



Joint Stock Company Republican Stock Exchange «Toshkent»

**International Financial Reporting Standards
Financial Statements and
Independent Auditor's Report**

31 December 2023

15.04.2024

Tashkent

**AUDIT REPORT OF
AN INDEPENDENT AUDITOR**

**To the owners of
JSC "Republican Stock Exchange "Toshkent"**

AUDITOR'S OPINION

We audited the financial statements of the Joint Stock Company "Republican Stock Exchange "Toshkent", (hereinafter - the company) statement of financial position as of December 31, 2023, statement of comprehensive income, statement of changes in equity and statement of cash flows for 2023, as of the date indicated, and the notes to the financial statements, including a summary of significant accounting policies. In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2023, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISA). Our responsibilities under those standards are further disclosed in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Organization in accordance with the ethical requirements applicable to our audit of the financial statements of JSC Republican Stock Exchange "Toshkent", and we have fulfilled other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

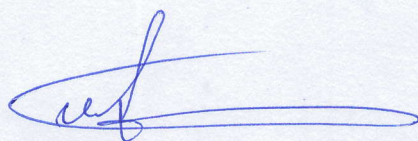
Independence

We are independent of the Company in accordance with the Code of Ethics for Professional Accountants. The International Ethics Standards Board for Accountants (IESBA Code) and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Responsibilities of Management and Those Charged with the Fair Presentation of Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with IFRS for the system of internal control that management considers necessary to produce financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing, as appropriate, matters relevant to going concern and for reporting on a going concern basis unless



management intends to liquidate the Organization, to cease operations, or has no realistic alternative but to liquidate or cease operations.

Those responsible for the fair presentation of financial statements are responsible for overseeing the preparation of the financial statements of the Company.

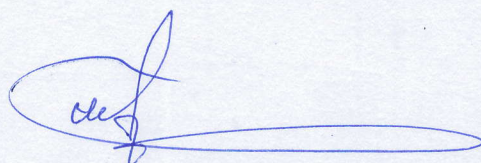
Auditor's Responsibilities for the Audit of Financial Statements

Our objectives are to obtain reasonable assurance that the annual financial statements are free of material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high degree of assurance but is not a guarantee that an audit performed in accordance with ISAs will always detect a material misstatement when it exists. Misstatements may arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to affect the economic condition of users based on these annual financial statements.

Appendix to the auditor's report.

In an audit conducted in accordance with International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. In addition, we do the following:

- identify and assess the risks of material misstatement of financial statements due to fraud or errors; develop and perform audit procedures in response to these risks; 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 greater than the risk of not detecting a material misstatement resulting from error, because fraud may involve collusion, forgery, intentional omissions, misrepresentations, or overrides of internal control;
- obtain an understanding of the internal control system relevant to the audit for the purpose of developing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control system.
- evaluate the appropriateness of the accounting policies applied and the reasonableness of the estimates calculated by management and the corresponding disclosure of information;
- conclude on the appropriateness of management's use of the going concern assumption and, based on the audit evidence obtained, whether there is a material uncertainty related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we must draw attention in our auditor's report to the relevant disclosures in the consolidated financial statements or, if those disclosures are inadequate, modify our opinion. Our conclusions are based on audit evidence



obtained up to the date of our auditor's report. However, future events or conditions may cause the Organization to become unable to continue as a going concern;
- assessing the overall presentation of the financial statements, their structure and content, including disclosures, and whether the financial statements present their underlying transactions and events in a manner that enables them to be presented fairly.

From those 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 therefore constitute the key audit matters. We describe these matters in our auditor's report unless public disclosure of the matter is prohibited by law or regulation or when, in extremely rare cases, we conclude that a matter should not be communicated in our audit report. conclusion, since it can be reasonably assumed that the negative consequences of communicating such information will exceed the socially significant benefits of its communication.

Auditor

Auditor Certificate

No. 005148 dated 10/12/2013

Director

LLC «MASLAXATAUDIT-M»

04.15.2024

A Ismailov

M. Gulbaev



Information about the audited entity:

Name; Joint Stock Company "Republican Stock Exchange
"Toshkent"
Legal address; 107 Mustaqillik Avenue, Tashkent, Uzbekistan
Requisites; Current account 20208000100598771001 in the Mirabad
branch of JSCB "Ipak Yuli" MFO 01101, INN 201199814

Information about the audit organization:

Name; Auditing organization LLC « MASLAXATAUDIT-M »
Included in the Register of the Ministry of Finance of the
Republic of Uzbekistan dated June 14, 2021
Certificate of state registration No. 658 dated July 23, 2001,
issued by the Ministry of Justice of the Republic of
Uzbekistan.
Legal address; 130100, Republic of Uzbekistan, Jizzakh,
Baynalminalchilar-5
Tel +99897-325-51-59

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JSC RSE «Toshkent»
Statement of Financial Position

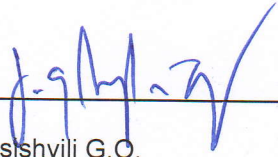
<i>In thousands of UZS</i>	Note	31 December 2023	31 December 2022
ASSETS			
Non-current assets			
Property, plant and equipment	8	17 029 611	14 666 744
Investment property	9	25 066 225	27 935 745
Other intangible assets		8 523	17 045
Investments in equity securities	14	22 500	30 000
Deferred income tax assets	22	167 228	-
Total non-current assets		42 294 087	42 649 534
Current assets			
Biological assets	11	136 205	64 573
Inventories	12	36 105	36 451
Trade and other receivables	13	6 001 031	1 391 946
Other tax receivables		152 731	178 019
Current income tax prepayments		376 057	-
Loans issued	10	13 661 729	2 623 629
Cash and cash equivalents	15	4 301 949	5 422 746
Total current assets		24 665 807	9 717 364
TOTAL ASSETS		66 959 894	52 366 898
EQUITY			
Share capital	16	65 000 000	45 000 000
Share premium	16	298 243	298 243
Retained earnings		1 083 010	5 203 894
TOTAL EQUITY		66 381 253	50 502 137
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities	22	-	139 787
Total non-current liabilities		-	139 787
Current liabilities			
Trade and other payables	17	578 641	1 502 031
Current income tax payable		-	222 943
Total current liabilities		578 641	1 724 974
TOTAL LIABILITIES		578 641	1 864 761
TOTAL LIABILITIES AND EQUITY		66 959 894	52 366 898

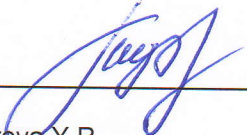
The accompanying notes on pages 6 to 45 are an integral part of these financial statements.

JSC RSE «Toshkent»
Statement of Profit or Loss and Other Comprehensive Income

<i>In thousands of UZS</i>	Note	2023	2022
Revenue from contracts with customers	18	8 794 796	17 588 326
Cost of sales	19	(5 587 120)	(9 908 323)
Gross profit		3 207 676	7 680 003
Rental income from investment properties		2 049 908	1 871 182
Other income	20	766 008	473 370
General and administrative expenses	21	(7 360 007)	(5 343 694)
Net charge for expected credit losses on financial assets		(1 253 349)	(462 556)
Operating profit		(2 589 764)	4 218 305
Interest income calculated using the effective interest method		748 453	652 190
FX differences, net		151 311	52 034
Profit/(Loss) before income tax		(1 690 000)	4 922 529
Income tax credit / (expense)	22	307 014	(980 083)
PROFIT/(LOSS) FOR THE YEAR		(1 382 986)	3 942 446
TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE YEAR		(1 382 986)	3 942 446
Earnings/(loss) per ordinary share for profit/(loss) attributable to the owners of the Company, basic and diluted (in UZS per share)	23	(199)	224

Approved for issue and signed on behalf of Management Board on 9 April 2024


 Paresishvili G.O.
 Chairman of the Board


 Gafarova Y.R.
 Acting Chief accountant

JSC RSE «Toshkent»
Statement of Changes in Equity

<i>In thousands of UZS</i>		Share capital	Share premium	Retained earnings	Total Equity
Balance at 1 January 2022		45 000 000	298 243	1 438 829	46 737 072
Profit / (Loss) for the year		-	-	3 942 446	3 942 446
Total comprehensive income/ (loss) for 2022		-	-	3 942 446	3 942 446
Transfer of revaluation surplus on property, plant and equipment to retained earnings		-	-	303 869	303 869
Changes to the Innovation Support Fund		-	-	(44 395)	(44 395)
Dividends declared	16	-	-	(436 855)	(436 855)
Balance at 31 December 2022		45 000 000	298 243	5 203 894	50 502 137
Profit / (Loss) for the year		-	-	(1 382 986)	(1 382 986)
Total comprehensive income/ (loss) for 2023		-	-	(1 382 986)	(1 382 986)
Shares issued	16	20 000 000	-	-	20 000 000
Transfer of revaluation surplus on property, plant and equipment to retained earnings		-	-	(518 150)	(518 150)
Dividends declared	16	-	-	(2 219 748)	(2 219 748)
Balance at 31 December 2023		65 000 000	298 243	1 083 010	66 381 253

The accompanying notes on pages 6 to 45 are an integral part of these financial statements.

JSC RSE «Toshkent»
Statement of Cash Flows

<i>In thousands of UZS</i>	Note	2023	2022
Cash flows from operating activities			
Proceeds from the sale of goods and services		8 581 526	17 700 781
Payments for received goods and services		(4 207 106)	(10 275 691)
Payments to and on behalf of employees		(6 953 517)	(2 387 178)
Other receipts and payments from operating activities, net		(92 906)	(473 370)
Paid income tax		(599 242)	(1 175 121)
Other taxes paid		(1 274 111)	(1 169 201)
Net cash from / (used in) operating activities		(4 545 356)	2 220 220
Cash flows from investing activities			
Acquisition less proceeds from sales of fixed assets		(244 259)	512 023
Proceeds from rental property		2 471 936	1 601 045
Net cash from investing activities		2 227 677	2 113 068
Cash flows from financing activities			
Dividends paid to the Company's shareholders	16	(2 471 936)	(436 963)
Proceeds from issuance of ordinary shares	16	15 000 000	-
Cash receipts and payments on long-term and short-term loans and borrowings		(12 065 000)	-
Interest income received		733 284	652 190
Net cash from financing activities		1 196 348	215 227
Effect of exchange rate changes on cash and cash equivalents		534	52 034
Cash and cash equivalents at the beginning of the year		5 422 746	822 196
Cash and cash equivalents at the end of the year	15	4 301 949	5 422 746

The accompanying notes on pages 6 to 45 are an integral part of these financial statements.

1 The Company and its Operations

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS Accounting Standards”) for the year ended 31 December 2023 for Joint Stock Company Republican Stock Exchange “Toshkent” (the “Company”).

The Company was incorporated by the Decree of the President of the Republic of Uzbekistan dd. 21 January 1994 and is operating in accordance with the Charter, registered by the Ministry of Justice of the Republic of Uzbekistan №11 dd. 8 April 1994.

The additional emission of the shares by the Company was approved by Extraordinary shareholders meeting of the Company dd. 1 December 2023. See Note 16.

As of 31 December 2023 and 2022 the Company’s shareholders were:

	2023	2022
	%	%
Shareholders		
State Asset Management Agency	81,25	75,00
Korea Stock Exchange (KRX), Republic of Korea	18,75	25,00
Total	100	100

Principal activity. The Company’s principal business activity is the exchange activity and real estate rental.

Registered address and place of business. The registered address and place of business of the Company is: 107 av. Mustakillik, Mirzo Ulugbek district, Tashkent, Republic of Uzbekistan.

Presentation currency. These financial statements are presented in Uzbek soums (“UZS”), unless otherwise stated.

2 Operating Environment of the Company

COVID-19. In March 2020, the World Health Organisation declared the outbreak of COVID-19 a global pandemic. In response to the pandemic, the [Country] authorities implemented numerous measures attempting to contain the spreading and impact of COVID-19, such as travel bans and restrictions, quarantines, shelter-in-place orders and limitations on business activity, including closures. Some of those measures were subsequently relaxed, however, as of 31 December 2023, there remains a risk that the authorities may impose additional restrictions in 2024 as a response to possible new variants of the virus.

War between Russia and Ukraine. The long-term effects of the current economic situation are difficult to predict and management’s current expectations and estimates could differ from the actual results.

Republic of Uzbekistan. As of the date of this report, the official exchange rate of the Central Bank of the Republic of Uzbekistan was UZS 12,675.88 per US dollar, compared to UZS 12,338.77 per US dollar as at 31 December 2023 (31 December 2022: 11,225 .46 UZS for 1 US dollar). Thus, uncertainty remains regarding the UZS exchange rate and future actions of the Central Bank and the Government, as well as the impact of these factors on the economy of the Republic of Uzbekistan.

The economic environment has a significant impact on the Company’s operations and financial position. Management takes all necessary measures to ensure the sustainable operation of the Company. However, the future impact of the current economic environment is difficult to predict, and management’s current expectations and estimates may differ from actual results. Management takes all necessary measures to ensure the sustainability of the Company’s operations and provide support to its customers and employees.

