Joint Stock Company
“Uzbek Metallurgical Plant”

Consolidated financial statements
for the year ended December 31, 2021

JSC “UZBEK METALLURGICAL COMPANY”

CONTENTS

JSC "UZBEK METALLURGICAL PLANT"

STATEMENT OF MANAGEMENT RESPONSIBILITY FOR THE PREPARATION AND APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

Management is responsible for the preparation of the consolidated financial statements that present fairly the consolidated financial position of JSC "Uzbek Metallurgical Plant" and its subsidiaries (the "Group") as at December 31, 2021, and the consolidated results of its operations, consolidated cash flows and changes in equity for the year ended December 31, 2021 in accordance with International Financial Reporting Standards ("IFRS").

In preparing the 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;
- Compliance with the requirements of IFRS and providing additional disclosures when compliance with the specific requirements of IFRS are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group's consolidated financial position and its financial performance;
- Making judgments and estimates that are reasonable and prudent; and
- Making an assessment of the Group's ability to continue as a going concern.

Management is also responsible for:

- Designing, implementing and maintaining an effective and sound system of internal controls, throughout the Group;
- Maintaining adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the Group's consolidated financial position, and which enable them to ensure that the Group's consolidated financial statements comply with IFRS;
- Maintaining statutory accounting records in compliance with legislation and national accounting standards in the jurisdictions in which the Group operates;
- Taking such steps as are reasonably available to them to safeguard the Group's assets; and
- Preventing and detecting fraud and other irregularities.

The Group's consolidated financial statements for the year ended December 31, 2021 were approved for issue by management on June 29, 2022.

Chairman of the Executive Board:
Pirmatov R. Kh.

Chief financial officer
Budev T. A.

Independent Auditors' Report

To the Shareholders of JSC "Uzbek Metallurgical Plant"

Report on the Audit of the Consolidated Financial Statements

Qualified Opinion

We have audited the consolidated financial statements of JSC "Uzbek Metallurgical Plant" (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2021, the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

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, the consolidated financial position of the Group as at 31 December 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Qualified Opinion

We did not observe the counting of scrap metal stated at UZS 152 billion as at 31 December 2021, because we were appointed as auditors of the Group only after that date. We were unable to satisfy ourselves as to those inventory quantities by alternative means. As a result, we were unable to determine whether adjustments might have been necessary in respect of scrap metal as at 31 December 2021, and the related elements making up the consolidated statements of financial position, profit or loss and other comprehensive income, changes in equity and cash flows as at and for the year then ended.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' 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 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 qualified opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Basis for Qualified Opinion section we have determined the matters described below to be the key audit matters to be communicated in our report.

Recording of liabilities and related expenses for purchases of raw materials in the correct accounting period	
Please refer to the Note 13 in the consolidated financial statements.	
The key audit matter	**How the matter was addressed in our audit**
The Group purchases a number of raw materials and supplies to be consumed in the production process. In its primary accounting records, the Group recognizes purchased inventory upon their receipt. Terms of delivery stipulated in contracts with suppliers vary widely, as a result the timing of transfer of control over purchased inventory may differ significantly from the date, when inventory are received by the Group. For the purpose of IFRS reporting, the Group developed a process for collecting information on delivery terms and identifying the point of time when the control over inventory is transferred to the Group. This analysis is performed at the year-end separately for each shipment and a manual adjustment is then made to the IFRS consolidated financial statements. Since the number and the volume of transactions related to inventory purchases is significant and an analysis of each individual shipment is necessary to determine the appropriate amount of the adjustments, we consider this area of accounting to be a key audit matter.	We obtained an understanding of the Group's process over inventory purchases recognition, including design and implementation of control over identification of the point in time when control over the inventory is transferred to the Group. We performed a contract inspection for suppliers with an annual turnover greater than 1% of the total annual purchase turnover to identify contractual terms that impact the proper identification of the point of time the control is transferred to the Group. We performed detailed audit procedures to determine whether inventory purchases and corresponding liabilities were recognized in the appropriate accounting period, including: - on a sample basis, requested and obtained external confirmations from suppliers in respect of inventory purposes and corresponding liabilities for the year and as at 31 December 2021, accordingly, and agreed them to the accounting data of the Group; - in cases where the counterparties did not provide us with such confirmations directly, we confirmed the data by alternative means via inspection of the primary source documents and comparison to terms identified during contract inspection; - we obtained and analysed the Group's accounting in respect of inventory purchases after the end of the reporting period till mid May 2022; on a sample basis we inspected primary supporting documents, including purchase agreements, to corroborate that control over this inventory has transferred to the Group after 2021.

Other Matter

The consolidated financial statements of the Group as at and for the year ended 31 December 2020 were audited by other auditors who expressed an unmodified opinion on those statements on 19 January 2022.

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.

Auditors' 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 auditors' 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 scepticism 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 auditors' 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 auditors' 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.
We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

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 auditors' 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.

The engagement partner on the audit resulting in this independent auditors' report is:

Saidov S.K.
General Director of
Audit organization "KPMG Audit" LLC

Tashkent, Uzbekistan

29 June 2022

JSC "UZBEK METALLURGICAL PLANT"

CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2021
(in billions of Uzbek Soums)

	Notes	2021	2020 restated
Revenue	5	8,328	5,245
Cost of sales	6	(5,541)	(4,277)
Gross profit		**2,787**	**968**
Selling expenses		(35)	(49)
Administrative expenses	7	(534)	(368)
Other income		22	13
Other expenses		(45)	(82)
Corporate social responsibility activities costs	9	(199)	(76)
Operating profit		**1,996**	**406**
Finance income		6	6
Finance costs		(2)	(52)
Foreign exchange differences	8	(8)	(119)
Profit before income tax		**1,992**	**241**
Income tax expense	10	(328)	(29)
Profit and total comprehensive income for the year		**1,664**	**212**
Profit and total comprehensive income for the year attributable to:			
Shareholders of the Company		1,664	212
Non-controlling interest		-	-
		1,664	**212**
Weighted average number of shares	17	**456,198,865**	**456,198,865**
Earnings per share: basic and diluted in Uzbek Soums		**3,648**	**465**

The accompanying notes on pages 10 - 36 form an integral part of the consolidated financial statements.

