

# **JSC “UZAUTO MOTORS”**

Interim Condensed Consolidated Financial Statements  
for the six-month period ended 30 June 2023  
(unaudited)

# JSC “UZAUTO MOTORS”

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## JSC “UZAUTO MOTORS”

### STATEMENT OF MANAGEMENT’S RESPONSIBILITIES FOR THE PREPARATION AND APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2023 (UNAUDITED)

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Management is responsible for the preparation of the interim condensed consolidated financial statements that present the financial position of JSC “UZAUTO MOTORS” (the “Company”) and its subsidiaries (the “Group”) as of 30 June 2023, and the results of its operations, cash flows and changes in shareholders’ equity for the six months period then ended, in accordance with International Accounting Standard (“IAS”) 34, *Interim Financial Reporting*.

In preparing the interim condensed 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 interim condensed 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 interim condensed consolidated financial position of the Group, and which enable them to ensure that the interim condensed consolidated financial statements of the Group comply with International Accounting Standard (“IAS”) 34, *Interim Financial Reporting*;
- 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.

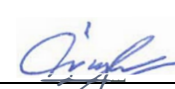
The interim condensed consolidated financial statements of the Group for the six months period ended 30 June 2023 were approved by management on 24 October 2023.

Approved for issue and signed on 24 October 2023.

  
Bo Inge Andersson  
General Director  
Tashkent, Uzbekistan



  
Sh.J. Utaev  
Deputy Chief Financial Officer  
Tashkent, Uzbekistan

  
I.I. Buharov  
Chief Accountant  
Tashkent, Uzbekistan

## REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

To Shareholders of Joint Stock Company “UzAuto Motors”:

### Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of JSC “UzAuto Motors” and its subsidiaries (the “Group”) as of 30 June 2023 and the related interim condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six months period then ended and selected explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard (“IAS”) 34, Interim Financial Reporting. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

### Scope of Review


We conducted our review in accordance with International Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 Interim Financial Reporting.

“Deloitte & Touche” Audit Organisation LLC

Deloitte & Touche” Audit Organisation LLC is included in the Register of auditing organizations of the Ministry of Economy and Finance of the Republic of Uzbekistan from 8 June 2021  
24 October 2023  
Tashkent, Uzbekistan

  
Erkin Ayupov  
Qualified Auditor/Engagement Partner  
Auditor qualification certificate authorizing audit of companies, #04830 dated 22 May 2010 issued by the Ministry of Economy and Finance of the Republic of Uzbekistan  
Director  
“Deloitte & Touche” Audit Organisation LLC




# JSC "UZAUTO MOTORS"

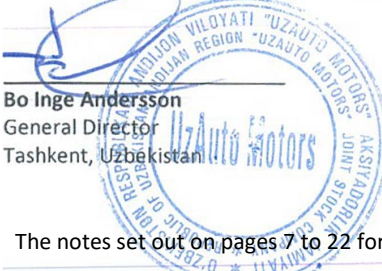
## Interim Condensed Consolidated Statement of Financial Position (unaudited)

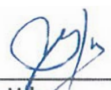
In thousands of US Dollars

	Notes	30 June 2023	31 December 2022 (audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	8	589,431	576,745
Intangible assets		1,509	1,773
Restricted deposits	11	10,452	209,361
Bank deposits	9	127,552	175,781
Loans issued		7,594	5,856
Other non-current assets		4,629	3,674
Investment in associate		14,829	15,068
<b>Total non-current assets</b>		<b>755,996</b>	<b>988,258</b>
<b>Current assets</b>			
Cash and cash equivalents	10	12,896	96,560
Restricted cash	11	9,043	65,613
Bank deposits	9	308,030	432,132
Restricted deposits		10	44
Loans issued		5,135	5,538
Trade and other receivables	12	136,281	179,022
Advances paid to suppliers		306,861	297,565
Income tax receivables		1,285	8,054
Inventories	13	1,347,934	1,223,579
<b>Total current assets</b>		<b>2,127,475</b>	<b>2,308,107</b>
<b>TOTAL ASSETS</b>		<b>2,883,471</b>	<b>3,296,365</b>
<b>EQUITY</b>			
Share capital	14	358,971	357,790
Share premium	14	4,643	-
Additional paid in capital	14	131,731	131,611
Other reserves	14	96,604	96,604
Retained earnings		153,206	162,651
Cumulative translation differences		(124,112)	(109,545)
<b>Equity attributable to the Company's owners</b>		<b>621,043</b>	<b>639,111</b>
Non-controlling interest		521	513
<b>TOTAL EQUITY</b>		<b>621,564</b>	<b>639,624</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings	15	311,454	302,707
Deferred income tax liability		20,276	23,365
Other non-current liabilities		6,859	2
<b>Total non-current liabilities</b>		<b>338,589</b>	<b>326,074</b>
<b>Current liabilities</b>			
Borrowings	15	9,208	9,870
Trade and other payables	16	661,396	495,267
Other taxes payables		14,364	3,546
Contract liabilities	17	1,151,928	1,782,665
Dividends payable		78,061	30,165
Other liabilities		8,361	9,154
<b>Total current liabilities</b>		<b>1,923,318</b>	<b>2,330,667</b>
<b>TOTAL LIABILITIES</b>		<b>2,261,907</b>	<b>2,656,741</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>2,883,471</b>	<b>3,296,365</b>

Approved for issue and signed on 24 October 2023.

