Republic of Uzbekistan reduced the base rate to 14% per annum comparing to 15% per annum at the beginning of the period. However, the uncertainty still exists related to future development of the geopolitical risks and their impact on the economy of Uzbekistan.

Management of the Group is monitoring developments in the economic, political, and geopolitical situation and taking measures it considers necessary to support the sustainability and development of the Group’s business for the foreseeable future. However, the consequences of these events and related future changes may have a significant impact on the Group’s operations.

In December 2023, S&P Global Ratings affirmed its ‘BB-/B’ long- and short-term foreign and local currency sovereign credit ratings on Uzbekistan. The outlook is stable. The decision was made due to comparatively strong fiscal and external stock positions, low interest burden and the government’s moderate debt levels. Real GDP growth, according to S&P, will average 5.2% over 2023-2026, supported by domestic demand and investment.

2. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRSs”) as issued by the International Accounting Standards Board.

These consolidated financial statements were authorised for issue by the management on 28 June 2024.

Going concern

Management prepared these consolidated financial statements on a going concern basis. In assessing its going concern status, management of the Group has taken account of its financial position, expected future trading performance, its borrowings and other available credit facilities, its forecast compliance with covenants on those borrowings, its capital expenditure commitments and future expansion plans, and analysed the impact of macro-economic developments on the operations of the Group.

Thus, the Group sees its activities as going concern and continuing to be in the foreseeable future. The Group has neither the intention nor the need to liquidate or significantly reduce the scale of its operations. The management believes that at the date of approval of these consolidated financial statements, there are no significant risks related to the Group’s ability to continue as a going concern.

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of consolidation

Subsidiaries. The consolidated financial statement of the Group incorporates the financial statements of the Company and all its subsidiaries, from the date that control effectively commenced until the date that control effectively ceased. Control is achieved where the Company has the power over the investee, exposure or rights to variable returns from its involvement with the investee and the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control defined above.

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Subsidiaries are included in the consolidated financial results of the Company from the effective date of acquisition up to the effective date of loss of control.

For non-wholly owned, controlled subsidiaries, the net assets attributable to outside equity shareholders are presented as non-controlling interests in the equity section of the consolidated statement of financial position. The non-controlling interest may initially be measured either at fair value or at the non-controlling interest's proportionate share of the fair value of the subsidiary's identifiable net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis.

All intra-group balances, transactions and any unrealised profits or losses arising from intra-group transactions are eliminated on consolidation.

Functional currency. The functional currency of the Company and all its subsidiaries of the Group is the Uzbekistan Sum ("UZS").

Presentation currency. These consolidated financial statements are presented in US Dollars ("USD"), as management believes it is a more convenient presentation currency for its users and a common presentation currency in the automotive industry.

The translation from functional currency into presentation currency is performed as follows:

- *assets and liabilities* are expressed in the presentation currency using exchange rates prevailing at each reporting date;
- *profit or loss* items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used;
- *exchange differences*, are presented in the *Cumulative translation differences* within the statement of changes in equity; and
- *cash flows*: cash balances at beginning and end of each reporting period presented are translated at exchange rates at the respective dates. All cash flows are translated at the average exchange rates for the period presented, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Resulting exchange differences, are presented as *The effect of translation to presentation currency*.

Exchange rates used in the preparation of these consolidated financial statements are as follows:

	31 December 2023	31 December 2022
1 USD exchange rates, UZS		
Closing exchange rates at the end of the year	12,338.77	11,225.46
Average exchange rates for the year ended	11,737.16	11,051.22

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Foreign currency

In preparing the Group’s consolidated financial statements, transactions in currencies other than the Group’s functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Property, plant and equipment. Property, plant and equipment are stated at cost, less accumulated depreciation and accumulated impairment losses, if any.

Depreciation is calculated on a straight-line method over their estimated useful lives of the assets, as follows:

	<u>Useful lives in years</u>
Buildings and improvements	7-30
Machinery and equipment	5-25
Motor vehicles	5
Computer and office equipment	5-7

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Impairment of non-financial assets. At each reporting date, the Group reviews the carrying amounts of its property, plant and equipment to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

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If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease and to the extent that the impairment loss is greater than the related revaluation surplus, the excess impairment loss is recognised in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss to the extent that it eliminates the impairment loss which has been recognised for the asset in prior years. Any increase in excess of this amount is treated as a revaluation increase.

Financial instruments

Financial assets. Financial assets are recognised in the statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Financial assets primarily include Cash and cash equivalents, restricted cash, bank deposits, restricted deposits, trade and other receivables, loans issued and are measured at amortised cost.

The Group neither applies hedge accounting nor has any financial instruments measured at fair value through other comprehensive income.

Trade and other receivables. Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less expected credit losses (“ECL”) allowance.

Cash and cash equivalents. Cash and cash equivalents include cash in hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less.

Restricted cash. Restricted cash are excluded from cash and cash equivalents for the purposes of the consolidated statement of cash flows. Balances of restricted cash reflects the cash exchanged or used to settle a liability for at least twelve months after the reporting period.

Restricted deposits. Restricted deposits include deposits held with banks and highly liquid investments with original maturities of more than three months that are restricted from being exchanged or used to settle a liability. Balances restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period are included in ‘restricted deposits’ within non-current assets.

Impairment of financial assets. The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost, trade receivables and loans issued, as well as on financial guarantee contracts. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

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The Group always recognises lifetime expected credit losses (ECL) for trade receivables, loans issued and financial guarantee contracts. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

The Group applies simplified approach for impairment of trade and lease receivable. For other financial assets the Group applies a three-stage model for impairment, based on changes in credit quality since initial recognition. A financial instrument that is not credit-impaired on initial recognition is classified in Stage 1. Financial assets in Stage 1 have their ECL measured at an amount equal to the portion of lifetime ECL that results from default events possible within the next 12 months or until contractual maturity, if shorter ("12 Months ECL"). If the Group identifies a significant increase in credit risk ("SICR") since initial recognition, the asset is transferred to Stage 2 and its ECL is measured based on ECL on a lifetime basis, that is, up until contractual maturity but considering expected prepayments, if any ("Lifetime ECL").

Derecognition of financial assets. The management of the Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transferred nor retains substantially all the risks and rewards of ownership and continues to control the transferred assets, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities. Financial liabilities primarily consist of trade and other payables, borrowings and dividends payable. They are initially measured at fair value, net of transaction costs. Financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

Financial guarantees. A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contract liabilities are measured initially at their fair values and, if not designated as at FVTPL and do not arise from a transfer of an asset, are measured subsequently at the higher of:

- The amount of the loss allowance determined in accordance with IFRS 9 (see financial assets above); and
- The amount recognised initially less, where appropriate, cumulative amortisation recognised in accordance with the revenue recognition policies set out above.

Trade and other payables. Trade payables are accrued when the counterparty performs its obligations under the contract and are recognised initially at fair value and subsequently carried at amortised cost using the effective interest method.

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Borrowings. Borrowings (consisting of debt securities issued, borrowings from bank, other borrowings and lease liabilities) are initially recognised at fair value adjusted for directly attributable transaction costs and are subsequently accounted at amortised cost using the effective interest method.

Derecognition of financial liabilities. The management of the Group derecognises financial liabilities when, and only when, the Group obligations are discharged, cancelled or they expire.

Advances paid to suppliers. Advances paid to suppliers are carried at cost less provision for impairment. Advances paid to suppliers are classified as non-current when the goods or services relating to the advances paid to suppliers are expected to be obtained after one year, or when the advances paid to suppliers relates to an asset which will itself be classified as non-current upon initial recognition. Advances paid to suppliers to acquire assets are transferred to the carrying amount of the asset once the Group has obtained control of the asset and it is probable that future economic benefits associated with the asset will flow to the Group. If there is an indication that the assets, goods or services relating to advances paid to suppliers will not be received, the carrying value of the advances paid to suppliers is written down accordingly and a corresponding impairment loss is recognised in profit or loss for the year.

