

JSC "UZAUTO MOTORS POWERTRAIN"

STATEMENT OF MANAGEMENT'S RESPONSIBILITIES FOR THE PREPARATION AND APPROVAL OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

Management is responsible for the preparation of the financial statements that present fairly the financial position of Joint Stock Company "Uzauto Motors Powertrain" (the "Company") as at 31 December 2022, the results of its operations, cash flows and changes in equity for the year ended 31 December 2022 in compliance with International Financial Reporting Standards ("IFRS").

In preparing the 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 IFRS are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Company's financial position and financial performance and;
- making an assessment of the Company'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 Company;
- maintaining adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company, and which enable them to ensure that the financial statements of the Company comply with IFRS;
- maintaining statutory accounting records in compliance with the legislation and accounting standard of the Republic of Uzbekistan and IFRS;
- taking such steps as are reasonably available to them to safeguard the assets of the Company; and
- preventing and detecting fraud and other irregularities.

The financial statements of the Company for the year ended 31 December 2022 were approved by management on 5 May 2023.


On behalf of the management:


Saidazim Gulyamov
Managing Director

Tashkent, Uzbekistan


Ilkhom Radjabov
Finance Director

Tashkent, Uzbekistan


Firuz Abdiev
Chief Accountant

Tashkent, Uzbekistan

INDEPENDENT AUDITOR'S REPORT

To the Supervisory Board and Shareholder of Joint Stock Company "Uzauto Motors Powertrain"

Opinion

We have audited the financial statements of Joint Stock Company "Uzauto Motors Powertrain" (the "Company"), which comprise the statement of financial position as at 31 December 2022, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the 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 opinion.

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

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

Turgunboy Tokhirov, Qualified Auditor/Engagement Director

Наименование «Делойт» относится к одному либо любому количеству юридических лиц (включая их аффилированные лица), входящих в «Делойт Туш Томацу Лимитед» (далее — «ДТТЛ») и совместно именуемых как «организация Делойт». Компания «ДТТЛ», также именуемая как «международная сеть «Делойт», все фирмы — участники «ДТТЛ» и каждое из их аффилированных лиц являются самостоятельными и независимыми юридическими лицами, которые не вправе принимать от имени друг друга обязательства в отношении третьих лиц. Компания «ДТТЛ», а также каждая фирма — участник «ДТТЛ» и каждое аффилированное лицо несут ответственность только в отношении собственных действий и упущений, а не в отношении действий и упущений друг друга. Компания «ДТТЛ» не предоставляет услуги клиентам напрямую. Более подробную информацию можно получить на сайте www.deloitte.com/about.

Deloitte.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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



Turgunboy Tokhirov, Qualified Auditor/Engagement Director

Deloitte.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with 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.

Turgunboy Tokhirov

“Deloitte & Touche” Audit Organisation LLC is included in the register of audit organisations of the Ministry of Economy and Finance of the Republic of Uzbekistan dated 8 June 2021

Qualified Auditor/Engagement Director
Auditor qualification certificate authorizing audit of companies, #05422 dated 20 August 2016 issued by the Ministry of Finance of the Republic of Uzbekistan



5 May 2023
Tashkent, Uzbekistan

Erkin Ayupov
Director
“Deloitte & Touche” Audit Organisation LLC

JSC "UZAUTO MOTORS POWERTRAIN"

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2022 (in millions of Uzbek Soums)

	Note	31 December 2022	31 December 2021
ASSETS			
NON-CURRENT ASSETS			
Intangible assets		4,131	7,435
Property, plant and equipment	6	2,345,133	1,611,766
Non-current inventory	7	110,459	81,727
TOTAL NON-CURRENT ASSETS		2,459,723	1,700,928
CURRENT ASSETS			
Inventory	7	1,048,132	694,813
Prepaid suppliers	8	197,085	137,833
Loans issued	9	10,047	-
Accounts receivable	10	16,030	27,864
Income tax prepaid	17	2,312	-
Taxes prepaid other than income tax	17	22,148	-
Cash and cash equivalents	11	80,902	205,038
TOTAL CURRENT ASSETS		1,376,656	1,065,548
TOTAL ASSETS		3,836,379	2,766,476
LIABILITIES AND SHAREHOLDER'S EQUITY			
SHAREHOLDER'S EQUITY			
Issued share capital	12	139,837	139,837
Additional paid-in capital		226,424	226,424
Retained Earnings / (Accumulated Deficit)		77,399	(67,144)
Foreign currency translation reserve		1,083,293	1,032,973
TOTAL SHAREHOLDER'S EQUITY		1,526,953	1,332,090
NON-CURRENT LIABILITIES			
Deferred tax liabilities	16	196,682	191,187
Long-term borrowings	13	493,001	403,822
TOTAL NON-CURRENT LIABILITIES		689,683	595,009
CURRENT LIABILITIES			
Short-term borrowings and current portion of long-term borrowings	13	717,992	175,234
Payables and accrued liabilities	14	752,106	620,825
Contract liabilities	15	147,098	2,287
Taxes payable other than income tax	17	2,547	41,031
TOTAL CURRENT LIABILITIES		1,619,743	839,377
TOTAL LIABILITIES		2,309,426	1,434,386
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY		3,836,379	2,766,476

On behalf of the management:

Saidazim Gulyanov
Managing Director

5 May 2023
Tashkent, Uzbekistan

Ilkhom Radjabov
Finance Director

5 May 2023
Tashkent, Uzbekistan

Firuz Abdiev
Chief Accountant

5 May 2023
Tashkent, Uzbekistan

The accompanying notes on pages 9-39 form an integral part of these financial statements.