  
**Bo Inge Andersson**  
 General Director  
 Tashkent, Uzbekistan



  
**Sh.J. Udaev**  
 Deputy Chief Financial Officer  
 Tashkent, Uzbekistan

  
**I.I. Buharov**  
 Chief Accountant  
 Tashkent, Uzbekistan

The notes set out on pages 7 to 22 form an integral part of these interim condensed consolidated financial statements.

# JSC "UZAUTO MOTORS"

## Interim Condensed Consolidated Statement of Financial Position (unaudited)


In thousands of US Dollars

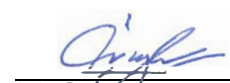
	Notes	Six months period ended 30 June	
		2023	2022
<b>Continuing operations</b>			
Revenue from contracts with customers	18	1,933,403	1,739,101
Cost of sales	19	(1,719,507)	(1,516,486)
<b>Gross profit</b>		<b>213,896</b>	<b>222,615</b>
General and administrative expenses		(48,755)	(56,059)
Selling expenses		(45,747)	(46,656)
Expected credit losses on trade receivables		(7,465)	(77)
Share of results of associate		115	513
Loss from disposal of subsidiary		-	(406)
Other operating income and expenses, net		8,499	23,724
<b>Operating profit</b>		<b>120,543</b>	<b>143,654</b>
Finance income		23,747	12,516
Finance costs		(14,827)	(5,910)
Net foreign exchange (loss)/gain		(9,630)	724
<b>Profit before income tax</b>		<b>119,833</b>	<b>150,984</b>
Income tax expense	20	(16,490)	(23,487)
<b>Profit for the year from continuing operations</b>		<b>103,343</b>	<b>127,497</b>
<b>Discontinued operations</b>			
Loss for the year from discontinued operations		-	(606)
<b>Profit for the period</b>		<b>103,343</b>	<b>126,891</b>
<b>Other comprehensive loss:</b>			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translation to presentation currency		(14,567)	1,326
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>88,776</b>	<b>128,217</b>
<b>Profit is attributable to:</b>			
Owners of the Company		103,335	126,883
Non-controlling interest		8	8
<b>Total comprehensive income is attributable to:</b>			
Owners of the Company		88,768	128,209
Non-controlling interest		8	8
<b>Total comprehensive income for the year</b>		<b>88,776</b>	<b>128,217</b>

Approved for issue and signed on 24 October 2023.

  
**Bo Inge Andersson**  
 General Director  
 Tashkent, Uzbekistan



  
**Sh.J. Udaev**  
 Deputy Chief Financial Officer  
 Tashkent, Uzbekistan

  
**I.I. Buharov**  
 Chief Accountant  
 Tashkent, Uzbekistan

The notes set out on pages 7 to 22 form an integral part of these interim condensed consolidated financial statements.

# JSC "UZAUTO MOTORS"

## Interim Condensed Consolidated Statement of Changes to Equity (unaudited)


In thousands of US Dollars

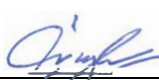
	Notes	Attributable to owners of the Company						Non-controlling interest	Total
		Share capital	Share premium	Additional paid in capital	Other reserves	Cumulative translation differences	Retained earnings		
<b>Balance at 1 January 2022</b>		<b>266,667</b>	-	<b>131,611</b>	<b>96,604</b>	<b>(88,413)</b>	<b>137,718</b>	<b>538</b>	<b>544,725</b>
Profit for the period		-	-	-	-	-	126,883	8	126,891
Issue of share capital	14	89,961	-	-	-	-	(94,807)	-	(4,846)
Dividends declared	14	-	-	-	-	-	(18,563)	-	(18,563)
Other comprehensive gain for the period		-	-	-	-	1,326	-	-	1,326
<b>Balance at 30 June 2022</b>		<b>356,628</b>	-	<b>131,611</b>	<b>96,604</b>	<b>(87,087)</b>	<b>151,231</b>	<b>546</b>	<b>649,533</b>
<b>Balance at 1 January 2023</b>		<b>357,790</b>	-	<b>131,611</b>	<b>96,604</b>	<b>(109,546)</b>	<b>162,651</b>	<b>513</b>	<b>639,623</b>
Profit for the period		-	-	-	-	-	103,335	8	103,343
Issue of share capital	14	1,181	-	-	-	-	-	-	1,181
Gain on new share issuance	14	-	4,643	-	-	-	-	-	4,643
Distribution of non-cash assets to shareholders	14	-	-	-	-	-	(9,266)	-	(9,266)
Capital contribution from shareholders	14	-	-	120	-	-	-	-	120
Dividends declared	14	-	-	-	-	-	(83,995)	-	(83,995)
Charity and sponsorship in accordance with orders of state regulatory and supervisory authorities		-	-	-	-	-	(19,519)	-	(19,519)
Other comprehensive loss for the period		-	-	-	-	(14,566)	-	-	(14,566)
<b>Balance at 30 June 2023</b>		<b>358,971</b>	<b>4,643</b>	<b>131,731</b>	<b>96,604</b>	<b>(124,112)</b>	<b>153,206</b>	<b>521</b>	<b>621,564</b>

Approved for issue and signed on 24 October 2023.