Monies paid to GM Korea for their onward investment into the expansion and localisation of spare parts production of local suppliers are accounted for as advances to suppliers and charged to cost of sales based on the expected period of their production.

The non-current portion is included in other non-current assets, which is expected to be expensed after 12 months.

Income tax. Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax. The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group liabilities for current tax is calculated using tax rates that have been enacted or substantially enacted by the end of reporting period.

Deferred tax. Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in these consolidated financial statements and the corresponding tax basis used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the rates that are expected to apply in the period in which the liability is settled or the asset realised, based on the tax rates that have been enacted or substantially enacted by the end of reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the management of the Group expects, at the end of reporting period, to recover or settle the carrying amount of its assets and liabilities.

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Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the management of the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or loss or directly in equity, in which case, the current and deferred tax are also recognised in the statement of comprehensive income or in the statement of changes in equity, respectively.

Inventories. Inventories are recorded at the lower of cost and net realisable value. On 1 January 2021, the Group elected to change the cost formula used for inventories for the purposes of consistency with the industry practice. The Group has previously used the first-in, first-out cost formula. Starting from 1 January 2021, the cost of inventories is determined using the weighted average cost formula. The Group have assessed that the effect of change was not material to prior period consolidated financial statements. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and selling expenses.

Provisions. Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Warranties. The Group provides an assurance-type warranty within 3 years or 100,000 km after the sale (whichever comes first). The Group estimates the costs that may be incurred under its assurance warranty obligations and records a liability in the amount of such costs when a product is sold and revenue is recognised. Factors that affect the Group's warranty liability include the number of sold units, historical and anticipated rates of warranty claims of each model. The Group periodically reassesses its warranty liabilities and adjusts the amounts as necessary.

Revenue recognition. Revenue is recognised in the amount of transaction price. Transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring control over promised goods or services to a customer.

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The Group shall recognise revenue arising from contracts with customers and the related accounting effects through the following steps based on IFRS 15:

- 1) Identification of the contract with the consumer;
- 2) Identification of the obligation to be executed under the contract;
- 3) Determination of transaction price;
- 4) Distribution of the transaction price between certain duties to be performed under the contract;
- 5) Recognition of proceeds at the time of (or as far as) the performance of the obligations to be performed under the contract.

Contract liabilities. Contract liabilities are recognised when cash is received on goods that are to be delivered in the future periods. Contract liabilities are recorded as liability in the consolidated statement of financial position, and as the goods are delivered to customers over time, they are recognised as revenue on the consolidated statement of profit or loss.

The Group realises cars on domestic market through dealers acting as agents. The Group recognises revenue at a point in time when control is transferred to a final customer. In some cases, customers have a right to return faulty products, and in other cases – they have a right to have the faulty product repaired.

In general, the sales are made with full prepayment terms. The Group applies the practical expedient for short-term advances received from customers. That is, the promised amount of consideration is not adjusted for the effects of a significant financing component if the period between the transfer of the promised good or service and the payment is one year or less.

Costs and expenses. Costs and expenses, unless associated with the earning of specific items of income and deferred, are recognised when incurred, regardless of when cash is paid, and are recorded in the statement of profit or loss and other comprehensive income in the period to which they relate.

Borrowing costs. The expenses incurred by the Group when it borrows funds, such as interest payments on loans or bonds, bank charges, and other costs associated with obtaining and using borrowed money.

Share capital. Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Other reserves. Other reserves mainly consist of the amount that the Company and its subsidiaries allocate (annually 5% of net profit) until the amount of such reserves reaches at least 15% of the share capital, which can only be used to cover losses for the period, pay off corporate bonds and buy back own shares. Other reserves also include amounts attributable to the sponsorship and charitable fund as well as the fund for supporting innovative initiatives.

Dividends. Dividends are recorded as a liability and deducted from equity in the period in which they are declared and approved, respectively. Any dividends declared after the reporting period and before the consolidated financial statements are authorised for issue are disclosed in the subsequent events note. The statutory accounting reports of the Group are the basis for profit distribution and other appropriations. Uzbekistan legislation identifies the basis of distribution as the current year net profit.

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Deemed distributions. Distributions to shareholders, other than dividends, are recognized directly to equity net of any income tax.

Operating segments. Operating segments are reported in a manner consistent with the internal reporting provided to the Group’s chief operating decision maker. The chief operating decision-maker is responsible for allocating resources and assessing performance of the operating segments. Reportable segments whose revenue and result are ten percent or more of all the segments are reported separately.

4. CRITICAL ACCOUNTING ESTIMATES, AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

In the application of accounting policies, management is required to make judgements that have a significant impact on the amounts recognised, and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are to be reviewed on an ongoing basis. Revisions to accounting estimates will be recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Useful lives of property, plant and equipment and intangible assets

The Group reviews the estimated useful lives of property, plant and equipment and intangible assets at the end of each annual reporting period.

The assessment of the useful life of an asset is dependent upon factors such as economic use, repair and maintenance programs, technological advancements and other business conditions. Management’s assessment of the useful lives of property, plant and equipment and intangible assets reflects relevant information available to them as at the date of these consolidated financial statements.

Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations (which are presented separately below), that the directors have made in the process of applying the Group’s accounting policies and that have the most significant effect on the amounts recognised in financial statements.

Liability and litigation risks

During the course of bankruptcy proceedings in respect of CJSC PII “UzDaewoo-Voronezh” and LLC “UzavtoRus”, subsidiaries of the Group, which are all located in Russia, bankruptcy trustees filed a lawsuit against the Company and the Parent Company, claiming that the Company was liable under subsidiary liability for the obligations of CJSC PII “UzDaewoo-Voronezh” and LLC “UzavtoRus”.

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If the outcome of these legal proceedings is detrimental to the Group, the Group may be required to pay substantial compensatory and punitive damages, to pay fines or to carry out other costly actions.

Litigations often involve complex legal issues and are connected with a high degree of uncertainty. Accordingly, the assessment of whether an obligation exists on the balance sheet date as a result of an event in the past, and whether a future cash outflow is likely and the obligation can be reliably estimated, largely depends on estimations by the management. The Group regularly evaluates the current stage of legal proceedings, also with the involvement of external legal counsel. It is therefore possible that the amounts of provisions for pending or potential litigation will have to be adjusted due to future developments. Changes in estimates and premises can have a material effect on the Group's future profitability.

It is also possible that provisions recognised for some legal proceedings may turn out to be insufficient once such proceedings have ended. The Group may also become liable for payments in legal proceedings for which no provisions were established. Although the final resolution of any such proceedings could have a material effect on the Group's operating results and cash flows for a particular reporting period, the management believes that it should not materially affect the Group's financial position. Further information on liability and litigation risks and regulatory proceedings is provided in note 31.

5. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs)

In preparing these consolidated financial statements for the year ended 31 December 2023 the Group applied all the Standards and Interpretations effective for the annual period ended 31 December 2023 for which the first complete set of consolidated financial statements is prepared.

The new and revised International Financial Reporting Standards had no significant impact on the Group's consolidated financial statements for the year ended 31 December 2023.

