

National Electric Grid of Uzbekistan JSC

Consolidated financial statements

*As at and for the year ended 31 December 2022
with independent auditor's report*

Independent auditor's report

To the Shareholder and those charged with governance of JSC National Electric Grid of Uzbekistan

Opinion

We have audited the consolidated financial statements of JSC National Electric Grid of Uzbekistan and its subsidiaries (hereinafter, the "Group"), which comprise the consolidated statement of financial position as at 31 December 2022, and the consolidated statement of comprehensive loss, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' (IESBA) International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated 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.

Material uncertainty related to going concern

We draw attention to *Note 2* to the consolidated financial statements, which indicates that the Group incurred a net loss of 3,767,740 million of Uzbek Soum during the year ended 31 December 2022 and, as of that date, the Group's current liabilities exceeded its current assets by 10,830,866 million of Uzbek Soum. As stated in *Note 2* to the consolidated financial statements, these events or conditions, along with other matters, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Responsibilities of management for the consolidated financial statements

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

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

Auditor's responsibilities for the audit of the consolidated financial statements

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

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

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

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.

Tashkent, Uzbekistan

29 June 2023

FE Audit Organization "Ernst & Young" LLC

FE Audit Organization "Ernst & Young" LLC

Certificate authorizing audit practice No. 66 registered with the Ministry of Finance of the Republic of Uzbekistan.

Engagement partner /
Qualified auditor



Pavel Zholdaspayev
Auditor's qualification certificate
authorizing audit practice No. 06151
dated 10.02.2023 issued by
"Buxgalterlar va auditorlar imtihon
markazi"

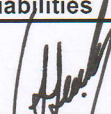
General director

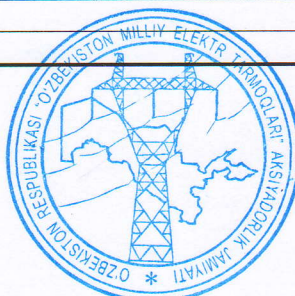



Nataliya Kim
Auditor's qualification certificate
authorizing audit practice No. 05555
dated 12.07.2018 issued by
"Buxgalterlar va auditorlar imtihon
markazi"

CONSOLIDATED STATEMENT OF FINANCIAL POSITION**As at 31 December 2022**

<i>In millions of Uzbekistan Soums</i>	Note	31 December 2022	31 December 2021
Assets			
Non-current assets			
Property, plant and equipment	5	7,052,259	6,293,528
Right-of-use assets	12	15,124,237	-
Investments in associates and joint ventures		8,019	6,024
Advances paid for non-current assets		323,375	66,694
Deferred tax assets	17	3,354	3,252
Other non-current assets		3,816	5,510
Total non-current assets		22,515,060	6,375,008
Current assets			
Inventory		207,428	241,029
Trade and other receivables	6	2,075,386	2,755,538
Advances paid		365,694	141,305
Income tax prepaid		2,102	4,140
VAT recoverable and other prepaid taxes	7	273,325	273,742
Restricted cash	8	553,206	253,778
Cash and cash equivalents	8	80,075	90,632
Other current assets		40,867	28,972
Total current assets		3,598,083	3,789,136
Total assets		26,113,143	10,164,144
Equity			
Share capital	9	5,202,310	5,202,310
Reserve capital		2,429	2,429
Accumulated loss		(9,556,335)	(5,786,334)
Equity attributable to the Group's owner		(4,351,596)	(581,595)
Non-controlling interest		2,759	498
Total equity		(4,348,837)	(581,097)
Liabilities			
Non-current liabilities			
Loans and borrowings	10	3,165,647	2,579,310
Lease liabilities		12,599,173	-
Deferred tax liabilities	17	268,211	205,995
Total non-current liabilities		16,033,031	2,785,305
Current liabilities			
Loans and borrowings	10	311,806	288,165
Trade and other accounts payable	11	10,617,355	7,496,509
Lease liabilities	12	2,913,946	-
Advances received		458,763	99,577
Income tax payable		-	85
Taxes payable other than income tax		8,953	11,996
Other current liabilities		118,125	63,604
Total current liabilities		14,428,949	7,959,936
Total liabilities		30,461,980	10,745,241
Total equity and liabilities		26,113,143	10,164,144


 Kurbanov F.M.
 Deputy Chairman of the Management
 Board for Investments




 Kholboev S.N.
 Chief Accountant

The explanatory notes on pages 5 to 37 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE LOSS**For the year ended 31 December 2022**