  
**Bo Inge Andersson**  
 General Director  
 Tashkent, Uzbekistan



  
**Sh.J. Udaev**  
 Deputy Chief Financial Officer  
 Tashkent, Uzbekistan

  
**I.I. Buharov**  
 Chief Accountant  
 Tashkent, Uzbekistan

The notes set out on pages 7 to 22 form an integral part of these interim condensed consolidated financial statements.

# JSC "UZAUTO MOTORS"


## Interim Condensed Consolidated Statement of Cash Flows (unaudited)

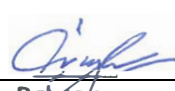
In thousands of US Dollars

	Notes	Six months period ended 30 June	
		2023	2022
<b>Cash flows from operating activities</b>			
Profit before income tax		119,833	150,984
<i>Adjustments for:</i>			
Share of profit of associate		(115)	(513)
Depreciation of property, plant and equipment		30,186	15,912
Amortisation of intangible assets		288	347
(Gain)/loss on disposal of property, plant and equipment		(1,095)	17
Loss from disposal of subsidiary		-	406
Expected credit losses on trade receivables		7,465	77
Net foreign exchange loss/(gain)		9,630	(724)
Finance income		(23,747)	(12,516)
Finance costs		14,827	5,910
		<b>157,272</b>	<b>159,900</b>
<b>Operating cash flows before working capital and other changes</b>			
Net (increase)/decrease in:			
Trade and other receivables		44,233	58,416
Advances paid to suppliers		(16,260)	(131,689)
Inventories		(153,727)	71,887
Restricted deposits		195,923	4,622
Restricted cash		56,593	(55,683)
Other non-current assets		(1,048)	(2,190)
Assets classified as held for sale		-	(30,161)
Net increase/(decrease) in:			
Trade and other payables		169,603	29,356
Contract liabilities		(595,097)	(104,855)
Taxes and related charges payable		6,808	(4,748)
Other liabilities		(1,478)	(1,544)
		<b>(137,178)</b>	<b>(6,689)</b>
<b>Operating cash flows before interest and income tax</b>			
Interest paid on borrowings		(13,504)	(2,468)
Interest received		229	10,724
Income tax paid		(20,384)	(30,392)
		<b>(170,837)</b>	<b>(28,825)</b>
<b>Net cash used in operating activities</b>			
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(51,875)	(42,313)
Proceeds from sale of property, plant and equipment		2,549	372
Cash outflow on disposal of subsidiary		(138)	-
Capitalised interest paid		-	(5,423)
Purchase of intangible assets		(73)	108
Loans issued		-	(6,444)
Repayment of loans issued		2,744	5,123
Bank deposits placements		(1,763,720)	-
Proceeds from bank deposits		1,926,543	72,538
		<b>116,030</b>	<b>23,961</b>
<b>Net cash generated by investing activities</b>			
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		8,255	-
Repayment of borrowings		(582)	(22,972)
Gain on sale of new share issuance		4,643	-
Proceeds from additional Issued share capital		1,181	-
Dividends paid to the Company's shareholders	14	(50,380)	(22,792)
		<b>(36,883)</b>	<b>(45,764)</b>
<b>Net cash used in financing activities</b>			
Effect of exchange rate changes on cash and cash equivalents		(168)	(1,360)
The effect of translation to presentation currency		8,194	(3,577)
		<b>(83,664)</b>	<b>(55,565)</b>
<b>Net decrease in cash and cash equivalents</b>			
Cash and cash equivalents at the beginning of the period	10	96,560	136,020
	10	<b>12,896</b>	<b>80,455</b>

Approved for issue and signed on 24 October 2023.

  
Bo Inge Andersson  
General Director  
Tashkent, Uzbekistan

  
Sh.J. Udaev  
Deputy Chief Financial Officer  
Tashkent, Uzbekistan

  
I.I. Buharov  
Chief Accountant  
Tashkent, Uzbekistan

The notes set out on pages 7 to 22 form an integral part of these interim condensed consolidated financial statements.



## JSC “UZAUTO MOTORS”

### Notes to the Interim Condensed Consolidated Financial Statements (unaudited)

*In thousands of US Dollars*

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#### 1. GENERAL INFORMATION

##### Organization 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 Kazakhstan.

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 recognized 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.

The Ultimate Parent Company is controlled by the Agency for Strategic Reforms under the President of the Republic of Uzbekistan.

As at 31 December 2022, the global controlling party of the Company was the Government 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), Pitnak city (Khorezm Region) and Tashkent, 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 415 thousand vehicles annually.