<i>New or revised standard or interpretation</i>	<i>Applicable to annual reporting periods beginning on or after</i>
IFRS 17 –Insurance contracts	1 January 2023
Amendments to IFRS 17 –Insurance contracts	1 January 2023
Amendments to IFRS 4 – Extension of the Temporary Exemption from Applying IFRS 9	1 January 2023
Amendments to IAS 8 – Definition of Accounting Estimates	1 January 2023
Amendments to IAS 1 and IFRS Practice Statement 2 – Disclosure of Accounting Policies	1 January 2023
Amendments to IAS 12 – Deferred Tax Relating to Assets and Liabilities Arising from a Single Transaction	1 January 2023
Amendments to IFRS 17 – Initial Application of IFRS 17 and IFRS 9 - Comparative Information	1 January 2023

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At the date of authorisation of these consolidated financial statements, the Group has not applied the following new and revised IFRS Standards that have been issued but are not yet effective:

<i>New or revised standard or interpretation</i>	<i>Applicable to annual reporting periods beginning on or after</i>
Amendments to IAS 1 – Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to IFRS 16 – Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to IFRS 7 – Supplier finance arrangements	1 January 2024
Amendments to IAS 1 – Non-current Liabilities with Covenants	1 January 2024
Amendments to IAS 7 – Supplier finance arrangements	1 January 2024
Amendments to IFRS 7 – Classification and measurement of financial instruments	1 January 2026
IFRS 18 – Presentation and disclosure in Financial Statement	1 January 2027
IFRS 19 – Subsidiaries without Public Accountability: Disclosures	1 January 2027
Amendments to IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Not determined

Management does not expect that the adoption of the Standards listed above will have a material impact on the consolidated financial statements of the Group in future periods.

6. RESTATEMENT

Subsequent to the issuance of the Group's 2022 consolidated financial statements, the Group's management identified two errors:

- 1) An error in the application of IFRS 15 - Revenue from Contracts with Customers in "Avtosanoat-Injiniring" LLC. Revenue and related costs of sale were not being appropriately recognised over time in the consolidated statement of profit and loss and comprehensive income for certain construction contracts that represent this subsidiary major activity, and related contract assets and liabilities were recognised on the consolidated statement of financial position.

Management have now accounted for this contract revenue, and the related cost of sales appropriately over time, and have retrospectively corrected the consolidated statement of financial position for the year ended 31 December 2022 and 1 January 2021, consolidated statement of profit and loss and comprehensive income for the year ended 31 December 2022 and consolidated statement of cash flow for the year ended 31 December 2022 as below.

- 2) An error in the classification of monies paid to GM Korea for their onward investment into the expansion and localisation of spare parts production of Uzbek suppliers as property plant and equipment instead of advances paid to suppliers.

Management have now accounted for this as advances paid classified within non-current, and current, assets dependent upon when supplies are expected and have retrospectively corrected the consolidated statement of financial position for the year ended 31 December 2022 and 1 January 2021 and consolidated statement of cash flow for the year ended 31 December 2022 as below.

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The effect of restatement on the Statement of Financial Position as at 31 December 2022 is as follows:

	As previously reported	Adjustment (1)	Adjustment (2)	As restated
Property, plant and equipment	576,745	-	(122,227)	454,518
Other non-current assets	3,674	-	112,106	115,780
Inventory	1,223,579	(41,609)	-	1,181,970
Trade and other receivables	179,022	1,497	-	180,519
Retained earnings	(162,651)	(1,245)	-	(163,896)
Cumulative translation differences	109,546	59	-	109,605
Advances paid to suppliers	297,565	31,836	10,121	339,522
Deferred income tax liability	(23,365)	(213)	-	(23,578)
Contract liability	(1,782,665)	9,675	-	(1,772,990)
Total assets	3,296,365	(8,276)	-	3,288,089
Total liabilities	(2,656,742)	9,462	-	(2,647,280)
Total equity	(639,623)	(1,186)	-	(640,809)

The effect of restatement on the Statement of Financial Position as at 1 January 2022 is as follows:

	As previously reported	Adjustment (1)	Adjustment (2)	As restated
Property, plant and equipment	523,894	-	(84,568)	439,326
Other non-current assets	7,960	-	84,568	92,528
Inventory	767,036	(15,241)	-	751,795
Trade and other receivables	206,776	711	-	207,487
Advances paid to suppliers	179,900	(1,950)	-	177,950
Retained earnings	(137,718)	(430)	-	(138,148)
Cumulative translation differences	88,413	9	-	88,422
Trade and other payables	(441,902)	(9,037)	-	(450,939)
Deferred income tax liability	(22,021)	(75)	-	(22,096)
Contract liability	(872,932)	26,013	-	(846,919)
Total assets	2,229,720	(16,481)	-	2,213,239
Total liabilities	(1,684,995)	16,902	-	(1,668,093)
Total equity	(544,725)	(421)	-	(545,146)

The effect of restatement on the Statement of Profit or Loss and Other Comprehensive Income for the year ended 31 December 2022 is as follows:

	As previously reported	Adjustment	As restated
Revenue	3,265,415	32,934	3,298,349
Cost of sales	(2,835,614)	(31,975)	(2,867,589)
Income tax expense	(38,046)	(144)	(38,190)
Exchange differences on translation to presentation currency	(21,133)	(50)	(21,195)
Total comprehensive income for the year	213,986	765	214,751

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The effect of restatement on the Statement of Cash Flow for the year ended 31 December 2022 is as follows:

	As previously reported	Adjustment (1)	Adjustment (2)	As restated
Profit before income tax	273,165	959	-	274,124
Net (increase)/decrease in:				
- Trade and other receivables	(4,158)	(628)	-	(4,786)
- Advances paid to suppliers	(120,193)	(34,250)	(10,281)	(164,724)
- Inventories	(490,710)	27,319	-	(463,391)
- other non-current assets	4,075	-	(30,941)	(26,866)
Net increase/(decrease) in:				
- Trade and other payables	75,453	(8,862)	-	66,591
- Contract liabilities	954,709	15,682	-	970,391
Operating cash flows after working capital changes	749,134	220	(41,222)	708,132
Net cash from operating activities	717,439	220	(41,222)	676,437
Purchase of property, plant and equipment	(119,293)	-	41,222	(78,071)
Net cash used in investing activities	(647,401)	-	41,222	(606,179)
The effect of translation to presentation currency	(4,488)	(220)	-	(4,708)

7. SEGMENT INFORMATION

The Group’s Executive Board (the Chief Operating Decision Maker (CODM) examines the Group’s performance from a product perspective and has identified three reportable segments of its business:

- Complete Knock Down (CKD) – manufacturing of automobiles in Asaka and Pitnak regions and selling them in Uzbekistan and Kazakhstan. The models include Chevrolet Gentra (EOP), Nexia (EOP), Spark (EOP), Damas, Cobalt, Onix and Tracker;
- Single Unit Pack (SUP basis) – selling imported automobiles on a local market. The models include Chevrolet Tahoe, Traverse, Equinox, Trailblazer and Malibu which are imported from Thailand, China, Republic of Korea and USA.

The CODM does not review assets by segments. All other segments – manufacturing and sale of spare parts in Uzbekistan and Kazakhstan and other activities, which are not reportable operating segments, as they are not separately reviewed by the Executive Board to make decisions about resources to be allocated and assess its performance. The group does not have material operations outside of the Republic of Uzbekistan

All other segments – manufacturing and sale of spare parts in Uzbekistan and Kazakhstan and other activities are not reportable operating segments, as they are not separately reviewed by the Executive Board in order to make decisions about resources to be allocated and assess its performance.

The CODM review the Group’s internal reporting in order to assess performance and allocate resources. Internal reporting is based on measures that are different from measures used in these consolidated financial statements.

