



«Uzagrolizing» Joint Stock Company

**Independent Auditor's Report and
Consolidated Financial Statements
for the year ended 2023**

(Translated from the Russian language)

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Independent Auditor's Report

To the Shareholders and the Supervisory Board of
Joint-Stock Company «UZAGROLEASING»

Opinion

We have audited the consolidated financial statements of the Joint Stock Company "Uzagroleasing" (hereinafter referred to as the "Company"), and its subsidiary (hereinafter collectively referred to as the "Group"), consisting of the consolidated statement of financial position as at 31 December 2023 and the consolidated statement of profit and loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year ended on that date, and the notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly in all material respects the financial position of the Group as at 31 December 2023, and its consolidated financial results and consolidated cash flows for the year ended on that date, in accordance with International Standards financial statements (IFRS).

Basis for opinion

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

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters

How the relevant key matters were addressed in our audit

Provision for credit losses on net investments in leasing

Due to the significant proportion of net investments in leases in the assets of the Group, and due to the complexity and need for judgment in measuring expected credit losses in accordance with IFRS 9 Financial Instruments ("IFRS 9"), this issue is key audit matter.

Determining whether there has been a significant increase in credit risk since initial recognition and allocating the net investment in leases by impairment stage requires the application of judgment and analysis of various factors indicative of a change in credit risk, including the length of time that arrears have been on the balance sheet.

Expected credit losses are estimated using complex statistical modeling and expert judgment. The probability of default, the amount of net investment in leasing subject to the risk of default, the level of losses in case of default are subject to calculation. The calculation is based on available historical data adjusted for macroeconomic forecast variables.

The calculation of the allowance for expected credit losses in respect of credit-impaired financial assets requires the determination of the most probable repayment scenario and the use of other assumptions. Estimation of expected future cash flows is based on such significant unobservable inputs as the value of the leased asset. The use of different modeling techniques, assumptions and forecasts may result in materially different estimates of the credit loss allowance. The Group's management approach to assessing and managing credit risk is described in Note 25.

We have reviewed the methodology for calculating the allowance for expected credit losses applied by the Group for compliance with the requirements of IFRS 9.

We have identified the credit risk factors selected by management to determine whether there has been a significant increase in credit risk. We verified that net investments in leases were allocated to impairment stages in accordance with the approved methodology.

We reviewed the statistical models underlying the calculation of expected credit losses, key inputs and assumptions, and forward-looking information.

We performed analytical procedures that looked for relationships between net investment in lease characteristics indicative of the level of credit risk and the level of allowance for expected credit losses.

For significant impaired net investments in leases, we have performed an analysis of the assumptions made by management in determining the recoverable amount and estimating expected future cash flows, based on our professional judgment and available market information.

We also reviewed the disclosures in the notes to the consolidated financial statements in relation to the credit loss allowance for net investment in leases.

Other information

Management is responsible for the other information. Other information includes information contained in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion on that information.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and consider whether there are material inconsistencies between the other

information and the consolidated financial statements or our knowledge from the audit, or whether the other information contains otherwise possible material misstatements. If, based on the work we have performed, we conclude that such other information contains a material misstatement, we are required to report that fact.

We have not identified any facts that need to be reflected in our opinion.

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

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

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

Management is responsible for the preparation and fair presentation of these consolidated financial statements.

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

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

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

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

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence about the financial information of the entities or activities within the Group to express an opinion on the consolidated financial statements. We are responsible for directing, supervising and performing the audit of the Group. We remain fully responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters.

Of those matters that we have communicated to those charged with governance, we identify those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe those matters in our audit report unless public disclosure of those matters is prohibited by law or regulation or, in extremely rare circumstances, we conclude that a matter should not be disclosed in our report because the adverse consequences of communicating that information would reasonably be expected to outweigh the public benefit of doing so.



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General Director
«HLB Tashkent» LLC

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Manager/Auditor
«HLB Tashkent» LLC

29 April 2024
Tashkent, Uzbekistan

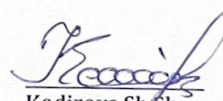
«Uzagrolizing» Joint Stock Company
Consolidated Statement of Financial Position as at 31 December 2023
(in millions of Uzbek soums, unless otherwise indicated)

<i>In millions of UZS</i>	Notes	31 December 2023	31 December 2022
Assets			
Cash and cash equivalents	6	8 366	11 233
Finance lease receivables	7	1 536 925	1 767 804
Equipments for leasing	8	35 282	34 422
Prepayments for leasing equipments	9	35 997	26 707
Receivable from shareholders		22 740	-
Trade and other receivables	10	8 500	12 489
Investments		515	3 641
Other assets		-	2 610
Property, plant and equipment	11	168 700	169 607
Total assets		1 817 026	2 028 513
Liabilities			
Loans and borrowings received	12	1 218 310	1 725 322
Advances from lessees	13	41 303	69 584
Trade and other payables	14	99 401	54 509
Deferred tax liability	21	3 830	4 372
Income tax liabilities		79	1 607
Other liabilities	15	15 852	10 284
Total liabilities		1 378 775	1 865 678
Equity			
Share capital	16	391 409	105 509
Revaluation reserve		108 292	111 641
Accumulated loss		(61 450)	(54 316)
Total equity		438 251	162 835
Total liabilities and equity		1 817 026	2 028 513

The consolidated financial statements have been approved on 24 April 2024.


Otajonov N.S.
 Chairman of the Board




Kodirova Sh.Sh.
 Chief Accountant

The figures in the consolidated statements of financial position should be read in conjunction with the notes on pages __ to __, which are an integral part of these consolidated financial statements.

«Uzagrolizing» Joint Stock Company
Consolidated Statement of Profit or Loss and Other Comprehensive Income for the year ended 31 December 2023
(in millions of Uzbek soums, unless otherwise indicated)

<i>In millions of UZS</i>	Notes	2023 year	2022 year
Interest income	17	219 952	231 493
Interest expenses	18	(121 689)	(147 511)
Net interest income		98 263	83 983
Provision for impairment of finance lease receivables	19	(598)	(2 873)
Net interest income on finance leases after provision for impairment of finance lease receivables		97 665	81 110
Net foreign exchange gain/(loss)		36	(30)
Administrative and operating expenses	20	(98 017)	(89 911)
Net other operating income		2 965	1 763
Profit/(loss) before income tax		2 649	(7 068)
Income tax (expense)/benefit	21	(1 993)	1 686
Profit/(loss) from continuing operations		657	(5 382)
Discontinued operation			
(Loss)/Profit from discontinued operation (net of income tax)	22	(582)	1 415
Profit / (loss) for the year		75	(3 967)
Other comprehensive income		-	111 641
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		75	107 674
Earning per share, in UZS		0,46	2 583

The consolidated financial statements have been approved on 24 April 2024.