## JSC "UZAUTO MOTORS"

### Notes to the Interim Condensed Consolidated Financial Statements (unaudited) (continued)

In thousands of US Dollars

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

	Proportion of ownership interest / Voting rights, %			
	Nature of business	Percentage of voting rights	Percentage of ownership	Country of registration
<b>Subsidiaries as of 30 June 2023</b>				
"Research and Development Center" LLC	Research and development	100.0%	100.0%	Uzbekistan
"Avtosanoat-Injinirovaniy" LLC	Construction	98.01%	98.01%	Uzbekistan
<b>Associates as of 30 June 2023</b>				
"Uzlogistic" LLC	Logistic services	47.00%	47.00%	Uzbekistan
<b>Subsidiaries as of 31 December 2022</b>				
"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-Injinirovaniy" LLC	Construction	97.67%	97.67%	Uzbekistan
<b>Associates as of 31 December 2022</b>				
"Uzlogistic" LLC	Logistic services	47.30%	47.30%	Uzbekistan

In April 2020 the Group purchased 99.66% of interest in share capital of "UzLogistic" LLC which specializes in the transportation of goods and logistic services for the cash consideration of US Dollars 6,280 thousand (at the official exchange rate as at date of the decision of Supervisory Board). The subsidiary's activity is non-core to the activities of the group and do not constitute for the major business line of the group. In 28 April 2022, the Group signed joint-venture agreement with Centrum Aviation on transfer of control over the subsidiary. Per the agreement, the Group transfers 52.72% of its shares to Centrum Aviation in exchange for the commitment of the investor to invest into the share capital of "UzLogistics" LLC US Dollars 25,000 thousand within next 5 years. As of the reporting date "UzLogistic" LLC is accounted for as an associate company.

On 19 May 2022, the Supervisory board of the Group made a decision to dispose of "Avtosanoat Injinirovaniy" 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-Injinirovaniy" LLC as a subsidiary in these Consolidated Financial Statements.

As at 30 June 2023 and 31 December 2022, the Company had in total 16,675 and 14,144 employees, respectively.

In 2022 and 2021, the Group faced broad effects as a result of gradual recovering after pandemic crisis on the global economy. Accordingly, manufacturers of semiconductor chips used in the production of passenger cars have reoriented their supply chains to the consumer electronics and medical sectors. As a result, a shortage of semiconductor chips affected the Group's ability to meet the budgeted volume of cars planned to produce during the year. As a measure to increase the sales in 2022, certain models started to be available for purchase without components such as audio systems. However, the Group continues to work closely with GM in order to mitigate the shortage of semiconductor chips and to be able to manufacture in accordance with production plan in 2023.

## JSC “UZAUTO MOTORS”

### Notes to the Interim Condensed Consolidated Financial Statements (unaudited) (continued)

*In thousands of US Dollars*

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The future effects of the current economic situation and the above measures are difficult to predict, and management’s current expectations and estimates could differ from actual results. Management will continue to monitor the potential impact and will take all steps possible to mitigate any effects

#### 2. BASIS OF PREPARATION

These interim condensed consolidated financial statements were authorized for issue by the management on 24 October 2023.

##### **Going concern**

Management prepared these interim condensed 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 analyzed the impact of macro-economic developments on the operations of the Group.

Thus, the Group sees its activities as a 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 there are no material uncertainties that may cast significant doubt on the Group’s ability to continue as a going concern, and, as a result, these consolidated financial statements have been prepared under the going concern basis of accounting.

#### 3. SIGNIFICANT ACCOUNTING POLICIES

##### ***Basis of preparation***

These interim condensed consolidated financial statements have been prepared in accordance with IAS 34 “Interim Financial Reporting” and should be read in conjunction with the annual financial statements of the Group for the year ended 31 December 2022, which have been prepared in accordance with International Financial Reporting Standards (IFRS).

*Interim period tax measurement.* Interim period income tax expense is accrued using the effective tax rate that would be applicable to expected total annual earnings, that is, the estimated weighted average annual effective income tax.

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

No changes to the estimates and judgements were made as compared to those made in the annual consolidated financial statements for the year ended 31 December 2022. The area of the most significant management judgment remains the determination of the ongoing legal proceedings, outcomes, and probability of related outflow of resources embodying economic benefits. For more details refer to Note 21.

## JSC "UZAUTO MOTORS"

### Notes to the Interim Condensed Consolidated Financial Statements (unaudited) (continued)

*In thousands of US Dollars*

#### 5. ADOPTION OF NEW AND REVISED STANDARDS

At the date of authorization of these interim condensed 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><b>New or revised standard or interpretation</b></i>	<i><b>Applicable to annual reporting periods beginning on or after</b></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
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 IAS 1 – Non-current Liabilities with Covenants	1 January 2024

The management does not anticipate that the application of the above standards will have a material impact on the Group's consolidated financial statements in the period of initial application.

#### 6. 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 two reportable segments of its business:

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

The CODM does not review the segments by assets. All other segments – manufacturing and sale of spare parts in Uzbekistan and certain CIS countries 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.

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.

## JSC "UZAUTO MOTORS"

### Notes to the Interim Condensed Consolidated Financial Statements (unaudited) (continued)

In thousands of US Dollars

Segment information for the reportable segment profit and loss for the year ended 30 June 2023 is set out below:

	<u>CKD Asaka</u>	<u>CKD Pitnak</u>	<u>SUP</u>	<u>Total</u>
Revenue from contracts with customers	1,465,719	298,738	168,993	1,933,450
Cost of sales	(1,325,768)	(228,521)	(129,950)	(1,684,239)
Selling, general and administrative expenses	(144,024)	(13,059)	(4,008)	(161,091)
Other operating income	20,872	1,531	332	22,735
Finance income	27,511	-	-	27,511
Finance cost	(12,755)	(1,342)	-	(14,097)
Net foreign exchange loss	1,268	(1,596)	(3,122)	(3,450)
<b>Segment profit before income tax</b>	<b><u>32,823</u></b>	<b><u>55,751</u></b>	<b><u>32,245</u></b>	<b><u>120,819</u></b>

