

**JSC “UZAUTO MOTORS”  
(formerly known as  
JSC “GENERAL MOTORS  
UZBEKISTAN”)**

Interim Condensed Consolidated Financial Statements  
for the Six Months ended 30 June 2021

# 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 ENDED 30 JUNE 2020

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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 2021, and the results of its operations, cash flows and changes in shareholders’ equity for the six months 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 consolidated financial position and financial performance;
- 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 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 ended 30 June 2021 were approved by management on 28 October 2021.

On behalf of the Management:

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

  
**K.J. Umurzakov**  
Chief Financial Officer  
Tashkent, Uzbekistan

  
**A.I. Yakubov**  
Chief Accountant  
Tashkent, Uzbekistan

28 October 2021



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## 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 2021 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 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.

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## 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

Erkin Ayupov  
Qualified Auditor/Engagement Partner

License authorizing audit of companies registered by the Ministry of Finance of the Republic of Uzbekistan under #00776 dated 5 April 2019

Auditor qualification certificate authorizing audit of companies, #04830 dated 22 May 2010 issued by the Ministry of Finance of the Republic of Uzbekistan

28 October 2021  
Tashkent, Uzbekistan

Director  
"Deloitte & Touche" Audit Organisation LLC


# JSC "UZAUTO MOTORS"

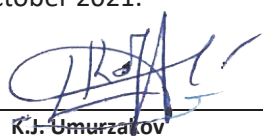
## Interim Condensed Consolidated Statement of Financial Position (unaudited)


In thousands of US Dollars

	Notes	30 June 2021	31 December 2020 (audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	8	514,317	325,757
Intangible assets		57,383	60,774
Restricted deposits		8,360	7,742
Bank deposits	9	166,712	86,566
Loans issued		3,062	4,162
Other non-current assets		4,710	1,556
<b>Total non-current assets</b>		<b>754,544</b>	<b>486,557</b>
<b>Current assets</b>			
Cash and cash equivalents	11	108,951	28,965
Restricted cash	12	156,434	88,244
Bank deposits	9	9,686	4,136
Restricted deposits		10,152	23,597
Loans issued		4,520	4,553
Trade and other receivables	13	235,807	271,172
Advances paid to suppliers		159,849	113,020
Inventories	10	533,065	335,905
<b>Total current assets</b>		<b>1,218,464</b>	<b>869,592</b>
<b>TOTAL ASSETS</b>		<b>1,973,008</b>	<b>1,356,149</b>
<b>EQUITY</b>			
Share capital		266,667	266,667
Additional paid in capital		131,611	131,611
Other reserves		88,443	88,443
Retained earnings		133,600	50,040
Cumulative translation differences		(82,386)	(77,143)
<b>Equity attributable to the Company's owners</b>		<b>537,935</b>	<b>459,618</b>
Non-controlling interest		526	536
<b>TOTAL EQUITY</b>		<b>538,461</b>	<b>460,154</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings	14	303,423	5,825
Deferred income tax liability		28,501	29,205
Other non-current liabilities		1,992	-
<b>Total non-current liabilities</b>		<b>333,916</b>	<b>35,030</b>
<b>Current liabilities</b>			
Borrowings	14	91,571	238,966
Trade and other payables	15	598,777	366,245
Income tax payable		3,302	6,708
Other taxes payables		3,148	1,252
Contract liabilities	16	402,378	234,255
Dividends payable		-	11,820
Other liabilities		1,455	1,719
<b>Total current liabilities</b>		<b>1,100,631</b>	<b>860,965</b>
<b>TOTAL LIABILITIES</b>		<b>1,434,547</b>	<b>895,995</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,973,008</b>	<b>1,356,149</b>

Approved for issue and signed on 28 October 2021.

  
Bo Inge Andersson  
General Director  
Tashkent, Uzbekistan

  
K.J. Umurzakov  
Chief Financial Officer  
Tashkent, Uzbekistan

  
A.I. Yakubov  
Chief Accountant  
Tashkent, Uzbekistan

The notes set out on pages 8 to 26 form an integral part of this interim condensed consolidated financial statements.

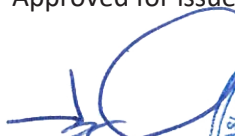

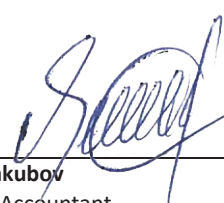
## JSC "UZAUTO MOTORS"

### Interim Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income (unaudited)

*In thousands of US Dollars*

	Notes	Six months ended 30 June	
		2021	2020
Revenue from contracts with customers	17	1,009,389	1,293,408
Cost of sales		(845,144)	(1,149,360)
<b>Gross profit</b>		<b>164,245</b>	<b>144,048</b>
General and administrative expenses		(44,136)	(39,742)
Selling expenses		(24,083)	(29,027)
Expected credit losses on trade receivables		(2,601)	(1,443)
Other operating income		4,673	2,295
<b>Operating profit</b>		<b>98,098</b>	<b>76,131</b>
Finance income		12,641	13,123
Finance costs		(5,321)	(7,767)
Net foreign exchange loss		(5,218)	(26,631)
<b>Profit before income tax</b>		<b>100,200</b>	<b>54,856</b>
Income tax expense	18	(16,651)	(11,253)
<b>Profit for the period</b>		<b>83,549</b>	<b>43,603</b>
<b>Other comprehensive loss:</b>			
<i>Items that may be reclassified to profit or loss:</i>			
Exchange differences on translation to presentation currency		(5,243)	(24,936)
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>78,308</b>	<b>18,668</b>
<b>Profit is attributable to:</b>			
Owners of the Company		83,559	43,604
Non-controlling interest		(10)	-
<b>Total comprehensive income is attributable to:</b>			
Owners of the Company		78,318	18,668
Non-controlling interest		(10)	-

Approved for issue and signed on 28 October 2021.

 <b>Bo Inge Andersson</b> General Director Tashkent, Uzbekistan	 <b>K.J. Umurzakov</b> Chief Financial Officer Tashkent, Uzbekistan	 <b>A.I. Yakubov</b> Chief Accountant Tashkent, Uzbekistan
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The notes set out on pages 8 to 26 form an integral part of this interim condensed consolidated financial statements.

