

Uzavtosanoat Group

**International Financial Reporting
Standards
Consolidated Financial Statements for
the years ended
31 December 2020 and 31 December
2019 and
Independent Auditor's Report**

INDEPENDENT AUDITOR'S REPORT

To the Shareholders and the Supervisory Board of JSC "Uzavtosanoat"

Qualified Opinion

We have audited the financial statements of JSC "Uzavtosanoat" (the "Company") and its subsidiaries (together "the Group"), which comprise the consolidated statement of financial position as at 31 December 2020, 31 December 2019 and 1 January 2019 and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and statement of cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying consolidated financial statements present fairly, in all material respects, consolidated the financial position of the Group as at 31 December 2020, 31 December 2019 and 1 January 2019 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRSs").

Basis for Qualified Opinion

We were appointed as auditors of the Group on 07 October 2021 and thus did not observe the counting of the physical inventories as at 31 December 2020, 31 December 2019 and 1 January 2019. We were unable to satisfy ourselves by alternative means concerning inventory quantities held at those dates. Since opening inventories enter into the determination of the financial performance and cash flows, we were unable to determine whether adjustments might have been necessary in respect of the profit for the year reported in the consolidated statement of profit or loss and other comprehensive income and the consolidated net cash flows from operating activities reported in the consolidated statement of cash flows as well as consolidated retained earnings and respective notes to the financial statements.

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* (the "IESBA Code") together with the ethical requirements that are relevant to our audit of the financial statements in the Republic of Uzbekistan, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

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

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

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

Erkin Ayupov, Qualified Auditor/Engagement Partner

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Erkin Ayupov, Qualified Auditor/Engagement Partner



From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period, and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



"Deloitte & Touche" Audit Organisation LLC is included in the Register of auditing organizations of the Ministry of Finance of the republic of Uzbekistan

Erkin Ayupov
Qualified Auditor/Engagement Partner

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

20 August 2022
Tashkent, Uzbekistan

Director
"Deloitte & Touche" Audit Organisation LLC

Uzavtosanoat Group
Consolidated Statement of Financial Position

<i>In millions of Uzbek Soums</i>	Note	31 December 2020	31 December 2019	1 January 2019
ASSETS				
Non-current assets				
Property, plant and equipment	7	5,576,159	5,217,551	4,472,692
Intangible assets	8	74,533	41,818	41,671
Investments in associates and joint ventures	9	929,313	913,175	1,410,411
Investments in equity securities		6,558	6,375	105,734
Deferred income tax assets	32	36,953	49,743	35,408
Finance lease receivables	10	209,712	243,294	187,635
Restricted deposits	11	214,564	350,016	173,408
Bank deposits	12	908,941	50,000	319,145
Loans issued	13	193,735	62,937	823,296
Inventories	14	91,198	77,880	6,145
Other non-current assets		23,244	20,558	19,625
Total non-current assets		8,264,910	7,033,347	7,595,170
Current assets				
Inventories	14	4,936,006	5,959,140	4,290,870
Other tax prepayments	15	372,351	90,326	11,350
Advances paid to suppliers	16	1,263,440	327,281	181,897
Finance lease receivables	10	143,062	101,588	86,531
Trade and other receivables	17	2,738,540	2,127,074	375,429
Loans issued	13	61,647	246,320	130,184
Restricted deposits	11	282,586	147,197	137,454
Bank deposits	12	55,329	434,632	-
Restricted cash	18	1,024,394	1,196,689	767,425
Cash and cash equivalents	19	818,866	1,149,032	417,897
Other current assets		124,774	25,881	19,555
Total current assets		11,820,995	11,805,160	6,418,592
TOTAL ASSETS		20,085,905	18,838,507	14,013,762

Approved for issue and signed on behalf of Management Board on 20 August 2022.

 Umurzakov Sh.B. Chairman	 Shukurov A.K. First Deputy Chairman	 Atabayev O.X. Chief Accountant
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The accompanying notes on pages 11 to 80 are an integral part of these consolidated financial statements.