<i>In thousands of Uzbekistan Soums</i>	Notes	2022	2021
Revenue	13	21,119,528	19,163,710
Cost of sales	14	(22,843,254)	(20,655,742)
Gross profit		(1,723,726)	(1,492,032)
Other operating income		172,642	192,625
General and administrative expenses	15	(358,451)	(309,909)
Accrual of provision for expected credit losses		48,163	(663,547)
Operating loss		(1,861,372)	(2,272,863)
Share in profit of associates and joint ventures, net		1,995	1,273
Finance income		11,608	484
Finance costs	16	(1,771,868)	(77,357)
Foreign exchange loss, net		(85,506)	(84,092)
Loss before income tax		(3,705,143)	(2,432,555)
Income tax (expense)/benefit	17	(62,597)	88,601
Net loss for the year		(3,767,740)	(2,343,954)
Loss attributable to:			
- Owners of the Group		(3,770,001)	(2,342,412)
- Non-controlling interest		2,261	(1,542)
Net loss for the year		(3,767,740)	(2,343,954)
Other comprehensive income for the year		-	-
Total comprehensive loss for the year		(3,767,740)	(2,343,954)
Total comprehensive loss attributable to:			
- Owners of the Group		(3,770,001)	(2,342,412)
- Non-controlling interest		2,261	(1,542)
Total comprehensive loss for the year		(3,767,740)	(2,343,954)

Kurbanov F.M.
Deputy Chairman of the Management
Board for Investments



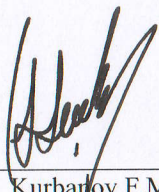
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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2022

In millions of Uzbekistan Soums	Note	Attributable to the owner of the Group			Total equity attributable to the owner of the Group	Non-controlling interest	Total equity
		Share capital	Reserve capital	Accumulated loss			
Balance at 31 December 2020		4,892,285	2,429	(3,133,696)	1,761,018	2,040	1,763,058
Net loss for the period		-	-	(2,342,412)	(2,342,412)	(1,542)	(2,343,954)
Total comprehensive loss for period		-	-	(2,342,412)	(2,342,412)	(1,542)	(2,343,954)
Issue of share capital	9	310,025	-	(310,025)	-	-	-
Transactions with the shareholders	9	-	-	3,842	3,842	-	3,842
Dividends declared	9	-	-	(4,043)	(4,043)	-	(4,043)
Balance at 31 December 2021		5,202,310	2,429	(5,786,334)	(581,595)	498	(581,097)
Net loss for the period		-	-	(3,770,001)	(3,770,001)	2,261	(3,767,740)
Total comprehensive loss for period		-	-	(3,770,001)	(3,770,001)	2,261	(3,767,740)
Balance at 31 December 2022		5,202,310	2,429	(9,556,335)	(4,351,596)	2,759	(4,348,837)


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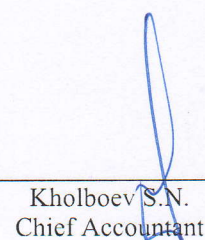
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CONSOLIDATED STATEMENT OF CASH FLOWS**For the year ended 31 December 2022**

<i>In millions of Uzbekistan Soums</i>	Notes	2022	2021
Cash flow from operating activities			
Loss before income tax		(3,705,143)	(2,432,555)
<i>Adjustments for:</i>			
Finance costs		1,771,868	77,357
Foreign exchange loss, net		85,506	84,092
(Recovery)/accrual of provision for expected credit losses		(48,163)	663,552
Depreciation of property, plant and equipment and right-of-use assets		684,621	265,604
Loss/(gain) from disposal of fixed assets		2,219	(4,786)
Share in profit of associates and joint ventures, net		(1,995)	(1,273)
Finance income		(11,608)	(484)
Other non-cash operating expenses		15,828	148
Operating cash flows before changes in working capital		(1,206,867)	(1,348,345)
Change in trade and other receivables		641,408	(1,291,292)
Change in inventory		33,601	(189,454)
Change in other current assets		(11,895)	5,272
Change in advances paid		(224,389)	(19,735)
Change in trade and other payables		3,123,393	3,686,877
Change in advances received		359,186	(26,957)
Change in other liabilities		56,216	-
Change in taxes payables other than income tax		(3,043)	(106,722)
Changes in working capital		3,767,610	709,644
Income taxes paid		-	(1,297)
Interest paid		(65,430)	(52,643)
Net cash flows received from operating activities		2,702,180	655,704
Cash flows from investing activities			
Purchase of property, plant and equipment		(1,221,744)	(856,527)
Transfers in restricted cash		(299,428)	(240,609)
Net cash flows used in investing activities		(1,521,172)	(1,097,136)
Cash flows from financing activities			
Proceeds from borrowings		758,385	590,674
Repayment of borrowings		(257,950)	(353,992)
Repayment of lease liabilities		(1,692,000)	-
Dividends paid		-	(4,043)
Net cash flows received from financing activities		(1,191,565)	232,639
Net change in cash and cash equivalents		(10,557)	(208,793)
Cash and cash equivalents at the beginning of the year		90,632	298,671
Effect of exchange rate changes on cash and cash equivalents		-	754
Cash and cash equivalents at the end of the year	8	80,075	90,632



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