JSC "UZBEK METALLURGICAL PLANT"

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2021
(in billions of Uzbek Soums)

	Notes	December 31, 2021	December 31, 2020 restated
ASSETS			
Non-current assets			
Property, plant and equipment	11	1,627	1,348
Investments projects	12	1,832	1,265
Other non-current assets	24	81	13
Total non-current assets		**3,540**	**2,626**
Current assets			
Inventories	13	1,440	812
Trade and other receivables	14	631	250
Advances paid	15	321	111
Corporate income tax prepayment		17	-
Prepaid taxes other than income tax		264	104
Other financial assets		44	52
Cash and cash equivalents	16	2,067	379
Total current assets		**4,784**	**1,708**
Total assets		**8,324**	**4,334**
EQUITY AND LIABILITIES			
Equity			
Share capital	17	221	221
Treasure shares	17	(2)	(2)
Retained earnings		2,833	1,352
Total attributable to shareholders of the Company		**3,052**	**1,571**
Non-controlling interest		1	1
Total equity		**3,053**	**1,572**
Non-current liabilities			
Bank loans	18	1,180	1,211
Deferred tax liabilities	10	97	60
Total non-current liabilities		**1,277**	**1,271**
Current liabilities			
Bank loans	18	920	219
Trade and other payables	19	1,297	944
Advances received		47	286
Corporate income tax payables		-	25
Other taxes payables		14	15
Other financial liabilities	21	1,716	2
Total current liabilities		**3,994**	**1,491**
Total liabilities		**5,271**	**2,762**
Total equity and liabilities		**8,324**	**4,334**

The accompanying notes on pages 10 - 36 form an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2021
(in billions of Uzbek Soums)

		Attributable to shareholders of the Company				Non-controlling interest	
	Notes	Share capital	Treasury shares	Retained earnings	Total		Total
January 1, 2020		**221**	**(2)**	**1,316**	**1,535**	**1**	**1,536**
Profit and total comprehensive income		-	-	212	212	-	212
Dividends declared	17.2	-	-	(176)	(176)	-	(176)
December 31, 2020		**221**	**(2)**	**1,352**	**1,571**	**1**	**1,572**
Profit and total comprehensive income		-	-	1,664	1,664	-	1,664
Dividends declared	17.2	-	-	(164)	(164)	-	(164)
Transactions with shareholder	1.1	-	-	(19)	(19)	-	(19)
December 31, 2021		**221**	**(2)**	**2,833**	**3,052**	**1**	**3,053**

The accompanying notes on pages 10 - 36 form an integral part of the consolidated financial statements.

JSC "UZBEK METALLURGICAL PLANT"

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2021
(in billions of Uzbek Soums)

	Notes	2021	2020 restated
Cash flows from operating activities			
Profit before income tax		**1,992**	**241**
Adjustments:			
Depreciation and amortisation	11	107	118
Finance costs		2	52
Finance income		(6)	(6)
(Reversal of impairment)/Impairment of trade and other receivables, advances paid	7	(6)	11
Write-down of raw materials to net realisable value	6	(14)	(5)
Foreign exchange differences	8	8	119
Other		3	14
		2,086	**544**
Change in working capital:			
Inventories		(614)	239
Trade and other receivables		(386)	455
Advances paid		(211)	(42)
Trade and other payables		324	(240)
Advances received		(238)	250
Other taxes payables		(7)	13
Prepaid taxes other than income tax		(156)	(103)
Other assets and liabilities		28	(13)
		826	**1,103**
Corporate tax paid		(333)	(22)
Interest paid	18	(117)	(94)
Cash generated from operating activities		**376**	**987**
Cash flows from investment activities			
Purchase of property, plant and equipment		(366)	(120)
Advance paid for acquisition of subsidiary	24	(81)	-
Additions to investment projects		(399)	(638)
Interest received		-	2
Dividends received		6	4
Proceeds from sale of property, plant and equipment		-	17
Cash used in investing activities		**(840)**	**(735)**
Cash flows from financing activities			
Proceeds from bank loans	18	889	757
Repayment of bank loans	18	(275)	(501)
Dividends paid		(164)	(176)
Cash received from shareholder	21	1,712	-
Cash flows generated from financing activities		**2,162**	**80**
Net change in cash and cash equivalents		**1,698**	**332**
Cash and cash equivalents at the beginning of the year	16	379	40
Effect of exchange rate changes on cash and cash equivalents		(10)	7
Cash and cash equivalents at the end of the year	16	**2,067**	**379**

The accompanying notes on pages 10 - 36 form an integral part of the consolidated financial statements.

1. GENERAL INFORMATION

1.1. Organization and operation

The JSC "Uzbek Metallurgical Plant" (the "Company") and its subsidiaries (the "Group") is a joint stock company domiciled and incorporated in the Republic of Uzbekistan in 1994.

The Group is authorised to purchase ferrous metal scrap and waste in the Republic of Uzbekistan as the main raw materials base for producing rolled metal. The consolidation of metal scrap and waste is implemented by the Republic of Uzbekistan-wide network (the Company's branches / subsidiaries), which are responsible for purchasing, processing and delivery.

Apart from producing rolled ferrous metal (including balls for milling), the Group also produces copper and copper alloy sheets; basalt sheets, mats and wool; and metal items (wire, electrodes, building nails, steel mesh and household enamel crockery).

The address of the registered office is 1 Syrdarya Street, Bekabad, Tashkent Region, Uzbekistan (www.uzbeksteel.uz).

The Group has extensive corporate social responsibilities focusing on improving social welfare, both in Bekabad and its neighbouring regions.

The Group's shares are allocated as follows:

Ownership, (%)	December 31, 2021	December 31, 2020
The state assets management agency of the Republic of Uzbekistan	81.55	74.59
Corporate shareholders	8.86	15.46
Individuals	9.59	9.95
Total	**100.00**	**100.00**

Key corporate shareholders are the LLC "Tashkentikkilamchiqorametall", JSC "NBU Invest Group", JSC "Almalyk Mining and Metallurgical Complex", AFC AF Limited together holding an 8.74% interest as at December 31, 2021 (December 31, 2020: 13.94%).