Otajonov N.S.
Chairman of the Board



Kodirova Sh.Sh.
Chief Accountant

The figures in the consolidated statements of financial position should be read in conjunction with the notes on pages __ to __, which are an integral part of these consolidated financial statements.

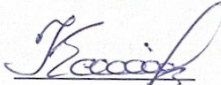
«Uzagrolizing» Joint Stock Company
Consolidated Statement of Changes in Equity for the year ended 31 December 2023
(in millions of Uzbek soums, unless otherwise indicated)

<i>In millions of UZS</i>	Share capital	Accumulated deficit	Revaluation reserve	Total equity
Balance as at 1 January 2022	105 682	(35 409)	-	70 272
Net loss for the year	-	(3 967)	-	(3 967)
Own redeemed shares	(173)	-	-	(173)
Revaluation of fixed assets	-	-	111 641	111 641
Dividends	-	(14 939)	-	(14 939)
Balance as at 31 December 2022	105 509	(54 316)	111 641	162 835
Net profit for the year	-	75	-	75
Issue of ordinary shares	285 900	-	-	285 900
Depreciation of revaluation of fixed assets	-	3 349	(3 349)	-
Dividends	-	(10 559)	-	(10 559)
Balance as at 31 December 2023	391 409	(61 450)	108 292	438 251

The consolidated financial statements have been approved on 24 April 2024.


Otajonov
 Chairman of the Board




Kodirova Sh.Sh.
 Chief Accountant

The figures in the consolidated statements of financial position should be read in conjunction with the notes on pages __ to __, which are an integral part of these consolidated financial statements.

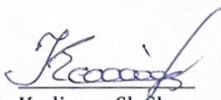
«Uzagrolizing» Joint Stock Company
Consolidated Statement of Cash Flows for the year ended 31 December 2023
(in millions of Uzbek soums, unless otherwise indicated)

<i>In millions of UZS</i>	2023 year	2022 year
CASH FLOWS FROM OPERATING ACTIVITIES		
Interest income received on finance lease	185 726	152 197
Interest paid on bank loans	(144 915)	(146 827)
Cash received from leasees (except for interest income received)	312 559	607 515
Cash paid to suppliers of equipment	(237 378)	(600 102)
Paid administrative and operating expenses	(79 997)	(90 770)
Net cash used in operating activities before taxes paid	35 994	(77 987)
Income tax paid	(2 420)	(2 374)
Cash flows used in operations	33 574	(80 362)
CASH FLOWS FROM INVESTING ACTIVITIES		
Disposal of equipment and intangible assets	-	122
Purchases of equipment and intangible assets	(1 731)	(161)
Lending of loans	(100)	-
Selling of investments held for trading	3 125	1 184
Cash flows used in investing activities	1 294	1 145
CASH FLOWS FROM FINANCING ACTIVITIES		
Loans repaid to the Banks	(153 696)	(225 075)
Loans received from Banks	135 639	356 292
Loans repaid to the Fund	(87 599)	(100 345)
Loans from the Fund	78 175	68 311
Dividends paid	(10 105)	(14 939)
Cash flows from financing activities	(37 662)	85 652
Net decrease in cash and cash equivalents	(2 794)	6 435
Cash and cash equivalents at the beginning of the year	11 233	4 823
Effect of changes in ECL on cash and cash equivalents	(73)	(25)
Cash and cash equivalents at the end of the year	8 366	11 233

The consolidated financial statements have been approved 24 April 2024.


Otajonov N.S.
 Chairman of the Board




Kodirova Sh.Sh.
 Chief Accountant

The figures in the consolidated statements of financial position should be read in conjunction with the notes on pages __ to __, which are an integral part of these consolidated financial statements.

1. Introduction

The joint-stock leasing Company “Uzkishlokhuzhalikmashleasing” was established on the basis of the Resolution of the Cabinet of Ministers of the Republic of Uzbekistan No. 486 dated 30 October 1999. The Company was renamed into Joint Stock Company “Uzagroleasing” on the basis of the Decree of the President of the Republic of Uzbekistan No. UP-4857 dated 17 November 2016.

These consolidated financial statements of Uzagroleasing Joint Stock Company (the “Company”) and its subsidiaries (the “Company”) have been prepared in accordance with International Financial Reporting Standards for the year ended 31 December 2023.

Main activity. The main activity of the Company is the provision of financial leasing services to agricultural companies (farms, clusters, etc.) operating in the territory of the Republic of Uzbekistan.

Registered address and place of business. The Company is registered at the following address: 42“A” Babur street, Yakkasaroy district, Tashkent, Uzbekistan.

Shareholders	2023	2022
State Assets Management Agency of the Republic of Uzbekistan	97.4%	90.25%
«SILK Kapital» JSC	0.6%	2.34%
Other shareholders	2.0%	7.41%
Total	100%	100%

The Company's shares are traded on the Republican Stock Exchange “Toshkent” under the symbol UZAL.

In accordance with the decision of the President of the Republic of Uzbekistan № 168 from 18 March 2022, “On additional measures to further reduce state participation in the economy and accelerate privatisation”, the Company «Uzmashlizing» LLC transferred its shares in two subsidiaries, namely in «Uzmashlizing» LLC and «Lizing Texnika Servis» LLC, to the Agency for State Assets Management of the Republic of Uzbekistan.

Subsidiaries. These consolidated financial statements include the performance of the following subsidiaries as at 31 December 2023 and 31 December 2022:

Subsidiary company	Ownership share 2023	Ownership share 2022	Country of registration	Type of activity
«Uzmashlizing» LLC	0%	100%	Uzbekistan	Leasing services
«Lizing Texnika Servis» LLC	0%	100%	Uzbekistan	Repair of agricultural machinery
«Lizing Axborot Texnologiyalari» LLC	0%	49%	Uzbekistan	Repair of computers and peripheral equipment

“Uzmashleasing” LLC was registered in Tashkent on 31 March 2010. The main activity of the Company is the provision of financial leasing services to agricultural companies of the Republic of Uzbekistan at the expense of loans received from the State Support Fund for Agriculture under the Ministry of Finance of the Republic of Uzbekistan. Since its creation, the sole founder of the Company is JSC “Uzagroleasing”.