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Segment information for the reportable segment profit and loss for the year ended 31 December 2023 is set out below:

	CKD Asaka	CKD Pitnak	SUP	Total
Revenue from contracts with customers	3,549,190	722,438	316,116	4,587,744
Cost of sales	(3,096,887)	(531,244)	(245,985)	(3,874,116)
Selling, general and administrative expenses	(338,179)	(27,684)	(9,276)	(375,139)
Other operating income	30,902	1,585	648	33,135
Finance income	48,738	-	2	48,740
Finance cost	(30,088)	(2,790)	(65)	(32,943)
Net foreign exchange loss	(3,941)	(5,448)	(17,196)	(26,585)
Segment profit before income tax	159,735	156,857	44,244	360,836

Segment information for the reportable segment profit and loss for the year ended 31 December 2022 is set out below:

	CKD Asaka	CKD Pitnak	SUP	Total
Revenue from contracts with customers	2,342,001	608,685	314,656	3,265,342
Cost of sales	(2,027,629)	(464,644)	(252,931)	(2,745,204)
Selling, general and administrative expenses	(291,631)	(23,444)	(9,769)	(324,844)
Other operating income	30,941	437	4,073	35,451
Finance income	32,661	-	-	32,661
Finance cost	(13,141)	(1,870)	-	(15,010)
Net foreign exchange loss	(7,314)	(1,311)	(87)	(8,713)
Segment profit before income tax	65,888	117,853	55,942	239,683

Segment profit before income tax reconciles to IFRS profit before income tax as follows:

	2023	2022
Total segments profit before income tax	360,836	239,683
Depreciation	(14,224)	(6,515)
Reversal of previously accrued impairment	718	-
Net impairment losses on financial assets	-	(10,252)
Reclassification of in-kind distribution	46,180	40,502
Other gains	1,881	10,706
Profit before income tax	395,391	274,124

8. BALANCES AND TRANSACTIONS WITH RELATED PARTIES

Parties are generally considered to be related if the parties are under common control or if one party has the ability to control the other party or can exercise significant influence or joint control over the other party in making financial and operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form. Related parties may enter into transactions, which unrelated parties might not, and transactions between related parties may not be effected on the same terms, conditions and amounts as transactions between unrelated parties.

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At 31 December 2023, the outstanding balances with related parties specified below were as follows:

	Parent Company	Companies under common control and significant influence of the Parent Company	Total
Loans issued	-	3,842	3,842
Trade and other receivables	67	19,056	19,123
Advances paid to suppliers	-	129,795	129,795
Borrowings	6,672	332	7,004
Trade and other payables	290	33,355	33,645
Dividends payable	8,883	-	8,883

The transactions with related parties for the year ended 31 December 2023 were as follows:

	Parent Company	Companies under common control and significant influence of the Parent Company	Total
Sales of goods	-	12,517	12,517
Other income	-	2,623	2,623
Raw materials and spare parts	562	3,968,774	3,969,336
Dealer's commission	-	18,241	18,241
Finance income	-	222	222

At 31 December 2022, the outstanding balances with related parties were as follows:

	Parent Company	Companies under common control and significant influence of the Parent Company	Total
Loans issued	-	4,672	4,672
Trade and other receivables	74	30,544	30,618
Advances paid to suppliers	-	207,396	207,396
Borrowings	-	380	380
Trade and other payables	6	80,223	80,229
Dividends payable	16,303	-	16,303

The transactions with related parties for the year ended 31 December 2022 were as follows:

	Parent Company	Companies under common control and significant influence of the Parent Company	Total
Sales of goods	-	14,784	14,784
Other income	-	255	255
Raw materials and spare parts	18,131	1,849,341	1,867,472
Dealer's commission	-	13,559	13,559

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The Group is a government related entity, as it is ultimately controlled by the Government of the Republic of Uzbekistan. Therefore, in respect of other related parties' transactions except for those disclose above, the Group chose to apply the exemption in IAS 24 Related Party Disclosures in relation to its government related transactions and outstanding balances, including commitments. The table below summarises individually significant government related balances:

	2023	2022
Cash and cash equivalents	52,707	63,999
Restricted cash	10,547	59,498
Bank deposits	217,463	417,236
Total individually significant government related balances	280,717	540,703

Other government related balances and transactions that are collectively, but not individually, significant are represented by tax, customs, utility and similar charges.

Key management compensation

Key management includes General Director, twenty-one other members of the Executive Board and the Chief Accountant.

Key management compensation is presented below:

	2023	2022
Short-term benefits:		
Salaries	2,871	2,582
Short-term bonuses	391	467
State pension and social security costs	391	364
Total key management compensation	3,653	3,413

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9. PROPERTY, PLANT AND EQUIPMENT

Movements in the carrying amount of property, plant and equipment were as follows:

	Buildings and improve- ments	Machinery and equipment	Motor vehicles	Computer and office equipment	Advances, construction in progress and equipment for installation	Total
Cost at 1 January 2022 (restated*)	137,865	694,450	36,435	13,758	212,138	1,094,646
Accumulated depreciation	(73,615)	(538,876)	(30,430)	(12,399)	-	(655,320)
Carrying amount at 1 January 2022 (restated*)	64,250	155,574	6,005	1,359	212,138	439,326
Additions	-	-	-	-	86,313	86,313
Disposals	(5,872)	(1,148)	(3,194)	(40)	(10,547)	(20,801)
Transfers	20,437	68,461	3,338	1,170	(93,406)	-
Depreciation charge	(4,820)	(27,537)	(1,558)	(689)	-	(34,604)
The effect of translation to presentation currency	(2,370)	(5,987)	(185)	(54)	(7,120)	(15,716)
Carrying amount at 31 December 2022 (restated*)	71,625	189,363	4,406	1,746	187,378	454,518
Cost at 31 December 2022	147,188	735,100	34,753	12,924	187,378	1,117,343
Accumulated depreciation	(75,563)	(545,737)	(30,347)	(11,178)	-	(662,825)
Carrying amount at 31 December 2022 (restated*)	71,625	189,363	4,406	1,746	187,378	454,518
Additions	-	-	-	-	80,554	80,554
Disposals	(52)	(643)	(1,561)	(1)	-	(2,257)
Transfers	13,998	140,423	4,066	2,237	(160,724)	-
Depreciation charge	(5,024)	(52,083)	(1,742)	(964)	-	(59,813)
Reclassification of category	196	(316)	127	(7)	-	-
The effect of translation to presentation currency	(6,910)	(21,350)	(441)	(212)	(12,998)	(41,911)
Carrying amount at 31 December 2023	73,833	255,394	4,855	2,799	94,210	431,091
Cost at 31 December 2023	147,851	792,770	33,119	13,063	94,210	1,081,013
Accumulated depreciation	(74,018)	(537,376)	(28,264)	(10,264)	-	(649,922)
Carrying amount at 31 December 2023	73,833	255,394	4,855	2,799	94,210	431,091

*See Note 6 for details

As at 31 December 2023, machinery and equipment includes assets, such as production accessory tools that have been provided to a third party for the production of auto components specifically for the benefit of the Group. These assets are amounted to US Dollar 45,551 thousand (31 December 2022: US Dollar 20,823 thousand).

As at 31 December 2023, part of the advances, construction in progress and equipment for installation additions during the period includes advances paid in respect of development of new SUV-B and B segment models under Global Emerging Markets ("the GEM") platform totalling US Dollar 66,375 thousand (31 December 2022: US Dollar 89,334 thousand). As at the reporting date, major part of the advances, construction in progress and equipment for installation includes construction expenditure incurred in relation to welding workshop in relation to new segment models under the GEM platform.

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As at 31 December 2023, the gross carrying amount of fully depreciated property, plant and equipment still in use is US Dollar 411,843 thousand (31 December 2022: US Dollar 400,631 thousand).

Under the ECA facility, the Group hasn't signed yet a pledge agreement with Credit Suisse AG and Raiffeisen Bank International AG for all equipment indicated in the pledge agreement, serving as collateral for the full amount of the loan. According to the preliminary information, the pledged amount of property, plant and equipment will be US Dollar 72,308 thousand.

10. BANK DEPOSITS

	31 December 2023	31 December 2022
- Saving deposits	303,047	530,054
- Term deposits	90,144	77,859
Total bank deposits	393,191	607,913
Less short-term portion	43,830	432,132
Total long-term bank deposits	349,361	175,781
	31 December 2023	31 December 2022
- Ba3 rating (Moody's)	294,509	-
- B1 rating (Moody's)	12,425	417,236
- B rating (S&P)	56,220	-
- B- rating (S&P)	-	100,533
- BB- rating (Fitch)	4,000	45,106
- B2 rating (Moody's)	25,227	45,038
- B- rating (Fitch)	810	-
Total bank deposits	393,191	607,913
Less short-term portion	43,830	432,132
Total long-term bank deposits	349,361	175,781

As at 31 December 2023, the interest rate on deposits ranged from 5% to 19% per annum (31 December 2022: 2% to 19% per annum) depending on maturity and nominal currency.