As at December 31, 2021, the Company holds controlling interest in the following entities:

Ownership, (%)	Activities	December 31, 2021	December 31, 2020
TH Steel Impex (Kazakhstan)	trading	100%	100%
TH Uzbekistan (Kazakhstan)	trading	100%	100%
TH Tadjikistan (Tadjikistan)	trading	51%	51%
Bekabad Gish Invest (Uzbekistan)	production	-	100%
Donata Pharm (Uzbekistan)	production	-	100%
Bekabad Matbuot (Uzbekistan)	publishing	-	100%
Bekabad Bus Company (Uzbekistan)	transportation	-	100%
Bekabad Chorva (Uzbekistan)	agriculture	-	100%
Yangiabad Chorva (Uzbekistan)	agriculture	-	100%
Bekabad Parranda (Uzbekistan)	agriculture	-	100%

In December 2021 the Group disposed of a number of its subsidiaries with the total value of net assets UZS 19 billion to the shareholder and recognized loss on the transaction within equity.

Net assets of the disposed subsidiaries are represented by Trade and other receivables. According to disposal agreement the shareholder will transfer to the Group a consideration received if any upon a further disposal of the above-mentioned subsidiaries. No consideration received by the Group from the Shareholder was recognized as at December 31, 2021 as a result of the transaction.

1.2. Business environment

The Group's operations are primarily located in the Republic of Uzbekistan. Consequently, the Group is exposed to the economic and financial markets of the Republic of Uzbekistan which display characteristics of an emerging market. The legal, tax, and regulatory frameworks continue to be developed and are subject to varying interpretations and frequent changes which, together with other legal and fiscal impediments, add to the challenges faced by entities operating in the Republic of Uzbekistan. The COVID-19 coronavirus pandemic has further increased uncertainty in the business environment.

Uzbekistan continued reforms initiated by the President under the program Action on five priority directions of development of the Republic of Uzbekistan in 2017-2021. In the recent years the major currency conversion restrictions have been repealed, mandatory sale of foreign currency generated by export sales has been abolished, settlement period for export transactions has increased, one-stop-shop of government services has been introduced and other positive changes have been implemented.

The consolidated financial statements reflect management's assessment of the impact of the Uzbekistan business environment on the operations and the financial position of the Group. The future business environment may differ from management's assessment.

2. BASIS OF PREPARATION

2.1. Compliance with International Financial Reporting Standards

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") as issued by the International Accounting Standards Board.

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in Note 20.

2.2. Reclassifications

In the year ended December 31, 2021 the Group changed the classification of Corporate social responsibility activities cost to be presented as a part of its Operating profit. Information for the year ended December 31, 2020 was amended accordingly. Certain other items presented in the consolidated financial statements were also reclassified to conform with current year presentation and change in accounting policies:

Consolidated statement of financial position as at December 31, 2020:

	December 31, 2020 as reported	Correction	December 31, 2020 restated
Other non-current assets	42	(29)	13
Total non-current assets	**2,655**	**(29)**	**2,626**
Other financial assets	23	29	52
Total current assets	**1,679**	**29**	**1,708**

Consolidated statement of profit and loss and other comprehensive income for the year ended December 31, 2020:

	2020 as reported	Correction	2020 restated
Cost of sales	(4,298)	21	(4,277)
Gross profit	**947**	**21**	**968**
Administrative expenses	(380)	12	(368)
Other income	34	(21)	13
Other expenses	(70)	(12)	(82)

Consolidated statement of cash flows for the year ended December 31, 2021:

	2020 reported	Correction	2020 restated
Change in working capital:			
Dividends received	4	(4)	-
Interest paid	(52)	(42)	(94)
Interest received	2	(2)	-
Cash from operating activities	**1,035**	**(48)**	**987**
Cash flows from investment activities			
Financing of investment projects	(680)	42	(638)
Dividends received	-	4	4
Interest received	-	2	2
Cash used in investing activities	**(783)**	**48**	**(735)**

2.3. Key accounting polices

Property, plant and equipment

(i) Recognition and measurement
Items of property, plant and equipment, except for land are measured at cost less accumulated depreciation.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and is recognised net within other income/other expenses in profit or loss.

Subsequent expenditure
Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(ii) Depreciation
Items of property, plant and equipment are depreciated from the date that they are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use. Depreciation is based on the cost of an asset less its estimated residual value.

Depreciation is generally recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

The estimated useful lives of significant items of property, plant and equipment for the current and comparative periods are specified in the Note 11 "Property, Plant and Equipment".

Income tax
Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

(i) Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Current tax payable also includes any tax liability arising from dividends.

(ii) Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:
– temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
– temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
– taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets and liabilities, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

In determining the amount of current and deferred tax the Group takes into account the impact of uncertain tax positions and whether additional taxes, penalties and late-payment interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about

future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact the tax expense in the period that such a determination is made.

Financial instruments

(i) Recognition and initial measurement
Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification and subsequent measurement

Financial assets
On initial recognition, a financial asset is classified as measured at: amortised cost.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:
– it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
– its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets – Subsequent measurement and gains and losses:
Financial assets at amortised cost: these assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Financial liabilities – Classification, subsequent measurement and gains and losses.
Financial liabilities are classified as measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

The Group has fixed rate bank loans for which the banks have the option to revise the interest rate following the change of key rate set by the CBU. The Group have an option to either accept the revised rate or redeem the loan at par without penalty. The Group considers these loans as in essence floating rate loans.

(iii) Derecognition

Financial assets
The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities
The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non -cash assets transferred or liabilities assumed) is recognised in profit or loss.

Revenue
Revenue is measured based on the consideration specified in a contract with a customer. The Group recognises revenue when it transfers control over a good or service to a customer.

Impairment of account receivables
The Group recognises loss allowances for ECLs on trade receivables.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when:
– the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions; or
– the financial asset is more than 90 days past due.

The Group considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

(i) Measurement of ECLs
ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).
ECLs are discounted at the effective interest rate of the financial asset.