The future impact of the current economic environment and the above measures is difficult to predict, and management’s current expectations and estimates may differ from actual results. To estimate expected credit losses on the Company’s loans, receivables and similar assets, the Company uses verifiable forward-looking information, including macroeconomic forecasts. However, as with any economic forecast, the assumptions and the likelihood of their realization are inherently subject to a high level of uncertainty and, therefore, actual results may differ materially from those projected. Note 25 provides additional information about how the Company incorporates forward-looking information into its expected credit loss models.

2 Operating Environment of the Company (Continued)

In March 2020, the International Accounting Standards Board (IASB) emphasized in its guidance that when determining the impact of COVID-19 on the calculation of expected credit losses under IFRS 9, appropriate judgment must be made taking into account the significant uncertainty that exists, particularly when assessing future macroeconomic conditions. The deteriorating economic outlook has already resulted, and is likely to continue to result, in higher expected credit losses and therefore greater profit or loss volatility.

3 Basis of preparation

Basis of preparation. These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS Accounting Standards”) under the historical cost convention, as modified by the initial recognition of financial instruments categorised at fair value through profit or loss (“FVTPL”) and at fair value through other comprehensive income (“FVOCI”). The material accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated (Refer to Note 5).

The preparation of consolidated financial statements in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

Foreign currency translation. The functional currency of the Company is the currency of the primary economic environment in which the Company operates. The Company’s functional and presentation currency is the national currency of the Republic of Uzbekistan, Uzbek Soums (“UZS”).

Transactions and balances. Monetary assets and liabilities are translated into each entity’s functional currency at the official exchange rate of the Central Bank of Uzbekistan (“CBU”) at the respective end of the reporting period. Foreign exchange gains and losses resulting from the settlement of the transactions and from the translation of monetary assets and liabilities into each entity’s functional currency at year-end official exchange rates of the CBU are recognised in profit or loss [as FX gain/loss, net]. Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the statement of profit or loss and other comprehensive income within ‘finance income or costs’. All other foreign exchange gains and losses are presented in the statement of profit or loss and other comprehensive income within ‘Other gains/(losses), net’. Translation at year-end rates does not apply to non-monetary items that are measured at historical cost. Non-monetary items measured at fair value in a foreign currency, including equity investments, are translated using the exchange rates at the date when the fair value was determined. Effects of exchange rate changes on non-monetary items measured at fair value in a foreign currency are recorded as part of the fair value gain or loss.

At 31 December 2023 the official rate of exchange, as determined by the CBU, was US Dollar (“USD”) 1 = UZS 12,338.77 (31 December 2022: USD 1 = UZS 11,225.46).

Property, plant and equipment. Property, plant and equipment are stated at purchase cost less accumulated depreciation and provision for impairment, where required.

Subsequent costs are included in the asset’s carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. Costs of minor repairs and day-to-day maintenance are expensed when incurred. Cost of replacing major parts or components of property, plant and equipment items are capitalised and the replaced part is retired.

At each reporting date the management assess whether there is any indication of impairment of property, plant and equipment. If any such indication exists, the management estimates the recoverable amount, which is determined as the higher of an asset’s fair value less costs to sell and its value in use. The carrying amount is reduced to the recoverable amount and the impairment loss is recognised in profit or loss for the year. An impairment loss recognised for an asset in prior years is reversed if there has been a change in the estimates used to determine the asset’s value in use or fair value less costs to sell.

Gains and losses on disposals determined by comparing proceeds with carrying amount are recognised in profit or loss.

3 Basis of preparation (Continued)

Depreciation. Land is not depreciated. Depreciation on other property, plant and equipment is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives:

	Useful lives in years
Buildings	200
Machinery and equipment	6 to 7
Office and computer equipment	2.5 to 5
Motor vehicles	5
Other	6 to 7

The residual value of an asset is the estimated amount that the Company would currently obtain from disposal of the asset less the estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life. The residual value of an asset is nil if the Company expects to use the asset until the end of its physical life. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

Investment property. Investment property is property held by the Company to earn rental income or for capital appreciation, or both and which is not occupied by the Company. Investment property includes assets under construction for future use as investment property.

Investment property is initially recognised at cost, including transaction costs, and subsequently remeasured at fair value updated to reflect market conditions at the end of the reporting period. Fair value of investment property is the price that would be received from sale of the asset in an orderly transaction, without deduction of any transaction costs. The best evidence of fair value is given by current prices in an active market for similar property in the same location and condition.

Subsequent expenditure is capitalised only when it is probable that future economic benefits associated with the item will flow to the Company, and the cost can be measured reliably. All other repairs and maintenance costs are expensed when incurred. If an investment property becomes owner-occupied, it is reclassified to property, plant and equipment.

Intangible assets other than goodwill. The Company's intangible assets other than goodwill have definite useful lives and primarily include capitalised computer software, patents, trademarks and licences.

Acquired computer software licences, patents and trademarks are capitalised on the basis of the costs incurred to acquire and bring them to use.

Intangible assets are amortised using the straight-line method over their useful lives of 5 years. If impaired, the carrying amount of intangible assets is written down to the higher of value in use and fair value less costs of disposal.

Impairment of non-financial assets. Intangible assets that have an indefinite useful life or intangible assets not ready for use are not subject to amortisation and are tested annually for impairment. Assets that are subject to depreciation and amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). Prior impairments of non-financial assets (other than goodwill) are reviewed for possible reversal at each reporting date.

Financial instruments – key measurement terms. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The best evidence of fair value is the price in an active market. An active market is one in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Fair value of financial instruments traded in an active market is measured as the product of the quoted price for the individual asset or liability and the number of instruments held by the entity. This is the case even if a market's normal daily trading volume is not sufficient to absorb the quantity held and placing orders to sell the position in a single transaction might affect the quoted price. The quoted market price used to value financial assets is the current bid price; the quoted market price for financial liabilities is the current asking price.

3 Basis of preparation (Continued)

A portfolio of financial derivatives or other financial assets and liabilities that are not traded in an active market is measured at the fair value of a group of financial assets and financial liabilities on the basis of the price that would be received to sell a net long position (i.e. an asset) for a particular risk exposure or paid to transfer a net short position (i.e. a liability) for a particular risk exposure in an orderly transaction between market participants at the measurement date. This is applicable for assets carried at fair value on a recurring basis if the Company: (a) manages the group of financial assets and financial liabilities on the basis of the Company's net exposure to a particular market risk (or risks) or to the credit risk of a particular counterparty in accordance with the Company's documented risk management or investment strategy; (b) it provides information on that basis about the group of assets and liabilities to the Company's key management personnel; and (c) the market risks, including duration of the Company's exposure to a particular market risk (or risks) arising from the financial assets and financial liabilities are substantially the same.

Valuation techniques such as discounted cash flow models or models based on recent arm's length transactions or consideration of financial data of the investees are used to measure fair value of certain financial instruments for which external market pricing information is not available. Fair value measurements are analysed by level in the fair value hierarchy as follows: (i) level one are measurements at quoted prices (unadjusted) in active markets for identical assets or liabilities, (ii) level two measurements are valuations techniques with all material inputs observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices), and (iii) level three measurements are valuations not based on solely observable market data (that is, the measurement requires significant unobservable inputs). Transfers between levels of the fair value hierarchy are deemed to have occurred at the end of the reporting period. Refer to Note 23.

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial instrument. An incremental cost is one that would not have been incurred if the transaction had not taken place. Transaction costs include fees and commissions paid to agents (including employees acting as selling agents), advisors, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties. Transaction costs do not include debt premiums or discounts, financing costs or internal administrative or holding costs.

Amortised cost ("AC") is the amount at which the financial instrument was recognised at initial recognition less any principal repayments, plus accrued interest, and for financial assets less any allowance for expected credit losses ("*ECL*"). Accrued interest includes amortisation of transaction costs deferred at initial recognition and of any premium or discount to the maturity amount using the effective interest method. Accrued interest income and accrued interest expense, including both accrued coupon and amortised discount or premium (including fees deferred at origination, if any), are not presented separately and are included in the carrying values of the related items in the statement of financial position.

The effective interest method is a method of allocating interest income or interest expense over the relevant period, so as to achieve a constant periodic rate of interest (effective interest rate) on the carrying amount. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts (excluding future credit losses) through the expected life of the financial instrument or a shorter period, if appropriate, to the gross carrying amount of the financial instrument. The effective interest rate discounts cash flows of variable interest instruments to the next interest repricing date, except for the premium or discount which reflects the credit spread over the floating rate specified in the instrument, or other variables that are not reset to market rates. Such premiums or discounts are amortised over the whole expected life of the instrument. The present value calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate. For assets that are purchased or originated credit impaired ("*POCI*") at initial recognition, the effective interest rate is adjusted for credit risk, i.e. it is calculated based on the expected cash flows on initial recognition instead of contractual payments.

Financial instruments – initial recognition. Financial instruments at FVTPL are initially recorded at fair value. All other financial instruments are initially recorded at fair value adjusted for transaction costs. Fair value at initial recognition is best evidenced by the transaction price. A gain or loss on initial recognition is only recorded if there is a difference between fair value and transaction price which can be evidenced by other observable current market transactions in the same instrument or by a valuation technique whose inputs include only data from observable markets. After the initial recognition, an ECL allowance is recognised for financial assets measured at AC and investments in debt instruments measured at FVOCI, resulting in an immediate accounting loss.

3 Basis of preparation (Continued)

All purchases and sales of financial assets that require delivery within the time frame established by regulation or market convention (“regular way” purchases and sales) are recorded at trade date, which is the date on which the Company commits to deliver a financial asset. All other purchases are recognised when the Company becomes a party to the contractual provisions of the instrument.

The Company uses discounted cash flow valuation techniques to determine the fair value of loan from related parties, loans to related parties that are not traded in an active market. Differences may arise between the fair value at initial recognition, which is considered to be the transaction price, and the amount determined at initial recognition using a valuation technique with level 3 inputs. If any differences remain after calibration of model inputs, such differences are amortised on a straight-line basis over the term of the loan from related parties, loans to related parties. The differences are immediately recognised in profit or loss if the valuation uses only level 1 or level 2 inputs.

Financial assets – classification and subsequent measurement – measurement categories. The Company classifies financial assets in the following measurement categories: FVTPL, FVOCI and AC. The classification and subsequent measurement of debt financial assets depends on: (i) the Company’s business model for managing the related assets portfolio and (ii) the cash flow characteristics of the asset.

Financial assets – classification and subsequent measurement – business model. The business model reflects how the Company manages the assets in order to generate cash flows – whether the Company’s objective is: (i) solely to collect the contractual cash flows from the assets (“hold to collect contractual cash flows”), or (ii) to collect both the contractual cash flows and the cash flows arising from the sale of assets (“hold to collect contractual cash flows and sell”) or, if neither of (i) and (ii) is applicable, the financial assets are classified as part of “other” business model and measured at FVTPL.

Business model is determined for a group of assets (on a portfolio level) based on all relevant evidence about the activities that the Company undertakes to achieve the objective set out for the portfolio available at the date of the assessment. Factors considered by the Company in determining the business model include the purpose and composition of a portfolio, past experience on how the cash flows for the respective assets were collected, how risks are assessed and managed, how the assets’ performance is assessed and how managers are compensated. Refer to Note 4 for critical judgements applied by the Company in determining the business models for its financial assets.

Financial assets – classification and subsequent measurement – cash flow characteristics. Where the business model is to hold assets to collect contractual cash flows or to hold contractual cash flows and sell, the Company assesses whether the cash flows represent solely payments of principal and interest (“SPPI”). Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are consistent with the SPPI feature. In making this assessment, the Company considers whether the contractual cash flows are consistent with a basic lending arrangement, i.e. interest includes only consideration for credit risk, time value of money, other basic lending risks and profit margin.

Where the contractual terms introduce exposure to risk or volatility that is inconsistent with a basic lending arrangement, the financial asset is classified and measured at FVTPL. The SPPI assessment is performed on initial recognition of an asset and it is not subsequently reassessed. Refer to Note 4 for critical judgements applied by the Company in performing the SPPI test for its financial assets.

Financial assets – reclassification. Financial instruments are reclassified only when the business model for managing the portfolio as a whole change. The reclassification has a prospective effect and takes place from the beginning of the first reporting period that follows after the change in the business model. The entity did not change its business model during the current and comparative period and did not make any reclassifications.

Financial assets impairment – credit loss allowance for ECL. The Company assesses, on a forward-looking basis, the ECL for debt instruments measured at AC and FVOCI and for the exposures arising from loan commitments and financial guarantee contracts, for contract assets. The Company measures ECL and recognises Net impairment losses on financial and contract assets at each reporting date. The measurement of ECL reflects: (i) an unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes, (ii) time value of money and (iii) all reasonable and supportable information that is available without undue cost and effort at the end of each reporting period about past events, current conditions and forecasts of future conditions.