Segment information for the reportable segment profit and loss for the year ended 30 June 2022 is set out below:

	<u>CKD Asaka</u>	<u>CKD Pitnak</u>	<u>SUP</u>	<u>Total</u>
Revenue from contracts with customers	1,239,042	291,553	206,258	1,736,853
Cost of sales	(1,071,219)	(224,774)	(168,290)	(1,464,283)
Selling, general and administrative expenses	(131,842)	(11,399)	(5,643)	(148,884)
Other operating income	28,596	459	198	29,253
Finance income	11,095	-	-	11,095
Finance cost	(4,740)	(726)	-	(5,466)
Net foreign exchange loss	(6,641)	(88)	2,198	(4,531)
<b>Segment profit before income tax</b>	<b><u>64,291</u></b>	<b><u>55,025</u></b>	<b><u>34,721</u></b>	<b><u>154,037</u></b>

Local accounting standards profit before income tax reconciles to IFRS profit before income tax as follows:

	<u>Six months period ended 30 June</u>	
	<u>2023</u>	<u>2022</u>
Segment information before income tax	120,819	154,037
Depreciation	(8,992)	(2,966)
Net impairment losses on financial assets	(7,465)	(77)
Other gains, net	15,471	(10)
<b>Profit before income tax</b>	<b><u>119,833</u></b>	<b><u>150,984</u></b>

## 7. 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 affected on the same terms, conditions and amounts as transactions between unrelated parties.

## JSC "UZAUTO MOTORS"

### Notes to the Interim Condensed Consolidated Financial Statements (unaudited) (continued)

*In thousands of US Dollars*

At 30 June 2023, the outstanding balances with related parties specified below were as follows:

	<u>Parent Company</u>	<u>Companies under common control and significant influence of the Parent Company</u>	<u>Total</u>
Loans issued	-	4,332	<b>4,332</b>
Trade and other receivables	-	11,492	<b>11,492</b>
Advances paid to suppliers	-	263,636	<b>263,636</b>
Borrowings	7,751	350	<b>8,102</b>
Trade and other payables	902	120,767	<b>121,669</b>
Dividends payable	78,061	-	<b>78,061</b>

The transactions with related parties for the six months period ended 30 June 2023 were as follows:

	<u>Parent Company</u>	<u>Companies under common control and significant influence of the Parent Company</u>	<u>Total</u>
Sales of goods	-	19,393	<b>19,393</b>
Other income	-	2,906	<b>2,905</b>
Purchases of raw materials and consumables	445	288,734	<b>289,179</b>
Dealer's commission	-	8,739	<b>8,739</b>

At 30 June 2022, the outstanding balances with related parties were as follows:

	<u>Parent Company</u>	<u>Companies under common control and significant influence of the Parent Company</u>	<u>Total</u>
Loans issued	-	5,134	<b>5,134</b>
Trade and other receivables	76	33,767	<b>33,843</b>
Advances paid to suppliers	-	251,002	<b>251,002</b>
Advances received	-	1,646	<b>1,646</b>
Trade and other payables	-	26,712	<b>26,712</b>
Dividends payable	3,823	-	<b>3,823</b>

## JSC "UZAUTO MOTORS"

### Notes to the Interim Condensed Consolidated Financial Statements (unaudited) (continued)

*In thousands of US Dollars*

The income and expense items with related parties for the six months period ended 30 June 2022 were as follows:

	<u>Parent Company</u>	<u>Companies under common control and significant influence of the Parent Company</u>	<u>Total</u>
Sales of goods	-	1,190	<b>1,190</b>
Other income	-	751	<b>751</b>
Purchases of raw materials and consumables	3,081	325,141	<b>328,222</b>
Dealer's commission	-	13,617	<b>13,617</b>
Finance income	-	2,831	<b>2,831</b>

The Group is a government related entity, as it is ultimately controlled by the Government of Uzbekistan. Therefore, in respect of other related parties transactions except for those disclosed 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 summarizes individually significant government related balances:

	<u>30 June 2023</u>	<u>31 December 2022 (audited)</u>
Cash and cash equivalents	8,481	63,999
Restricted cash	9,043	59,498
Bank deposits	70,284	417,236
<b>Total individually significant government related balances</b>	<b><u>87,808</u></b>	<b><u>540,733</u></b>

#### *Key management compensation*

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

Key management compensation is presented below:

	<u>Six months period ended 30 June</u>	
	<u>2023</u>	<u>2022</u>
<i>Short-term benefits:</i>		
Salaries	1,528	1,468
Short-term bonuses	166	206
State pension and social security costs	204	70
<b>Total key management compensation</b>	<b><u>1,898</u></b>	<b><u>1,744</u></b>

## 8. PROPERTY, PLANT AND EQUIPMENT

The Group continues to expand and increase capacity of current production and other capital projects. Total capital expenditures for the purchase of equipment, leasehold improvements and capacity expansion works for the six months period ended 30 June 2023, and 2022, amounted to US Dollars 59,627 thousand and US Dollars 51,190 thousand.

## JSC "UZAUTO MOTORS"

### Notes to the Interim Condensed Consolidated Financial Statements (unaudited) (continued)

*In thousands of US Dollars*

Disposals of property for the six months period ended 30 June 2023, and 2022, were US Dollars 1,575 thousand and US Dollars 6,472 thousand, respectively.