(ii) Credit-impaired financial assets
At each reporting date, the Group assesses whether financial assets carried at amortised cost. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.
Evidence that a financial asset is credit-impaired includes the following observable data:
– significant financial difficulty of the borrower or issuer;
– a breach of contract such as a default or being more than 90 days past due;
– the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
– it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
– the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECL in the statement of financial position
Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

(iii) Write-off
The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers, the Group has a policy of writing off the gross carrying amount when the financial asset is 180 days past due based on historical experience of recoveries of similar assets. For corporate customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

Going concern

These consolidated financial statements have been prepared on the assumption that the Group is a going concern and will continue in operation for the foreseeable future.

In making its going concern assessment the Group's management has considered its financial position, expected commercial results, its borrowings, as well as planned capital expenditures and capital commitments and other risks to which the Group is exposed.

Basis for consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company. Control is achieved where the company has the power over the investee, exposure or rights to variable returns from its involvement with the investee and the ability to use its power to affect its returns. The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

Demergers

The Group accounts for transactions in which the shares of subsidiaries distributed to shareholders ("demergers") are ultimately controlled by the same party or parties before and after the distribution using book values: assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary are derecognized with any arising surplus or deficit recognised in Equity.

Functional currency

Items included in the financial statements of each of the Group's entities are measured in the currency of the main economic environment in which they operate ("functional currency").
The functional currency of each entity of the Group is Uzbek Soum ("UZS"), including entities operating outside of the Republic of Uzbekistan (trade houses), since their activities are essentially an extension of the activities of the parent company.

The presentation currency of these consolidated financial statements is Uzbek Soum.

The main part of transactions of the Group in foreign currencies represent transactions in US Dollars ("USD") and Euro ("EUR"). The closing exchange rates of UZS to USD and EUR are shown below (as determined by the Central Bank of the Republic of Uzbekistan):

	December 31, 2021	December 31, 2020
USD 1	10,837.66	10,476.92
EUR 1	12,224.88	12,786.03

2.4 Use of estimates and judgements

The preparation of consolidated financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about critical judgements in applying accounting policies and estimation uncertainties that have the most significant effect on the amounts recognised in the consolidated financial statements is included in the following notes:

– Note 14 and 20 – Trade and other receivables and Credit risk.

3. NEW STANDARDS, INTERPRETATIONS AND AMMENDMENTS

3.1. IFRS standards first time applied in 2021

The following is a list of new and amended IFRS standards and interpretations that have been applied by the Group in these consolidated financial statements:

Title	Subject	Effective for annual periods beginning on or after	Expected effect on the 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 alternative Risk-free Rates	January 1, 2021	No effect
Amendment to IFRS 16	Covid-19 Related Rent Concessions	April 1, 2021	No effect

3.2. IFRS standards to be applied after 2021

The following standards and interpretations, which have not been applied in these consolidated financial statements, were in issue but not yet effective:

Title	Subject	Effective for annual periods beginning on or after	Expected effect on the consolidated financial statements
Amendment IFRS 3	Updates of references to or from the Conceptual Frameworks to the IFRS standards	January 1, 2022	No effect
Amendment IAS 16	Proceeds before Intended Use	January 1, 2022	Under review
Amendment IFRS 1	Subsidiary as a first-time adopter	January 1, 2022	No effect
Amendment IAS 41	Taxation in fair value measurements	January 1, 2022	No effect
Amendment IAS 37	Onerous Contracts—Cost of Fulfilling a Contract	January 1, 2022	Under review

Title	Subject	Effective for annual periods beginning on or after	Expected effect on the consolidated financial statements
Amendment IFRS 9	Fees in the '10 per cent' test for derecognition of financial liabilities	January 1, 2022	No effect
Amendment IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	January 1, 2022	No effect
IFRS 17	Insurance contracts	January 1, 2023	No effect
Amendments to IFRS 17	Insurance contracts	January 1, 2023	No effect
Amendment IAS 1	Classification of Liabilities as Current or Non-Current Disclosure of Accounting Policies	January 1, 2023	Under review
Amendments to IAS 8	New Definition of Accounting Estimates	January 1, 2023	Under review

4. SEGMENT INFORMATION

The Group's Chairman and Deputy Chairman of the Management Board, assessed to be the Group's chief operating decision maker ("CODM"), evaluate performance and make investment and strategic decision based on a review of the Group's financial information, which is considered as one operating segment. The CODM review the Group's internal reporting in order to assess performance and allocate resources. Information reviewed by CODM is based on measures that do not materially differ from those used in the consolidated financial statements and includes revenue, operation profit, net profit and additions to non-current assets There are no other measures reported to CODM.

5. REVENUE

The Group sells products in the Republic of Uzbekistan, Central Asia, the UAE and Afghanistan. Sales contracts contain a number of different delivery terms, including Incoterms. The Group sells most of its products on EXW, FCA, CPT and DAT Incoterms that usually the same as the point of transfer of control.

The Group derives its revenue from the transfer of goods and services at a point in time in the following major product lines based on the contracts with a performance obligation with original expected duration of one year or less. This is consistent with the revenue information that is disclosed under IFRS 8 (Note 4).

	2021	2020
Rolled metal	6,058	4,042
Metal balls for mills	2,049	988
Other	221	215
Total	**8,328**	**5,245**

Related party transactions	**2021**	**2020**
Rolled metal	467	152
Metal balls for mills	2,042	922
Other	5	7
Total related party transactions	**2,514**	**1,081**

External customers	**2021**	**2020**
Rolled metal	5,591	3,890
Metal balls for mills	7	66
Other	216	208
Total External customers	**5,814**	**4,164**
Total	**8,328**	**5,245**

The analysis of the Group's sales by currency and region was as follows:

	2021	**2020**
Domestic sales in local currency	7,412	3,214
Sales in foreign currencies:		
Uzbekistan	288	1,182
Kazakhstan	175	62
Tajikistan	124	268
Turkey	108	-
Afghanistan	66	464
Other countries	155	55
Total sales in foreign currencies	916	2,031
Total	**8,328**	**5,245**

6. COST OF SALES

	2021	**2020 restated**
Raw materials	4,654	3,190
Employee costs	548	300
Third party services	453	456
Depreciation and amortisation	95	105
Total production expenses	**5,750**	**4,051**
Change of work in progress and finished goods	(195)	231
Write-off of raw materials to net realisable value	(14)	(5)
Total	**5,541**	**4,277**

7. ADMINISTRATIVE EXPENSES

	2021	2020 restated
Employee costs	318	233
Third party services	121	75
Taxes other than income tax	41	30
Materials used	15	12
Depreciation and amortisation	12	13
Bank fee	6	2
Business travel expenses	6	2
Other	15	1
Total	**534**	**368**

8. FOREIGN EXCHANGE DIFFERENCES

	2021	2020
Foreign exchange loss on operating activity	8	46
Revaluation of bank loans	-	73
Total	**8**	**119**

9. CORPORATE SOCIAL RESPONSIBILITY ACTIVITIES COSTS

Corporate social responsibility activities costs consist of expenses incurred for various projects associated with infrastructure improvement in Bekabad, sponsoring of sport activities, including football club Metallurg, as well as support local businesses aimed to provide employment in the region.