3 Basis of preparation (Continued)

Debt instruments measured at AC and contract assets are presented in the statement of financial position net of the allowance for ECL. For loan commitments and financial guarantees, a separate provision for ECL is recognised as a liability in the statement of financial position. For debt instruments at FVOCI, changes in amortised cost, net of allowance for ECL, are recognised in profit or loss and other changes in carrying value are recognised in OCI as gains less losses on debt instruments at FVOCI.

The Company applies a three-stage model for impairment, based on changes in credit quality since initial recognition. A financial instrument that is not credit-impaired on initial recognition is classified in Stage 1. Financial assets in Stage 1 have their ECL measured at an amount equal to the portion of lifetime ECL that results from default events possible within the next 12 months or until contractual maturity, if shorter (“12 Months ECL”).

If the Company identifies a significant increase in credit risk (“SICR”) since initial recognition, the asset is transferred to Stage 2 and its ECL is measured based on ECL on a lifetime basis, that is, up until contractual maturity but considering expected prepayments, if any (“Lifetime ECL”). Refer to Note 25 for a description of how the Company determines when a SICR has occurred. If the Company determines that a financial asset is credit-impaired, the asset is transferred to Stage 3 and its ECL is measured as a Lifetime ECL. The Company’s definition of credit impaired assets and definition of default is explained in Note 25. For financial assets that are purchased or originated credit-impaired (“POCI Assets”), the ECL is always measured as a Lifetime ECL. Note 25 provides information about inputs, assumptions and estimation techniques used in measuring ECL, including an explanation of how the Company incorporates forward-looking information in the ECL models.

Financial assets – write-off. Financial assets are written-off, in whole or in part, when the Company exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovery. The write-off represents a derecognition event. The Company may write-off financial assets that are still subject to enforcement activity when the Company seeks to recover amounts that are contractually due, however, there is no reasonable expectation of recovery.

Financial assets - derecognition. The Company derecognises financial assets when (a) the assets are redeemed or the rights to cash flows from the assets otherwise expire or (b) the Company has transferred the rights to the cash flows from the financial assets or entered into a qualifying pass-through arrangement whilst (i) also transferring substantially all the risks and rewards of ownership of the assets or (ii) neither transferring nor retaining substantially all the risks and rewards of ownership but not retaining control.

Control is retained if the counterparty does not have the practical ability to sell the asset in its entirety to an unrelated third party without needing to impose additional restrictions on the sale.

Financial assets – modification. The Company sometimes renegotiates or otherwise modifies the contractual terms of the financial assets. The Company assesses whether the modification of contractual cash flows is substantial considering, among other, the following factors: any new contractual terms that substantially affect the risk profile of the asset (eg profit share or equity-based return), significant change in interest rate, change in the currency denomination, new collateral or credit enhancement that significantly affects the credit risk associated with the asset or a significant extension of a loan when the borrower is not in financial difficulties.

If the modified terms are substantially different, the rights to cash flows from the original asset expire and the Company derecognises the original financial asset and recognises a new asset at its fair value. The date of renegotiation is considered to be the date of initial recognition for subsequent impairment calculation purposes, including determining whether a SICR has occurred. The Company also assesses whether the new loan or debt instrument meets the SPPI criterion. Any difference between the carrying amount of the original asset derecognised and fair value of the new substantially modified asset is recognised in profit or loss, unless the substance of the difference is attributed to a capital transaction with owners.

In a situation where the renegotiation was driven by financial difficulties of the counterparty and inability to make the originally agreed payments, the Company compares the original and revised expected cash flows to assess whether the risks and rewards of the asset are substantially different as a result of the contractual modification. If the risks and rewards do not change, the modified asset is not substantially different from the original asset and the modification does not result in derecognition. The Company recalculates the gross carrying amount by discounting the modified contractual cash flows by the original effective interest rate (or credit-adjusted effective interest rate for POCI financial assets), and recognises a modification gain or loss in profit or loss.

3 Basis of preparation (Continued)

Financial liabilities – measurement categories. Financial liabilities are classified as subsequently measured at AC, except for (i) financial liabilities at FVTPL: this classification is applied to derivatives, financial liabilities held for trading (e.g. short positions in securities), contingent consideration recognised by an acquirer in a business combination and other financial liabilities designated as such at initial recognition and (ii) financial guarantee contracts and loan commitments.

Financial liabilities – derecognition. Financial liabilities are derecognised when they are extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expires).

An exchange between the Company and its original lenders of debt instruments with substantially different terms, as well as substantial modifications of the terms and conditions of existing financial liabilities, are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability. If an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are amortised over the remaining term of the modified liability. Modifications of liabilities that do not result in extinguishment are accounted for as a change in estimate using a cumulative catch up method, with any gain or loss recognised in profit or loss, unless the economic substance of the difference in carrying values is attributed to a capital transaction with owners.

Financial liabilities designated at FVTPL. The Company may designate certain liabilities at FVTPL at initial recognition. Gains and losses on such liabilities are presented in profit or loss except for the amount of change in the fair value that is attributable to changes in the credit risk of that liability (determined as the amount that is not attributable to changes in market conditions that give rise to market risk), which is recorded in OCI and is not subsequently reclassified to profit or loss. This is unless such a presentation would create, or enlarge, an accounting mismatch, in which case the gains and losses attributable to changes in credit risk of the liability are also presented in profit or loss.

Offsetting financial instruments. Financial assets and liabilities are offset and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognised amounts, and there is an intention to either settle on a net basis, or to realise the asset and settle the liability simultaneously. Such a right of set off (a) must not be contingent on a future event and (b) must be legally enforceable in all of the following circumstances: (i) in the normal course of business, (ii) in the event of default and (iii) in the event of insolvency or bankruptcy.

Cash and cash equivalents. Cash and cash equivalents include cash in hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less. Cash and cash equivalents are carried at AC because: (i) they are held for collection of contractual cash flows and those cash flows represent SPPI, and (ii) they are not designated at FVTPL. Features mandated solely by legislation, such as the bail-in legislation in certain countries, do not have an impact on the SPPI test, unless they are included in contractual terms such that the feature would apply even if the legislation is subsequently changed.

Trade and other receivables. Trade and other receivables are recognised initially at fair value and are subsequently carried at AC using the effective interest method.

Trade and other payables. Trade payables are accrued when the counterparty performs its obligations under the contract and are recognised initially at fair value and subsequently carried at AC using the effective interest method.

Income taxes. Income taxes have been provided for in the financial statements in accordance with legislation enacted or substantively enacted by the end of the reporting period. The income tax charge comprises current tax and deferred tax and is recognised in profit or loss for the year, except if it is recognised in other comprehensive income or directly in equity because it relates to transactions that are also recognised, in the same or a different period, in other comprehensive income or directly in equity.

Current tax is the amount expected to be paid to, or recovered from, the taxation authorities in respect of taxable profits or losses for the current and prior periods. Taxable profits or losses are based on estimates if the financial statements are authorised prior to filing relevant tax returns. Taxes other than on income are recorded within operating expenses.

3 Basis of preparation (Continued)

Deferred income tax is provided using the balance sheet liability method for tax loss carry forwards and temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. In accordance with the initial recognition exemption, deferred taxes are not recorded for temporary differences on initial recognition of an asset or a liability in a transaction other than a business combination if the transaction, when initially recorded, affects neither accounting nor taxable profit. Deferred tax balances are measured at tax rates enacted or substantively enacted at the end of the reporting period, which are expected to apply to the period when the temporary differences will reverse or the tax loss carry forwards will be utilised.

Deferred tax assets for deductible temporary differences and tax loss carry forwards are recorded only to the extent that it is probable that the temporary difference will reverse in the future and there is sufficient future taxable profit available against which the deductions can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis. Deferred tax assets and liabilities are netted only within the individual companies of the Company.

Uncertain tax positions. The Company's uncertain tax positions are reassessed by management at the end of each reporting period. Liabilities are recorded for income tax positions that are determined by management as more likely than not to result in additional taxes being levied if the positions were to be challenged by the tax authorities. The assessment is based on the interpretation of tax laws that have been enacted or substantively enacted by the end of the reporting period, and any known court or other rulings on such issues. Liabilities for penalties, interest and taxes other than on income are recognised based on management's best estimate of the expenditure required to settle the obligations at the end of the reporting period. Adjustments for uncertain income tax positions are recorded within the income tax charge.

Value added tax. Output value added tax related to sales is payable to tax authorities on the earlier of (a) collection of receivables from customers or (b) delivery of goods or services to customers. Input VAT is generally recoverable against output VAT upon receipt of the VAT invoice. The tax authorities permit the settlement of VAT on a net basis. VAT related to sales and purchases is recognised in the statement of financial position on a gross basis and disclosed separately as an asset and liability. Where provision has been made for the ECL of receivables, the impairment loss is recorded for the gross amount of the debtor, including VAT.

Inventories. Inventories are recorded at the lower of cost and net realisable value. The cost of inventory is determined on the weighted average basis. The cost of finished goods and work in progress comprises raw material, direct labour, other direct costs and related production overheads (based on the normal operating capacity) but excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and selling expenses.

Prepayments. Prepayments are carried at cost less provision for impairment. A prepayment is classified as non-current when the goods or services relating to the prepayment are expected to be obtained after one year, or when the prepayment relates to an asset which will itself be classified as non-current upon initial recognition. Prepayments to acquire assets are transferred to the carrying amount of the asset once the Company has obtained control of the asset and it is probable that future economic benefits associated with the asset will flow to the Company. Other prepayments are written off to profit or loss when the goods or services relating to the prepayments are received. If there is an indication that the assets, goods or services relating to a prepayment will not be received, the carrying value of the prepayment is written down accordingly and a corresponding impairment loss is recognised in profit or loss for the year.

Share capital. Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds. Any excess of the fair value of consideration received over the par value of shares issued is recorded as share premium in equity.

Dividends. Dividends are recorded as a liability and deducted from equity in the period in which they are declared and approved. Any dividends declared after the reporting period and before the financial statements are authorised for issue are disclosed in the subsequent events note. The statutory accounting reports of the Company are the basis for profit distribution and other appropriations. Uzbek legislation identifies the basis of distribution as the current year net profit.

3 Basis of preparation (Continued)

Revenue recognition. Revenue is income arising in the course of the Company's ordinary activities. Revenue is recognised in the amount of transaction price. Transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring control over promised goods or services to a customer, excluding the amounts collected on behalf of third parties.

Revenue is recognised net of discounts, returns and value added taxes, export duties, excise tax, other similar mandatory payments.

Sales of goods. Sales are recognised when control of the good has transferred, being when the goods are delivered to the customer, the customer has full discretion over the goods, and there is no unfulfilled obligation that could affect the customer's acceptance of the goods. Delivery occurs when the goods have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the goods in accordance with the contract, the acceptance provisions have lapsed, or the Company has objective evidence that all criteria for acceptance have been satisfied.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

Sales of services. The Company provides services under fixed-price and variable price contracts. If the Company transfers control of a service over time and therefore satisfies a performance obligation over time, revenue from providing services is recognised in the accounting period in which the services are rendered. For fixed-price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided because the customer receives and uses the benefits simultaneously. This is determined based on the actual labour hours spent relative to the total expected labour hours. If a performance obligation is not satisfied over time, revenue is recognised at a point in time at which the Company satisfies a performance obligation.

Where the contracts include multiple performance obligations, the transaction price is allocated to each separate performance obligation based on the stand-alone selling prices. Where these are not directly observable, they are estimated based on expected cost plus margin.

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management.

In case of fixed-price contracts, the customer pays the fixed amount based on a payment schedule. If the services rendered by the Group exceed the payment, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised.

Interest income. Interest income is recorded for all debt instruments, other than those at FVTPL, on an accrual basis using the effective interest method. This method defers, as part of interest income, all fee received between the parties to the contract that are an integral part of the effective interest rate, all other premiums or discounts. Interest income on debt instruments at FVTPL calculated at nominal interest rate is presented within 'finance income' line in profit or loss.

Fees integral to the effective interest rate include origination fees received or paid by the Company relating to the creation or acquisition of a financial asset, for example fees for evaluating creditworthiness, evaluating and recording guarantees or collateral, negotiating the terms of the instrument and for processing transaction documents.

For financial assets that are originated or purchased credit-impaired, the effective interest rate is the rate that discounts the expected cash flows (including the initial expected credit losses) to the fair value on initial recognition (normally represented by the purchase price). As a result, the effective interest is credit-adjusted.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of financial assets, except for (i) financial assets that have become credit impaired (Stage 3), for which interest revenue is calculated by applying the effective interest rate to their AC, net of the ECL provision, and (ii) financial assets that are purchased or originated credit impaired, for which the original credit-adjusted effective interest rate is applied to the AC.

3 Basis of preparation (Continued)

Employee benefits. Wages, salaries, contributions to the Uzbekistan state pension and social insurance funds, paid annual leave and sick leave, bonuses, and non-monetary benefits (such as health services and kindergarten services) are accrued in the year in which the associated services are rendered by the employees of the Company. The Company has no legal or constructive obligation to make pension or similar benefit payments beyond the unified social tax.

Earnings per share. Preference shares are not redeemable and are considered to be participating shares. Earnings per share are determined by dividing the profit or loss attributable to owners of the Company by the weighted average number of participating shares outstanding during the reporting year.