Movements in the carrying amount of property, plant and equipment were as follows:  
As at 30 June 2023, machinery and equipment includes assets, such as production accessories tools leased out (Right of use assets per IFRS 16) in the amount of US Dollars 26,208 thousand (31 December 2022: US Dollars 20,823 thousand).

As at 30 June 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 the GEM platform totaling US Dollars 97,349 thousand (31 December 2022: US Dollars 89,334 thousand).

As at the reporting date, a major part of the advances, construction in progress, and equipment for installation includes construction expenditure incurred in relation to welding workshop for new segment models under the GEM platform.

As at 30 June 2023, the gross carrying amount of fully depreciated property, plant and equipment still in use is US Dollars 399,247 thousand (31 December 2022: US Dollars 400,631 thousand).

#### 9. BANK DEPOSITS

Bank deposits balances are mainly saving deposits with local banks. The credit quality of bank deposits balances at period end is summarized based on Moody's, S&P's and Fitch ratings as follows:

	30 June 2023	31 December 2022 (audited)
B- rating (S&P's)	318,959	417,236
B1 rating (Moody's)	70,290	100,533
B rating (Fitch)	40,912	45,038
BB- rating (Fitch)	4,551	45,106
B- rating (Fitch)	870	-
<b>Total bank deposits</b>	<b>435,582</b>	<b>607,913</b>
Less short-term portion	308,030	432,132
<b>Total long-term bank deposits</b>	<b>127,552</b>	<b>175,781</b>

#### 10. CASH AND CASH EQUIVALENTS

	30 June 2023	31 December 2022 (audited)
Cash and cash equivalents in local currency	7,202	49,729
Cash and cash equivalents in foreign currencies	5,694	46,831
<b>Total cash and cash equivalents</b>	<b>12,896</b>	<b>96,560</b>



## JSC "UZAUTO MOTORS"

### Notes to the Interim Condensed Consolidated Financial Statements (unaudited) (continued)

*In thousands of US Dollars*

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

	<b>30 June 2023</b>	<b>31 December 2022 (audited)</b>
B1 rating (Moody's)	10,182	64,016
B- rating (S&P's)	2,651	31,673
BB- rating (S&P's)	63	871
<b>Total cash and cash equivalents</b>	<b>12,896</b>	<b>96,560</b>

#### 11. RESTRICTED DEPOSITS AND RESTRICTED CASH

Restricted deposits relate to customer advance payments, the decrease in restricted deposits is due to the Company suspending new contracts for the purchase of vehicles from December 2022.

Restricted cash mainly includes cash resources in the amount of US Dollars 9,043 thousand (31 December 2022: US Dollars 65,613 thousand) in JSCB "Asaka" (B1 rate by 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 of raw materials.

#### 12. TRADE AND OTHER RECEIVABLES

	<b>30 June 2023</b>	<b>31 December 2022 (audited)</b>
Trade receivables from legal entities	94,632	72,164
Trade receivables from individuals	8,559	10,039
Other financial receivables	41,122	59,679
Less expected credit loss allowance	(30,778)	(23,925)
<b>Total financial assets within trade and other receivables</b>	<b>113,535</b>	<b>117,957</b>
VAT receivables	19,788	57,678
Other prepayments	2,958	3,387
<b>Total trade and other receivables</b>	<b>136,281</b>	<b>179,022</b>

The credit period on sales of goods ranges from 30 to 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.

## JSC “UZAUTO MOTORS”

### Notes to the Interim Condensed Consolidated Financial Statements (unaudited) (continued)

*In thousands of US Dollars*

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

	<u>2023</u>	<u>2022</u>
<b>At 1 January</b>	<b>23,925</b>	<b>13,377</b>
Accrual of allowance	7,465	1,424
Effect of translation to presentation currency	(612)	(475)
<b>At 30 June</b>	<b>30,778</b>	<b>14,326</b>

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

	<u>30 June 2023</u>	<u>30 June 2022</u>
Trade receivables secured by insurance against financial risks	8,559	26,882
Trade and other financial receivables not past due	92,766	134,075
<i>Trade and other receivables past due and collectively assessed</i>		
- less than 180 days overdue	9,840	363
- over 180 days overdue	27,552	2,973
Total trade and other financial receivables past due and collectively assessed, gross	37,392	3,336
Trade and other financial receivables individually determined to be impaired, gross	5,596	11,349
<i>Expected credit loss allowance</i>		
Allowance for expected credit losses assessed on portfolio basis	(25,977)	(2,977)
Allowance for expected credit losses assessed on an individual basis	(4,801)	(11,349)
Total expected credit loss allowance	(30,778)	(14,326)
<b>Total financial assets within trade and other receivables</b>	<b>113,535</b>	<b>161,316</b>

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.

### 13. INVENTORIES

Inventories are comprised of the followings:

	<u>30 June 2023</u>	<u>31 December 2022 (audited)</u>
Finished goods	572,733	230,117
Raw materials and spare parts	415,790	455,528
Goods in transit	181,091	271,621
Work in progress	178,320	266,313
<b>Total inventories</b>	<b>1,347,934</b>	<b>1,223,579</b>

### 14. SHARE CAPITAL AND OTHER RESERVES

The nominal registered amount of the Company’s issued share capital as at 30 June 2023 was US Dollars 358,971 thousand (31 December 2022: US Dollars 357,790 thousand).