The Group has no long-term commitments in respect of social expenses. All expenses are recognised in the period in which they are incurred. The expenses are driven by management of the Group as well as decisions of local and state authorities and subsequently approved by the Supervisory Board. Some recipients may represent government owned structure and are treated as related parties of the Group. Total social responsibility costs through related parties amounted to UZS 174 billion in 2021 (UZS 70 billion in 2020). However, the social responsibility activities cost generally relates to charitable donations and community relations activities in the regions of operation and affects life of local communities including the Group's employees. As a result, the Group recognises those expenses in profit or loss rather than directly in equity.

	2021	2020
Sponsorship	74	13
Maintenance of sports facilities	66	40
Maintenance of social facilities	33	17
Material aid	12	-
Donation of goods and services	6	-
City infrastructure improvement	2	-
Other	6	6
Total	**199**	**76**

10. INCOME TAX

Tax regulations in the jurisdictions where the Group operates continue to change rapidly. The Group mainly pays corporate income tax in the Republic of Uzbekistan. In 2021, the nominal corporate income tax rate in the Republic of Uzbekistan was 15% (2020: 15%).

Income tax recorded in profit and loss was:

	2021	2020
Current income tax	291	70
Deferred income tax	37	(41)
Total	**328**	**29**

The effective tax rate and profit reconciliation was as follows:

	2021	2020
Profit before income tax	**1,992**	**241**
Nominal tax rate	15%	15%
Tax at the statutory tax rate	**299**	**36**
Permanent differences	29	(7)
Total	**328**	**29**

The effective tax rate for the year ended December 31, 2021 was 15 % (December 31, 2020: 12%).

The tax effect of the temporary differences was the following:

	Property, plant and equipment	Other	Total
At January 1, 2020	**(118)**	**17**	**(101)**
Charge to profit or loss			
- origination and reversal of temporary differences	32	9	41
At December 31, 2020	**(86)**	**26**	**(60)**
Charge to profit or loss			
- origination and reversal of temporary differences	(46)	9	(37)
At December 31, 2021	**(132)**	**35**	**(97)**

As at December 31, 2021, no deferred tax liability was recognised on temporary differences of UZS 33 billion (December 31, 2020: UZS 129 billion) relating to investments in the Group's subsidiaries as the Group is able to control the timings of the reversal of these temporary differences and it is probable that they will not reverse in the foreseeable future.

11. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at historical cost (which includes foreign exchange loss and borrowing cost) less accumulated depreciation and impairment, if any.

Historical cost	Buildings and structures	Machinery and equipment	Vehicles	Other	Construction in progress	Total
January 1, 2020	**820**	**1,434**	**129**	**30**	**67**	**2,480**
Reclassifications	(106)	97	(2)	(4)	-	(15)
Additions	-	-	-	-	138	138
Disposals	(1)	(24)	(1)	(1)	-	(27)
Transfers	44	42	6	4	(96)	-
December 31, 2020	**757**	**1,549**	**132**	**29**	**109**	**2,576**
Additions	-	1	-	-	388	389
Disposals	(7)	(6)	(1)	(1)	-	(15)
Transfers	31	128	6	6	(172)	(1)
Disposals of subsidiaries	-	-	-	-	1	1
December 31, 2021	**781**	**1,672**	**137**	**34**	**326**	**2,950**
Accumulated depreciation						
January 1, 2020	**(300)**	**(744)**	**(68)**	**(22)**	**-**	**(1,134)**
Reclassifications	45	(45)	6	8	-	14
Depreciation charge	(24)	(72)	(18)	(4)	-	(118)
Disposals	-	9	1	-	-	10
December 31, 2020	**(279)**	**(852)**	**(79)**	**(18)**	**-**	**(1,228)**
Depreciation charge	(21)	(66)	(16)	(4)	-	(107)
Disposals	7	4	-	1	-	12
December 31, 2021	**(293)**	**(914)**	**(95)**	**(21)**	**-**	**(1,323)**
Net book value						
January 1, 2020	**520**	**690**	**61**	**8**	**66**	**1,345**
December 31, 2020	**478**	**697**	**53**	**11**	**109**	**1,348**
December 31, 2021	**488**	**758**	**42**	**13**	**326**	**1,627**

The Group capitalized UZS 5 billion general borrowing costs at weighted average interest rate of 10 per cent per annum.

Assets pledged as collateral

Property, plant and equipment with a carrying amount of UZS 390 billion (December 31, 2020: UZS 144 billion) were pledged as collateral to secure loans received by the Group (*Note 18*).

Buildings and structures, machinery and equipment, vehicles and other fixed assets are depreciated on a straight-line basis over the estimated useful lives of the assets. Management reviews the estimated useful lives of property, plant and equipment at the end of each reporting period. Assumptions that were valid at the time of estimation may change when new information becomes available. Useful lives of property, plant and equipment were follows:

Property, plant and equipment groups	Useful lives
Buildings and structures	30 - 40 years
Machinery and equipment	5 - 40 years
Vehicles	5 - 12 years
Others	5 years

12. INVESTMENT PROJECTS

The Group disclosed separately significant groups of construction-in-progress which are subject to specific financing as Investment projects. Investment projects are stated at historical cost less impairment, if any, and comprise costs directly related to the construction of property, plant and equipment including an appropriate allocation of directly attributable variable overheads that are incurred in construction. Investment projects are transferred to property, plant and equipment when the assets are put into operation.