11. RESTRICTED DEPOSITS

Restricted deposits consist mainly of term and saving deposits with JSCB “Kapitalbank” ((B)-S&P (2022: (B)-S&P at The Central Bank of the Republic of Uzbekistan (“CBU”) rate+2-3% per annum) and JSCB “Infinbank” ((B2) – Moody's, which are held in order to accumulate cash to secure obligations under letter of credit. The deposits mature in 2025.

12. CASH AND CASH EQUIVALENTS

	31 December 2023	31 December 2022
Cash and cash equivalents in UZS	17,158	49,729
Cash and cash equivalents in foreign currencies	38,364	46,831
Total cash and cash equivalents	55,522	96,560

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The credit quality of cash and cash equivalents balances at year end is summarised based on Moody's and S&P's ratings as follows:

	31 December 2023	31 December 2022
- B1 rating (Moody's)	53,670	64,016
- B2 rating (Moody's)	1,045	-
- B rating (S&P)	791	-
- B- rating (S&P)	-	31,673
- BB-/B rating (S&P)	13	871
- Ba3 rating (Moody's)	3	-
Total cash and cash equivalents	55,522	96,560

13. RESTRICTED CASH

Restricted cash mainly includes cash resources in the amount of US Dollars 10,561 thousand (2022: US Dollars 59,498 thousand) in JSCB "Asaka" (B1 - Moody's), which are subject to restrictions stipulated by the regulations of the letter of credit transaction with JSCB "Asaka". Therefore, they are not available for immediate or general business use by the Group until the full execution of contracts with suppliers.

14. TRADE AND OTHER RECEIVABLES

	31 December 2023	31 December 2022 (Restated)*
Trade receivables from legal entities	81,968	72,164
Trade receivables from individuals	2,566	10,039
Other financial receivables	42,862	63,071
Less expected credit loss allowance	(21,083)	(23,925)
Total financial assets within trade and other receivables	106,313	121,349
Prepayments	63,794	59,170
Total trade and other receivables	170,107	180,519

*See Note 6 for details

The credit period on sales of goods is 30-180 days. No interest is charged on outstanding trade receivables.

Sales to domestic customers are mainly carried out under the terms of full and partial payment in advance that reduces exposure to credit risk. Sales to foreign customers are carried out under the terms of partial payment in advance and credit payment. Other financial receivables consist of receivables derived from activities other than the core business of the Group.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the trade receivables are over two years past due, whichever occurs earlier.

Movement in the allowance for expected credit losses on trade and other accounts receivables are as follows:

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	2023	2022
At 1 January	23,925	14,326
Recovery of allowance	(1,339)	-
Accrual of allowance	-	10,252
Effect of translation to presentation currency	(1,503)	(653)
At 31 December	21,083	23,925

The analysis of trade and other financial receivables is as follows:

	31 December 2023	31 December 2022 (Restated)*
Trade receivables secured by insurance against financial risks	2,566	10,039
Trade and other financial receivables not past due	101,388	108,510
<i>Trade and other receivables past due and collectively assessed</i>		
- less than 180 days overdue	3,201	2,834
- over 180 days overdue	17,222	12,213
Total trade and other financial receivables past due and collectively assessed, gross	20,423	15,047
Trade and other financial receivables individually determined to be impaired, gross	3,019	11,678
<i>Expected credit loss allowance</i>		
Allowance for expected credit losses assessed on portfolio basis	(16,643)	(12,247)
Allowance for expected credit losses assessed on an individual basis	(4,440)	(11,678)
Total expected credit loss allowance	(21,083)	(23,925)
Total financial assets within trade and other receivables	106,313	121,349

15. INVENTORIES

	31 December 2023	31 December 2022 (Restated)*
Goods in transit	172,434	271,621
Raw materials and spare parts	470,411	455,528
Finished goods	513,609	230,117
Work in progress	71,882	224,704
Total inventories	1,228,836	1,181,970
Less long-term portion	15,566	-
Total short-term portion inventories	1,212,770	1,181,970

*See Note 6 for details

The increase in finished goods at the year-end is due to many SUP models being ordered and not delivered to consumers yet.

As at December 31, 2023 non-current portion of inventory which amount is US Dollar 15,566 thousand included in other non-current assets. The Group expects to realise the non-current part of inventories after 12 months.

Work in progress as at 31 December 2023 includes cars completed but awaiting installation of components affected by semiconductor supply shortage, after which, it will proceed through an additional quality review process prior to being shipped to customers.

During 2023 and 2022, the Group did not pledge inventory as security.

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16. ADVANCES PAID TO SUPPLIERS

	31 December 2023	31 December 2022 (Restated)*
Advances paid for Inventories	175,198	226,910
Advances paid for inventory to GM Korea	112,403	122,227
Advances to suppliers – services	35,497	90,975
Advances paid to customs authorities	4,928	5,176
Other prepayments	2,693	6,340
Total advances paid to suppliers	330,719	451,628
Less long-term portion	93,669	112,106
Total short-term advances paid to suppliers	237,050	339,522

*See Note 6 for details

As at December 31, 2023 non-current portion of prepayment for inventory to GM Korea which amount is US Dollar 93,669 thousand (2022: US Dollars 112,106 thousand) is included in other non-current assets.

17. SHARE CAPITAL AND OTHER RESERVES

Share capital

The nominal registered amount of the Company's issued share capital as at 31 December 2023 was US Dollars 358,144 thousand (2022: US Dollars 357,790 thousand). The Immediate Parent Company is the sole shareholder of the Company. On 14 July 2023, per decision of shareholders # 4-2023, the Company approved the repurchase of its own ordinary shares, the number of ordinary shares decreased by 1,915 thousand shares with a par value of Uzbekistan Sum 5,000 per share. As a result, share capital of the company decreased by US Dollars 827 thousand.

On February 20, 2023, the Group issued new additional 2,700 thousand shares which increased share capital by US Dollars 1,181 thousand. Proceeds from the sale of shares constituted USD 5,824, consequently USD 4,643 was recognised as a share premium.

The total authorised number of ordinary shares at 31 December 2023 was 270,785 thousand shares (2022: 270,000 thousand shares) with a par value of Uzbekistan Sum 5,000 per share (2022: Uzbekistan Sum 5,000 per share). All authorised ordinary shares have been issued and fully paid and each ordinary share carries one vote. They entitle the holder to participate in dividends, and to share in the proceeds of winding up the Company in proportion to the number of and amounts paid on the shares held.

Additional paid in capital mainly comprises the Trademark License Agreement contributed by General Motors, gains on borrowings at discounted interest rates from the Parent Company and other financing obtained from shareholders in the total amount of US Dollars 131,731 thousand (2022: US Dollars 131,611 thousand).

Other reserves include additional reserve funds formed on net profit of prior years in accordance with local legislation for US Dollars 96,604 thousand (2022: US Dollars 96,604 thousand).

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During 2023, dividends in the amount of US Dollars 83,995 thousand were declared and US Dollars 84,701 thousand were paid. During 2022 dividends in the amount of US Dollars 73,790 thousand were declared and US Dollars 61,615 thousand were paid in 2022.

During the year ended 31 December 2023, following the Orders of the state regulatory and supervisory authorities the Group made in-kind distribution in a form of charity and sponsorship contributions, net of tax in the amount of US dollars 34,103 thousand.