## JSC "UZAUTO MOTORS"

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


In thousands of US Dollars

	Attributable to owners of the Company					Non-controlling interest	Total
	Share capital	Additional paid in capital	Other reserves	Cumulative translation differences	Retained earnings		
Balance at 1 January 2020	266,667	131,611	88,443	(38,689)	(92,102)	-	355,930
Profit for the year	-	-	-	-	43,604	-	43,604
Other comprehensive loss for the period	-	-	-	(24,936)	-	-	(24,936)
<b>Total comprehensive income for the period</b>	-	-	-	<b>(24,936)</b>	<b>43,604</b>	-	<b>18,668</b>
Balance at 30 June 2020	266,667	131,611	88,443	(63,625)	(48,498)	-	374,598
Balance at 1 January 2021	266,667	131,611	88,443	(77,143)	50,040	536	460,154
Profit for the period	-	-	-	-	83,560	(10)	83,550
Other comprehensive loss for the period	-	-	-	(5,243)	-	-	(5,243)
<b>Total comprehensive income for the period</b>	-	-	-	<b>(5,243)</b>	<b>83,560</b>	<b>(10)</b>	<b>78,307</b>
Balance at 30 June 2021	266,667	131,611	88,443	(82,386)	133,600	526	538,461

Approved for issue and signed on 28 October 2021.




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



**K.J. Umurzakov**  
Chief Financial Officer  
Tashkent, Uzbekistan



**A.I. Yakubov**  
Chief Accountant  
Tashkent, Uzbekistan

The notes set out on pages 8 to 26 form an integral part of this interim condensed consolidated financial statements.



# JSC "UZAUTO MOTORS"

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

In thousands of US Dollars

	Notes	Six months ended 30 June	
		2021	2020
<b>Cash flows from operating activities</b>			
Profit before income tax		100,200	54,856
<i>Adjustments for:</i>			
Depreciation of property, plant and equipment		17,348	19,211
Amortisation of intangible assets		2,676	2,821
Gain on disposal of property, plant and equipment		(547)	(23)
Expected credit losses on trade receivables		2,601	1,443
Net foreign exchange loss		5,218	26,631
Finance income		(12,641)	(13,123)
Finance costs		5,321	7,767
<b>Operating cash flows before working capital and other changes</b>		<b>120,176</b>	<b>99,583</b>
Net (increase)/decrease in:			
Trade and other receivables		34,257	(65,323)
Advances paid to suppliers		(48,567)	(13,120)
Inventories		(202,771)	(43,006)
Restricted deposits		12,538	(2,357)
Restricted cash		(65,695)	73,587
Other non-current assets		(3,154)	(5,599)
Net increase/(decrease) in:			
Trade and other payables		233,113	57,071
Contract liabilities		172,272	(164,657)
Taxes and related charges payable		1,841	(9,528)
Other liabilities		2,026	(405)
<b>Operating cash flows before interest and income tax</b>		<b>256,036</b>	<b>(73,754)</b>
Interest paid		(6,117)	(8,129)
Interest received		2,655	6,751
Income tax paid		(20,354)	(15,274)
<b>Net cash from/(used in) operating activities</b>		<b>232,220</b>	<b>(90,406)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(213,037)	(6,204)
Proceeds from sale of property, plant and equipment		5,620	983
Capitalized interest paid		(3,365)	
Purchase of intangible assets		-	(1,402)
Loans issued		-	(10,934)
Repayment of loans issued		1,036	-
Bank deposits placements		(137,786)	(15,421)
Proceeds from bank deposits matures		56,782	40,774
<b>Net cash (used in)/from investing activities</b>		<b>(290,749)</b>	<b>7,796</b>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		322,417	84,000
Repayment of borrowings		(170,063)	(22,432)
Dividends paid to the Company's shareholders		(11,820)	-
<b>Net cash from financing activities</b>		<b>140,534</b>	<b>61,568</b>
Effect of exchange rate changes on cash and cash equivalents		(2,001)	5,499
The effect of translation to presentation currency		(18)	(4,672)
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>79,986</b>	<b>(20,215)</b>
Cash and cash equivalents at the beginning of the year	11	28,965	45,724
<b>Cash and cash equivalents at the end of the year</b>	<b>11</b>	<b>108,951</b>	<b>25,509</b>

Approved for issue and signed on 28 October 2021.

**Bo Inge Andersson**

General Director

Tashkent, Uzbekistan

**K.J. Umurzakov**

Chief Financial Officer

Tashkent, Uzbekistan

**A.I. Yakubov**

Chief Accountant

Tashkent, Uzbekistan

The notes set out on pages 8 to 26 form an integral part of this 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. JSC “UZAUTO MOTORS” AND ITS OPERATIONS

This interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting” for the six-months ended June 2021 for JSC “UzAuto Motors” (the “Company”) and its subsidiaries (together referred to as the “Group”).

The Company was established on 21 February 2008, based on Decree of President of the Republic of Uzbekistan № PP-800 in the form of joint stock company (the “JSC”) 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, JSC “Uzavtosanoat” (the “Parent Company”) and General Motors Company, USA (“GM”) agreed to create the GM Uzbekistan Alliance, which is a new cooperation platform that meets the needs of the Uzbekistan growing automotive industry. GM Uzbekistan Alliance also provides an access to GM’s automotive technologies and know-how. Within the GM Uzbekistan Alliance, the Parent Company assumes full control over operating activity in the production of cars and car engines, including the promotion of automobiles under Ravon brand, which are also sold in export markets. On 25 August 2020, the Parent Company which is the sole shareholder of the Company agreed to create “UzAuto Passenger Vehicles Management” LLC which is an immediate Parent Company of the Group (the “Immediate Parent Company”). The Immediate Parent Company is the sole shareholder of the Company. The Parent Company is the state-owned company, which is the dominant controlling body (equivalent of a government Ministry) of the automotive industry within the Republic of Uzbekistan. As at 30 June 2021 and 31 December 2020, the ultimate 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. Ten automobile models under the Chevrolet and Ravon brands were produced in these facilities during 2021 and 2020 years. The maximum production capacity of the Company is approximately 415 thousand vehicles annually (i.e. Asaka - 300 thousand, Pitnak - 100 thousand and Tashkent - 15 thousand units).