The Group recognises exchange differences arising from foreign currency borrowings that are directly attributable to acquisition or construction of investment projects as a part of borrowing cost and capitalises it as a cost of investment projects to the extent of the interest that would have been incurred on a borrowing with identical terms in Uzbek Soums. The effective weighted average interest rate in 2021 was 10 per cent per annum (2020 – 12 per cent per annum)

Investments projects are represented by the project Metal sheet production which is expected to increase hot-rolled strips production capacity by 1,041 thousand tonnes per year, with first production expected at the 2024. The expected overall project cost is over UZS 6,200 billion (unaudited). The project is going to be financed mainly by foreign and local banks.

Changes in investment projects were the following:

	2021	2020
January 1	**1,265**	**517**
Advances paid to supplier	270	441
Additions	129	197
Exchange differences capitalised (Note 18)	56	68
Capitalised interest (Note 18)	112	42
December 31	**1,832**	**1,265**

13. INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a weighted average basis. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

	December 31, 2021	December 31, 2020
Materials and supplies	950	531
Work in progress	328	179
Finished goods	199	153
	1,477	**863**
Provision for the write-off of inventories to net realisable value	(37)	(51)
Total	**1,440**	**812**

The Group purchases most of raw materials in Russia, China, and the Republic of Uzbekistan. Purchase contracts contain a number of different delivery terms, including Incoterms. The Group purchase most of its products on DAP, CIP and CPT Incoterms that usually the same as the point of transfer of control or earlier.

As at December 31 the Group recorded UZS 254 billion of raw materials in transit upon transfer of control (December 31, 2020 UZS 74 billion).

14. TRADE AND OTHER RECEIVABLES

	December 31, 2021	December 31, 2020
Amount due in UZS	468	268
Amount due in foreign currencies	190	43
Settlements with employees	13	2
	671	**313**
Allowance for expected credit losses	(40)	(63)
Total trade and other receivables	**631**	**250**

The range of the credit period on sale of goods is 30 -180 days (2020: 30-180 days). No interest is charged on the trade receivables.

The Group recognises a loss allowance for lifetime expected credit losses ("ECL") on trade and other receivables. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. The expected credit losses on trade and other receivables are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors,

general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

The table below shows the movement in lifetime expected credit losses ("ECL") that has been recognised for trade receivables in accordance with the simplified approach set out in IFRS 9:

	2021	2020
January 1,	**63**	**72**
Allowance (released)/accrued	(6)	25
Accounts utilised	(17)	(34)
December 31,	**40**	**63**

Most of allowances related to trade and other receivables past due over 180 days which were fully impaired. For other debtors management assessed the risk profile based on the Group's provision matrix.

15. ADVANCES PAID

	December 31, 2021	December 31, 2020
Advances for materials and services	338	149
Loss allowance	(17)	(38)
Total	**321**	**111**

During 2021 UZS 21 billion of allowance for advances paid was utilised with no further accrual.

16. CASH AND CASH EQUIVALENTS

	December 31, 2021	December 31, 2020
Cash in foreign currency	1,820	165
Cash in UZS	247	214
Total	**2,067**	**379**

The Group mainly uses the services of JSCB Ipoteka Bank, JSCB Kapitalbank, JSCB Hamkorbank, JSCB Uzpromstroybank. As at December 31, 2021 most of cash and cash equivalents were held in banks with credit rating of B1-Ba3 (December 31, 2020: B1-Ba3).

17. EQUITY

17.1. Share capital

The Company's share capital comprises of ordinary and preference shares. Each ordinary share paid in full gives one voting right at a general meeting of shareholders and a right to receive dividends.

	December 31, 2021	December 31, 2020
Number of ordinary shares (paid)	43,322,393	43,322,393
Number of preference shares	906,420	906,420
Total number of shares	**44,228,813**	**44,228,813**
Par value of shares (nominal UZS)	5,000	5,000
Total authorised, issued and fully paid share capital (billions of UZS)	**221**	**221**

	December 31, 2021	December 31, 2020
Total number of shares	44,228,813	44,228,813
Number of treasure shares	(437,328)	(437,328)
Total number of shares excluding treasury shares	**43,791,485**	**43,791,485**

For preferred shares, the annual minimum value of dividends is 6% of par value, or UZS 300 per preference share.

According to the General Meeting of Shareholders minutes No. 54 of March 15, 2022, the Group decided to perform a capitalisation - to attribute retained earnings at UZB 2,309 billion to an increase in the authorized capital. According to the decision of the General Meeting of Shareholders, the authorized capital additionally increased by UZS 2,112 billion by issuing 413,313,800 of ordinary shares and 9,064,200 preference shares, net of dividend tax. The Group recalculated earnings per share based on new number of shares for all periods presented as required by IAS 33 "Earnings per share".

	December 31, 2021	December 31, 2020
Number of ordinary shares as at December 31	43,322,393	43,322,393
Number of Treasury shares as at December 31	(437,328)	(437,328)
Number of ordinary shares as a result of capitalisation of 2022	413,313,800	413,313,800
Total weighted average number of ordinary shares to determine earnings per share (basic and diluted)	**456,198,865**	**456,198,865**

Retained earnings include non-distributable reserves of UZS 33 billion (December 31, 2020: UZS 33 billion). The minimal amount of the non-distributable reserve is a 15% of the share capital and formed through the annual allocation of net profit. The Group may use non-distributable reserves only to pay dividends on preference shares and redeem ordinary shares, if no other funds are available.

17.2. Dividends

In 2021, the Group declared dividends of UZS 3,807 per common share in the total amount of UZS 164 billion and UZS 300 per preferred shares in the total amount of UZS 0.3 billion (2020: UZS 4,063 per common share in the total amount of UZS 176 billion and UZS 300 per preferred shares in the total amount of UZS 0.3 billion).

18. BANK LOANS

Bank loans are initially recognised at fair value, and are subsequently measured at amortised cost. The Group obtained most of the bank loans for the purpose of financing investment projects.

During 2019 investments projects Wire rod production and Ferrosilicon production were put in use.