“Lizing Texnika Servis” LLC was registered in Tashkent on 12 March 2015. The company's activities include the repair of agricultural machinery. The Company has been a subsidiary of Uzagroleasing JSC since its inception.

1. Introduction (Continued)

"Lizing Axborot texnologiyalari" LLC was registered in Tashkent on 5 August 2013. The company's activities include the repair of computers and peripheral equipment. This Company is also a subsidiary of Uzagroleasing JSC since its inception. Based on the decision of shareholders No. 2 of the constituent meeting, Boomerang Group LLC entered the authorized capital of Lizing Axborot Tehnologiyalari LLC and the company's share amounted to 51 percent, the company's share in the amount of 546 798 061 (Five hundred forty-six million seven hundred ninety-eight thousand sixty one) sum.

Detailed information on disposal of subsidiaries is disclosed in Note 22.

Conditions of economic activity in Uzbekistan. The Company's operations are located in the Republic of Uzbekistan and are therefore exposed to the economic environment in which the Company operates. The economy of the Republic of Uzbekistan, while significantly improving in recent years, continues to display characteristics of an emerging market. These include, but are not limited to, the non-convertibility of the Uzbek Soum in most countries outside of the Republic of Uzbekistan and low levels of liquidity in the debt and equity securities markets.

In 2023, the Government of the Republic of Uzbekistan continued to implement social and economic reforms and liberalise the market with a focus primarily on attracting foreign direct investment. Consequently, laws and regulations affecting businesses in the Republic of Uzbekistan continue to change rapidly. The prospects for economic stability and future economic direction in the Republic of Uzbekistan are largely dependent upon the effectiveness of economic, financial and monetary measures undertaken by the Government, together with legal, regulatory, and political developments, which are beyond the Company's control.

The Company's financial condition and results of operations will continue to be affected by political and economic developments in the Republic of Uzbekistan, including the application of existing and future legislation and tax regulations, which have a significant impact on the financial markets of the Republic of Uzbekistan and the economy in general. Management is currently unable to predict all developments which could have an impact on the Company's financial position as a result of further deterioration in the liquidity of the financial markets and increased volatility in the currency and equity markets.

The following main economic indicators for 2023 were observed in Uzbekistan:

- GDP growth: 5.6% (2022: 5.7%);
- Refinancing rate of the Central Bank of Uzbekistan as follows: 14% (2022: 15%)
- Inflation: 8.77% (2022: 12.25% %);
- Official exchange rate: 31 December 2023: 1 US dollar = 12,338.77 UZS (31 December 2022: 1 US dollar = 11,225.46 UZS)

Currently, the Company's Management is monitoring developments in the current environment and is taking such actions as it deems necessary to support the sustainability and development of the Company's business for the foreseeable future. However, the impact of further economic developments on the future operations and financial position of the Company is at this stage difficult to determine.

In February 2021, S&P Global Ratings agency for the first time assigned the Republic of Uzbekistan a long-term sovereign rating at the level of "BB-", with a stable outlook.

Going concern

These financial statements have been prepared on the assumption that the Company will continue to operate in the foreseeable future.

As indicated below, the Company receives preferential financing from the State to conduct its core business. Since the Company is the main source of agricultural machinery for farmers and other producers of agricultural products in the Republic of Uzbekistan, the management of the Company believes that the state will support the activities of the Company in the foreseeable future.

2. Principles of preparation of consolidated financial statements

Applicable standards

The accompanying consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (hereinafter referred to as "IFRS").

The Company maintains accounts in accordance with the requirements of the current legislation of the Republic of Uzbekistan. These consolidated financial statements have been prepared on the basis of these accounting records with adjustments necessary to bring them into compliance with IFRS in all material aspects.

Use of estimates and judgments

In preparing these consolidated financial statements, management has used professional judgments, assumptions and estimates that affect the application of the Company's accounting policies and the amount of assets and liabilities, income and expenses presented in the consolidated financial statements. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on a regular basis. Adjustments to estimates are recognized in the reporting period in which the relevant estimates were revised, and in any subsequent periods that they affect.

Judgments

Information about the judgments used in the application of accounting policies that had the most significant impact on the amounts recognized in the consolidated financial statements is disclosed in the following notes:

- classification of financial assets: assessment of the business model under which financial assets are held and assessment of whether the contractual terms of the financial asset provide for the payment of only the principal amount and interest on the outstanding balance of the principal amount - Note 4.
- establishing criteria for assessing whether there has been a significant increase in credit risk for a financial asset since its initial recognition, determining the methodology for including forward-looking information in the assessment of the ECL, as well as the selection and approval of models used to assess the ECL - Note 4.

Determination of the fair value of assets whose conditions differ from market conditions

The financial leasing agreements concluded by the Company in accordance with the orders of the authorities do not have similar financial instruments on the market, were concluded within the framework of state programs and, due to their uniqueness, as well as the specifics of the state program itself for the provision of financial leasing and the category of lessees, form a separate market segment. Therefore, management believes that the contractual interest rates are the market rates for such leases, and therefore the Company makes an initial recognition in the accounting of leases at fair value, which is equal to the nominal value.

Determination of the fair value of financial liabilities attracted on terms other than market conditions

The Company's activities are mainly financed by loans from the State Fund for Agricultural Support under the Ministry of Finance of the Republic of Uzbekistan with preferential interest rates aimed at providing modern agricultural machinery and equipment for leasing on preferential terms. In connection with the direct use of borrowed funds for the leasing of equipment, the Company believes that the contractual rates set for these loans are market rates and recognizes such loans initially at fair value, which is equal to the nominal value.

2. Principles of preparation of consolidated financial statements (Continued)

Assumptions and uncertainty of estimates

Information on assumptions and estimates related to uncertainty, for which there is a significant risk that they may cause a material adjustment of the data in the consolidated financial statements for the year ended 31 December 2023, is disclosed in the following notes:

- impairment of financial instruments: determination of the initial data for the ECL valuation model, including the inclusion of forward-looking information - Note 6.
- impairment of financial instruments – Note 4.
- fair value measurement of financial assets and liabilities – Note 26.
- recognition of deferred tax assets – Note 21.

Functional currency and presentation currency of financial statements

The national currency of the Republic of Uzbekistan is the Uzbek sum (here in after – UZS), and the same currency is the functional currency of the Company, as well as the currency in which these consolidated financial statements are presented. All numerical indicators presented in soums are rounded to the (nearest) millions, unless otherwise specified.