The net liabilities of the disposed subsidiaries ("Kurgontepa Tibbiyot Diagnostika Markazi" LLC, "Khonobod Sihatgohi" LLC and "Grand Auto Palace" LLC to state authorities) are US Dollars 120 thousand have been accounted for as capital contribution from shareholders.

Further, in accordance with the above decree, on 1 January a self-constructed asset with a cost of US Dollars 9,265 thousand was transferred to Agency for Strategic Reforms under the President of the Republic of Uzbekistan, this has been accounted for as a distribution of non-cash assets to shareholders.

18. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share ("EPS") is based on the following data:

	2023	2022 (Restated)*
Earnings:		
Earnings for the purposes of basic earnings per share being net profit attributable to owners of the Company	333,759	235,959
Earnings for the purposes of basic earnings per share	333,759	235,959
Number of shares:	2023	2022
Weighted average number of ordinary shares for the purposes of EPS	271,141,863	185,709,592

*See Note 6 for details

The denominator for the purposes of calculating basic earnings per share has been adjusted to reflect the capitalisation of retained earnings into share capital in 2023. As of the date of the consolidated financial statements there were no any financial instruments or other contracts that would entitle their holders to ordinary shares.

	2023	2022
Basic and dilutive earnings per share	1.23	1.27

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19. BORROWINGS

	Carrying amounts	
	31 December 2023	31 December 2022
Eurobonds due in 2026	302,905	301,944
Borrowings from banks	156,757	10,252
Other borrowings	332	381
Total borrowings	459,994	312,577
Less short-term portion	58,962	9,870
Total long-term borrowings	401,032	302,707

Eurobonds due in 2026

The Group's Debt securities issued are US Dollar denominated quasi-sovereign unsecured corporate bonds in the amount of US Dollar 300,000 thousand, issued on 27 April 2021 on the London Stock Exchange under the Rule 144A and Reg S with coupon rate 4.85% and transaction cost of US Dollar 1,400 thousand. The maturity date of bonds is May 2026.

In accordance with the bond issuance agreement, there are a number of financial covenants, principally to have a consolidated net leverage ratio of less than 3.75, to not distributing more than 50% of accumulated net profit from the date of the agreement and non-financial covenants. As at 31 December 2023 and 31 December 2022, the Group was in compliance with the covenants.

US Dollar-denominated ECA facility made by Credit Suisse AG

The Group's ECA facility is a US Dollar-denominated facility agreement signed between the Group with Credit Suisse AG and Raiffeisen Bank International AG in the amount of US Dollar 48,000 thousand on 27 September 2022 for the purchase of property, plant and equipment. As at the end of the year, US Dollar 46,422 thousand have been drawn under this agreement. The maturity date is no later than December 2031.

In accordance with the agreement, there are a number of financial covenants:

- 1) Consolidated net leverage ratio of less than 3.75;
- 2) Gearing ratio less than 2.25;
- 3) Distributions/dividends amount should not exceed more than 50% of accumulated net profit from the date of the agreement and non-financial covenants.

As at 31 December, 2023 the Group has not complied with the financial covenant to not distribute more than 50% of accumulated net profits from the date of the agreement to the latest published consolidated financial statements as at 30 June, 2023. Accordingly, the outstanding balance of the loan from Credit Suisse AG in the amount of US Dollar 46,422 thousand has been appropriately classified in liquidity risk disclosure of the consolidated financial statements as at 31 December, 2023 (note 32) to reflect the effect of such non-compliance.

The Group did not enter discussions related to remediation with the Borrower, as the additional net profit for the calculation of this covenant arising from the issuance of the consolidated financial statements for the year ended 31 December, 2023, means that at the date of this report the Group is now in compliance with this financial covenant.

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The breach of the Credit Suisse AG loan covenant didn't trigger the cross-default clauses stipulated in the agreements between the Group and Eurobonds holders, and Deutsche Bank AG, as this breach is not an event of default.

Senior unsecured syndicated term loan made by Deutsche Bank AG

On 24 August 2023, the senior unsecured syndicated facility agreement signed between the Group with Deutsche Bank AG as initial mandated Lead Arranger and JSC Halyk Bank of Kazakhstan as mandated Lead Arranger in the amount of US Dollars 100,000 thousand to facilitate funding of capacity increasing projects and the construction of new press shop facility. On 21 September 2023, US Dollars 100,000 thousand has been drawn under this agreement. The maturity date is September 2026.

In accordance with the agreement, there are a number of financial covenants, principally to have a consolidated net leverage ratio of less than 3.75 and an interest coverage ratio higher than 5.00. As at 31 December 2023 the Group was in compliance with the covenants.

Average interest rate for both borrowings agreements is 3.3% margin + SOFR.

Reconciliation of liabilities arising from financing activities was as follows:

	Total borrowings
1 January 2022	328,742
Proceeds from borrowings	6,830
Repayment of borrowings	(23,189)
Interest paid	(15,541)
Total cash flow	(31,900)
Interest expense	8,195
Interest capitalised	8,174
Foreign exchange loss	10,563
The effect of translation to presentation currency	(11,197)
31 December 2022	312,577
Proceeds from borrowings	150,649
Repayment of borrowings	(890)
Interest paid	(17,622)
Total cash flow	132,137
Interest expense	21,341
Foreign exchange loss	31,145
The effect of translation to presentation currency	(37,206)
31 December 2023	459,994

20. TRADE AND OTHER PAYABLES

	31 December 2023	31 December 2022
Trade payables	746,881	458,632
Other payables	34,407	36,635
Total trade and other payables	781,288	495,267

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Trade payables principally comprise amounts outstanding for short-term trade purchases and ongoing cost from the Group's main foreign supplier – GM Korea Company and other local suppliers of auto components purchased for the assembly of passenger vehicles. The average credit period taken for purchases from suppliers is from 60 days to 120 days.

Other payables consist of payables derived from activities other than the core business of the Group. The management consider that the carrying amount of trade and other payables approximates to their fair value.

21. CONTRACT LIABILITIES

As at 31 December 2023 the majority of contract liabilities are advances received for sale of cars in the amount US Dollars 791,037 thousand (31 December 2022: 1,739,814). This decrease is due to the fulfillment of the company's obligations under previously concluded contracts.

In 2023 and 2022, US Dollars 1,593,917 thousand and US Dollars 772,008 thousand of revenue was recognised in the current reporting period from the contract liabilities in the form of advances received from customers as at 31 December 2022 and at 31 December 2021, respectively.

22. REVENUE FROM CONTRACTS WITH CUSTOMERS

The Group derives revenue from the transfer of goods at a point in time in the following major product lines and geographical regions:

	2023	2022 (Restated)*
<i>Domestic sales</i>		
Cars	3,980,254	2,734,154
Spare parts	47,143	42,561
Other	50,603	50,276
Total domestic sales	4,078,000	2,826,991
<i>Export sales</i>		
Cars	514,251	463,991
Spare parts	17,357	7,367
Total export sales	531,608	471,358
Total revenue from contracts with customers	4,609,608	3,298,349

*See Note 6 for details

The Group's export sales mainly represent sales to Kazakhstan in the amount of US Dollars 503,435 (2022: US Dollars 441,337) while the rest are sales to other CIS countries.

The Group sells all vehicles under the Chevrolet brand. Sales prices are approved by Supervisory Board for both domestic and export markets. Domestic and export sales are carried out principally through domestic and foreign dealers respectively.