#### ***Principal activity***

The Company’s principal business activity is manufacture of vehicles and starting from 2019 sale of imported automobiles (Single Unit Pack – SUP basis). The Company sells vehicles and spare parts under the brands of Chevrolet and Ravon to dealers and distributors in Uzbekistan and certain CIS countries, particularly Kazakhstan.

As at 30 June 2021 and 2020, the Company had in total 11,196 and 11,225 employees, respectively.

#### ***Presentation currency***

This interim condensed consolidated financial statements is presented in US Dollars, unless otherwise stated.

#### ***ERP system***

On 1 of January 2021 the Company has implemented SAP S/4 HANA ERP.

## JSC "UZAUTO MOTORS"

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

*In thousands of US Dollars*

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## 2. OPERATING ENVIRONMENT OF THE GROUP

### *The Republic of Uzbekistan*

The Uzbekistan economy continues to display characteristics of an emerging market, including but not limited to, a currency that is not freely convertible outside of the country and a low level of liquidity in debt and equity markets.

Economic stability in Uzbekistan is largely dependent upon the effectiveness of economic measures undertaken by the Government of Uzbekistan, together with other legal, regulatory and political developments, all of which are beyond the Group's control.

The Group's financial position and operating results will continue to be affected by future political and economic developments in Uzbekistan including the application and interpretation of existing and future legislation and tax regulations, which greatly impact Uzbek automotive markets and the economy overall.

Management is taking necessary measures to ensure sustainability of the Group's operations, however the management is unable to predict the effectiveness and continuity of such political and economic developments and their impact, if any, on the Group's financial performance.

Uzbekistan has achieved the following key economic indicators in the six-months ended 30 June 2021:

- Official exchange rate as at 30 June 2021 is US Dollar 1 per Uzbekistani Som 10,605.3 (as at 31 December 2020 - US Dollar 1 per Uzbekistani Som 10,476.92)
- Year on year inflation rate as at 30 June 2021 is 10.9% (as at 31 December 2020 - 11.1%);
- Year on year GDP annual growth rate as at 30 June 2021 is 6.2% (as at 31 December 2020 - 1.6%);
- Refinancing rate of the Central Bank of Uzbekistan as at 30 June 2021 is 14% (as at 31 December 2020 – 14.5%).

In June 2021 Standard & Poor's international rating agency affirmed the Republic of Uzbekistan's long-term foreign and short-term sovereign credit rating for foreign and local currency liabilities at the BB- level. The outlook was updated to Stable (from Negative). The agency forecasts Uzbekistan's economy to grow by 4.8% in 2021.

On March 2020, the World Health Organisation declared the outbreak of COVID-19 a global pandemic. In response to the pandemic, the Uzbek authorities implemented numerous measures attempting to contain the spreading and impact of COVID-19, such as travel bans and restrictions, quarantines, shelter-in-place orders and limitations on business activity, including closures. These measures have, among other things, severely restricted economic activity in Uzbekistan and have negatively impact businesses, market participants, clients of the Group, as well as the Uzbek and global economy. During 2021 business environment has gradually recovering after coronavirus pandemic crisis, started in the beginning of 2020, and began actively restoring its activities as it was before pandemic.

## JSC “UZAUTO MOTORS”

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

*In thousands of US Dollars*

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At the time of issuing these interim condensed consolidated financial statements, the pandemic has not had significant impact on the Group’s sales or supply chain, liquidity, solvency and other financial performance indicators, however the future effects cannot be predicted. In 2020 there was a sharp increase in demand for computer and medical equipment as a result of the pandemic. 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 is affecting the Group and decreasing the volume of cars it is able to produce. The Group continues to work closely with GM in order to resolve this issue and believes that microchips can be transported quickly via air shipments with low cost once they become more generally available. Management expect the semiconductor supply shortage to have a temporary impact on Group’s business.

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.

### 3. SIGNIFICANT ACCOUNTING POLICIES

#### *Basis of preparation*

This 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 2020, which have been prepared in accordance with International Financial Reporting Standards (IFRS).

Except as described below, the same accounting policies and methods of computation were followed in the preparation of this interim condensed consolidated financial statements as compared with the annual consolidated financial statements of the Group for the year ended 31 December 2020.

*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.

#### *Inventories*

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 financial statements.

## JSC “UZAUTO MOTORS”

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

*In thousands of US Dollars*

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#### 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 financial statements for the year ended 31 December 2020. The area of the most significant management judgment remains determination of the ongoing legal proceedings outcomes and probability of related outflow of resources embodying economic benefits. For more details please see Note 19.

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

The following is a list of amended IFRS standards that have been applied by the Group in this interim condensed consolidated financial statements.

Title	Subject	Effect on the interim condensed consolidated financial statements
Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)	Replacement of LIBOR with an alternative Risk-free Rates	No impact
Amendment to IFRS 16	Covid-19 Related Rent Concessions	No impact

#### 6. SEGMENT INFORMATION

##### (a) Description of segments and principal activities

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:

- Local production – manufacturing of automobiles and selling them in Uzbekistan and certain CIS countries.
- Single Unit Pack (SUP basis) – selling imported automobiles on a local market. The assortment includes following Chevrolet models: Tahoe, Traverse, Equinox, Trailblazer, Malibu, and Tracker which are imported from Thailand, China, Republic of Korea and USA.

Semi-Knocked Down (SKD basis) – import of sets of partly put together parts with a final assembling on the Group’s production facilities for sale to customers. The Group has mostly ceased this business activity in 2021 and therefore it doesn’t longer constitute a separate operating segment and thus was included for the CODM reporting purposes into the SUP segment. Prior year segment information was adjusted accordingly.

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 in order to make decisions about resources to be allocated and assess its performance. Hence the results of these operations are included in the ‘other’ column.

The Executive Board primarily uses a measure of profit before tax to assess the performance of the operating segments. However, the Executive Board also receives information about the segments’ revenue and assets on a monthly basis. Information about segment revenue is disclosed in Note 17.

## JSC "UZAUTO MOTORS"

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*In thousands of US Dollars*

The Board reviews financial information prepared based on local accounting standards adjusted to meet the requirements of management accounts. Such financial information differs in certain aspects from International Financial Reporting Standards:

- Deferred income taxes liabilities are not recognized;
- Adjustment of the consideration for the effects of a significant financing component is not recognized;
- Certain costs expensed in IFRS are capitalized, i.e. engineering services;
- Different timing of recognition of assets purchase;
- Property plant and equipment and intangible assets are recognized in accordance with the requirements of local GAAP;
- Credit loss allowances are not recognized based on ECL model prescribed in IFRS 9.