3. Changes in the essential principles of accounting policy

Standards that have been issued but did not have a material impact

IFRS 17 Insurance Contracts

In May 2017, the IASB issued IFRS 17 Insurance Contracts, a new comprehensive financial reporting standard for insurance contracts that addresses recognition and measurement, presentation and disclosures. When IFRS 17 becomes effective, it will replace IFRS 4 Insurance Contracts, which was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e. life and non-life insurance, direct insurance and reinsurance) regardless of the type of entity that issues them, as well as to certain guarantees and financial instruments with discretionary participation conditions. There are several exceptions to the scope of the standard. There are several exceptions to the scope of the standard. IFRS 17 introduces new accounting requirements for banking products with characteristics of insurance contracts, which may affect the determination of which instruments or components of instruments will be within the scope of IFRS 9 or IFRS 17.

Loan contracts that meet the definition of an insurance contract but limit the amount of claims compensation to the amount that would otherwise be required to settle the policyholder liability created by the contract: issuers of such loans (e.g., loans that provide an exemption from repayment upon the death of the borrower) have an election to apply IFRS 9 or IFRS 17. This decision is made at the portfolio level and is not subject to review.

IFRS 17 is effective for accounting periods beginning on 1 January 2023.

The Company has assessed the impact of IFRS 17 and given the scope exemptions for certain banking products, such as credit cards, in IFRS 17, the standard did not have any material impact on these consolidated financial statements.

Amendments to IAS 1 - Classification of Liabilities as Current or Non-current

In January 2020, the IASB issued amendments to paragraphs 69-76 of IAS 1 to clarify the requirements for classifying liabilities as current or non-current. The amendments clarify the following:

3. Changes in the essential principles of accounting policy (Continued)

- what is meant by a right to defer settlement of a liability;
- the right to defer settlement must exist at the end of the reporting period;
- the classification of a liability is not affected by the likelihood that an entity will exercise its right to defer settlement of the liability;
- the terms of the liability will not affect its classification only if the derivative embedded in the convertible liability is itself an equity instrument;
- disclosures.

These amendments are effective for annual periods beginning on 1 January 2023 and are applied retrospectively. These amendments did not have any material impact on the Company's financial statements.

"Definition of accounting estimates" - Amendments to IAS 8

In February 2021, the IASB issued amendments to IAS 8 that introduce a definition of 'accounting estimates'. The amendments clarify the difference between changes in accounting estimates and changes in accounting policies and error correction. In addition, the document clarifies how entities use measurement techniques and inputs to develop accounting estimates.

The amendments to IAS 8 are effective for annual periods beginning on 1 January 2023. These amendments did not have any material impact on the Company's consolidated financial statements.

Amendments to IAS 1 and Practice Statement No. 2 on Application of IFRS Accounting Policy Disclosures

In February 2021, the IASB issued amendments to IAS 1 and Practice Statement No. 2 on the application of IFRSs, Making Judgements about Materiality, which provide guidance and examples to help entities apply materiality judgements when disclosing accounting policies. The amendments are intended to help entities disclose more useful accounting policies by replacing the requirement for entities to disclose 'significant accounting policies' with a requirement to disclose 'material accounting policies' and by adding guidance on how entities should apply the concept of materiality when making accounting policy disclosure decisions.

The amendments to IAS 1 are effective for annual periods beginning on or after 1 January 2023, with earlier application permitted.

These amendments did not have any material impact on the Company's consolidated financial statements.

Amendments to IAS 12 - Deferred Taxation on Assets and Liabilities Arising from a Single Transaction

In May 2021, the IASB issued amendments to IAS 12 that narrow the scope of the initial recognition exemption under IAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences. The amendments are to be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, a deferred tax asset (provided there is sufficient taxable profit) and a deferred tax liability should be recognised at the beginning of the earliest comparative period presented for all deductible and taxable temporary differences associated with leases and asset retirement obligations.

These amendments did not have any material impact on the Company's consolidated financial statements.

4. Basic principles of accounting policy

The accounting policies applied in the preparation of these consolidated financial statements are in full compliance with the accounting policies applied in the preparation of the consolidated financial statements for the year ended 31 December 2023.

Transactions in foreign currency

Transactions in foreign currencies are translated into the respective functional currencies of the Company's entities at the exchange rates on the dates of these transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into the functional currency at the exchange rate in effect at that reporting date. The positive or negative exchange difference on monetary items is the difference between the amortized cost of the corresponding item in the functional currency at the beginning of the reporting period, adjusted for interest accrued at the effective interest rate and payments for the reporting period, and the amortized cost of this item in foreign currency, recalculated at the exchange rate at the end of this reporting period.

Non-monetary assets and liabilities denominated in foreign currencies and measured at fair value are translated into the functional currency at the exchange rate prevailing at the date of determination of the fair value. Non-monetary items that are valued based on the initial cost in a foreign currency are recalculated at the exchange rate at the date of the relevant transaction.

Offsetting of assets and liabilities

Financial assets and liabilities are offset and recorded in the consolidated statement of financial position in a collapsed form if there are legal grounds for this and the intention of the parties to settle the debt on a net basis or to realize the asset and settle the liability simultaneously.

Cash and cash equivalents

Cash and cash equivalents include cash, current accounts and short-term deposits with banks. Deposits with banks are classified as cash and cash equivalents if their initial contractual maturities are less than three months.

Lease

In accordance with IAS 17 "Lease", the Company's leasing operations are classified from the initial date of leasing as financial or operational leasing. Leasing is classified as financial if practically all the risks and benefits associated with ownership are transferred to the lessee. Leasing is classified as operational if the risks and benefits associated with ownership are not transferred.

The initial date of leasing is considered to be the earlier of the date of conclusion of the lease agreement or the date of acceptance by the parties of obligations with respect to the main terms of leasing. At the initial date of the lease, the amounts that will need to be reflected at the date of initial recognition are determined.

The date of initial recognition of the lease is the date from which the lessee is able to exercise its right to use the asset received in leasing.

Financial Leasing - Company as a lessor

Gross investment in leasing is a set of minimum lease payments determined according to the financial leasing agreement from the point of view of the lessor. Minimum lease payments are payments that the lessee must or will have to make during the entire lease term, with the exception of conditional lease payments, as well as expenses for services and taxes that will have to be paid or reimbursed to the lessor.

4. Basic principles of accounting policy (Continued)

Net investment in leasing represents gross investment in leasing less unearned financial income and is recorded in the statement of financial position as “net investment in leasing”. Unearned finance income is amortized and charged to interest income from finance leasing over the entire lease term in order to maintain a constant level of return on net investment in leasing. Any provision for possible losses under finance lease agreements is expensed and recorded as a decrease in the amount of net investment in leasing by creating an allowance for impairment.