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23. COST OF SALES

	2023	2022 (Restated)*
Raw materials and spare parts	3,879,198	2,881,775
Royalty fees	65,186	75,842
Payroll costs	76,512	72,112
Depreciation	58,098	29,523
Other	38,448	54,609
Change in inventories of finished goods and work in progress	(138,490)	(246,272)
Total cost of sales	3,978,952	2,867,589

*See Note 6 for details

24. GENERAL AND ADMINISTRATIVE EXPENSES

	2023	2022
Payroll costs	42,567	34,680
Fees and other charges	9,728	7,018
Taxes other than income tax	4,458	12,379
Depreciation	2,851	3,391
Material expenses	1,626	1,250
Charity	-	3,669
Services	6,305	12,150
Other	4,437	3,005
Total general and administrative expenses	71,972	77,542

25. SELLING EXPENSES

	2023	2022
Dealers' commission	57,576	37,790
Transportation costs	19,805	23,488
Payroll costs	16,873	11,218
Material expenses	8,523	7,736
Depreciation	1,288	1,690
Other	4,065	2,218
Total selling expenses	108,130	84,140

26. OTHER INCOME, NET

	2023	2022
Fines and penalties	5,617	150
Reimbursement	4,033	3,493
Gain/(loss) arising on disposal of fixed assets	1,309	(2,362)
Gain on disposal of subsidiary	-	7,570
Tax refund	-	6,205
Other	6,311	7,199
Total other income, net	17,270	22,255

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27. FINANCE INCOME

	2023	2022
Interest income from financial instruments measured at amortised cost:		
Bank deposits	42,841	29,670
Other	1,484	8,333
Total finance income	44,281	38,003

28. FINANCE COSTS

	2023	2022
Interest expenses on trade payables	13,297	7,717
Interest expenses on borrowings	21,341	8,195
Other	1,181	28
Total finance costs	35,819	15,940

Interest expenses on borrowings mainly include interests accrued on Eurobonds, Credit Suisse AG and Deutsche Bank AG from using the effective interest rate method.

29. NET FOREIGN EXCHANGE LOSS

The net foreign exchange loss relates to following financial assets and liabilities:

	2023	2022
Foreign exchange loss on operating activities	82,641	21,066
Foreign exchange gain on investing activities	(31,502)	(2,025)
Revaluation of bank loans	31,145	10,675
Total net foreign exchange loss	82,284	29,717

30. INCOME TAXES

Details of current income tax expense for the years ended 31 December 2023 and 2022:

	2023	2022 (Restated)*
Current tax expense	61,573	35,910
Origination and reversal of temporary differences	53	2,280
Total income tax expense	61,626	38,190

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The charge for the year can be reconciled to the profit before tax as follows:

	2023	2022 (Restated)*
Profit before tax	395,391	274,124
Income tax at statutory rate (15%)	59,309	41,119
Tax effect of non-taxable income	(6,275)	(931)
Tax effect of non-deductible expenses	6,385	4,332
Other	2,207	(6,330)
Income tax expense for the year	61,626	38,190

The following are the major deferred tax assets and liabilities recognised by the Group and movements thereon during the current and prior reporting periods.

	Property, plant and equipment	Other	Total
At 1 January 2022 (Restated)*	(30,826)	8,730	(22,096)
Charge to profit or loss			
-origination and reversal of temporary differences	1,064	(3,344)	(2,280)
The effect of translation to presentation currency	1,049	(251)	798
At 31 December 2022 (Restated)*	(28,713)	5,135	(23,578)
Charge to profit or loss			
-origination and reversal of temporary differences	1,964	(2,017)	(53)
The effect of translation to presentation currency	2,494	(364)	2,130
At 31 December 2023	(24,255)	2,754	(21,501)

*See Note 6 for details

31. CONTINGENCIES AND COMMITMENTS

Legal proceedings

Prior to 2018, the Group guaranteed the debts of certain related parties (dealers) operating in Russian Federation under loan agreements with Russian banks. During the course of the bankruptcy cases of these dealers, some creditors filed a lawsuit demanding to hold the Group and some other parties liable for the obligations of these entities.

CJSC PII “UzDaewoo-Voronezh”

On 8 October 2020, a lawsuit was filed against the Group demanding to hold the Group liable as guarantor for obligations of CJSC PII “UzDaewoo-Voronezh”.

The court hearings of first instance concerning CJSC PII “UzDaewoo-Voronezh” case has been held on 24 May 2022. The Voronezh Arbitration Court ruling dated 23 December 2022 found there were grounds for holding the Company responsible for the obligations of CJSC PII “UzDaewoo-Voronezh” and made a decision to hold liable the Group under the subsidiary liability. The Group has submitted relevant appeal on 13 of February 2023 to Voronezh Nineteenth Arbitration Court of Appeal, which was rejected on 14 April 2023.

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On 15 May 2023, the Group submitted cassation appeals to the Voronezh Central District Arbitration Court against the Ruling of Voronezh Arbitration Court dated 31 January 2023, and against the Resolution of the Nineteenth Arbitration Court of Appeal dated 14 April 2023. On 14 April 2023, by the Ruling of 19 Appeal Arbitration court the decision of the first instance court (Arbitration court of Voronezh oblast) was sustained.

Cassation appeals were filed by the Group and JSC “Uzautosanoat” and other claimants on 15 May 2023. On 28 August 2023 the Arbitration court of central district, cassation instance, issued a Ruling by which the ruling of first and appeal instance courts were cancelled and the case was directed for new consideration to the court of first instance. According to the provided information, currently the case proceedings are scheduled for 5 September 2024.

The amount of the claims attributable to the Company might range up to Russian Ruble 12,691 million (equivalent of US Dollars 141,501 thousand) per Russian regulations.

As of the date of these consolidated financial statements, it is assessed that the risk of an unfavourable outcome for the Group while possible is not determined probable due to the following: (i) the bankruptcy of the relevant companies occurred during a major crisis in the automotive market in Russia, with many international suppliers ceasing to deliver cars to Russia and (ii) the statute of limitations for holding liable under certain lawsuits has expired, and therefore the Company did not accrue any provision in these consolidated financial statements.

LLC “UzavtoRus”

The consolidated financial statements for the year ended 31 December 2022, disclosed the lawsuit filed against the Group as guarantor for the obligations of LLC “UzavtoRus” as this was assessed as a possible risk given a ruling on 22 June 2022, by the Moscow Arbitration Court that the Company was liable for those obligations.

On 27 October 2023, the Hodgeabad Interdistrict Court for Civil Cases of the Republic of Uzbekistan denied the satisfaction of the application submitted by the bankruptcy trustee of LLC “UzavtoRus”, as well as several other creditors, seeking the enforcement of the Moscow Arbitration Court's, and therefore management have reassessed the risk of economic outflow as remote.

The Group determines its best estimate of contingent liabilities on the basis of the information available at the date of preparation of the consolidated financial statements. This assessment may change over time and is adjusted regularly on the basis of new information and circumstances.

From time to time, in the normal course of business, the Group is named as a defendant in various other legal actions, including arbitrations and other litigations that arise in connection with the business. Concerning matters for which the Group believes that losses are probable and can be reasonably estimated, the Group has established respective reserves. In many proceedings, however, it is inherently difficult to determine whether any losses are probably or even reasonably possible or to estimate the size or range of the possible losses.

Accordingly, it is possible that an adverse outcome from such proceedings could exceed the amounts accrued in an amount that could be material to the consolidated financial statements of the Group, and its results of operations or cash flows in any particular reporting year.

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*(in thousands of US Dollars, unless otherwise stated)***Capital expenditure commitments**

As of 31 December 2023, the Group has contractual capital expenditure commitments in respect of development of new SUV-B and B-segment models under the GEM platform totalling US Dollars 10,833 thousand (31 December 2022: US Dollars 6,063 thousand). The Group has already allocated the necessary resources in respect of these commitments. The Group believes that future net income and funding will be sufficient to cover these and any similar commitments.

Guarantees

Guarantees are irrevocable assurances that the Group will make payments in the event that another party cannot meet its obligations. At 31 December 2023, the Group has guaranteed obligations of debts of JSC Uzauto Motors Powertrain under loan agreements with Credit Suisse totalling US Dollars 68,934 thousand (signed with the amount of US Dollars 105,000 thousand) and debts of local suppliers under loan agreements with JSCB “Kapitalbank” totalling US Dollars 28,000 thousand (31 December 2022: 28,000). The Group estimates that overall impact of those guarantees would not be material to the financial statements, thus fair value of guarantees have not been calculated.