	Notes	December 31, 2021	December 31, 2020
Investment projects:	12		
- Metal sheet production		*1,083*	*1,048*
- Ferrosilicon production		*40*	*103*
- Wire rod production		*26*	*38*
Upgrade of current production capacity		31	3
Replenishment of working capital		920	238
		2,100	**1,430**
Secured loans denominated in UZS		103	84
Secured loans denominated in USD		1,997	1,280
Secured loans denominated in EUR		-	66
		2,100	**1,430**
Long-term portion of loans		(1,180)	(1,211)
Short-term portion of loans		**920**	**219**

Fixed interest rates on bank loans as at the end of 2021 were within 6%-9% range for the foreign currency denominated loans and 14% for the UZS denominated loans (December 31, 2020: 6.55%-9% and 14%, respectively). As disclosed in Note 11, the Group pledged specific assets as bank loan collateral.

A fundamental reform of major interest rate benchmarks is being undertaken globally, including the replacement of some interbank offered rates (IBORs) with alternative nearly risk-free rates (referred to as 'IBOR reform'). As at December 31, 2021 the Group's borrowings bearing variable interest rate at 6-month LIBOR + range 4.25% to 7% amounted to UZS 170.4 billion and 12-months LIBOR + 6.14% amounted to UZS 108.4 billion. The Groups monitors and manages the Group's transition to alternative rates and intends to amend the loan agreements accordingly during 2022-2023.

The table below shows the movement in bank loans as a result of financing activities, including cash and non-cash changes.

	Note	2021	2020
January 1		**1,430**	**1,033**
Proceeds from bank loans		889	757
Repayment of bank loans		(275)	(501)
Interest recognized in profit or loss		-	52
Interest capitalised	12	117	42
Interest paid		(117)	(94)
Foreign exchange differences recognised in profit or loss		-	73
Foreign exchange differences capitalised	12	56	68
December 31		**2,100**	**1,430**

As at December 31, 2021, the Group had no unused credit lines (December 31, 2020: UZS 78 billion).

19. TRADE AND OTHER PAYABLES

Trade and other payables are initially recognised at fair value, and are subsequently measured at amortised cost.

	December 31, 2021	December 31, 2020
Trade payables in foreign currencies	889	652
Trade payable in UZS	208	120
Other payables	200	172
Total	**1,297**	**944**

Average purchase credit terms range between 1 to 8 months. Interest is not accrued on trade payables. The Group financial risk management policy stipulates the repayment of payables within contractual credit terms.

20. FINANCIAL INSTRUMENTS

20.1. Categories of financial instruments

Financial assets	Notes	December 31, 2021	December 31, 2020
Cash and cash equivalents	16	2,067	379
Trade and other receivables	14	631	250
Other financial assets		44	52
Total		**2,742**	**681**
Non-current financial assets		-	-
Current financial assets		2,742	681
Total		**2,742**	**681**

Financial liabilities	Notes	December 31, 2021	December 31, 2020
Trade and other payables	19	1,297	944
Bank loans	18	2,100	1,430
Other financial liabilities	21	1,716	2
Total		**5,113**	**2,376**
Current financial liabilities		3,933	1,165
Non-current financial liabilities		1,180	1,211
Total		**5,113**	**2,376**

The above financial instruments except for Other financial assets measured at fair value through profit or loss are carried at amortized cost.

20.2. Financial risk management

The Group's financial block coordinates access to borrowings, controls and manages financial risks, analysing the probability and size of current Group risks. These risks include market risks (including currency, interest and pricing risks), credit risks and liquidity risks.

Market risk

Risks related to Group activities are the risks of exchange rate and interest rate fluctuations. The Group does not use derivative financial instruments to manage the risk of fluctuations in interest rates and exchange rates.

Currency risk management

The Group is exposed to currency risk due to its transactions in foreign currencies. Most of foreign currency monetary assets and liabilities are denominated in USD and EUR. Assets and liabilities in other foreign currencies are not significant. Foreign currency denominated monetary assets and liabilities were as follows:

Financial instruments, USD-denominated (in billions of Uzbek Soums)	**December 31, 2021**	**December 31, 2020**
Trade and other receivables	189	40
Cash	98	119
Bank loans	(1,997)	(1,280)
Trade and other payables	(889)	(646)
Total net in USD	**(2,599)**	**(1,767)**
Financial instruments, EUR-denominated		
Trade and other receivables	1	3
Cash	1,722	46
Bank loans	-	(66)
Other financial liability	(1,712)	-
Total net in EUR	**11**	**(17)**

Sensitivity analyses

A reasonably possible strengthening (weakening) of the UZS, as indicated below, against all other currencies at December 31 would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss before taxes by the amounts shown below. The analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

	December 31, 2021	**December 31, 2020**
USD exchange rate increase at 10% (weakening)	(260)	(178)
USD exchange rate decrease at 10% (strengthening)	260	178

Interest rate risk management

The Group borrows funds with fixed interest rates. Bank loans with floating interest rate were UZS 278.6 billion (December 31, 2020: UZS 194 billion). Reasonably possible change of the floating interest rate will not affect profit or loss significantly.

Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties, as a means of mitigating the risk of financial loss from defaults. The Group only uses publicly available financial information and its own trading records to rate its major customers. Its exposure and the credit ratings of its counterparties are continuously monitored, and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the risk management committee annually.

The Group is exposed to significant concentrations of credit risk. As at December 31, 2021, the three biggest customers, all located in Uzbekistan, represent 59% (December 31, 2020: 55%) of trade and other receivables.

While monitoring customer credit risk, customers are grouped according to account receivables turnover rate and their credit characteristics, including relationship to the Group. For major customers controlled by the Government of Uzbekistan credit rating assumed to be close to Moody's B1 rating of the Republic of Uzbekistan, for other customers credit rating is assessed at Moody's B3.

Breakdown of trade and other accounts receivable by credit rating applied for ECL determination as at December 31, 2021:

	Trade and other receivables	Allowance for ECL	Total
Moody's B1	361	-	361
Moody's B3	272	(2)	270
Customers at Default	38	(38)	-
Total	**671**	**(40)**	**631**

Breakdown of trade and other accounts receivable by credit rating applied for ECL determination as at December 31, 2020:

	Trade and other receivables	Allowance for ECL	Total
Moody's B1	66	-	66
Moody's B3	218	(34)	184
Customers at Default	29	(29)	-
Total	**313**	**(63)**	**250**

The credit risk on cash with bank is disclosed in Note 16.