The interest rate assumed under the lease agreement is the discount rate, which, upon recognition of the lease, leads to the fact that the aggregate present value of the minimum lease payments is equal to the sum of the fair value of the leased asset and the lessor's direct expenses.

If the Company finances the purchase of equipment (by making advance payments to the equipment supplier) for leasing purposes during the period between the initial date of leasing and the date of initial recognition of the lease, interest income from financial leasing begins to be recognized in the consolidated statement of profit or loss and other comprehensive income from the date of initial recognition of the lease.

Any advance payments made by the lessee prior to the initial recognition of the lease are recorded as advances received, which subsequently adjust the financial lease receivables at the time of the initial recognition of the lease.

Operational Leasing – The Company as a lessor

The Company reflects in the consolidated statement of financial position an asset transferred under an operating lease agreement in accordance with the type of this asset. Operating lease income is recognized in the consolidated statement of profit or loss and other comprehensive income on a straight-line basis over the lease term.

Operational leasing – The Company as a lessee

In cases where the Company is a lessee under a lease agreement that does not transfer to the Company virtually all the risks and benefits associated with the ownership of the asset, the total amount of lease payments is reflected in profit or loss for the year on a straight-line basis over the entire lease term. Assets transferred under operating lease agreements are not reflected in the consolidated statement of financial position of the Company.

Income tax

The amount of income tax includes the amount of current tax for the year and the amount of deferred tax. Income tax is recognized in profit or loss in full, except for amounts related to transactions recorded in other comprehensive income or transactions with owners recorded directly in equity accounts, which, respectively, are recorded in other comprehensive income or directly in equity.

The current income tax is calculated based on the estimated amount of taxable profit for the reporting period, taking into account the income tax rates that were in effect as of the reporting date, as well as the amount of liabilities incurred as a result of clarifying the amounts of income tax for previous reporting periods.

Deferred tax is recorded in respect of temporary differences arising between the carrying amount of assets and liabilities determined for the purposes of their reflection in the financial statements and their tax base. Deferred tax is not recognized at the initial recognition of assets and liabilities that do not affect either accounting or taxable profit. The amount of deferred tax is determined based on the tax rates that will be applied in the future, at the time of restoration of temporary differences, based on the laws in force or substantially enacted as of the reporting date.

4. Basic principles of accounting policy (Continued)

Deferred tax claims are recognized to the extent that it is probable that taxable profit will be received in the future sufficient to cover temporary differences, unrecognized tax expenses and unused tax benefits. The amount of deferred tax claims is reduced to the extent that there is no longer a probability that a corresponding benefit will be obtained from the implementation of tax claims.

Other operating taxes

In the Republic of Uzbekistan, there are various operating taxes that apply to the Company's activities. These taxes are reflected in other operating expenses.

Equipment purchased for leasing purposes

The equipment purchased for leasing purposes consists of new equipment, which represents acquired assets and equipment seized by the Company under lease agreements terminated as a result of non-payment of lease payments by the lessee.

New equipment for leasing is initially accounted for at the cost of acquisition. The Company capitalizes the costs associated with the acquisition of equipment in the cost of acquisition.

Equipment seized under terminated contracts, if necessary, is subject to major repairs, all expenses related to this repair relate to the cost of this equipment. At the time of termination of the leasing agreements by the Company, the leasing object is estimated in the amount of accounts receivable less the provision for expected credit losses at the date of transfer to the Equipment purchased for leasing purposes. Subsequently, it is estimated at the lowest of two values: the actual costs, which correspond to the net investment in leasing and the net value of a possible sale. In assessing the net realisable value, the Company makes assumptions to determine the market value depending on the type of asset to be assessed, and then applies adjustments to the market value of the sale to certain types of assets, taking into account the expected discounts for obsolescence, illiquidity and trading. Changes in the above estimates may affect the loss from depreciation to net realisable value.

At each reporting date, the Company analyzes the net realisable value of this equipment and writes off the cost that exceeds the net realisable value.

Fixed Assets

Items of property, plant and equipment are recorded in the consolidated financial statements at cost less accumulated depreciation and impairment losses. If an item of fixed assets consists of several components with different useful lives, such components are recorded as separate items of fixed assets and assets leased out for operating lease.

Depreciation

Depreciation is accrued on a straight-line basis over the estimated useful lives of the assets and is reflected in the consolidated statement of profit or loss and other comprehensive income.

Depreciation is accrued from the date of acquisition of the asset. Depreciation of objects under construction and objects not put into operation is accrued from the date of putting these assets into operation. The useful life of various items of fixed assets can be presented as follows.

4. Basic principles of accounting policy (Continued)

	Useful life, years
Building	30-35
Furniture and accessories	6-7
Computers and office equipment	5
Vehicles	5
Others	6-7

Assets in the form of right of use and lease obligations

A lease is recognized as an asset in the form of a right of use and a corresponding liability on the date when the leased asset is available for use by the Company. Each lease payment is distributed between the obligation and financial expenses. Finance costs are recognized in profit or loss over the lease term to ensure a constant periodic interest rate on the remaining lease liability for each period. An asset in the form of a right of use is amortized on a straight-line basis over the shorter of the terms, the useful life of the asset and the lease term.

Assets in the form of right of use are disclosed under the line "Fixed assets and assets in the form of right of use" in the statement of financial position, lease liabilities are disclosed under the line "Other liabilities" in the statement of financial position. Financial expenses are disclosed under the line "Interest expenses calculated at the effective interest rate" in the income statement, depreciation of assets in the form of right of use is disclosed under the line "Staff costs and administrative expenses" in the income statement. The total cash outflow from lease obligations is disclosed in the section "Cash from financing activities" in the statement of cash flows.

Assets and liabilities arising from leases are initially measured at their current present value. Lease obligations include the net present value of the following lease payments:

- fixed payments (including direct fixed payments), less any incentive lease payments to be received under cancellable and non-cancellable operating leases;
- variable rental payments that depend on the price index or interest rate;
- amounts expected to be paid by the lessee under liquidation value guarantees;
- the exercise price of the purchase option, if the lessee has sufficient confidence in the exercise of this option, and
- payment of penalties for early termination of the lease, if the lease term reflects the potential exercise by the lessee of an option for early termination of the lease.

Lease payments are discounted using the lessee's additional borrowing interest rate, which is the rate that the lessee will have to pay to raise the funds necessary to obtain an asset of similar value in a similar economic environment with similar conditions.