#### (b) Segment assets and liabilities

Assets and liabilities are allocated based on the operations of the segment.

Segment information for the reportable segments as of 30 June 2021 is set out below:

	<u>Local car production</u>	<u>SUP</u>	<u>Other</u>	<u>Eliminations</u>	<u>Total operating segments</u>
Property, plant and equipment	149,753	3,353	80,738	-	233,844
Intangible assets	4,899	98	-	-	4,997
Bank deposits	176,398	-	-	-	176,398
Restricted deposits	18,021	-	-	-	18,021
Loans issued	7,605	-	-	(24)	7,581
Other non-current assets	4,514	-	36,386	(31,931)	8,969
Cash and cash equivalents	101,578	389	3,492	-	105,459
Restricted cash	156,434	-	-	-	156,434
Trade and other receivables	147,578	88,199	35,539	(16,354)	254,962
Advances paid to suppliers	332,506	4,039	5,825	(46,633)	295,737
Inventories	435,028	56,571	28,767	-	520,366
Interbranch receivables	317,952	-	-	(317,952)	-
<b>Total reportable segment assets</b>	<b><u>1,852,266</u></b>	<b><u>152,649</u></b>	<b><u>190,747</u></b>	<b><u>(412,894)</u></b>	<b><u>1,782,768</u></b>
Borrowings	397,964	-	24	(24)	397,964
Trade and other payables	451,143	103,037	49,505	(13,199)	589,486
Income tax payable	2,430	872	-	-	3,302
Other taxes payables	3,148	-	-	-	3,148
Advances received	364,872	16,313	67,771	(46,510)	402,446
Other liabilities	395	-	-	(121)	274
Interbranch payables	317,952	-	-	(317,952)	-
<b>Total reportable segment liabilities</b>	<b><u>1,537,904</u></b>	<b><u>120,222</u></b>	<b><u>117,300</u></b>	<b><u>(377,806)</u></b>	<b><u>1,397,620</u></b>

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Segment information for the reportable segments as of 31 December 2020 is set out below:

	Local car production	SUP	Other	Eliminations	Total operating segments
Property, plant and equipment	114,254	12,367	43,302	-	169,923
Intangible assets	5,212	225	-	-	5,437
Bank deposits	90,701	-	-	-	90,701
Restricted deposits	29,646	1,692	-	-	31,338
Loans issued	8,739	-	-	(24)	8,715
Other non-current assets	4,598	-	23,212	(22,519)	5,291
Cash and cash equivalents	25,847	1,408	855	-	28,110
Restricted cash	88,244	-	-	-	88,244
Trade and other receivables	48,843	246,668	16,331	(6,565)	305,277
Advances paid to suppliers	97,621	13,702	34,336	(32,638)	113,021
Inventories	188,016	114,824	4,847	-	307,687
Interbranch receivables	261,449	-	-	(261,449)	-
<b>Total reportable segment assets</b>	<b>963,170</b>	<b>390,886</b>	<b>122,883</b>	<b>(323,195)</b>	<b>1,153,744</b>
Borrowings	246,873	-	24	(24)	246,873
Trade and other payables	311,023	13,210	21,040	(5,225)	340,048
Income tax payable	6,185	523	-	-	6,708
Other taxes payables	1,252	-	-	-	1,252
Advances received	208,119	11,452	54,386	(32,626)	241,331
Other liabilities	11,829	-	-	-	11,829
Interbranch payables	261,449	-	-	(261,449)	-
<b>Total reportable segment liabilities</b>	<b>1,046,730</b>	<b>25,185</b>	<b>75,450</b>	<b>(299,324)</b>	<b>848,041</b>

#### (c) Profit or loss

Segment information for the reportable segment profit and loss for the period ended 30 June 2021 is set out below:

	Local car production	SUP	Other	Eliminations	Total operating segments
Revenue from contracts with customers	847,692	118,534	43,163	-	1,009,389
Cost of sales	(668,969)	(96,236)	(34,754)	-	(799,959)
Selling expenses	(26,977)	(2,776)	-	2,507	(27,246)
Administrative expenses	(12,035)	(681)	(3,067)	-	(15,783)
Other operating expenses	(68,847)	(658)	-	-	(69,505)
Other operating income	3,997	127	3,056	(2,507)	4,673
Finance income	5,601	745	42	-	6,388
Finance costs	(5,506)	(733)	-	-	(6,239)
Net foreign exchange loss	955	127	(258)	-	824
<b>Segment profit before income tax</b>	<b>75,911</b>	<b>18,449</b>	<b>8,182</b>	<b>-</b>	<b>102,542</b>

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Segment information for the reportable segment profit and loss for the period ended 30 June 2020 is set out below:

	Local car production	SUP	Other	Eliminations	Total operating segments
Revenue from contracts with customers	1,183,149	72,311	10,086	-	1,265,546
Cost of sales	(996,498)	(58,526)	(7,211)	-	(1,062,235)
Selling expenses	(27,161)	(1,099)	-	-	(28,260)
Administrative expenses	(14,518)	(421)	(256)	-	(15,195)
Other operating expenses	(95,061)	(344)	-	-	(95,406)
Other operating income	2,085	77	228	-	2,390
Finance income	6,417	389	-	-	6,805
Finance costs	(6,264)	(380)	-	-	(6,644)
Net foreign exchange loss	26	2	-	-	28
<b>Segment profit before income tax</b>	<b>52,175</b>	<b>12,009</b>	<b>2,847</b>	<b>-</b>	<b>67,031</b>

Local accounting standards profit before income tax adjusted to meet the requirements of management accounts reconciles to IFRS profit before income tax as follows:

	Six months ended 30 June	
	2021	2020
<b>Profit before income tax in accordance to local accounting standards</b>	<b>102,542</b>	<b>67,031</b>
Effect for a significant financing component	5,676	(295)
Expected credit losses on trade receivables	(2,601)	(1,443)
Engineering services write-off	1,671	(630)
Depreciation and amortization	(9,647)	(10,398)
Other	2,559	591
<b>Profit before income tax in accordance with IFRS</b>	<b>100,200</b>	<b>54,856</b>