Uzavtosanoat Group
Consolidated Statement of Financial Position (continued)

<i>In millions of Uzbek Soums</i>	Note	31 December 2020	31 December 2019	1 January 2019
EQUITY				
Share capital	20	1,520,048	1,552,602	1,530,756
Additional paid-in capital	20	1,950,296	1,948,864	1,922,764
Currency translation reserve		12,870	(52,289)	370,606
Other reserves	20	958,824	876,101	853,657
Retained earnings/(Accumulated loss)		3,803,674	2,190,259	(821,545)
Equity attributable to the Company's owners		8,245,712	6,515,537	3,856,238
Non-controlling interest		(5,684)	182	7,423
TOTAL EQUITY		8,240,028	6,515,719	3,863,661
LIABILITIES				
Non-current liabilities				
Borrowings	21	320,590	325,107	530,957
Deferred income tax liabilities	32	761,006	619,823	483,775
Provisions for long-term employee benefits	25	939,244	911,408	451,089
Other non-current liabilities		14,185	11,200	45,432
Total non-current liabilities		2,035,025	1,867,538	1,511,253
Current liabilities				
Borrowings	21	2,737,902	478,740	2,076,715
Trade and other payables	22	4,510,362	4,948,035	4,331,192
Contract liabilities	23	2,376,279	4,803,830	1,935,702
Current income tax payable		79,340	10,064	6,462
Other taxes payable		77,844	193,181	169,557
Other current liabilities		29,125	21,400	119,220
Total current liabilities		9,810,852	10,455,250	8,638,848
TOTAL LIABILITIES		11,845,877	12,322,788	10,150,101
TOTAL LIABILITIES AND EQUITY		20,085,905	18,838,507	14,013,762

Approved for issue and signed on behalf of Management Board on 20 August 2022.

 Umurzakov Sh.B. Chairman	 Shukurov A.K. First Deputy Chairman	 Atabayev O.X. Chief Accountant
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The accompanying notes on pages 11 to 80 are an integral part of these consolidated financial statements.

Uzavtosanoat Group
Consolidated Statement of Profit or Loss and Other Comprehensive Income

<i>In millions of Uzbek Soums</i>	Note	2020	2019
Revenue from contracts with customers	24	27,547,557	26,263,000
Cost of sales	25	(23,204,939)	(21,679,622)
Gross profit		4,342,618	4,583,378
Distribution costs	26	(629,802)	(656,076)
General and administrative expenses	27	(478,473)	(424,609)
Other operating income	28	117,899	597,616
Other operating expenses	29	(557,081)	(764,410)
Gain from a bargain purchase (negative goodwill)	36	-	592,756
Net charge for expected credit losses on financial and contract assets		(79,632)	(46,310)
Operating profit		2,715,529	3,882,345
Finance income	30	483,660	341,427
Finance costs	31	(339,142)	(194,007)
Net foreign exchange loss		(448,214)	(552,125)
Share of results of associates and joint ventures	9	37,524	110,190
Profit before income tax		2,449,357	3,587,830
Income tax expense	32	(624,503)	(476,154)
PROFIT FOR THE YEAR		1,824,854	3,111,676
Other comprehensive income/ (loss):			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Translation of financial information of foreign operations to presentation currency		65,159	(422,895)
Other comprehensive income / (loss) for the year		65,159	(422,895)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		1,890,013	2,688,781
Profit is attributable to:			
- Owners of the Company		1,825,180	3,112,223
- Non-controlling interest		(326)	(547)
Profit for the year		1,824,854	3,111,676
Total comprehensive income is attributable to:			
- Owners of the Company		1,890,339	2,689,328
- Non-controlling interest		(326)	(547)
Total comprehensive income for the year		1,890,013	2,688,781

Approved for issue and signed on behalf of Management Board on 20 August 2022.






Umurzakov Sh.B. Shukurov A.K. Atabayev O.X.
 Chairman First Deputy Chairman Chief Accountant