The Group estimates the costs that may be incurred under its assurance warranty obligations and records a liability in the amount of such costs when a product is sold and revenue is recognised. Factors that affect the Group’s warranty liability include the number of sold units, historical and anticipated rates of warranty claims of each model. Historically, there were no significant claims for warranties obligations.

32. FINANCIAL RISK MANAGEMENT

The Group’s activities expose it to a variety of financial risks: market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk. The overall risk management program seeks to minimise potential adverse effects on the financial performance of the Group.

Market risk – Foreign currency risk

Currency risk is the risk that the financial results of the Group will be adversely affected by changes in exchange rates to which the Group is exposed. The Group undertakes transactions denominated in foreign currencies mainly in relation to the import of goods and spare parts from foreign suppliers. The Company’s borrowings are denominated in US Dollars and Euro, substantial portion of outstanding balance of bank deposits and cash and cash equivalents are denominated in US Dollars. The table below summarises the Group’s exposure to foreign currency risk:

	Monetary financial assets		Monetary financial liabilities	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
US Dollars	123,686	337,829	(907,250)	(494,789)
Euro	11	82	(968)	(1,867)
CNY	-	-	(1,223)	-

Currency risk is monitored regularly by performing a sensitivity analysis of foreign currency positions in order to verify that potential effects are within planned parameters. The table below details the Group’s sensitivity to changes in exchange rates by 10% which is the sensitivity rate used by the Group for internal analysis. The analysis was applied to monetary items at the reporting dates denominated in the respective currencies.

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If the USD or EUR exchange rate would strengthen by 10% for the years ended 31 December 2023 and 2022 compared to UZS as of the end of respective year, the Group would have incurred the following losses:

	For the year ended 31 December 2023	For the year ended 31 December 2022
Effect on profit or loss and equity		
Loss (USD exchange rate strengthening by 10% as compared to UZS)	78,356	15,696
Loss (EUR exchange rate strengthening by 10% as compared to UZS)	96	172
Loss (CNY exchange rate strengthening by 10% as compared to UZS)	(122)	-

Market risk - Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect the value of the financial instruments. The Group uses financial instruments with both fixed and floating interest rates to minimise exposure to interest rate risk.

As at 31 December 2023 and 2022 years, the structure of the Group’s financial instruments with floating interest rates was as follows:

	Floating interest rate as at 31 December 2023	Floating interest rate as at 31 December 2022
Bank deposits	15,846	58,390
Borrowings	(146,398)	(3,069)

The table below presents a sensitivity analysis of interest rate risk, which has been calculated based on reasonably possible changes in interest rate on financial instruments with floating interest rate. The level of these changes is determined by management. The sensitivity analysis below presents the effect of a 100 basis point change in interest rates effective on the reporting date with the assumption that the rates and other factors remain unchanged for the years ended 31 December 2023 and 2022, the Group would have incurred the following losses:

	For the year ended 31 December 2023	For the year ended 31 December 2022
Effect on profit or loss and equity		
Interest rate increased by 1%	(1,306)	(553)
Interest rate decreased by 1%	1,306	553

Credit risk

Credit risk arises from the possibility that counterparties to transactions may default on their obligations, causing financial losses for the Group.

Financial assets, which potentially subject Group entities to credit risk, consist principally of trade receivables as well as cash and deposits. The objective of managing credit risk is to prevent losses of liquid funds deposited with or invested in financial institutions or the loss in value of receivables.

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As at 31 December 2023, balances with one financial institution were individually more than 10%, and in aggregate represent 95% of cash and cash equivalents of the Group (31 December 2022: 1 financial institution represented 86%).

As at 31 December 2023, balances with one financial institution were individually more than 10%, and in aggregate represent 99% of restricted cash of the Group (31 December 2022: 1 financial institution represented 91%).

As at 31 December 2023, balances with one financial institution were individually more than 10%, and in aggregate represent 75% of bank deposits of the Group (31 December 2022: 1 financial institution represented 76%).

As at 31 December 2023, there were one financial institution were individually more than 10% and in aggregate represent 97% of restricted deposits of the Group (31 December 2022: no balances with financial institutions represented more than 10%).

Local sales are mainly carried out under the terms of full and partial payment in advance that reduces exposure to credit risk. The Group does not have any limits, customer credit history or credit profiles in respect of domestic customers. The Group's customer base is very diverse including a significant number of individuals and legal entities; therefore, concentration of credit risk is very low.

Although the collection of receivables could be influenced by economic factors, management believes that there is no significant risk of loss to the Group beyond the ECL allowance and provision for impairment already recorded.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to settle all liabilities as they are due. The liquidity position is carefully monitored and managed.

The liquidity risk is managed by maintaining detailed budgeting and cash forecasting processes and matching the maturity profiles of financial assets and liabilities to help ensure that it has adequate cash available to meet payment obligations.

Presented below is the maturity profile of the financial liabilities at 31 December 2023 based on undiscounted contractual cash payments, including interest payments:

	Carrying amount as at 31 December 2023	Less than 1 year	1-3 years	3-5 years	Total
Borrowings	459,994	83,208	431,875	-	515,083
Trade and other payables	781,288	781,288	-	-	781,288
Dividends payable	57,528	57,528	-	-	57,528
Total financial liabilities	1,298,810	922,024	431,875	-	1,353,899

Financial derivative liability includes gross undiscounted cash flows for foreign currency forward derivative.

Presented below is the maturity profile of the financial liabilities at 31 December 2022 based on undiscounted contractual cash payments, including interest payments:

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	Carrying amount as at 31 December 2022	Less than 1 year	1-3 years	3-5 years	Total
Borrowings	312,577	14,943	336,835	1,363	353,141
Trade and other payables	495,267	495,267	-	-	495,267
Financial derivative liability	-	50,000	-	-	50,000
Dividends payable	16,303	16,303	-	-	16,303
Total financial liabilities	824,147	576,513	336,835	1,363	914,711

33. MANAGEMENT OF CAPITAL

The primary objective of managing the Group’s capital is to ensure that there is sufficient capital available to support the funding requirements of the Group, including capital expenditure, in a way the optimises the cost of capital, maximises shareholders’ returns and ensures that the Group remains in a sound financial position.

The Group manages and adjusts the capital structure as opportunities arise in the market place, as when borrowing mature, or as and when funding is required. This may take the form of raising equity, market or bank debt or hybrids thereof. This strategy remains unchanged from prior years.

34. FAIR VALUE DISCLOSURES

The principal financial instruments comprise cash and cash equivalents, bank deposits, restricted deposits, restricted cash, trade and other receivables, borrowings and trade and other payables. The carrying amounts of financial assets and liabilities recorded at amortised cost in these consolidated financial statements approximate their fair value, except for borrowings.

The fair value of borrowings was measured based on the present value of discounted cash flows at the market interest rate, ranging from 7.20% to 11.2% based on maturity date (2022: 6.73%) at the end of each reporting periods presented.

	Carrying value	Fair value
Borrowings at 31 December 2023	459,994	423,067
Borrowings at 31 December 2022	312,577	256,227

Whilst accounted for at amortised cost, the fair value measurement of borrowings is within level 1 for Eurobonds and level 2 for borrowings from banks of the fair value hierarchy in accordance with IFRS 13 Fair value measurement.

35. EVENTS AFTER THE BALANCE SHEET DATE

The company announced the initiation of preparations for Environmental, Social, and Governance (ESG) report for the year ending December 31, 2023. This report will offer stakeholders a comprehensive view of the company’s sustainability efforts and governance practices. Scheduled for publication in the first half of 2024, it reflects the company’s commitment to transparency and responsible business conduct.

During first quarter of 2024, the Group paid dividends in the amount of US Dollars 4,389 thousand.