Local accounting standards assets adjusted to meet the requirements of management accounts reconcile to IFRS total assets as follows:

	30 June 2021	31 December 2020
<b>Total reportable segment assets in accordance to local accounting standards</b>	<b>1,782,768</b>	<b>1,153,744</b>
Difference in PPE&IA recognition under IFRS	198,750	211,170
Effect for a significant financing component	(3,242)	(9,359)
Engineering services write-off	(5,266)	(7,316)
Expected credit loss allowance on trade receivables	(14,765)	(13,377)
Different timing of recognition of assets purchase	10,271	28,196
Other	4,492	(6,909)
<b>Total assets in accordance with IFRS</b>	<b>1,973,008</b>	<b>1,356,149</b>



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Local accounting standards liabilities reconcile to IFRS total liabilities as follows:

	<u>30 June 2021</u>	<u>31 December 2020</u>
<b>Total reportable segment liabilities in accordance to local accounting standards</b>	<b>1,397,620</b>	<b>848,041</b>
Deferred income tax liability	28,501	29,205
Timing of recognition of assets purchase	10,271	28,196
Other	(1 845)	(9,447)
<b>Total liabilities in accordance with IFRS</b>	<b><u>1,434,547</u></b>	<b><u>895,995</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 effected on the same terms, conditions and amounts as transactions between unrelated parties.

At 30 June 2021, 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>
Restricted deposits	-	1,289	<b>1,289</b>
Bank deposits	-	559	<b>559</b>
Loans issued	-	2,398	<b>2,398</b>
Trade and other receivables	2	70,048	<b>70,050</b>
Advances paid to suppliers	-	42,240	<b>42,240</b>
Borrowings	4,835	-	<b>4,835</b>
Advances received	16,943	-	<b>16,943</b>
Trade and other payables	2,293	510	<b>2,803</b>

The transactions with related parties for the six-months ended 30 June 2021 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	4	2,820	<b>2,824</b>
Other income	-	219	<b>219</b>
Purchases of raw materials and consumables	-	226,255	<b>226,255</b>
Dealer's commission	-	8,772	<b>8,772</b>
Finance income	-	99	<b>99</b>

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At 31 December 2020, 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>
Restricted deposits	-	1,500	<b>1,500</b>
Loans issued	-	3,372	<b>3,372</b>
Trade and other receivables	28	51,859	<b>51,887</b>
Advances paid to suppliers	-	35,453	<b>35,454</b>
Borrowings	6,118	71	<b>6,189</b>
Trade and other payables	5,261	48,079	<b>53,340</b>
Dividends payable	11,820	-	<b>11,820</b>

The income and expense items with related parties for the six-months ended 30 June 2020 were as follows:

	<u>Companies under common control and significant influence of the Parent Company</u>
Sales of goods	1,847
Other income	119
Purchases of raw materials, consumables and services	312,667
Dealer's commission	10,901
Finance income	108
Finance costs	1,365

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

As at 30 June 2021 and 31 December 2020, US Dollars 87,637 thousand and US Dollars 13,974 thousand of cash and cash equivalents, respectively, were placed in the banks controlled by the State of the Republic of Uzbekistan.

As at 30 June 2021 and 31 December 2020, US Dollars 113,605 thousand and US Dollars 87,963 thousand of restricted cash, respectively, were placed in the banks controlled by the State of the Republic of Uzbekistan.

As at 30 June 2021 and 31 December 2020, US Dollars 14,448 thousand and US Dollars 4,281 thousand of restricted deposits, respectively, were deposited in the banks controlled by the State of the Republic of Uzbekistan.

As at 30 June 2021 and 31 December 2020, US Dollars 84,176 thousand and US Dollars 88,628 thousand of bank deposits, respectively, were deposited in the banks controlled by the State of the Republic of Uzbekistan.

As at 31 December 2020, US Dollars 110,901 thousand of borrowings were received be the Group from the banks controlled by the State of the Republic of Uzbekistan (none as at 30 June 2021).

## JSC “UZAUTO MOTORS”

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#### Key management compensation

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

Key management compensation is presented below:

	Six months ended 30 June	
	2021	2020
Short-term benefits:		
Salaries	377	369
Short-term bonuses	33	53
State pension and social security costs	50	50
<b>Total key management compensation</b>	<b>460</b>	<b>472</b>

## 8. 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 instalment	Total
Cost at 1 January 2021	135,322	730,369	37,525	15,107	103,264	1,021,587
Accumulated depreciation	(71,221)	(577,372)	(33,308)	(13,929)	-	(695,830)
<b>Carrying amount at 1 January 2021</b>	<b>64,101</b>	<b>152,997</b>	<b>4,217</b>	<b>1,178</b>	<b>103,264</b>	<b>325,757</b>
Additions	-	-	-	-	215,350	215,350
Disposals	(5)	(7)	(181)	-	(4,880)	(5,073)
Transfers	1,032	2,260	435	168	(3,895)	-
Depreciation charge	(2,400)	(13,945)	(725)	(278)	-	(17,348)
The effect of translation to presentation currency	(765)	(1,763)	(47)	(14)	(1,780)	(4,369)
<b>Carrying amount at 30 June 2021</b>	<b>61,963</b>	<b>139,542</b>	<b>3,699</b>	<b>1,054</b>	<b>308,059</b>	<b>514,317</b>
Cost at 30 June 2021	134,701	722,524	37,136	13,890	308,059	1,216,310
Accumulated depreciation	(72,738)	(582,982)	(33,437)	(12,836)	-	(701,993)
<b>Carrying amount at 30 June 2021</b>	<b>61,963</b>	<b>139,542</b>	<b>3,699</b>	<b>1,054</b>	<b>308,059</b>	<b>514,317</b>

As at 30 June 2021 machinery and equipment includes assets, such as production accessories tools leased out (under operating leases) in the amount of US Dollars 15,996 thousand (31 December 2020: US Dollars 19,890 thousand).

Part of the Advances, construction in progress and equipment for instalment additions during the period represents advances paid in respect of development of new SUV-B and B-segment models under the GEM platform totalling US Dollars 128,259 thousand.

At 31 December 2020 machinery and equipment carried at US Dollars 97,733 thousand (30 June 2021: none) have been pledged to third parties as collateral for credit line from JSCB “Asaka” (Note 14).