Liquidity risk management

The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the

undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The tables include interest and principal cash flows. Contractual maturity is based on the earliest date on which the Group may be required to pay. Interest payments were calculated at the weighted average interest rate.

December 31, 2021	less than 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years	Total
Trade and other payables	1,297	-	-	-	-	-	1,297
Bank loans (principal)	920	251	180	172	172	405	2,100
Bank loans (interest charges)	113	72	58	46	35	39	363
Other financial liabilities	1,716	-	-	-	-	-	1,716
Total	**4,046**	**323**	**238**	**218**	**207**	**444**	**5,476**

December 31, 2020	less than 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years	Total
Trade and other payables	944	-	-	-	-	-	944
Bank loans (principal)	219	154	186	176	159	536	1,430
Bank loans (interest charges)	83	106	69	55	43	70	426
Other financial liabilities	2	-	-	-	-	-	2
Total	**1,221**	**260**	**255**	**231**	**202**	**606**	**2,775**

20.3. Fair value of financial instruments

Financial instruments that are measured at fair value subsequent to initial recognition, are grouped into Levels 1 to 3 of fair value hierarchy based on the degree to which their fair value is observable as follows:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly or indirectly;
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the assets or liabilities that are not based on observable market data.

The Group determined the fair value of floating rate and fixed rate loans and borrowings at December 31, 2021 and 2020 as the present value of future cash flows (principal and interest), discounted at the market interest rates, which are determined as of the reporting date based on the currency of a loan, its expected maturity and credit risks attributable to the Group. Fair value of bank loans (Level 2) were UZS 2,115 billion as at December 31, 2021 (December 31, 2020: UZS 1,365 billion), rates applies 8 per cent per annum for USD and 14 per cent per annum for UZB.

Financial instruments other than bank loans are approximately equal to their fair value. Investments in shares classified as Other financial assets measured at fair value through profit or loss (Level 1) amounted to UZB 29 billion.

21. RELATED PARTY TRANSACTIONS

The Group is a government related entity, as it is ultimately controlled by the Government of Uzbekistan. Therefore, in respect of other related parties transactions except for those disclosed, 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 December 31, 2021 and 2020, UZS 1,802 billion and UZS 329 billion of cash and cash equivalents, respectively, were placed in the banks controlled by the Government of Uzbekistan.

As at December 31, 2021 and 2020, UZS 1,985 billion and UZS 1,380 billion of borrowings, respectively, were received by the Group from the banks controlled by the Government of Uzbekistan.

In 2021 and 2020, UZS 2,514 billion and UZS 1,081 billion of revenue, respectively, was recognized by the Group from the companies controlled by the Government of Uzbekistan.

In 2021 and 2020, the remuneration of the Supervisory Board members and other key managers was UZS 11 billion and UZS 4 billion, respectively.

As at December 31, 2021 and 2020, UZS 361 billion and UZS 66 billion of trade receivables were due from the companies controlled by the Government of Uzbekistan, respectively.

As at December 31, 2021 and 2020, UZS 1,712 billion and UZS 0 billion of other financial liability due to the companies controlled by the Government of Uzbekistan.

22. COMMITMENTS

As at December 31, 2021 and 2020, commitments to purchase property, plant and equipment amounted to UZS 2,866 billion and UZS 3,093 billion, respectively.

23. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

23.1. Litigation

From time to time, during the course of the Group activities, clients and counterparties make claims against the Group. Management believes that as a result of court cases, the Group will not incur any significant losses and, consequently, no provisions have been created in these consolidated financial statements.

23.2. Taxation

The taxation system in the Republic of Uzbekistan continues to evolve and is characterised by frequent changes in legislation, official pronouncements and court decisions, which are sometimes contradictory and subject to varying interpretation by different tax authorities.

Taxes are subject to review and investigation by various levels of authorities, which have the authority to impose severe fines, penalties, and interest charges. A tax year generally remains open for review by the tax authorities during the five subsequent years.

All these circumstances may create tax risks in the Republic of Uzbekistan that are more significant than in other countries. Management believes that it has provided adequately for tax liabilities based on its interpretations of applicable Uzbekistan tax legislation, official pronouncements and court decisions. However, the interpretations of the tax authorities and courts, especially due to reform of the supreme courts that are resolving tax disputes, could differ and the effect on these consolidated financial statements, if the authorities were successful in enforcing their interpretations, could be significant.

Management believes that its interpretation of the relevant legislation is appropriate and the Group's tax, currency legislation and customs positions will be sustained. During 2018, tax authorities performed tax audit for the period from 2009 to first half of 2017 and claimed additional taxes and related penalties. On December 3, 2018, tax authorities appealed to the court for reimbursement of penalties charged for the Company in the amount of UZS 38 billion and in April 2021, the court made a decision in favour of tax authorities. The management of the Group recognized liabilities as at December 31, 2020 related to these penalties. In respect of the remaining part of additional taxes in the amount of UZS 138 billion, management estimates the risk of a negative outcome for the Group as possible and no provision has been recognized in these consolidated financial statements.

23.3. Operating environment

Emerging markets such as Uzbekistan are subject to different risks, including economic, political, social, legal and legislative risks. During 2021, the government of Uzbekistan remained committed to carry out social-economic reforms started in 2016 and liberalization of the market with an emphasis predominantly on broadening the export potential and improvement of business climate of Uzbekistan to attract foreign direct investment. As a result, laws and regulations, including tax and regulatory frameworks, affecting businesses in Uzbekistan started to change rapidly. The future economic direction of the Republic of Uzbekistan heavily depends on the new fiscal and monetary policies the government plans to adopt during the on-going reforms, together with developments in the legal, regulatory, and political environment.

24. EVENTS AFTER THE REPORTING PERIOD

On January 28, 2022, the Group purchased 51% of Li Da Metal Technology Company amounted at UZS 208.13 billion.

According to agreement the Group provided advance payment at UZS 81 billion as at December 31, 2021, presented as part of Other non-current assets in Consolidated statement of financial position. Li Da Metal Technology is a steel-production company with operating facilities in the Republic of Uzbekistan. By the date of the issue of these consolidated financial statements the initial accounting of the business combination is incomplete and the Group is in the process of the identification of acquired assets and liabilities.