Assets in the form of a right of use are valued at their original cost, which includes the following components:

- the amount of the initial cost of the lease obligation;
- any lease payments made on or before the start date of the lease, less any incentive payments received on the lease;
- any initial direct costs incurred by the lessee and
- estimated recovery costs.

4. Basic principles of accounting policy (Continued)

Payments related to short-term leases and leases of low-value assets are recognized on a straight-line basis as expenses in profit or loss. A short-term lease is a lease with a lease term of twelve months or less.

Reserves

Provisions are recognized if, as a result of a certain event in the past, the Company has legal or voluntarily assumed obligations, the settlement of which is likely to require an outflow of resources embodying future economic benefits, and which can be estimated with a sufficient degree of reliability.

Interest income and expenses

Effective interest rate

Interest income and expenses are recorded in profit or loss using the effective interest method. The "effective interest rate" is the rate discounting estimated future cash payments or receipts over the expected life of a financial instrument exactly up to:

- the gross carrying amount of the financial asset; or
- amortised cost of the financial liability.

When calculating the effective interest rate on financial instruments that are not acquired or created credit-impaired assets, the Company estimates future cash flows, taking into account all contractual terms of this financial instrument, but excluding expected credit losses. For acquired or created credit-impaired financial assets, the effective interest rate adjusted for credit risk is calculated using the amount of expected future cash flows, including expected credit losses.

The calculation of the effective interest rate includes transaction costs, as well as fees and amounts paid or received, which are an integral part of the effective interest rate. Transaction costs include additional costs directly related to the acquisition or issue of a financial asset or financial liability.

Amortized cost and gross book value

The "amortised cost" of a financial asset or financial liability is the amount at which a financial asset or financial liability is measured at initial recognition, minus payments against the principal amount of debt, plus or minus the amount of accumulated depreciation of the difference between the specified initial amount and the amount payable at maturity, calculated using the effective interest method, and in relation to financial assets, adjusted for the estimated provision for losses (or provision for impairment before 1 January 2018).

The "gross carrying amount of a financial asset" measured at amortised cost is the amortised cost of a financial asset before adjusting for the amount of the estimated loss allowance.

Calculation of interest income and expense

The effective interest rate on a financial asset or financial liability is calculated at the initial recognition of a financial asset or financial liability.

When calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or the amortized cost of the liability.

The effective interest rate is reviewed as a result of periodic revaluation of cash flows on instruments with a floating interest rate in order to reflect changes in market interest rates.

4. Basic principles of accounting policy (Continued)

However, for financial assets that have become credit-impaired after initial recognition, interest income is calculated by applying the effective interest rate to the amortized cost of the financial asset. If the financial asset is no longer credit-impaired, then the calculation of interest income is again carried out on the basis of gross book value.

For financial assets that were credit-impaired at initial recognition, interest income is calculated by applying the effective interest rate adjusted for credit risk to the amortized cost of the financial asset. Interest income on such assets is not calculated on the basis of gross book value, even if the credit risk on them subsequently decreases.

Information on when financial assets are credit-impaired is provided in the Note below.

Presentation of information

Interest income calculated using the effective interest method presented in the consolidated statement of profit or loss and other comprehensive income includes:

- interest income on financial assets measured at amortised cost;
- interest income on net investments in leasing.

Interest expense presented in the consolidated statement of profit or loss and other comprehensive income includes:

- interest expense on financial liabilities measured at amortised cost.

Financial assets and financial liabilities

Classification of financial instruments

Financial assets

Upon initial recognition, a financial asset is classified as measured either at amortised cost, at fair value through other comprehensive income, or at fair value through profit or loss.

A financial asset is measured at amortised cost only if it meets both of the following conditions and is not classified at the Company's discretion as measured at fair value through profit or loss:

- the asset is held within the framework of a business model, the purpose of which is to hold assets in order to receive the cash flows provided for in the contract; and
- the contractual terms of the financial asset provide for the occurrence of cash flows in due time, which are exclusively the payment of the principal amount of the debt and interest accrued on the outstanding part of the principal amount.

A debt instrument is measured at fair value through other comprehensive income only if it meets both of the following conditions and is not classified at the Company's discretion as measured at fair value through profit or loss:

- the asset is held within the framework of a business model, the purpose of which is achieved both through the receipt of contractual cash flows and through the sale of financial assets; and
- the contractual terms of the financial asset provide for the occurrence of cash flows in due time, which are exclusively the payment of the principal amount of the debt and interest accrued on the outstanding part of the principal amount.

4. Basic principles of accounting policy (Continued)

For debt financial assets measured at fair value through other comprehensive income, gains and losses are recognized in other comprehensive income, except for the following items, which are recognized in profit or loss in the same way as for financial assets measured at amortised cost:

- interest income calculated using the effective interest rate method;
- expected credit losses and recovered amounts of impairment losses; and
- gains or losses from changes in exchange rates.

All other financial assets are classified as measured at fair value through profit or loss.

In addition, at initial recognition, the Company may, at its sole discretion, classify, without the right of subsequent reclassification, a financial asset that meets the criteria for measurement at amortised cost or at fair value through other comprehensive income, into the category of measurement at fair value through profit or loss, if this will eliminate or significantly reduce the accounting discrepancy, which would otherwise have arisen.

Business model evaluation

The Company evaluates the purpose of the business model under which the asset is held at the level of the portfolio of financial instruments, as this best reflects the way the business is managed and how the information is presented to management. The Company analyzes the following information:

- Policies and objectives set for portfolio management, as well as the implementation of these policies in practice. In particular, whether the management strategy is focused on obtaining the interest income provided for by the contract, maintaining a certain structure of interest rates, ensuring that the maturities of financial assets correspond to the maturities of financial liabilities used to finance these assets, or the realization of cash flows through the sale of assets.
- How the performance of the portfolio is assessed and how this information is brought to the attention of the Company's management.
- Risks affecting the performance of the business model (and financial assets held within this business model), and how these risks are managed.
- How the remuneration of managers responsible for portfolio management is carried out (for example, whether this remuneration depends on the fair value of the specified assets or on the cash flows received from the assets provided for in the contract).
- The frequency, volume and timing of sales in past periods, the reasons for such sales, as well as expectations regarding the future level of sales. However, information on sales levels is not considered in isolation, but within the framework of a single holistic analysis of how the Company's stated goal of managing financial assets is achieved and how cash flows are realized.