Uzavtosanoat Group
Consolidated Statement of Changes in Equity

	Attributable to owners of the Company						Non-controlling interest	Total equity
	Share capital	Additional paid-in capital	Other reserves	Currency translation reserve	Retained earnings/ Accumulated loss	Total		
<i>In millions of Uzbek Soums</i>								
Balance at 1 January 2019	1,530,756	1,922,764	853,657	370,606	(821,545)	3,856,238	7,423	3,863,661
Profit for the year	-	-	-	-	3,112,223	3,112,223	(547)	3,111,676
Other comprehensive loss for the year	-	-	-	(422,895)	-	(422,895)	-	(422,895)
Total comprehensive income for the year	-	-	-	(422,895)	3,112,223	2,689,328	(547)	2,688,781
Share capital reduction	(7,704)	-	-	-	-	(7,704)	-	(7,704)
Dividends declared	29,550	-	-	-	(31,105)	(1,555)	-	(1,555)
Reclassification from retained earnings	-	-	16,744	-	(16,744)	-	-	-
Acquisition of non-controlling interest in subsidiary	-	-	5,700	-	(24,630)	(18,930)	(6,694)	(25,624)
Other contributions and distributions	-	26,100	-	-	(27,940)	(1,840)	-	(1,840)
Balance at 31 December 2019	1,552,602	1,948,864	876,101	(52,289)	2,190,259	6,515,537	182	6,515,719
Profit for the year	-	-	-	-	1,825,180	1,825,180	(326)	1,824,854
Other comprehensive income for the year	-	-	-	65,159	-	65,159	-	65,159
Total comprehensive income for the year	-	-	-	65,159	1,825,180	1,890,339	(326)	1,890,013
Share capital reduction	(32,554)	-	-	-	-	(32,554)	-	(32,554)
Dividends declared	-	-	-	-	(129,361)	(129,361)	-	(129,361)
Reclassification from retained earnings	-	-	82,723	-	(86,240)	(3,517)	-	(3,517)
Acquisition of non-controlling interest in subsidiary	-	78	-	-	3,836	3,914	(5,540)	(1,626)
Other contributions and distributions	-	1,354	-	-	-	1,354	-	1,354
Balance at 31 December 2020	1,520,048	1,950,296	958,824	12,870	3,803,674	8,245,712	(5,684)	8,240,028






 Umizakov Sh.B.
 Chairman



 Shukurov A.K.
 First Deputy Chairman



 Atabayev O.X.
 Chief Accountant

Uzavtosanoat Group
Consolidated Statement of Cash Flows

<i>In millions of Uzbek Soums</i>	Note	2020	2019
Cash flows from operating activities			
Profit before tax		2,449,357	3,587,830
<i>Adjustments for:</i>			
Depreciation of property, plant and equipment	7	562,327	516,722
Foreign exchange translation differences		448,214	552,125
Finance costs	31	339,142	194,007
Net charge for expected credit losses on financial and contract assets		79,632	46,310
Amortisation of intangible assets	8	9,572	3,773
Losses less gains on disposals of intangible assets	8	885	14,586
Finance income	30	(483,660)	(341,427)
Gains less losses on disposals of property, plant and equipment	28	(3,690)	(213)
Share of results of associates and joint ventures	9	(37,524)	(110,190)
Dividend income	28	(592)	(50,062)
Provision for long-term employee benefits	25	27,836	460,319
Gain from a bargain purchase (negative goodwill)	36	-	(592,756)
Recycled currency translation reserve of previously held associate	28	-	(405,146)
Loss on fair value of previously held equity interest	29	-	59,737
Other non-cash operating costs		(4,322)	(195,179)
Operating cash flows before working capital changes		3,387,177	3,740,436
Net change in trade and other receivables		(332,566)	(1,177,725)
Net change in other tax prepayments		(282,025)	(78,976)
Net change in other assets		(101,579)	210,668
Net change in advances paid to suppliers		(936,159)	(145,384)
Net change in inventories		800,616	(1,468,307)
Net change in restricted deposits		63	(186,351)
Net change in bank deposits		(338,765)	(165,487)
Net change in restricted cash		419,007	125,079
Net change in trade and other payables		(1,896,934)	(1,235,703)
Net change in contract liabilities		(2,427,551)	2,868,128
Net change in other taxes payable		(115,337)	23,624
Net change in other liabilities		(12,115)	(29,507)
Operating cash flows after working capital changes		(5,223,345)	(1,259,941)
Income taxes paid		(401,254)	(352,394)
Interest income received	30	483,660	341,427
Interest paid	21	(137,483)	(157,368)
Net cash (used in)/from operating activities		(1,891,245)	2,312,160

Approved for issue and signed on behalf of Management Board on 20 August 2022.


 Umurzakov Sh.B.
 Chairman




 Shukurov A.K.
 First Deputy Chairman


 Atabayev O.X.
 Chief Accountant