## JSC “UZAUTO MOTORS”

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#### 9. BANK DEPOSITS

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

	<u>30 June 2021</u>	<u>31 December 2020 (audited)</u>
B3 rating (Moody's)	59,884	-
B1 rating (Moody's)	54,200	-
B2 rating (Moody's)	31,373	90,702
BB- rating (Fitch)	29,976	-
B- rating (Fitch)	965	-
<b>Total bank deposits</b>	<b>176,398</b>	<b>90,702</b>
Less short-term portion	9,686	4,136
<b>Total long-term bank deposits</b>	<b>166,712</b>	<b>86,566</b>

#### 10. INVENTORIES

Inventories are comprised of the followings:

	<u>30 June 2021</u>	<u>31 December 2020 (audited)</u>
Goods in transit	205,682	141,836
Raw materials and spare parts	195,058	99,204
Finished goods	100,965	93,113
Work in progress	31,360	1,752
<b>Total inventories</b>	<b>533,065</b>	<b>335,905</b>

Work in progress at 30 June 2021 includes cars completed but awaiting installation of components affected by the semiconductor supply shortage, after which, they will proceed through an additional quality review process prior to being shipped to customers.

#### 11. CASH AND CASH EQUIVALENTS

	<u>30 June 2021</u>	<u>31 December 2020 (audited)</u>
Cash and cash equivalents in foreign currencies	61,135	23,238
Cash and cash equivalents in UZS	47,789	5,677
Other cash equivalents	27	50
<b>Total cash and cash equivalents</b>	<b>108,951</b>	<b>28,965</b>

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

	<u>30 June 2021</u>	<u>31 December 2020 (audited)</u>
B3 rating (Moody's)	91,137	-
B1 rating (Moody's)	11,274	-
B2 rating (Moody's)	6,540	26,613
BB- rating (S&P's)	-	2,352
<b>Total cash and cash equivalents</b>	<b>108,951</b>	<b>28,965</b>

## JSC “UZAUTO MOTORS”

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#### 12. RESTRICTED CASH

Restricted cash mainly includes cash resources in the amount of US Dollars 113,605 thousand (2020: US Dollars 87,239 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.

#### 13. TRADE AND OTHER RECEIVABLES

	<u>30 June 2021</u>	<u>31 December 2020</u> <u>(audited)</u>
Trade receivables	163,418	227,381
Other financial receivables	48,209	24,887
Less expected credit loss allowance	(14,765)	(13,377)
<b>Total financial assets within trade and other receivables</b>	<b>196,862</b>	<b>238,891</b>
Prepayments	38,945	32,281
<b>Total trade and other receivables</b>	<b>235,807</b>	<b>271,172</b>

#### 14. BORROWINGS

	<u>Carrying amounts</u>	
	<u>30 June 2021</u>	<u>31 December 2020</u> <u>(audited)</u>
Debt securities issued	301,924	-
Borrowings from banks	88,951	238,615
Other borrowings	4,119	5,825
Finance lease liabilities	-	351
<b>Total borrowings</b>	<b>394,994</b>	<b>244,791</b>
Less short-term portion	91,571	238,966
<b>Total long-term borrowings</b>	<b>303,423</b>	<b>5,825</b>

The Group’s borrowings received from the Parent Company are denominated in UZS, debt securities issued are denominated in US Dollars and borrowings from banks are denominated in US Dollars (JSCB “Asaka”) and Euro (Credit Suisse AG).

##### *Debt securities issued*

The Group’s Debt securities issued is US Dollars denominated quasi-sovereign unsecured corporate bond in the amount of US Dollars 300,000 thousand, issued on April 27, 2021 on London Stock Exchange under the Rule 144A and Reg S which has a maturity of five-years. Debt securities bear interest at the rate of 4.85 percent per annum payable in equal instalments semi-annually in arrear on 4 May and 4 November in each year. Debt securities issued contains following covenants:

- The consolidated net leverage ratio under which the Group’s net debt must not exceed 3.75 times its EBITDA;
- The aggregate principal amount of outstanding Indebtedness Incurred by Parent Company’s subsidiaries must not exceed 3.5 per cent. of the consolidated total assets.

The Group was in compliance with the covenants as at 30 June 2021.

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*In thousands of US Dollars*

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#### *Credit line from JSCB “Asaka”*

This domestic bank entered into a collateralized agreement with the Group under the terms of a letter of credit, whereby, the bank assumes the credit risk of the Group paying the foreign supplier for goods and spare parts. As at 30 June 2021 an outstanding balance under credit line agreement was repaid in full.

#### *Euro-denominated term loan facility made by Credit Suisse AG*

The Group’s term loan facility is a euro-denominated term loan facility made by Credit Suisse AG in an aggregate amount not exceeding Euro 150 million (equivalent of US Dollars 178,629 thousand), for the purchase of property, plant and equipment in the amount of Euro 130 million (equivalent of US Dollars 154,812 thousand) and replenishment of working capital in the amount of Euro 20 million (equivalent of US Dollars 23,817 thousand). The facility agreement, which has a maturity of one year, was entered into in December 2020, is guaranteed by the Parent and the related party. In April 2021 Euro 20 million, equivalent of US Dollars 23,817 thousand, was drawn. In June 2021 Euro 50 million, equivalent of US Dollars 59,543 thousand, was repaid (2020: Euro 106 million, equivalent of US Dollars 129,362 thousand, was drawn in December 2020).

The facility agreement contains following covenants:

- a leverage ratio under which the Group’s net debt must not exceed three times its EBITDA (as determined in accordance with the facility agreement); and
- an interest coverage ratio, under which the Group’s EBITDA (as determined in accordance with the facility agreement) must not exceed five times its interest expense.

The Group was in compliance with the covenants as at 30 June 2021.

#### *Interest free loans made by the Parent*

Other borrowings are unsecured borrowings received from the Parent Company in 2014-2016 years with interest rates of 0% per annum. These borrowings were initially recognised at fair value using the effective interest method (11% p.a.) and subsequently carried at amortised cost. The gain at initial recognition was recognised as additional paid in capital. The borrowings are due to be fully repaid by March 2022.