Biological assets. Biological assets of the Company consist of unharvested crops (grain crops, sugar beets and other plant crops) and livestock (pigs and cows). Bearer livestock is classified as non-current assets; consumable livestock and unharvested crops are classified as current assets in the statement of financial position.

Changes in presentation. During the year, the Company has changed its classification within the statement of financial position /statement of profit or loss and other comprehensive income. The Group believes that the change provides reliable and more relevant information. In accordance with IAS 8, the change has been made retrospectively and comparatives have been restated accordingly.

The effect of reclassifications for presentation purposes was as follows on amounts at 31 December 2022:

<i>In thousands of UZS</i>	As originally presented	Reclassification	As reclassified at 31 December 2022
Other tax receivables	-	178 019	178 019
Retained earnings	5 014 576	189 318	5 203 894
Current income tax payable	234 242	(11 299)	222 943
General and administrative expenses	(5 533 012)	189 318	(5 343 694)

Amendment of the financial statements after issue. Any changes to these financial statements after issue require approval of the Company's management who authorised these financial statements for issue.

4 Critical Accounting Estimates and Judgements in Applying Accounting Policies

The Company makes estimates and assumptions that affect the amounts recognised in the financial statements and the carrying amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Management also makes certain judgements, apart from those involving estimations, in the process of applying the accounting policies. Judgements that have the most significant effect on the amounts recognised in the financial statements and estimates that can cause a significant adjustment to the carrying amount of assets and liabilities within the next financial year include:

Deferred income tax asset recognition. The recognised deferred tax assets represent income taxes recoverable through future deductions from taxable profits and are recorded in the statement of financial position. Deferred income tax assets are recorded to the extent that realisation of the related tax benefit is probable. This includes temporary difference expected to reverse in the future and the availability of sufficient future taxable profit against which the deductions can be utilised. The future taxable profits and the amount of tax benefits that are probable in the future are based on the medium term business plan prepared by management and extrapolated results thereafter. The business plan is based on management expectations that are believed to be reasonable under the circumstances.

Initial recognition of related party transactions. In the normal course of business, the Company enters into transactions with its related parties. IAS 24 requires initial recognition of financial instruments based on their fair values. Judgement is applied in determining if transactions are priced at market or non-market interest rates, where there is no active market for such transactions. The basis for judgement is pricing for similar types of transactions with unrelated parties and effective interest rate analyses. Terms and conditions of related party balances are disclosed in Note 7.

4 Critical Accounting Estimates and Judgements in Applying Accounting Policies (Continued)

Tax legislation. Uzbekistan tax, currency and customs legislation is subject to varying interpretations. Refer to Note 24.

ECL measurement. Measurement of ECLs is a significant estimate that involves determination methodology, models and data inputs. Details of ECL measurement methodology are disclosed in Note 24. The following components have a major impact on credit loss allowance: definition of default, SICR, probability of default (“PD”), exposure at default (“EAD”), and loss given default (“LGD”), as well as models of macro-economic scenarios. The Company regularly reviews and validates the models and inputs to the models to reduce any differences between expected credit loss estimates and actual credit loss experience. The Company used supportable forward-looking information for measurement of ECL, primarily an outcome of its own macro-economic forecasting model.

Significant increase in credit risk (“SICR”). In order to determine whether there has been a significant increase in credit risk, the Company compares the risk of a default occurring over the life of a financial instrument at the end of the reporting date with the risk of default at the date of initial recognition. The assessment considers relative increase in credit risk rather than achieving a specific level of credit risk at the end of the reporting period. The Company considers all reasonable and supportable forward-looking information available without undue cost and effort, which includes a range of factors, including behavioural aspects of particular customer portfolios. The Company identifies behavioural indicators of increases in credit risk prior to delinquency and incorporated appropriate forward-looking information into the credit risk assessment, either at an individual instrument, or on a portfolio level. Refer to Note 25.

Business model assessment. The business model drives classification of financial assets. Management applied judgement in determining the level of aggregation and portfolios of financial instruments when performing the business model assessment. When assessing sales transactions, the Company considers their historical frequency, timing and value, reasons for the sales and expectations about future sales activity. Sales transactions aimed at minimising potential losses due to credit deterioration are considered consistent with the “hold to collect” business model. Other sales before maturity, not related to credit risk management activities, are also consistent with the “hold to collect” business model, provided that they are infrequent or insignificant in value, both individually and in aggregate. The Company assesses significance of sales transactions by comparing the value of the sales to the value of the portfolio subject to the business model assessment over the average life of the portfolio. In addition, sales of financial asset expected only in stress case scenario, or in response to an isolated event that is beyond the Company’s control, is not recurring and could not have been anticipated by the Company, are regarded as incidental to the business model objective and do not impact the classification of the respective financial assets.

The “hold to collect and sell” business model means that assets are held to collect the cash flows, but selling is also integral to achieving the business model’s objective, such as, managing liquidity needs, achieving a particular yield, or matching the duration of the financial assets to the duration of the liabilities that fund those assets. The residual category includes those portfolios of financial assets, which are managed with the objective of realising cash flows primarily through sale, such as where a pattern of trading exists. Collecting contractual cash flow is often incidental for this business model.

Assessment whether cash flows are solely payments of principal and interest (“SPPI”). Determining whether a financial asset’s cash flows are solely payments of principal and interest required judgement.

The time value of money element may be modified, for example, if a contractual interest rate is periodically reset but the frequency of that reset does not match the tenor of the debt instrument’s underlying base interest rate. The effect of the modified time value of money was assessed by comparing relevant instrument’s cash flows against a benchmark debt instrument with SPPI cash flows, in each period and cumulatively over the life of the instrument. The assessment was done for all reasonably possible scenarios, including reasonably possible financial stress situation that can occur in financial markets. The Company applied a threshold of 5% to determine whether differences against a benchmark instruments are significantly different. In case of a scenario with cash flows that significantly differ from the benchmark, the assessed instrument’s cash flows are not SPPI and the instrument is then carried at FVTPL.

The Company identified and considered contractual terms that change the timing or amount of contractual cash flows. The SPPI criterion is met if a loan allows early settlement and the prepayment amount substantially represents principal and accrued interest, plus a reasonable additional compensation for the early termination of the contract. The asset’s principal is the fair value at initial recognition less subsequent principal repayments, i.e. instalments net of interest determined using the effective interest method.

4 Critical Accounting Estimates and Judgements in Applying Accounting Policies (Continued)

As an exception to this principle, the standard also allows instruments with prepayment features that meet the following condition to meet SPPI: (i) the asset is originated at a premium or discount, (ii) the prepayment amount represents contractual par amount and accrued interest and a reasonable additional compensation for the early termination of the contract, and (iii) the fair value of the prepayment feature is immaterial at initial recognition. The Company considered examples in the standard and concluded that features that arise solely from legislation and that are not part of the contract, that is, if legislation changed, the features would no longer apply (such as bail in legislation in certain countries), are not relevant for assessing whether cash flows are SPPI.

The instruments that failed the SPPI test are measured at FVTPL are described in Note 25.

Modification of financial assets. When financial assets are contractually modified (e.g. renegotiated), the Company assesses whether the modification is substantial and should result in derecognition of the original asset and recognition of a new asset at fair value. This assessment is based primarily on qualitative factors, described in the relevant accounting policy and it requires significant judgment.

The derecognition assessment depends on whether the risks and rewards, that is, the variability of expected (rather than contractual) cash flows, change as a result of such modifications.

Management determined that risks and rewards did not change as a result of modifying such loans and therefore in substantially all such modifications, the financial assets were neither derecognised nor reclassified out of the credit-impaired stage.

Write-off policy. Financial assets are written-off, in whole or in part, when the Company exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovery. Determining the cash flows for which there is no reasonable expectation of recovery requires judgement. Management considered the following indicators that there is no reasonable expectation of recovery: financial assets being past due over 90 days, liquidation or bankruptcy proceedings, fair value of collateral is less than the costs to repossess it or enforcement activities were completed.

5 Adoption of New or Revised Standards and Interpretations

The following new standards and the amendments became effective from 1 January 2023:

IFRS 17 "Insurance Contracts" (issued on 18 May 2017 and effective for annual periods beginning on or after 1 January 2023). IFRS 17 replaces IFRS 4, which has given companies dispensation to carry on accounting for insurance contracts using existing practices. As a consequence, it was difficult for investors to compare and contrast the financial performance of otherwise similar insurance companies. IFRS 17 is a single principle-based standard to account for all types of insurance contracts, including reinsurance contracts that an insurer holds. The standard requires recognition and measurement of groups of insurance contracts at: (i) a risk-adjusted present value of the future cash flows (the fulfillment cash flows) that incorporates all of the available information about the fulfillment cash flows in a way that is consistent with observable market information; plus (if this value is a liability) or minus (if this value is an asset) (ii) an amount representing the unearned profit in the group of contracts (the contractual service margin). Insurers will be recognising the profit from a group of insurance contracts over the period they provide insurance coverage, and as they are released from risk. If a group of contracts is or becomes loss-making, an entity will be recognising the loss immediately.

Amendments to IFRS 17 and an amendment to IFRS 4 (issued on 25 June 2020 and effective for annual periods beginning on or after 1 January 2023). The amendments include a number of clarifications intended to ease implementation of IFRS 17, simplify some requirements of the standard and transition. The amendments relate to eight areas of IFRS 17, and they are not intended to change the fundamental principles of the standard. The following amendments to IFRS 17 were made:

- **Effective date:** The effective date of IFRS 17 (incorporating the amendments) has been deferred by two years to annual reporting periods beginning on or after 1 January 2023; and the fixed expiry date of the temporary exemption from applying IFRS 9 in IFRS 4 has also been deferred to annual reporting periods beginning on or after 1 January 2023.
- **Expected recovery of insurance acquisition cash flows:** An entity is required to allocate part of the acquisition costs to related expected contract renewals, and to recognise those costs as an asset until the entity recognises the contract renewals. Entities are required to assess the recoverability of the asset at each reporting date, and to provide specific information about the asset in the notes to the financial statements.

5 Adoption of New or Revised Standards and Interpretations (Continued)

- *Contractual service margin attributable to investment services:* Coverage units should be identified, considering the quantity of benefits and expected period of both insurance coverage and investment services, for contracts under the variable fee approach and for other contracts with an 'investment-return service' under the general model. Costs related to investment activities should be included as cash flows within the boundary of an insurance contract, to the extent that the entity performs such activities to enhance benefits from insurance coverage for the policyholder.
- *Reinsurance contracts held – recovery of losses:* When an entity recognises a loss on initial recognition of an onerous group of underlying insurance contracts, or on addition of onerous underlying contracts to a group, an entity should adjust the contractual service margin of a related group of reinsurance contracts held and recognise a gain on the reinsurance contracts held. The amount of the loss recovered from a reinsurance contract held is determined by multiplying the loss recognised on underlying insurance contracts and the percentage of claims on underlying insurance contracts that the entity expects to recover from the reinsurance contract held. This requirement would apply only when the reinsurance contract held is recognised before or at the same time as the loss is recognised on the underlying insurance contracts.
- *Other amendments:* Other amendments include scope exclusions for some credit card (or similar) contracts, and some loan contracts; presentation of insurance contract assets and liabilities in the statement of financial position in portfolios instead of groups; applicability of the risk mitigation option when mitigating financial risks using reinsurance contracts held and non-derivative financial instruments at fair value through profit or loss; an accounting policy choice to change the estimates made in previous interim financial statements when applying IFRS 17; inclusion of income tax payments and receipts that are specifically chargeable to the policyholder under the terms of an insurance contract in the fulfillment cash flows; and selected transition reliefs and other minor amendments.

Transition option to insurers applying IFRS 17 – Amendments to IFRS 17 (issued on 9 December 2021 and effective for annual periods beginning on or after 1 January 2023). The amendment to the transition requirements in IFRS 17 provides insurers with an option aimed at improving the usefulness of information to investors on initial application of IFRS 17. The amendment relates to insurers' transition to IFRS 17 only and does not affect any other requirements in IFRS 17. The transition requirements in IFRS 17 and IFRS 9 apply at different dates and will result in the following one-time classification differences in the comparative information presented on initial application of IFRS 17: accounting mismatches between insurance contract liabilities measured at current value and any related financial assets measured at amortised cost; and if an entity chooses to restate comparative information for IFRS 9, classification differences between financial assets derecognised in the comparative period (to which IFRS 9 will not apply) and other financial assets (to which IFRS 9 will apply). The amendment will help insurers to avoid these temporary accounting mismatches and, therefore, will improve the usefulness of comparative information for investors. It does this by providing insurers with an option for the presentation of comparative information about financial assets. When initially applying IFRS 17, entities would, for the purpose of presenting comparative information, be permitted to apply a classification overlay to a financial asset for which the entity does not restate IFRS 9 comparative information. The transition option would be available, on an instrument-by-instrument basis; allow an entity to present comparative information as if the classification and measurement requirements of IFRS 9 had been applied to that financial asset, but not require an entity to apply the impairment requirements of IFRS 9; and require an entity that applies the classification overlay to a financial asset to use reasonable and supportable information available at the transition date to determine how the entity expects that financial asset to be classified applying IFRS 9.

Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of Accounting policies (issued on 12 February 2021 and effective for annual periods beginning on or after 1 January 2023). IAS 1 was amended to require companies to disclose their material accounting policy information rather than their significant accounting policies. The amendment provided the definition of material accounting policy information. The amendment also clarified that accounting policy information is expected to be material if, without it, the users of the financial statements would be unable to understand other material information in the financial statements. The amendment provided illustrative examples of accounting policy information that is likely to be considered material to the entity's financial statements. Further, the amendment to IAS 1 clarified that immaterial accounting policy information need not be disclosed. However, if it is disclosed, it should not obscure material accounting policy information. To support this amendment, IFRS Practice Statement 2, 'Making Materiality Judgements' was also amended to provide guidance on how to apply the concept of materiality to accounting policy disclosures.

5 Adoption of New or Revised Standards and Interpretations (Continued)

Amendments to IAS 8: Definition of Accounting Estimates (issued on 12 February 2021 and effective for annual periods beginning on or after 1 January 2023). The amendment to IAS 8 clarified how companies should distinguish changes in accounting policies from changes in accounting estimates.

Deferred tax related to assets and liabilities arising from a single transaction – Amendments to IAS 12 (issued on 7 May 2021 and effective for annual periods beginning on or after 1 January 2023).

The amendments to IAS 12 specify how to account for deferred tax on transactions such as leases and decommissioning obligations. In specified circumstances, entities are exempt from recognising deferred tax when they recognise assets or liabilities for the first time. Previously, there had been some uncertainty about whether the exemption applied to transactions such as leases and decommissioning obligations – transactions for which both an asset and a liability are recognised. The amendments clarify that the exemption does not apply and that entities are required to recognise deferred tax on such transactions. The amendments require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences.

Amendments to IAS 12 Income taxes: International Tax Reform – Pillar Two Model Rules (issued 23 May 2023). In May 2023, the IASB issued narrow-scope amendments to IAS 12, 'Income Taxes'. This amendment was introduced in response to the imminent implementation of the Pillar Two model rules released by the Organisation for Economic Co-operation and Development's (OECD) as a result of international tax reform. The amendments provide a temporary exception from the requirement to recognise and disclose deferred taxes arising from enacted or substantively enacted tax law that implements the Pillar Two model rules. In accordance with IASB effective date, the companies may apply the exception immediately, but disclosure requirements are required for annual periods commencing on or after 1 January 2023.

The application of the amendments had no significant impact on the Company's financial statements.

6 New Accounting Pronouncements

Certain new standards and interpretations have been issued that are mandatory for the annual periods beginning on or after 1 January 2024 or later, and which the Company has not early adopted.

Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback (issued on 22 September 2022 and effective for annual periods beginning on or after 1 January 2024). The amendments relate to the sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale. The amendments require the seller-lessee to subsequently measure liabilities arising from the transaction and in a way that it does not recognise any gain or loss related to the right of use that it retained. This means deferral of such a gain even if the obligation is to make variable payments that do not depend on an index or a rate. The Company is currently assessing the impact of the amendments on its financial statements.

Classification of liabilities as current or non-current – Amendments to IAS 1 (originally issued on 23 January 2020 and subsequently amended on 15 July 2020 and 31 October 2022, ultimately effective for annual periods beginning on or after 1 January 2024). These amendments clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Liabilities are non-current if the entity has a substantive right, at the end of the reporting period, to defer settlement for at least twelve months. The guidance no longer requires such a right to be unconditional. The October 2022 amendment established that loan covenants to be complied with after the reporting date do not affect the classification of debt as current or non-current at the reporting date. Management's expectations whether they will subsequently exercise the right to defer settlement do not affect classification of liabilities. A liability is classified as current if a condition is breached at or before the reporting date even if a waiver of that condition is obtained from the lender after the end of the reporting period. Conversely, a loan is classified as non-current if a loan covenant is breached only after the reporting date. In addition, the amendments include clarifying the classification requirements for debt a company might settle by converting it into equity. 'Settlement' is defined as the extinguishment of a liability with cash, other resources embodying economic benefits or an entity's own equity instruments. There is an exception for convertible instruments that might be converted into equity, but only for those instruments where the conversion option is classified as an equity instrument as a separate component of a compound financial instrument. The Company is currently assessing the impact of the amendments on its financial statements.

6 New Accounting Pronouncements (Continued)

Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements (Issued on 25 May 2023). In response to concerns of the users of financial statements about inadequate or misleading disclosure of financing arrangements, in May 2023, the IASB issued amendments to IAS 7 and IFRS 7 to require disclosure about entity's supplier finance arrangements (SFAs). These amendments require the disclosures of the entity's supplier finance arrangements that would enable the users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows and on the entity's exposure to liquidity risk. The purpose of the additional disclosure requirements is to enhance the transparency of the supplier finance arrangements. The amendments do not affect recognition or measurement principles but only disclosure requirements. The new disclosure requirements will be effective for the annual reporting periods beginning on or after 1 January 2024. The Company is currently assessing the impact of the amendments on its financial statements.

IFRS 14, Regulatory Deferral Accounts (issued on 30 January 2014 and effective for annual periods beginning on or after 1 January 2016). IFRS 14 permits first-time adopters to continue to recognise amounts related to rate regulation in accordance with their previous GAAP requirements when they adopt IFRS Accounting Standards. However, to enhance comparability with entities that already apply IFRS Accounting Standards and do not recognise such amounts, the standard requires that the effect of rate regulation must be presented separately from other items. An entity that already presents financial statements in compliance with IFRS Accounting Standards is not eligible to apply the standard.

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28 (issued on 11 September 2014 and effective for annual periods beginning on or after a date to be determined by the IASB). These amendments address an inconsistency between the requirements in IFRS 10 and those in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are held by a subsidiary. The Company is currently assessing the impact of the amendments on its financial statements.

7 Balances and Transactions with Related Parties

Parties are generally considered to be related if the parties are under common control or if one party has the ability to control the other party or can exercise significant influence or joint control over the other party in making financial and operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form.

At 31 December 2023, there were no the outstanding balances with related parties.

The income and expense items with related parties for the year ended 31 December 2023 were as follows:

<i>In thousands of UZS</i>	Immediate parent company	Other signifi- cant share- holders	Key mana- gement personnel	Other related parties
Rental income	-	-	-	21 761
Cost of sales	-	-	-	(1 339 565)

7 Balances and Transactions with Related Parties (Continued)

At 31 December 2022, the outstanding balances with related parties were as follows:

<i>In thousands of UZS</i>	Immediate parent company	Other significant shareholders	Key management personnel	Other related parties
Gross amount of other receivables	-	-	-	5 428

The income and expense items with related parties for the year ended 31 December 2022 were as follows:

<i>In thousands of UZS</i>	Immediate parent company	Other significant shareholders	Key management personnel	Other related parties
Rental income	-	-	-	28 284
Cost of sales	-	-	-	(3 251 264)

Key management compensation. Key management includes [Chairman and chief accountant](#).

Key management compensation is presented below:

<i>In thousands of UZS</i>	2023		2022	
	Expense	Accrued liability	Expense	Accrued liability
<i>Short-term benefits:</i>				
- Salaries	1 154 342	-	644 789	-
- Short-term bonuses	332 769	-	171 033	-
- Benefits in-kind	16 425	-	2 500	-
Total key management compensation	1 503 536	-	818 322	-

Short-term bonuses fall due wholly within twelve months after the end of the period in which management rendered the related services.

8 Property, Plant and Equipment

Movements in the carrying amount of property, plant and equipment were as follows:

<i>In thousands of UZS</i>	Buildings	Machinery and equipment	Office and computer equipment	Vehicles	Other	Total
Cost at 1 January 2022	5 101 510	355 250	963 321	602 235	4 502 319	11 524 635
Accumulated depreciation	(178 427)	(137 611)	(668 153)	(485 702)	(32 653)	(1 502 546)
Carrying amount at 1 January 2022	4 923 083	217 639	295 168	116 533	4 469 666	10 022 089
Additions	-	-	381 117	242 870	55 380	679 367
Transfer from one category to another (from IP)	4 344 042	-	-	-	-	4 344 042,00
Disposals	-	-	(20 419)	(264 165)	(2 535)	(287 119)
Depreciation charge	(61 880)	(41)	(136 768)	144 083	(37 029)	(91 635)
Carrying amount at 31 December 2022	9 205 245	217 598	519 098	239 321	4 485 482	14 666 744
Cost at 31 December 2022	9 445 552	355 250	1 324 019	580 940	4 555 164	16 260 925
Accumulated depreciation	(240 307)	(137 652)	(804 921)	(341 619)	(69 682)	(1 594 181)
Additions	5 052 337	-	75 848	421 875	425 098	5 975 158
Transfer from one category to another (from IP)	2 868 190	-	-	-	-	2 868 190
Disposals	(1 136 693)	-	(21 755)	(397 534)	(4 500 000)	(6 055 982)
Depreciation charge	(289 448)	(41)	(164 945)	96 801	(66 866)	(424 499)
Carrying amount at 31 December 2023	15 699 631	217 557	408 246	360 463	343 714	17 029 611
Cost at 31 December 2023	16 229 386	355 250	1 378 112	605 281	480 262	19 048 291
Accumulated depreciation	(529 755)	(137 693)	(969 866)	(244 818)	(136 548)	(2 018 680)

9 Investment Property

<i>In thousands of UZS</i>		2023	2022
Investment properties at carrying value at 1 January		27 935 745	32 421 744
Transfer to owner occupied premises	9	(2 868 190)	(4 344 042)
Accumulated depreciation		(1 330)	(141 957)
Investment properties at carrying value at 31 December		25 066 225	27 935 745

Where the Company is the lessor, the future minimum lease payments receivable under operating leases of investment properties are represented during 1 year.

10 Loans Issued

<i>In thousands of UZS</i>		2023	2022
Corporate loans		14 734 368	2 574 545
Loans to employees		36 267	49 084
Less: Credit loss allowance charge in profit or loss		(1 108 906)	-
Total loans issued at 31 December		13 661 729	2 623 629

The corporate loans issued represents the term deposits with maturity up to 13 months with interest rate from 19% to 24% p.a. for deposits denominated in UZS and 7% p.a. for deposits denominated in US Dollars.

The credit loss allowance for loans recognised in the period is impacted by a variety of factors, details of ECL measurement are provided in Note 25. Below main movements in the table are described:

- Transfers between Stage 1, 2 and 3 due to balances experiencing significant increases (or decreases) of credit risk or becoming credit-impaired in the period, and the consequent "step up" (or "step down") between 12-month and Lifetime ECL;
- Additional allowances for new financial instruments recognised during the period, as well as releases for financial instruments derecognised in the period;
- Impact on the measurement of ECL due to changes to model assumptions, including changes in PDs, EADs and LGDs in the period, arising from update of inputs to ECL models;
- Unwinding of discount due to the passage of time because ECL is measured on a present value basis;
- Foreign exchange translations of assets denominated in foreign currencies and other movements; and
- Write-offs of allowances related to assets that were written off during the period.

10 Loans Issued (Continued)

The financial effect of collateral is presented by disclosing collateral values separately for (i) those assets where collateral and other credit enhancements are equal to or exceed the carrying value of the asset (“over-collateralised assets”) and (ii) those assets where collateral and other credit enhancements are less than the carrying value of the asset (“under-collateralised assets”). The effect of collateral at 31 December 2023 and 2022:

<i>In thousands of UZS</i>	Over-collateralised assets		Under-collateralised assets	
	Carrying value of the assets	Fair value of collateral	Carrying value of the assets	Fair value of collateral
Loans issued at 31 December 2022				
Corporate loans	-	-	2 574 545	-
Loans to employees	-	-	49 084	-
Loans issued at 31 December 2023				
Corporate loans	-	-	14 734 368	-
Loans to employees	-	-	36 267	-

11 Biological Assets

As of 31 December 2023 and 2022, the Biological assets represent perennial plantings, which consist of fir trees, wild trees, and other plantings.

12 Inventories

<i>In thousands of UZS</i>	2023	2022
Inventory and household supplies	11 877	28 488
Fuel	370	91
Spareparts	6 995	3 948
Other materials	16 863	3 924
Total inventories at 31 December	36 105	36 451

13 Trade and Other Receivables

<i>In thousands of UZS</i>	2023	2022
Receivable from listed companies - category B	882	1 947
Receivable from listed companies - category C	209 813	191 115
Receivable from listed companies - category P/S	415 390	352 704
Receivable from shareholders	5 000 000	-
Rent receivables	154 160	270 701
Receivable from claims	268 531	249 565
Other financial receivables	424 017	88 389
Less credit loss allowance	(562 763)	(427 410)
Total financial assets* within trade and other receivables	5 910 030	727 011
Other receivables	297	112 117
Prepayments	95 787	555 645
Less impairment provision	(5 083)	(2 827)
Total trade and other receivables at 31 December	6 001 031	1 391 946

* Financial assets are those within the scope of IFRS 7 Financial Instruments: Disclosures.