Financial assets that are held for trading, or that are managed and the performance of which is measured on the basis of fair value, are measured at fair value through profit or loss, since they are not held either for the purpose of obtaining contractual cash flows, or for the purpose of both obtaining contractual cash flows and selling financial assets.

Reclassification

The classification of financial assets after initial recognition does not change, except in the period following the change in the Company's business model for the management of financial assets.

Financial obligations

The Company classifies financial liabilities, other than financial guarantee agreements and loan commitments, as measured at amortised cost or at fair value through profit or loss.

4. Basic principles of accounting policy (Continued)

Reclassification

The classification of financial liabilities after their initial recognition is not subject to change.

Termination of recognition

Financial assets

The Company derecognises a financial asset when the contractual rights to cash flows from that asset expire or when it transfers the rights to receive cash flows from that asset as a result of a transaction in which virtually all risks and benefits associated with ownership of that financial asset are transferred to the other party, or in which the Company neither transfers nor retains substantially all the risks and rewards associated with ownership of this financial asset, and does not retain control of this financial asset.

Upon derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the part of the asset derecognized) and the amount of the consideration received (including the amount of the new asset received less the amount of the new liability assumed) and any accumulated profit or loss that has been recognized in other comprehensive income is recognized in profit or loss. The Company enters into transactions under the terms of which it transfers assets recognized in the consolidated statement of financial position, but at the same time either retains all or substantially all of the risks and benefits associated with ownership of the transferred assets, or part of them. In such cases, the transferred assets are not derecognized.

In transactions in which the Company neither retains nor transfers substantially all the risks and rewards of ownership of a financial asset and retains control of the transferred asset, it continues to recognize the asset to the extent that it retains a continuing interest in the asset, defined as the extent to which the Company is exposed to the risk of changes in value transferred asset.

Financial obligations

The Company derecognises a financial liability when its contractual obligations are fulfilled, cancelled or terminated.

Modification of the terms of financial assets and financial liabilities

Financial assets

If the terms of a financial asset change, the Company assesses whether the cash flows of such a modified asset differ significantly. If the cash flows differ significantly ("significant modification of the terms"), then it is considered that the rights to the contractual cash flows for the original financial asset have expired. In this case, the initial financial asset is derecognized and the new financial asset is recognized at fair value plus the corresponding transaction costs. The received commission amounts incurred as part of the modification are recognized in the accounting as follows:

- commission amounts that are taken into account in determining the fair value of a new asset, as well as commission amounts representing the reimbursement of related transaction costs, are included in the initial measurement of this asset; and
- other commission amounts are recognized in profit or loss as part of the gain or loss from derecognition.

4. Basic principles of accounting policy (Continued)

Changes in the amount of cash flows on existing financial assets or financial liabilities are not considered a modification of the terms if they are a consequence of the current terms of the agreement, for example, changes in interest rates by the Company due to changes in the refinancing rate of the Central Bank of the Republic of Uzbekistan, if the relevant agreement provides for the Company's ability to change interest rates.

The Company performs a quantitative and qualitative assessment of whether the modification of the terms is significant, i.e. whether the cash flows of the original financial asset and the cash flows of the modified or replaced financial asset differ significantly. The Company conducts a quantitative and qualitative assessment for the significance of the modification of conditions, analyzing qualitative factors, quantitative factors and the combined effect of qualitative and quantitative factors. If the cash flows differ significantly, it is considered that the rights to the contractual cash flows for the original financial asset have expired. In making this assessment, the Company is guided by the guidelines for derecognition of financial liabilities by analogy.

The Company concludes that the modification of the conditions is significant based on the following qualitative factors:

- change in the currency of a financial asset;
- changing the type of collateral or other means of improving the quality of the asset.

If the modification is caused by the counterparty's financial difficulties, then the purpose of such modification, as a rule, is to recover the maximum possible amount of the value of the asset according to the original terms of the contract, and not to create (issue) a new asset on terms significantly different from the original ones. If the Company plans to modify a financial asset in such a way that it would lead to the forgiveness of part of the cash flows provided for in the current contract, it should analyze whether it should write off part of this asset before the modification (see below is the policy regarding write-offs). This approach has an impact on the outcome of the quantitative assessment and leads to the fact that the criteria for derecognition of the relevant financial asset in such cases are usually not met. The Company also conducts a qualitative assessment of whether the modification of conditions is significant.

If the modification of the terms of a financial asset measured at amortised cost or at fair value through other comprehensive income does not result in derecognition of this financial asset, the Company recalculates the gross carrying amount of this asset using the original effective interest rate on this asset and recognizes the difference as a gain or loss from the modification in profit or loss. For financial assets with a floating interest rate, the initial effective interest rate used in calculating the profit or loss from the modification is adjusted to reflect current market conditions at the time of the modification. The costs incurred or commissions paid and commissions received arising under such modification adjust the gross carrying amount of the modified financial asset and are amortized over the remaining life of the modified financial asset.

If such modification is due to the counterparty's financial difficulties, the corresponding profit or loss is presented as part of impairment losses. In other cases, the corresponding profit or loss is presented as part of interest income calculated using the effective interest rate method (Note 4).

Financial obligations

The Company derecognises a financial liability when its terms change in such a way that the amount of cash flows from the modified liability changes significantly. In this case, a new financial liability with modified terms is recognized at fair value. The difference between the carrying amount of the previous financial liability and the value of the new financial liability with modified terms is recognized in profit or loss. The consideration paid includes transferred non-financial assets, if any, and assumed liabilities, including a new modified financial liability.

4. Basic principles of accounting policy (Continued)

The Company conducts a quantitative and qualitative assessment for the significance of the modification of conditions, analyzing qualitative factors, quantitative factors and the combined effect of qualitative and quantitative factors. The Company concludes that the modification of the conditions is significant, based on the following qualitative factors:

- change in the currency of the financial obligation;
- changing the type of collateral or other means of improving the quality of the obligation;
- adding a conversion condition;
- change of subordination of the financial obligation.

For the purposes of quantification, the terms are considered significantly different if the present value of cash flows under the new terms, including commission payments less commission received, discounted at the original effective interest rate, differs by at least 10% from the discounted present value of the remaining cash flows under the original financial liability.

If the modification of the terms of a financial liability does not result in derecognition, the amortised cost of the liability is restated by discounting the modified cash flows at the original effective interest rate and the resulting difference is recognized as a gain or loss from the modification in profit or loss. For financial liabilities with a floating interest rate, the initial effective interest rate used in calculating the profit or loss from the modification is adjusted to reflect current market conditions at the time of the modification. The costs incurred or fees paid incurred as part of the modification are recognized as an adjustment to the carrying amount of the liability and are amortized over the remaining term of the modified financial liability by recalculating the effective interest rate on the instrument.