## 15. TRADE AND OTHER PAYABLES

	<u>30 June 2021</u>	<u>31 December 2020</u> <u>(audited)</u>
Trade payables	526,108	350,265
Other trade payables	72,669	15,980
<b>Total trade and other payables</b>	<b>598,777</b>	<b>366,245</b>

Trade payables mainly comprise short-term payables to the Group’s main foreign supplier – GM Korea Company and other local suppliers of spare parts. The credit period on purchases from GM Korea Company by the Group has increased from 120 days to 180 days.

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

## JSC "UZAUTO MOTORS"

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#### 16. CONTRACT LIABILITIES

The Group has recognised the following liabilities arising from contracts with customers:

	<u>30 June 2021</u>	<u>31 December 2020 (audited)</u>
Contract liabilities - advances received for sale of cars	373,876	211,497
Contract liabilities - advances received for construction services	21,261	21,760
Contract liabilities - advances received for sale of spare parts	1,195	802
Contract liabilities - other	6,046	196
<b>Total current contract liabilities</b>	<b><u>402,378</u></b>	<b><u>234,255</u></b>

Contract liabilities for advances increased during six-month of 2021 by US Dollars 135,311 thousand due to high demand for vehicles and impact of the global chip shortage.

#### 17. 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:

	<u>Six months ended 30 June</u>	
	<u>2021</u>	<u>2020</u>
<b>Domestic sales</b>		
<i>Domestic sales</i>		
Cars	824,945	1,218,394
Spare parts	16,562	9,835
Other	26,602	525
<b>Total domestic sales</b>	<b><u>868,109</u></b>	<b><u>1,228,754</u></b>
<b>Export sales</b>		
<i>Export sales</i>		
Cars	141,280	64,654
<b>Total export sales</b>	<b><u>141,280</u></b>	<b><u>64,654</u></b>
<b>Total revenue from contracts with customers</b>	<b><u>1,009,389</u></b>	<b><u>1,293,408</u></b>

Timing of revenue recognition is as follows:

	<u>Six months ended 30 June</u>	
	<u>2021</u>	<u>2020</u>
At a point in time	1,006,590	1,293,408
Over time	2,799	-
<b>Total revenue from contracts with customers</b>	<b><u>1,009,389</u></b>	<b><u>1,293,408</u></b>

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The Group sells vehicles and spare under the following brands:

	Six months ended 30 June	
	2021	2020
Chevrolet	956,634	1,253,425
Ravon	9,663	29,624
Other	43,092	10,359
<b>Total revenue from contracts with customers</b>	<b>1,009,389</b>	<b>1,293,408</b>

The Group's vehicles assortment consists of ten automobile models produced locally, two semi-knocked down models and six automobile models imported on SUP basis:

	Six months ended 30 June	
	2021	2020
Local production	899,293	1,142,512
Sales of imported cars	110,096	122,853
Other - Semi-Knocked Down (SKD)	-	28,043
<b>Total revenue from contracts with customers</b>	<b>1,009,389</b>	<b>1,293,408</b>

The Group's sales are mainly carried out under the terms of full and partial payment in advance and sales made on instalment basis:

	Six months ended 30 June	
	2021	2020
Prepayment basis	1,009,389	1,125,265
Instalment payments	-	168,143
<b>Total revenue from contracts with customers</b>	<b>1,009,389</b>	<b>1,293,408</b>

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

Management of the Group has concluded that the Group's operations are not highly seasonal in accordance with IAS 34.

## 18. INCOME TAX

Interim period income tax expense is recognised based on management's best estimate of the weighted average annual income tax rate expected for the full financial year. The estimated average annual tax rate applied for the six-months ended June 2021 is 17% (the estimated tax rate for the six-months ended 30 June 2020 was 21%).



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#### 19. CONTINGENCIES AND COMMITMENTS

##### ***Taxation***

The tax environment in the Republic of Uzbekistan is subject to change and inconsistent application, interpretation and enforcement. Non-compliance with Uzbekistan law and regulations can lead to the imposition of penalties and interest. The management believes that it has adequately provided for all tax liabilities in accordance with its interpretations of laws and regulations. However, the risk remains that relevant authorities could interpret tax laws and regulations differently and take differing positions with regard to interpretative issues, and as such, the effect could be significant. Consequently, additional taxes may be assessed including penalties and interest, which could be significant. No provision has been made for these contingencies.

The Group is liable for unified social payment and payroll related taxes and contributions. Laws related to these contributions have not been in force for significant periods, in contrast to more developed market economies. Therefore, regulations are often unclear or non-existent and few precedents with regards to many issues have been established.

##### ***Legal proceedings***

In all cases listed below, the Group's management assessed potential risks based on its own estimates, external professional advice, the positions of the parties, known factual circumstances, current court practice, expiration of the statute of limitations and other factors.

##### ***Claims to hold the Company and some other parties jointly liable under the subsidiary liability for obligations of CJSC PII “UzDaewoo-Voronezh”, LLC “UzDaewoo Avto-Ufa” and LLC “UzavtoRus”***

Before 2018, the Company had guaranteed obligations of debts of certain related parties (dealers) operating in Russia under loan agreements with the Russian banks. During the course of the bankruptcy cases of these dealers, some creditors filed a lawsuit demanding to hold the Company and some other parties liable under the subsidiary liability for obligations of these entities. The amount of the claims attributable to the Company might range within Russian Roubles 2,325 million – Russian Roubles 11,623 million (equivalent of US Dollars 32,119 thousand – US Dollars 160,594 thousand) per Russian regulations. Preliminary court hearings concerning CJSC PII “UzDaewoo-Voronezh” and LLC “UzDaewoo Avto-Ufa” cases have not been held as of the date of these interim condensed consolidated financial statements. It is assessed that the risk of unfavourable outcome for the Company in respect of holding the Company liable under the subsidiary liability as low (ranging within 20% - 40%) due to the following: (i) the Company is not a shareholder of CJSC PII “UzDaewoo-Voronezh”, LLC “UzDaewoo Avto-Ufa” and, in accordance with Russian Bankruptcy Law, the Company cannot, therefore, be presumed a controlling person and beneficiary of the alleged illegal and/or bad faith behaviour of the relevant companies making it difficult to establish subsidiary liability; (ii) 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 (iii) 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 the provision in these interim condensed consolidated financial statements.