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade and other receivables.

To measure the expected credit losses, trade and other receivables have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on the payment profiles of sales over a period of 36 months before each reporting period respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Company has identified the GDP and the unemployment rate of the countries in which it sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

The credit loss allowance for trade and other receivables is determined according to provision matrix. The provision matrix is based the number of days that an asset is past due.

<i>In % of gross value (in thousands of UZS)</i>	31 December 2023				31 December 2022			
	Loss Rate	Gross carrying amount	Lifetime ECL	Net carrying value	Loss Rate	Gross carrying amount	Lifetime ECL	Net carrying value
Trade receivables								
- current	0,00%	-	-	-	0,00%	579 951	-	579 951
- less than 30 days overdue	0,00%	1 003 796	(42)	1 003 754	0,01%	69 015	(6)	69 009
- 30 to 90 days overdue	25,83%	17 134	(4 425)	12 709	4,87%	1 315	(64)	1 251
- 91 to 180 days overdue	9,97%	21 886	(2 182)	19 704	40,31%	53 100	(21 404)	31 696
- 181 to 360 days overdue	100,00%	30 832	(32 143)	(1 311)	100,00%	451 040	(405 936)	45 104
- over 360 days overdue	0,00%	418 539	(520 623)	(102 084)	0,00%	-	-	-
Total		1 492 187	(559 415)	932 772		1 154 421	(427 410)	727 011

13 Trade and Other Receivables (Continued)

The following table explains the changes in the credit loss allowance for trade receivables under simplified ECL model between the beginning and the end of the annual period:

<i>In thousands of UZS</i>	2023	2022
Allowance for credit losses on trade receivables at 1 January	427 410	384 076
New originated or purchased	13 001	356 136
Financial assets derecognised during the period	(145 162)	(71 274)
Changes in estimates and assumptions	(159 896)	(625 604)
Total credit loss allowance charge in profit or loss for the period	135 353	43 334
Allowance for credit losses on trade receivables at 31 December	562 763	427 410

As of 31 December 2023 and 2022, the trade receivables are not collateralized by inventories or other assets.

Movements in prepayments are as follows:

<i>In thousands of UZS</i>	Prepayment for services	Other prepayment	Total
Carrying value at 1 January 2023	231 105	324 540	555 645
Additions	1 025 568	899 766	1 925 333
Prepayments derecognised on receipt of related goods or services	(1 204 910)	(1 180 281)	(2 385 191)
Total prepayments at 31 December 2023	51 763	44 025	95 787

<i>In thousands of UZS</i>	Prepayment for services	Other prepayment	Total
Carrying value at 1 January 2022	732 450	(3 940)	728 510
Additions	1 440 355	960 837	2 401 192
Prepayments derecognised on receipt of related goods or services	(1 941 700)	(632 357)	(2 574 057)
Total prepayments at 31 December 2022	231 105	324 540	555 645

14 Investments in Equity Securities

<i>In thousands of UZS</i>	2023	2022
Newspaper "Birja"	30 000	30 000
LLC "Real estate and investment agency"	-	666
Less credit loss allowance	(7 500)	(666)
Total investments in equity securities	22 500	30 000

As of 31 December 2023, securities measured at fair value through other comprehensive income include equity securities with a carrying value of UZS 22,500 thousand that are not publicly traded. Due to the nature of local financial markets, it is not possible to obtain current market values for these investments. For these investments, fair value is determined based on cost of acquisition.

15 Cash and Cash Equivalents

<i>In thousands of UZS</i>	2023	2022
Bank balances payable on demand in UZS	4 204 415	5 359 731
Bank balances payable on demand in USD	33 035	39 517
Balances payable on corporate plastic cards	64 499	23 498
Total cash and cash equivalents at 31 December	4 301 949	5 422 746

All Cash and Cash Equivalents are presented in the Credit Quality Analysis in the Excellent category. A description of the Company's credit risk classification system is presented in Note 25.

16 Share Capital

<i>In thousands of UZS</i>	Number of outstanding shares [in thousands]	Ordinary shares	Share premium	Total
At 31 December 2022	17 578	45 000 000	298 243	45 298 243
At 31 December 2023	23 437	65 000 000	298 243	65 298 243

The extraordinary general meeting of shareholders of the Company on 1 December 2023 approved a decision on an additional issue of shares in the amount of 7,812.5 thousand with a par value of 2,560 UZS per share for a total volume of this issue of 20,000,000 thousand UZS. The placement of shares is carried out within 3 (three) months from the date of state registration by the National Agency for Prospective Projects of the Republic of Uzbekistan No. P0163-6 dated 15 December 2023 of the issue of shares by private subscription by shareholders of the Company: Agency for Management of State Assets and the Korean Exchange (Korea Exchange) Nominal registered issued share capital as of 31/12/2023 is 65,000,000 thousand UZS (2022: 45,000,000 thousand UZS).

The total number of authorized ordinary shares is 23,437 thousand shares (2022: 17,578 thousand shares) with a par value of UZS 2,560 per share (2022: UZS 2,560 per share). All issued ordinary shares as of 31 December 2023 are paid in the amount of UZS 60,000,000 thousand. Each ordinary share carries the right to one vote. The closing date for the placement of an additional issue of shares is 15 March 2024. Ordinary shares were not paid for on the date of publication of statements in the amount of UZS 5,000,000 thousand by a shareholder of the Korea Exchange.

Share premium represents the excess of contributions received over the nominal value of shares issued.

Dividends declared and paid during the year were as follows:

<i>In thousands of UZS</i>	2023	2022
Dividends payable at 1 January	(108)	-
Dividends declared during the year	2 219 748	436 855
Dividends paid during the year	(2 219 640)	(436 963)
Dividends payable at 31 December	-	(108)

All dividends are declared and paid in Uzbek soums. In accordance with Uzbek legislation, the Company distributes profits as dividends based on financial statements prepared in accordance with the National Accounting Standards of the Republic of Uzbekistan (NAS). Distribution and other use It should also be noted that according to the second paragraph of PP-291 dated 09/02/2023 "On additional measures for the development of the capital market", until 31 December 2028, the Company is exempt from accrual and payment of dividends with the target direction of these funds for its development profit is made on the basis of the Company's financial statements compiled in accordance with NAS. According to Uzbek legislation, net profit is subject to distribution.

16 Share Capital (Continued)

The amount of the current year's loss reflected in the Company's published annual financial statements for 2023, compiled in accordance with NAS, amounted to UZS 467,081 thousand, and the balance of retained earnings at the end of the reporting year, including the net profit of the current year, calculated in accordance with NAS, amounted to 1,946,459 thousand UZS. However, laws and other regulations governing the distribution of profits are subject to varying interpretations and therefore management does not currently believe it is appropriate to disclose the amount of distributable reserves in these financial statements.

17 Trade and Other Payables

<i>In thousands of UZS</i>	2023	2022
Trade payables	3 805	11 407
Dividends payable	-	(108)
Special-purpose financing	50 343	996 288
Total financial payables within trade and other payables at AC	54 148	1 007 587
Vacation reserve	239 453	128 439
Other taxes payable	116 168	167 905
Advances received	168 872	190 734
Other	-	7 366
Total other payables	524 493	494 444
Trade and other payables at 31 December	578 641	1 502 031

Refer to Note 26 for disclosure of the fair value of each class of other financial liabilities.

18 Revenue from Contracts with Customers

The Company receives revenue from the transfer of services at a certain point in time across the following main product lines:

<i>In thousands of UZS</i>	2023	2022
Listing	1 162 844	1 042 738
Clearing	7 631 952	16 545 588
Total revenue from contracts with customers	8 794 796	17 588 326

During 2022, several large transactions were registered on the Company's trading platform for a total amount of 4,225,119,473 thousand UZS. Of these, JSC "OHANGARONSEMENT" for a total amount of 1,896,402,139 thousand UZS, JSCB "Kapitalbank" for a total amount of 2,004,655,082 thousand UZS, JSC "Toshkent yog'-moy kombinati" for the amount of 107,478,792 thousand UZS, "GARANT BANK" for a total amount of 146,060,000 thousand UZS, and JSC "SOLUTIONS LAB" for a total amount of 70,523,460 thousand UZS.

In 2023, large transactions totaling 1,646,365,213 thousand UZS were registered on the Company's Nego board trading platform. Of these, JSC "SOLUTIONS LAB" for a total amount of 672,678,380 thousand UZS, JSIC "Ipak Yo'li" for a total amount of 115,709,429 thousand UZS, PJSC "ORIENT FINANS" 580,976,728 thousand UZS, JSC "QO'QON B" IOKIMYO" for a total amount of 277,000 676 thousand UZS.

For 2023, large transactions were registered on the Company's Main board trading platform for "OCTOBANK" JSC for a total amount of 157,346,203 thousand UZS.

During 2023, the number of listed companies increased by 13 issuers. If we break down the categories, the number of issuers in the "Standard" category increased by 10 joint-stock companies, where the annual listing fee is 30 BRV (+VAT). At the same time, in 2023, 1 organization was added to the "Transit" category, where the listing fee for 2 quarters is 30 BRV (+VAT) and 2 organizations in the "Bond" category.

19 Cost of Sales

<i>In thousands of UZS</i>	2023	2022
Depreciation of property, plant and equipment and other intangible assets	177 231	182 907
Social tax	253 961	179 137
Employee benefits expenses	2 181 512	1 663 255
Software costs	567 140	3 241 365
Fees paid to DRRK and Central Depository	2 407 276	4 641 659
Total cost of sales	5 587 120	9 908 323

Since 2023, the cost of clearing services also includes: the CD fee (Central Securities Depository), the exchange fee of the DRRK (Capital Market Development Department) which was valid until 15 September 2023, then it was replaced by the exchange fee from 16 September 2023, the National Agency fee promising projects of the Republic of Uzbekistan, as well as a fee for using the EPTC. All listed fees are re-billed to Investment Intermediaries at the end of each month.

20 Other Income

<i>In thousands of UZS</i>	2023	2022
Income from disposal of property, plant and equipment	18 161	116 406
Income from collection of penalties and fines	218 783	353 558
Income from write-off accounts payable	10 915	-
Recovery of financial assets provision	-	3 406
Property received free of charge	518 149	-
Total other income	766 008	473 370

21 General and Administrative Expenses

<i>In thousands of UZS</i>	2023	2022
Depreciation of property, plant and equipment	506 559	268 550
Social tax	471 059	288 239
Employee benefits expenses	4 101 579	2 580 379
Compensation for unused vacation	114 607	25 892
Write off assets	111 091	100 530
Travel expenses	212 696	159 309
Repair and maintenance expenses	31 227	19 345
Bank charges	23 200	10 395
Information, consulting and other professional services	262 428	50 563
Utilities costs	65 681	46 280
Taxes other than on income	982 699	1 136 668
Charity expenses	1 650	2 500
Security expenses	329 187	298 275
Telecommunications expenses	28 781	31 005
Other	117 563	325 764
Total general and administrative expenses	7 360 007	5 343 694

22 Income Taxes

(a) Components of income tax expense / (benefit)

Income tax expense recorded in profit or loss comprises the following:

<i>In thousands of UZS</i>	2023	2022
Current tax	-	854 040
Deferred tax	(307 014)	126 043
Income tax expense/(credit) for the year	(307 014)	980 083

(b) Reconciliation between the tax expense and profit or loss multiplied by applicable tax rate

The income tax rate applicable to the majority of the Company's 2023 and 2022 income is 15%. A reconciliation between the expected and the actual taxation charge is provided below.

<i>In thousands of UZS</i>	2023	2022
Profit/(loss) before tax	(1 690 000)	4 922 529
Theoretical tax charge at statutory rate of 15%:	-	738 379
Tax effect of items which are not deductible or assessable for taxation purposes:		
- Non-deductible expenses	269 348	60 010
Unrecognised other potential deferred tax assets	(576 362)	181 694
Income tax expense/(credit) for the year	(307 014)	980 083

(c) Deferred taxes analysed by type of temporary difference

Differences between IFRS and statutory taxation regulations in the Republic of Uzbekistan give rise to temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and their tax bases. The tax effect of the movements in these temporary differences is detailed below.

<i>In thousands of UZS</i>	31 December 2023	Charged/ (credited) to profit or loss	31 December 2022
Tax effect of deductible/(taxable) temporary differences			
Difference between tax and accounting value of Property, plant and equipment (revaluation, different tax depreciation)	(28 901)	36 542	7 641
Impairment losses on financial assets	171 792	(298 671)	(126 879)
Accounts payable tax deductible	(1 719)	3 066	1 347
Loans issued	(360)	(891)	(1 251)
Compensation for unused vacation	26 448	(34 844)	(8 396)
Remuneration to the Supervisory Board	2 782	(2 782)	
Write-down of Inventories	(2 662)	2 662	
Write-down of Intangible assets	(179)	(12 070)	(12 249)
Net deferred tax asset/(liability)	167 201	(306 988)	(139 787)
Recognised deferred tax asset	251 704	(242 716)	8 988
Recognised deferred tax liability	(84 477)	(64 298)	(148 775)
Net deferred tax asset/(liability)	167 227	(307 014)	(139 787)

23 Earnings/(Loss) per Share

Basic earnings/(loss) per share are calculated by dividing the profit or loss attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year, excluding treasury shares.