JSC "UZAUTO MOTORS POWERTRAIN"

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2022 (in millions of Uzbek Soums)

	Note	2022	2021
Revenue	18	2,846,517	1,873,989
Cost of sales	19	(2,645,953)	(1,837,393)
GROSS PROFIT		200,564	36,596
General and administrative expenses	20	(23,901)	(77,313)
Other operating income	21	10,106	7,372
OPERATING PROFIT / (LOSS)		186,769	(33,345)
Interest expense	13	(25,127)	(68,400)
Interest income		276	234
Foreign exchange gain/ (loss)		939	(659)
PROFIT / (LOSS) BEFORE INCOME TAX		162,857	(102,170)
Income tax (loss) / gain	16	(16,766)	14,755
NET PROFIT / (LOSS) FOR THE YEAR		146,091	(87,415)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation differences arising during the year		50,320	45,541
TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE YEAR		196,411	(41,874)

On behalf of the management:

Saidzim Gulyamov
Managing Director

5 May 2023
Tashkent, Uzbekistan

Ilkhom Radjabov
Finance Director

5 May 2023
Tashkent, Uzbekistan

Firuz Abdiev
Chief Accountant

5 May 2023
Tashkent, Uzbekistan

The accompanying notes on pages 9-39 form an integral part of these financial statements.

JSC "UZAUTO MOTORS POWERTRAIN"

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2022 (in millions of Uzbek Soums)

	Note	Issued share capital	Additional paid-in capital	Foreign currency translation reserve	Retained Earnings / (Accumulated Deficit)	Total
Balance at 1 January 2021		139,837	226,424	987,432	20,271	1,373,964
Net loss for the year		-	-	-	(87,415)	(87,415)
Other comprehensive income for the year		-	-	45,541	-	45,541
Total comprehensive income for the year		-	-	45,541	(87,415)	(41,874)
Balance at 31 December 2021		139,837	226,424	1,032,973	(67,144)	1,332,090
Net profit for the year		-	-	-	146,091	146,091
Other comprehensive income for the year		-	-	50,320	-	50,320
Total comprehensive income for the year		-	-	50,320	146,091	196,411
Dividends declared	12	-	-	-	(1,548)	(1,548)
Balance at 31 December 2022		139,837	226,424	1,083,293	77,399	1,526,953

On behalf of the management:

Saidzim Guliyevov
Managing Director

5 May 2023
Tashkent, Uzbekistan



Ilkhom Radjabov
Finance Director

5 May 2023
Tashkent, Uzbekistan

Firuz Abdiev
Chief Accountant

5 May 2023
Tashkent, Uzbekistan

The accompanying notes on pages 9-39 form an integral part of these financial statements.

JSC "UZAVTO MOTORS POWERTRAIN"

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2022 (in millions of Uzbek Soums)

	Note	2022	2021
CASH FLOWS FROM OPERATING ACITIVITIES:			
Profit / (loss) before income tax		162,857	(102,170)
Adjustments for:			
Depreciation of property, plant and equipment	6	148,841	141,942
Amortisation of intangible assets		3,512	3,389
(Reversal) / provision for potential tax liabilities	20	(29,766)	21,192
Allowance / (recovery) for expected credit losses		243	(2,486)
Interest income		(276)	(234)
Interest expense	13	25,127	68,400
Foreign exchange (gain) / loss		(939)	659
(Reversal)/provision for bad debt		(6,706)	1,742
Other		(4,228)	(191)
Cash inflow from operating activities before changes in net working capital		298,665	132,243
Change in working capital:			
Inventory		(344,434)	(175,807)
Prepaid suppliers		(53,446)	48,397
Accounts receivable		21,582	122,630
Payables and accrued liabilities		79,092	339,356
Contract liabilities		142,401	(159)
Changes in tax assets and tax liabilities other than income tax		(31,334)	-
Cash generated from operating activities		112,526	466,660
Interest paid on borrowings	13	(25,648)	(44,170)
Income tax paid		(20,367)	-
Net cash generated from operating activities		66,511	422,490
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of property, plant and equipment and constructions		(734,285)	(304,800)
Proceeds from sale of property, plant and equipment		99	1,891
Loans issued	9	(10,000)	-
Interest received		276	234
Net cash used in investing activities		(743,910)	(302,675)
CASH FLOW FROM FINANCING ACTIVITIES:			
Transaction costs related to borrowings	13	(30,719)	-
Repayment of borrowings	13	(17,276)	(219,788)
Proceeds from borrowings	13	609,784	87,794
Net cash from / (used in) financing activities		561,789	(131,994)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(115,610)	(12,179)
CASH AND CASH EQUIVALENTS, beginning of the period	11	205,038	218,790
Effect of foreign exchange rates on cash		(8,526)	(1,573)
CASH AND CASH EQUIVALENTS, end of the period	11	80,902	205,038

On behalf of the management:

Saidzim Gulyamov
Managing Director

5 May 2023
Tashkent, Uzbekistan

Ilkhom Radjabov
Finance Director

5 May 2023
Tashkent, Uzbekistan

Firuz Abdiev
Chief Accountant

5 May 2023
Tashkent, Uzbekistan

The accompanying notes on pages 9-39 form an integral part of these financial statements.