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On 5 February 2019 the lawsuit was filed against the Company demanding to hold the Company and the Parent Company liable under the subsidiary liability for obligations of LLC “UzavtoRus”. The Moscow Arbitration Court ruling dated 23 March 2021 found there were grounds for bringing the Company to subsidiary liability for the obligations of LLC "UzavtoRus". The estimated amount of the claim attributable to the Company is Russian Roubles 3,000 million (equivalent of US Dollars 41,452 thousand). The Company and the Parent Company has submitted relevant appeals in two instances, which were not satisfied by both courts of appeal. The last decision was taken on 4 October 2021. The of decision of the Arbitration Court may be appealed to the Judicial collegium of the Supreme Court of the Russian Federation within two months from the date of its adoption. At the date of this interim condensed consolidated financial statement the Group has not submitted the application to the Supreme Court. If the Supreme Court of Russian Federation will refuse to take over the proceeding or will disallow the appeal, the direct execution of decisions of Russian courts requires an appeal to the courts of the Republic of Uzbekistan. Therefore, taking into the consideration complexity of execution of the decisions taken by Russian court in another jurisdiction, 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 (not more than 50%). Accordingly, no provision for the subsidiary liability for obligations of LLC “UzavtoRus” has been made in these interim condensed 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 interim condensed consolidated financial statements. This assessment may change over time and is adjusted regularly on the basis of new information and circumstances.

#### ***Antimonopoly case***

Several customer complaints were submitted to the Antimonopoly Committee (“AMC”) against the Company following the increase in vehicle sales prices in March 2020. On 27 July 2020 the AMC started inspecting the activities of the Company and on 19 August 2020 made a decision according to which the Company violated the rules of taxation, pricing, and sales. According to AMC, the Company caused damage to consumers in the amount of Uzbekistani Soums 942,891 million (equivalent of US Dollars 89,997 thousand) due to the increase in sales prices starting from March 2020. On 17 September 2020 the Company filed a claim against AMC in the Tashkent City Administrative Court. On 30 October 2020, a decision of the City Administrative Court was issued, which annulled the AMC decision. AMC filed an appeal regarding the decision of the City Administrative Court. The court hearing was held on 18 December 2020 where the Appeal Panel heard the explanations of the parties, the opinion of the prosecutor and summed up the results of the consideration of the case. According to the decision, the ruling and special ruling of the first instance of 30 October 2020 remained unchanged, and the AMC’s appeal was not satisfied. The AMC may decide to appeal to the Supreme Court regarding the decision of the Appeal Board. At the date of these interim condensed consolidated financial statements AMC has not submitted any application to a Supreme Court, therefore the Group does not expect unfavourable outcome for the Company in respect of holding the Company liable thus the Group did not accrue the provision in accordance with IAS 37 - Provisions, Contingent Liabilities and Contingent Assets.

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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 interim condensed consolidated financial statements of the Group, and its results of operations or cash flows in any particular reporting year.

#### **Capital expenditure commitments**

At 30 June 2021 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 151,638 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 2021, the Group has guaranteed obligations of debts of local suppliers under loan agreements with JSCB "Asaka", totaling US Dollars 6,633 thousand.

The fair value of guarantees was US Dollars 88 thousand at 30 June 2021. Fair value of guarantees represents unamortised balance of fair value at initial recognition. As guarantees were issued to related parties free of charge their fair value at initial recognition was determined with reference to market price of similar instruments. Fair value at initial recognition is amortised on a straight-line basis over useful lives of guarantees.

## 20. PRINCIPAL SUBSIDIARIES

	<u>Nature of business</u>	<u>Percentage of voting rights</u>	<u>Percentage of ownership</u>	<u>Percentage of ownership</u>
<b>Subsidiaries as of 30 June 2021</b>				
"Kurgontepa Tibbiyot Diagnostika Markazi" LLC	Service	100%	100%	Uzbekistan
"Khonobod Sihatgohi" LLC	Service	100%	100%	Uzbekistan
"Grand Auto Palace" LLC	Service	100%	100%	Uzbekistan
"UzLogistic" LLC	Service	100%	100%	Uzbekistan
"Research and Development Center" LLC	Service	100%	100%	Uzbekistan
"Avtosanoat-Injiniroving" LLC	Service	98%	98%	Uzbekistan
<b>Subsidiaries as of 31 December 2020</b>				
"Kurgontepa Tibbiyot Diagnostika Markazi" LLC	Service	100%	100%	Uzbekistan
"Khonobod Sihatgohi" LLC	Service	100%	100%	Uzbekistan
"Grand Auto Palace" LLC	Service	100%	100%	Uzbekistan
"UzLogistic" LLC	Service	100%	100%	Uzbekistan
"Research and Development Center" LLC	Service	100%	100%	Uzbekistan
"Avtosanoat-Injiniroving" LLC	Service	97%	97%	Uzbekistan

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In February 2020 a decision was made to incorporate "Research and Development Center" LLC. The interest of the Group is 100%. In April 2020 the Company purchased 99.66% of interest in share capital of "UzLogistic" LLC which specializes on transportation of goods and logistic services for cash consideration of US Dollars 6,280 thousand (at the official exchange rate as at date of the decision of Supervisory Board). In March 2020 the Company acquired a 95.46% share "Avtosanoat-Injiniring" LLC by transferring the Company's share in "Avtosan Universal Servis" LLC in the amount of US Dollars 5,960 thousand (at the official exchange rate as at date of the decision of Supervisory Board) as a consideration. In August 2020 and June 2021 the Company acquired additional 1.8% and 0.41% share of "Avtosanoat-Injiniring" LLC for cash consideration of US Dollars 18,609 thousand and US Dollars 3,323 thousand respectively (at the official exchange rate as at date of the decision of Supervisory Board). Thus the Group has 97.7% of "Avtosanoat-Injiniring" LLC. In September 2020 "Asaka Automotive Plant" LLC was liquidated. All these entities were under common control of the Parent Company.

#### **21. FAIR VALUE DISCLOSURES**

The carrying amount of cash and cash equivalents, restricted cash, restricted and bank deposits, loans issued, trade and other receivables and payables approximate their fair value given the short-term natures of these instruments. The fair value of borrowings also approximates their carrying amount due to their interest rate being close to the market interest rate.

#### **22. EVENTS AFTER THE BALANCE SHEET DATE**

On 26 August 2021 Mr. Bo Inge Andersson was appointed as General Director of the JSC "UZAUTO MOTORS".