## JSC “UZAUTO MOTORS”

### Notes to the Interim Condensed Consolidated Financial Statements (unaudited) (continued)

*In thousands of US Dollars*

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 sales of shares constitute US Dollars 4,643 thousand.

The total authorized number of ordinary shares at 30 June 2023 was 272,700 thousand shares (31 December 2022: 270,000 thousand shares) with a par value of Uzbekistan Sum 5,000 per share (31 December 2022: Uzbekistan Sum 1 per share). All authorized 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.

Other reserves include additional reserve funds formed on net profit of prior years in accordance with local legislation for US Dollars 96,604 thousand (31 December 2022: US Dollars 96,604 thousand).

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 (31 December 2022: US Dollars 131,611 thousand).

During the six months period ended 30 June 2023, the Group declared dividends of US Dollars 83,995 thousand and partially paid in the amount of to US Dollars 34,164 thousand. During the six months period ended 30 June 2022, the Group declared dividends in the amount of US Dollars 18,563 thousand and partially paid in the amount of US Dollars 14,509 thousand.

In accordance with the Decree of the President of Republic of Uzbekistan #168 dated 18 March 2022, The Group has finalized 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 during six months of 2023. The net liabilities of the disposed subsidiaries 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 9,266 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.

## 15. BORROWINGS

	Carrying amounts	
	30 June 2023	31 December 2022 (audited)
Debt securities issued	299,816	301,944
Borrowings from banks	17,743	10,252
Other borrowings	2,979	381
Finance lease liabilities	124	-
<b>Total borrowings</b>	<b>320,662</b>	<b>312,577</b>
Less short-term portion	9,208	9,870
<b>Total long-term borrowings</b>	<b>311,454</b>	<b>302,707</b>

## JSC “UZAUTO MOTORS”

### Notes to the Interim Condensed Consolidated Financial Statements (unaudited) (continued)

*In thousands of US Dollars*

#### *Eurobonds due in 2026*

The Group’s Debt securities issued are US Dollars denominated quasi-sovereign unsecured corporate bonds in the amount of US Dollars 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 Dollars 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, and non-financial covenants.

As at 30 June 2023 and 31 December 2022, the Group was in compliance with the covenants.

#### *US Dollars-denominated ECA facility made by Credit Suisse AG*

The Group’s ECA facility is a US Dollars-denominated facility agreement signed between the Group with Credit Suisse AG and Raiffeisen Bank International AG in the amount of US Dollars 48,000 thousand on 27 September 2022 for the purchase of property, plant and equipment. As at 30 June 2023, US Dollars 11,301 thousand have been drawn under this agreement.

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, gearing ratio of less than 2.25 and non-financial covenants. As at 30 June 2023 and 31 December 2022, the Group was in compliance with the covenants.

## 16. TRADE AND OTHER PAYABLES

	<b>30 June 2023</b>	<b>31 December 2022 (audited)</b>
Trade payables	617,661	458,632
Other trade payables	43,735	36,635
<b>Total trade and other payables</b>	<b>661,396</b>	<b>495,267</b>

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. Credit periods taken for purchases from suppliers mostly range from 60 days to 120 days. No interest is charged on the trade payables.

Other trade payables consist of payables derived from activities other than the core business of the Group.

The management consider that the carrying amount of trade payables approximates to their fair value.

## 17. CONTRACT LIABILITIES

As at 30 June 2023, the majority of contract liabilities are advances received for the sale of cars in the amount US Dollars 1,108,020 thousand (31 December 2022: US Dollars 1,739,814 thousand). The decrease is due to the suspension of new contracts with local customers on 26 December 2022, in order to fulfill the company’s obligations under previously concluded contracts.

## JSC "UZAUTO MOTORS"

### Notes to the Interim Condensed Consolidated Financial Statements (unaudited) (continued)

In thousands of US Dollars

#### 18. 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:

	Six months period ended 30 June	
	2023	2022
<b>Domestic sales</b>		
<i>Domestic sales</i>		
Vehicles	1,643,798	1,513,797
Spare parts	20,712	16,177
Other	12,930	8,183
<b>Total domestic sales</b>	<b>1,677,440</b>	<b>1,538,157</b>
<b>Export sales</b>		
<i>Export sales</i>		
Vehicles	252,169	198,711
Spare parts	3,794	2,233
<b>Total export sales</b>	<b>255,963</b>	<b>200,944</b>
<b>Total revenue from contracts with customers</b>	<b>1,933,403</b>	<b>1,739,101</b>

The Group sells vehicles and spare under the following brands:

	Six-months period ended 30 June	
	2023	2022
Chevrolet	1,895,967	1,685,253
Other	37,436	53,848
<b>Total revenue from contracts with customers</b>	<b>1,933,403</b>	<b>1,739,101</b>

Sales prices are approved by the Supervisory Board for both domestic and export markets. Domestic and export sales are carried out mainly through domestic and foreign dealers respectively.

#### 19. COST OF SALES

Different factors contribute to the change in the cost of sales. These include the prices of raw materials, maintenance costs, transportation costs, and the others.