The Company has no dilutive potential ordinary shares; therefore, the diluted earnings per share equals the basic earnings per share.

Earnings per share from continuing operations are calculated as follows:

<i>In thousands of UZS</i>	2023	2022
Profit/(Loss) for the year attributable to ordinary shareholders	(3 602 734)	3 942 446
Profit or loss for the year	(3 602 734)	3 942 446
Weighted average number of ordinary shares in issue (thousands)	18 066	17 578
Basic and diluted earnings/(loss) per ordinary share (expressed in UZS per share)	(199)	224

Profit/(loss) for the year attributable to ordinary shareholders is calculated as follows:

<i>In thousands of UZS</i>	2023	2022
Profit or loss for the year	(1 382 986)	3 942 446
Less dividends on ordinary and preference shares	-	-
Undistributed profit for the year	(1 382 986)	3 942 446
Undistributed profit or loss for the year attributable to ordinary shareholders based on terms of the shares	(1 382 986)	3 942 446
Ordinary dividends declared during the year	(2 219 748)	-
Profit or loss for the year allocated to ordinary shareholders	(3 602 734)	3 942 446

24. Contingencies, Commitments and Operating Risks

Legal proceedings. From time to time and in the normal course of business, claims against the Company are received. On the basis of its own estimates and both internal and external professional advice the Management is of the opinion that no material losses will be incurred in respect of claims and accordingly no provision has been made in these separate financial statements.

Tax legislation. Due to the presence in Uzbekistan commercial legislation, and tax legislation in particular, of provisions allowing more than one interpretation, and also due to the practice developed in a generally unstable environment by the tax authorities of making arbitrary judgement of business activities, management's judgement of the Company's business activities may not coincide with the interpretation of the same activities by tax authorities. If a particular treatment is to be challenged by the tax authorities, the Company may be assessed additional taxes, penalties and interest, which can be significant. Tax years remain open to review by the tax authorities for five calendar years. However, it is possible that transactions and activities that have not been challenged in the past may be challenged.

Uzbek transfer pricing legislation is generally consistent with international transfer pricing principles developed by the Organization for Economic Co-operation and Development (OECD), with certain features. Transfer pricing legislation provides for the possibility of additional assessment of tax liabilities on controlled transactions (transactions with related parties and certain types of transactions with non-related parties) if the transaction price does not correspond to the market price. Management has implemented an internal control system to comply with the requirements of current transfer pricing legislation.

24 Contingencies, Commitments and Operating Risks (Continued)

Tax liabilities arising from controlled transactions are determined on the basis of the actual prices of such transactions. It is possible that as transfer pricing rules continue to develop, these prices may be challenged. The impact of such developments cannot be estimated reliably but could be significant from a financial and/or business performance perspective.

As Uzbek tax legislation does not provide definitive guidance in certain areas, the Company adopts, from time to time, interpretations of such uncertain areas that reduce the overall tax rate of the Company. While management currently estimates that the tax positions and interpretations that it has taken can probably be sustained, there is a possible risk that an outflow of resources will be required should such tax positions and interpretations be challenged by the tax authorities. The impact of any such challenge cannot be reliably estimated; however, it may be significant to the financial position and/or the overall operations of the Company.

The Company's management believes that its interpretation of the relevant legislation is appropriate and the Company's tax, currency and customs positions will be sustained. Accordingly, as of 31 December 2023 and 2022 no provision for potential tax liabilities have been recorded in these separate financial statements.

Environmental matters. The enforcement of environmental regulation in the Republic of Uzbekistan is evolving and the enforcement posture of government authorities is continually being reconsidered. The Company periodically evaluates its obligations under environmental regulations. As obligations are determined, they are recognised immediately. Potential liabilities, which might arise as a result of changes in existing regulations, civil litigation or legislation, cannot be estimated but could be material. In the current enforcement climate under existing legislation, management believes that there are no significant liabilities for environmental damage.

25 Financial Risk Management

The risk management function within the Company is carried out with respect to financial risks, operational risks and legal risks. Financial risk comprises market risk (including currency risk, interest rate risk and other price risks), credit risk and liquidity risk. The primary function of financial risk management is to establish risk limits and to ensure that any exposure to risk stays within these limits. The operational and legal risk management functions are intended to ensure the proper functioning of internal policies and procedures in order to minimise operational and legal risks.

Credit risk. The Company exposes itself to credit risk, which is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to meet an obligation.

Exposure to credit risk arises as a result of the Company's lending and other transactions with counterparties, giving rise to financial assets.

The Company's maximum exposure to credit risk is reflected in the carrying amounts of financial assets in the statement of financial position.

Credit risk management. Credit risk is the single largest risk for the Company's business; management therefore carefully manages its exposure to credit risk.

The estimation of credit risk for risk management purposes is complex and involves the use of models, as the risk varies depending on market conditions, expected cash flows and the passage of time. The assessment of credit risk for a portfolio of assets entails further estimations of the likelihood of defaults occurring, the associated loss ratios and default correlations between counterparties.

Limits. The Company structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower, or groups of borrowers, and to geographical and industry segments. Limits on the level of credit risk by product and industry sector are approved regularly by management. Such risks are monitored on a revolving basis and are subject to an annual, or more frequent, review.

Credit risk grading system. For measuring credit risk and grading financial instruments by the amount of credit risk, the Company applies two approaches – an Internal Risk-Based (IRB) rating system or risk grades estimated by external international rating agencies (Standard & Poor's - "S&P", Fitch, Moody's). Internal and external credit ratings are mapped on an internally defined master scale with a specified range of probabilities of default as disclosed in the table below:

26 Financial Risk Management (Continued)

Master scale credit risk grade	Corresponding internal ratings	Corresponding ratings of external international rating agencies (S&P)	Corresponding PD interval
Excellent	[1 – 6]	AAA to BB+	0,01% – 0,5%
Good	[7 – 14]	BB to B+	0,51% – 3%
Satisfactory	[15 – 21]	B, B-	3% – 10%
Special monitoring	[22 – 25]	CCC+ to CC-	10% – 99,9%
Default	[26 – 30]	C, D-I, D-II	100%

Each master scale credit risk grade is assigned a specific degree of creditworthiness:

- *Excellent* – strong credit quality with low expected credit risk;
- *Good* – adequate credit quality with a moderate credit risk;
- *Satisfactory* – moderate credit quality with a satisfactory credit risk;
- *Special monitoring* – facilities that require closer monitoring and remedial management; and
- *Default* – facilities in which a default has occurred.

The Company uses internal risk-based rating systems to assess the credit risk of the following financial assets: loans issued and finance lease receivables.

Rating models are regularly reviewed by the Credit Risk Management Department, back-tested against actual default data and updated as necessary. Regardless of the method used, the Company regularly confirms the accuracy of the ratings and calculates and evaluates the predictive abilities of the models.

External ratings are assigned to counterparties by independent international rating agencies such as S&P, Moody's and Fitch. These ratings are publicly available.

Expected credit loss (ECL) measurement. ECL is a probability-weighted estimate of the present value of future cash shortfalls (i.e., the weighted average of credit losses, with the respective risks of default occurring in a given time period used as weights). An ECL measurement is unbiased and is determined by evaluating a range of possible outcomes. ECL measurement is based on four components used by the Company: Probability of Default ("PD"), Exposure at Default ("EAD"), Loss Given Default ("LGD") and Discount Rate.

EAD is an estimate of exposure at a future default date, taking into account expected changes in the exposure after the reporting period, including repayments of principal and interest, and expected drawdowns on committed facilities. The EAD on credit related commitments is estimated using Credit Conversion Factor ("CCF"). CCF is a coefficient that shows the probability of conversion of the committed amounts to an on-balance sheet exposure within a defined period. The Company's management estimates that 12-month and lifetime CCFs are materially the same. PD is an estimate of the likelihood of default to occur over a given time period. LGD is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from any collateral. It is usually expressed as a percentage of the EAD. The expected losses are discounted to present value at the end of the reporting period. The discount rate represents the effective interest rate ("EIR") for the financial instrument or an approximation thereof.

Expected credit losses are modelled over instrument's *lifetime period*. The *lifetime period* is equal to the remaining contractual period to maturity of debt instruments, adjusted for expected prepayments, if any. For loan commitments and financial guarantee contracts, it is the contractual period over which an entity has a present contractual obligation to extend credit. As a matter of exception from determining the lifetime exposure based on contractual maturity, for credit cards issued to individuals, the lifetime exposure is measured over a period that is based on expected life of the credit card contracts, based on internal statistics, and it is equal on average to 3 to 5 years.

Management models *Lifetime ECL*, that is, losses that result from all possible default events over the remaining lifetime period of the financial instrument. The *12-month ECL* represents a portion of lifetime ECLs that result from default events on a financial instrument that are possible within 12 months after the reporting period, or remaining *lifetime period* of the financial instrument if it is less than a year.

25 Financial Risk Management (Continued)

The ECLs that are estimated by management for the purposes of these financial statements are point-in-time estimates, rather than through-the-cycle estimates that are commonly used for regulatory purposes. The estimates consider *forward looking information*, that is, ECLs reflect probability weighted development of key macroeconomic variables that have an impact on credit risk.

The ECL modelling does not differ for Purchased or Originated Credit Impaired (“POCI”) financial assets, except that (a) gross carrying value and discount rate are based on cash flows that were recoverable at initial recognition of the asset, rather than based on contractual cash flows, and (b) the ECL is always a lifetime ECL. POCI assets are financial assets that are credit-impaired upon initial recognition, such as impaired loans acquired in a past business combination.

For purposes of measuring PD, the Company defines default as a situation when the exposure meets one or more of the following criteria:

- the borrower is more than 90 days past due on its contractual payments;
- international rating agencies have classified the borrower in the default rating class;
- the borrower meets the unlikelihood-to-pay criteria listed below:
 - the borrower is deceased;
 - the borrower is insolvent;
 - the borrower is in breach of financial covenant(s);
 - it is becoming likely that the borrower will enter bankruptcy; and
 - the loans were purchased or originated at a deep discount that reflects the incurred credit losses.

For purposes of disclosure, the Company fully aligned the definition of default with the definition of credit-impaired assets. The default definition stated above is applied to all types of financial assets of the Company.

An instrument is considered to no longer be in default (i.e. to have cured) when it no longer meets any of the default criteria for a consecutive period of six months. This period of six months has been determined based on an analysis that considers the likelihood of a financial instrument returning to default status after curing by using different possible definitions of cures.

The assessment whether or not there has been a significant increase in credit risk (“SICR”) since initial recognition is performed on an individual basis and on a portfolio basis. For loans issued to corporate entities, debt securities at AC, SICR is assessed on an individual basis by monitoring the triggers stated below. For trade and other financial receivables, SICR is assessed either on a portfolio basis or an individual basis, depending on the existence of scoring models. The criteria used to identify an SICR are monitored and reviewed periodically for appropriateness by the Company’s Risk Management Department. The presumption, being that there have been significant increases in credit risk since initial recognition when financial assets are more than 30 days past due, has not been rebutted.

The Company decided not to use the low credit risk assessment exemption for investment grade financial assets. Hence, even assets of an investment grade are assessed whether there has been a SICR.

The Company considers a financial instrument to have experienced an SICR when one or more of the following quantitative, qualitative or backstop criteria have been met.

For loans issued to legal entities and bonds issued by corporate customers:

- 30 days past due;
- award of risk grade “Special monitoring”;
- SICR based on relative threshold based either on external ratings or internal ratings. The following thresholds are used for external ratings: decrease of rating by 2 notches, for internal ratings by 5 notches, which correspond to approximate increase of PD by 2.5 times;
- inclusion of loan into a watch list according to the internal credit risk monitoring process.

25 Financial Risk Management (Continued)

For trade and other receivable and contract assets:

- 30 days past due;
- Relative threshold defined on the basis of a portfolio for products without existing scoring models: the Company regularly monitors debtors with increased credit risk and considers such portfolios to have a SICR.

The level of ECL that is recognised in these financial statements depends on whether the credit risk of the borrower has increased significantly since initial recognition. This is a three-stage model for ECL measurement. A financial instrument that is not credit-impaired on initial recognition and its credit risk has not increased significantly since initial recognition has a credit loss allowance based on 12-month ECLs (Stage 1). If a SICR since initial recognition is identified, the financial instrument is moved to Stage 2 but is not yet deemed to be credit-impaired and the loss allowance is based on lifetime ECLs. If a financial instrument is credit-impaired, the financial instrument is moved to Stage 3 and loss allowance is based on lifetime ECLs. The consequence of an asset being in Stage 3 is that the entity ceases to recognise interest income based on gross carrying value and applies the asset's effective interest rate to the carrying amount, net of ECL, when calculating interest income.

If there is evidence that the SICR criteria are no longer met, the instrument is transferred back to Stage 1. If an exposure has been transferred to Stage 2 based on a qualitative indicator, the Company monitors whether that indicator continues to exist or has changed.

ECL for POCI financial assets is always measured on a lifetime basis. The Company therefore only recognises the cumulative changes in lifetime expected credit losses.

The Company has three approaches for ECL measurement: (i) assessment on an individual basis; (ii) assessment on a portfolio basis: internal ratings are estimated on an individual basis but the same credit risk parameters (e.g. PD, LGD) will be applied during the process of ECL calculations for the same credit risk ratings and homogeneous segments of the loan portfolio; and (iii) assessment based on external ratings.

ECL assessment on an individual basis is performed by weighting the estimates of credit losses for different possible outcomes against the probabilities of each outcome. The Company defines at least two possible outcomes for each assessed loan, one of which leads to a credit loss even if the probability of such a scenario may be very low. Individual assessment is primarily based on the expert judgement of experienced officers from the Credit Risk and Non-Performing Loan Management Department. Expert judgements are regularly tested in order to decrease the difference between estimates and actual losses.

When assessment is performed on a portfolio basis, the Company determines the staging of the exposures and measures the loss allowance on a collective basis. The Company analyses its exposures by segments determined on the basis of shared credit risk characteristics, such that exposures within a group have homogeneous or similar risks. The key shared credit characteristics considered are: type of customer (such as wholesale or retail), product type, credit risk rating, date of initial recognition, term to maturity, the quality of collateral and loan to value (LTV) ratio. The different segments also reflect differences in credit risk parameters such as PD and LGD. The appropriateness of groupings is monitored and reviewed on a periodic basis by the Risk Management Department.

In general, ECL is the sum of the multiplications of the following credit risk parameters: EAD, PD and LGD, that are defined as explained above, and discounted to present value using the instrument's effective interest rate. The ECL is determined by predicting credit risk parameters (EAD, PD and LGD) for each future year during the lifetime period for each individual exposure or collective segment. These three components are multiplied together and adjusted for the likelihood of survival (i.e. the exposure has been repaid or defaulted in an earlier month). This effectively calculates an ECL for each future period that is then discounted back to the reporting date and summed up. The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof.

The key principles of calculating the credit risk parameters. The EADs are determined based on the expected payment profile, that varies by product type. EAD is based on the contractual repayments owed by the borrower over a 12-month or lifetime basis for amortising products and bullet repayment loans. This will also be adjusted for any expected overpayments made by a borrower. Early repayment or refinancing assumptions are also incorporated into the calculation. For revolving products, the EAD is predicted by taking the current drawn balance and adding a "credit conversion factor" that accounts for the expected drawdown of the remaining limit by the time of default.

25 Financial Risk Management (Continued)

These assumptions vary by product type, current limit utilisation and other borrower-specific behavioural characteristics.

Two types of PDs are used for calculating ECLs: 12-month and lifetime PD. An assessment of a 12-month PD is based on the latest available historic default data and adjusted for supportable forward-looking information when appropriate. Lifetime PDs represent the estimated probability of a default occurring over the remaining life of the financial instrument and it is a sum of the 12 months PDs over the life of the instrument. The Company uses different statistical approaches depending on the segment and product type to calculate lifetime PDs, such as the extrapolation of 12-month PDs based on migration matrixes, developing lifetime PD curves based on the historical default data, hazard rate approach.

LGD represents the Company's expectation of the extent of loss on a defaulted exposure. LGD varies by the type of counterparty, type and seniority of the claim, and the availability of collateral or other credit support. The 12-month and lifetime LGDs are determined based on the factors that impact the expected recoveries after a default event. The approach to LGD measurement can be divided into three possible approaches:

- measurement of LGD based on the specific characteristics of the collateral;
- calculation of LGD on a portfolio basis based on recovery statistics; or
- individually defined LGD depending on different factors and scenarios.

The Company calculates LGD based on specific characteristics of the collateral, such as projected collateral values, historical discounts on sales and other factors for loans secured by real estate, cash and liquid securities. LGD is calculated on a collective basis based on the latest available recovery statistics for the remainder of the corporate loan portfolio and for retail secured and unsecured products.

Principles of assessment based on external ratings. Certain exposures have external credit risk ratings and these are used to estimate credit risk parameters PD and LGD from the default and recovery statistics published by the respective rating agencies. This approach is applied to government and blue chip corporate bonds exposures.

Forward-looking information incorporated in the ECL models. The assessment of SICR and the calculation of ECLs both incorporate supportable forward-looking information. The Company identified certain key economic variables that correlate with developments in credit risk and ECLs. Forecasts of economic variables (the "base economic scenario") are provided by the Company's economics team on a quarterly basis and provide the best estimate of the expected macro-economic development over the next three years. After three years, a mean reversion approach is used, which means that economic variables tend to revert to either a long run average rate (e.g. for unemployment) or a long run average growth rate (e.g. GDP). The impact of the relevant economic variables on the PD, EAD and LGD has been determined by performing statistical regression analysis to understand the impact that the changes in these variables historically had on the default rates and on the components of LGD and EAD.

In addition to the base economic scenario, the Company's Risk Department also provides other possible scenarios along with scenario weightings. The number of other scenarios used is set based on the analysis of each major product type to ensure that non-linearities are captured. The number of scenarios and their attributes are reassessed at each reporting date. The scenario weightings are determined by a combination of statistical analysis and expert credit judgement, taking into account the range of possible outcomes of which each chosen scenario is representative. The assessment of SICR is performed using the Lifetime PD under each of the bases and the other scenarios, multiplied by the associated scenario weighting, along with qualitative and backstop indicators. This determines whether the whole financial instrument is in Stage 1, Stage 2, or Stage 3 and hence whether a 12-month or lifetime ECL should be recorded. Following this assessment, the Company measures ECL as either a probability-weighted 12-month ECL (Stage 1), or a probability weighted lifetime ECL (Stages 2 and 3). These probability-weighted ECLs are determined by running each scenario through the relevant ECL model and multiplying it by the appropriate scenario weighting (as opposed to weighting the inputs).

As with any economic forecast, the projections and likelihoods of occurrence are subject to a high degree of inherent uncertainty, and therefore the actual outcomes may be significantly different to those projected. The Company considers these forecasts to represent its best estimate of the possible outcomes and has analysed the non-linearities and asymmetries within the Company's different portfolios to establish that the chosen scenarios are appropriately representative of the range of possible scenarios.

25 Financial Risk Management (Continued)

The Company regularly reviews its methodology and assumptions to reduce any difference between the estimates and the actual loss of credit. Such back-testing is performed at least once a year.

The results of back-testing the ECL measurement methodology are communicated to Company Management and further steps for tuning models and assumptions are defined after discussions between authorised persons.

Market risk. The Company takes on exposure to market risks. Market risks arise from open positions in (a) currency, (b) interest rates and (c) equity products, all of which are exposed to general and specific market movements. Management sets limits on the value of risk that may be accepted, which is monitored on a daily basis. However, the use of this approach does not prevent losses outside of these limits in the event of more significant market movements.

Currency risk. In respect of currency risk, management sets limit on the level of exposure by currency and in total for both overnight and intra-day positions, which are monitored daily. The table below summarises the Company's exposure to foreign currency exchange rate risk at the end of the reporting period:

	At 31 December 2023			At 31 December 2022		
	Monetary financial assets	Monetary financial liabilities	Net position	Monetary financial assets	Monetary financial liabilities	Net position
<i>In thousands of UZS</i>						
US Dollars	1 653 572	-	1 653 572	47 403	-	47 403
Итого	1 653 572	-	1 653 572	47 403	-	47 403

The following table presents sensitivities of profit or loss and equity to reasonably possible changes in exchange rates applied at the end of the reporting period relative to the functional currency of the respective Company entities, with all other variables held constant:

	At 31 December 2023	At 31 December 2022
	Impact on profit or loss	Impact on profit or loss
<i>In thousands of UZS</i>		
US Dollar strengthening by 10% (2022: strengthening by 4%)	163 997	1 834
US Dollar weakening by 10 % (2022: weakening by 4%)	(163 997)	(1 834)
Total	-	-

The risk was calculated only for monetary balances in currencies other than the Company's functional currency.

Interest rate risk. The Company takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. Interest margins may increase as a result of such changes, but may reduce or create losses in the event that unexpected movements arise. Management monitors on a daily basis and sets limits on the level of mismatch of interest rate repricing that may be undertaken.

Other price risk. As the Company has no equity products, and commodity derivatives, the Company is not exposed to price risk.

25 Financial Risk Management (Continued)

Liquidity risk. Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company is exposed to daily calls on its available cash resources from overnight deposits, current accounts, maturing deposits, loan draw-downs, guarantees and from margin and other calls on cash-settled derivative instruments. The Company does not maintain cash resources to meet all of these needs as experience shows that a minimum level of reinvestment of maturing funds can be predicted with a high level of certainty. Liquidity risk is managed by the Asset/Liability Committee of the Company. Management monitors monthly rolling forecasts of the Company's cash flows.

The Company seeks to maintain a stable funding base primarily consisting of borrowings, trade and other payables. The Company invests the funds in diversified portfolios of liquid assets, in order to be able to respond quickly and smoothly to unforeseen liquidity requirements. The Company's liquidity portfolio comprises cash and cash equivalents and investments in debt securities. Management estimates that the liquidity portfolio cash, bank deposits can be realised in cash within a day in order to meet unforeseen liquidity requirements.

The liquidity position is monitored and regular liquidity stress testing under a variety of scenarios covering both normal and more severe market conditions is performed by the Treasury Department.

The maturity analysis of financial liabilities at 31 December 2023 and 2022 is as follows:

<i>In thousands of UZS</i>	Demand and less than 1 month	From 1 to 6 months	From 6 to 12 months	More than 1 year	Total
31 December 2023					
Total financial assets	9 791 334	1 112 991	7 500	13 604 040	24 515 865
Total financial liabilities	3 805	-	-	50 343	54 148
Net liquidity sensitivity gap at 31 December 2023	9 787 529	1 112 991	7 500	13 553 697	24 461 717
31 December 2022					
Total financial assets	6 396 695	1 080 314	1 296 377	30 000	8 803 386
Total financial liabilities	11 407	(108)	-	996 288	1 007 587
Net liquidity sensitivity gap at 31 December 2022	6 385 288	1 080 422	1 296 377	(966 288)	7 795 799

26 Management of Capital

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to founders, return capital to founders, issue new shares or sell assets to reduce debt. The amount of capital that the Company managed as of 31 December 2023 was UZS 66 381 253 thousand.

Consistent with others in the industry, the Company monitors capital on the basis of the gearing ratio. This ratio is calculated as total liabilities divided by total capital under management. The Company considers total capital under management to be equity as shown in the statement of financial position. During 2023, the Company's strategy, which was unchanged from 2019, was to maintain the gearing ratio within 40% to 60% and a BB credit rating. The Company has complied with all externally imposed capital requirements throughout 2023 and 2022.

27 Fair Value Disclosures

Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation, and is best evidenced by an active quoted market price.

The estimated fair values of financial instruments have been determined by the Company using available market information, where it exists, and appropriate valuation methodologies. However, judgement is necessarily required to interpret market data to determine the estimated fair value.

The Republic of Uzbekistan continues to display some characteristics of an emerging market and economic conditions continue to limit the volume of activity in the financial markets. Market quotations may be outdated or reflect distress sale transactions and therefore not represent fair values of financial instruments. Management has used all available market information in estimating the fair value of financial instruments.

Fair value measurements are analysed by level in the fair value hierarchy as follows: (i) level 1 are measurements at quoted prices (unadjusted) in active markets for identical assets or liabilities, (ii) level 2 measurements are valuations techniques with all material inputs observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices), and (iii) level 3 measurements are valuations not based on observable market data (that is, unobservable inputs). Management applies judgement in categorising financial instruments using the fair value hierarchy. If a fair value measurement uses observable inputs that require significant adjustment, that measurement is a Level 3 measurement. The significance of a valuation input is assessed against the fair value measurement in its entirety.

28 Presentation of Financial Instruments by Measurement Category

For the purposes of measurement, IFRS 9 “Financial Instruments” classifies financial assets into the following categories: (a) financial assets at AC.

As of 31 December 2023 and 2022, all of the Company’s financial assets and liabilities were carried at AC.

29 Events after the Reporting Period

Since the beginning of 2020, the coronavirus outbreak has spread throughout the world, affecting the global economy. An additional factor of instability was the rupture of the OPEC+ agreement, which significantly affected the decline in oil prices.

The Company considers the spread of coronavirus and increased volatility (instability) in the markets to be significant non-adjusting events.

Due to the uncertainty and duration of events, the Company cannot accurately and reliably estimate the quantitative impact of these events on its financial position.

The impact on financial instruments measured at fair value and on the measurement of expected credit losses under IFRS 9 is expected. The Company is currently closely monitoring the financial impact of these events.