The company has several factors of increasing cost of sales:

1. Since 1 April 2023 the Company has started paying 5% custom duty for importing raw materials, the company had not paid custom duties until that time.
2. The company started manufacturing and selling new models of vehicle (Onix and Tracker) where the costs of the vehicles are more expensive than discontinued models (Nexia and Spark) and furthermore, the volume of sold vehicles has increased in the current period more than comparing period.

#### 20. INCOME TAX

The interim period income tax is recognized based on management's best estimate of the weighted average annual income tax rate expected for the full financial year. The applicable rate applied for the six months period ended 30 June 2023 is 15% which was the actual statutory tax rate for 2022 (the estimated tax rate for the six months period ended 30 June 2022 was 15%).

## JSC "UZAUTO MOTORS"

### Notes to the Interim Condensed Consolidated Financial Statements (unaudited) (continued)

*In thousands of US Dollars*

Details of current income tax expense for the years ended 30 June 2023 and 2022:

	<u>30 June 2023</u>	<u>30 June 2022</u>
Current tax expense	19,067	24,684
Origination and reversal of temporary differences	(2,577)	(1,197)
<b>Total income expense</b>	<b><u>16,490</u></b>	<b><u>23,487</u></b>

## 21. 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. 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, which is currently under review and no decision provided as of the reporting date.

The amount of the claims attributable to the Company might range up to Russian Roubles 10,337 million (equivalent of US Dollars 144,242 thousand) per Russian regulations.

As of the date of these consolidated financial statements, it is assessed that the risk of unfavourable outcome for the Group was determined as possible 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 limitation for holding liable under certain lawsuits has expired. The Company assessed that it is not probable that the lawsuits will result in holding the Company liable for obligations of the Russian entities thus the Company did not accrue any provision in these consolidated financial statements.

#### ***LLC "UzavtoRus"***

On 5 February 2019, a lawsuit was filed against the Group demanding to hold the Company and the Parent Company liable as guarantor for obligations of LLC "UzavtoRus". The Moscow Arbitration Court ruling dated 23 March 2021 found there were grounds for holding the Company responsible for the obligations of LLC "UzavtoRus". The Company and the Parent Company has submitted relevant appeals in two instances, which were not satisfied by both courts of appeal.

## JSC “UZAUTO MOTORS”

### Notes to the Interim Condensed Consolidated Financial Statements (unaudited) (continued)

*In thousands of US Dollars*

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The Group has submitted the application to the Supreme Court to appeal the decision of the Arbitration Court. On 21 January 2022, the Supreme Court of the Russian Federation refuses to take over the proceeding. By the ruling of the Moscow Arbitration Court dated 10 February 2022, the proceedings on the case were resumed to determine the amount of liability. On 22 June 2022, the Company was hold liable for obligations of LLC “UzavtoRus” based on the ruling of the Moscow Arbitration Court. The amount of the claim attributable to the Company is Russian Roubles 3,405 million (equivalent to US Dollars 47,513 thousand). Taking into the consideration that the direct execution of decisions of Russian courts requires an appeal to the courts of the Republic of Uzbekistan, complexity of execution of the decisions taken by Russian court in another jurisdiction, as well as the fact that there are grounds to refuse the endorsement of the decision by the courts in the Republic of Uzbekistan, since the Moscow Arbitration Court disregarded the argument that the limitation period was missed, which may contradict the basic principles of the legislation of the Republic of Uzbekistan, the management of the Group evaluates the possibility of the outflow of resources from the Group in order to settle the case as not probable. Accordingly, no provision for the liability for the obligations of LLC “UzavtoRus” has been made in these consolidated financial statements.

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.

#### **Capital expenditure commitments**

As of 30 June 2023, the Group has contractual capital expenditure commitments in respect of the development of new GEM Tracker and Onix models under the GEM platform totaling US Dollars 25,835 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 30 June 2023, the Group has guaranteed obligations of debts of JSC UzAuto Motors Powertrain under loan agreements with Credit Suisse totaling US Dollars 105,000 thousand and debts of local suppliers under loan agreements with JSCB “Kapitalbank” totaling US Dollars 28,000 thousand (31 December 2022: US Dollars 28,000 thousand).

Furthermore, 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 recognized. 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.

## JSC “UZAUTO MOTORS”

### Notes to the Interim Condensed Consolidated Financial Statements (unaudited) (continued)

*In thousands of US Dollars*

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#### 22. 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 that optimizes the cost of capital, maximizes 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 marketplace, 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.

#### 23. 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 amortized 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 at the end of each reporting periods presented.

	<u>Carrying value</u>	<u>Fair value</u>
Borrowings at 30 June 2023	320,662	268,330
Borrowings at 31 December 2022	312,577	256,227

Whilst accounted for at amortized 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.

#### 24. EVENTS AFTER THE BALANCE SHEET DATE

On 3 July 2023, US Dollars 1,757 thousand have been drawn under the ECA agreement dated on 28 April 2022 between the Group with Credit Suisse AG and Raiffeisen Bank International AG. As at the date of the issuance of these interim condensed consolidated financial statements, US Dollars 35,000 thousand is expected to have been drawn during the year 2023.

On 24 August 2023, the 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.

On 14 July 2023, per decision of shareholders # 4-2023, the Charter of the company was approved to be issued in a new edition. According to the new edition of the Charter, 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.

During July - September 2023, the Group paid dividends in the amount of US Dollars 32,651 thousand.