Impairment

See also Note 6.

The Company recognizes an estimated allowance for expected credit losses on the following financial instruments not measured at fair value through profit or loss:

- cash and cash equivalents;
- financial assets that are debt instruments;
- net investment in finance leases.

The Company recognizes estimated provisions for expected credit losses in an amount equal to expected credit losses for the entire term, with the exception of the following instruments, for which the amount of the provision will be equal to 12-month expected credit losses (see Note 6).

12-month expected credit losses ("12-month ECL") are part of the expected credit losses due to default events on a financial instrument that are possible within 12 months after the reporting date. Financial instruments for which 12-month ECL are recognized are "Stage 1" financial instruments.

Expected credit losses for the entire term ("full-term ECL") are defined as the ECL as a result of all possible default events on a financial instrument throughout its expected life. Financial instruments that are not acquired or created credit-impaired assets, for which ECL is recognized for the entire term, belong to "Stage 2" financial instruments (if the credit risk on a financial instrument has increased significantly since its initial recognition, but the financial instrument is not credit-impaired) and "Stage 3" (if the financial instrument is credit-impaired).

Assessment of expected credit losses

Expected credit losses are a calculated estimate of credit losses weighted by the probability of default. They are evaluated as follows:

4. Basic principles of accounting policy (Continued)

- for financial assets that are not credit-impaired as at the reporting date: as the present value of all expected cash shortfalls (i.e. the difference between the cash flows due to the Company under the agreement and the cash flows that the Company expects to receive);
- for financial assets that are credit-impaired as of the reporting date: as the difference between the gross carrying amount of assets and the present value of estimated future cash flows.

Restructured financial assets

In case of revision of the terms of a financial asset by agreement of the parties or modification of the terms of a financial asset, or replacement of an existing financial asset with a new one due to financial difficulties of counterparties, an assessment is made for the need to derecognize this financial asset (see Note 4), and expected credit losses are estimated as follows:

- If the expected restructuring does not result in derecognition of the existing asset, the expected cash flows for the modified financial asset are included in the calculation of the amounts of cash shortfall for the existing asset (see Note 6).
- If the expected restructuring results in derecognition of an existing asset, the expected fair value of the new asset is treated as the final cash flow of the existing asset at the time of its derecognition. This amount is included in the calculation of cash shortfalls on an existing financial asset, which are discounted for the period from the expected date of derecognition to the reporting date using the original effective interest rate on the existing financial asset.

Credit-impaired financial assets

At each reporting date, the Company evaluates financial assets carried at amortised cost and debt financial assets carried at fair value through other comprehensive income, as well as net investments in finance leases for their credit impairment. A financial asset is "credit impaired" when one or more events occur that have a negative impact on the estimated future cash flows of such a financial asset.

Evidence of credit impairment of a financial asset is, in particular, the following observable data:

- significant financial difficulties of the counterparty;
- violation of the terms of the contract, such as default or late payment;
- restructuring by the Company of a financial instrument or an advance payment on terms that it would not otherwise consider;
- the occurrence of the probability of bankruptcy or other financial reorganization of the counterparty.

A financial instrument whose terms have been revised as a result of a deterioration in the counterparty's financial condition is generally considered to be credit-impaired, unless there is evidence that the risk of non-receipt of contractual cash flows has significantly decreased and there are no other signs of impairment.

Presentation of the estimated allowance for expected credit losses in the consolidated statement of financial position

The amounts of the estimated allowance for expected credit losses are presented in the consolidated statement of financial position as follows:

- financial assets measured at amortised cost: how to reduce the gross book value of these assets

Write-downs

Financial instruments are subject to write-off (in part or in full) when there are no reasonable expectations of recovery of a financial asset in full or in part. As a rule, this is the case when the Company determines that the counterparty does not have assets or sources of income that can generate cash flows in an amount sufficient to repay the amounts of debt to be written off. This assessment is performed for each asset separately.

4. Basic principles of accounting policy (Continued)

The recovery of amounts previously written off is reflected in the item "impairment losses on debt financial assets" in the consolidated statement of profit or loss and other comprehensive income.

In respect of written-off financial assets, the Company may continue to carry out debt collection activities in accordance with the policy on the recovery of amounts due.

Equity

Ordinary shares and non-redeemable preferred shares with rights to discretionary dividends are reflected in equity. The costs of paying for services to third parties directly related to the issue of new shares, except in cases of business combinations, are reflected in equity as a decrease in the amount received as a result of this issue. The amount of excess of the fair value of the funds received over the nominal value of the issued shares is recorded as additional capital.

Dividends

Dividends are recognized as liabilities and deducted from the amount of equity at the reporting date only if they were declared before the reporting date inclusive. Information about dividends is disclosed in the consolidated financial statements if they were recommended before the reporting date, as well as recommended or declared after the reporting date, but before the date of approval of the consolidated financial statements for issue.

Earnings per share

Earnings per share are determined by dividing the profit or loss attributable to the owners of the Company's common shares by the weighted average number of shares outstanding during the reporting year.

Contingent assets and liabilities

Contingent liabilities are not reflected in the consolidated statement of financial position, while information about them is disclosed in the financial statements, except in cases when the outflow of resources in connection with their repayment is unlikely. Contingent assets are not recognized in the consolidated statement of financial position, while information about them is disclosed in the financial statements when it is probable that economic benefits associated with them will be received.

Remuneration of employees and contributions to social insurance funds

On the territory of the Republic of Uzbekistan, the Company makes deductions on a single social payment. These deductions are also reflected on the accrual basis. The single social payment includes contributions to the Pension Fund. The Company does not have its own pension scheme. Salary expenses, contributions to the State pension fund and social insurance fund, paid annual leave and sick leave, bonuses and non-monetary benefits are accrued as the relevant services are provided by the Company's employees.

Segment reporting

Operating segments are allocated on the basis of internal reports on the components of the Company, regularly reviewed by the chief executive responsible for making decisions on operational activities, in order to allocate resources to the segments and evaluate the results of their activities.

The Company evaluates information about the reporting segments in accordance with the National Accounting Standards. The reporting operating segment is allocated when one of the following quantitative requirements is met:

4. Basic principles of accounting policy (Continued)

- its revenue from sales to external customers and from operations with other segments is at least 10 percent of the total revenue - external and internal — of all operating segments; or
- the absolute profit or loss is at least 10 percent of the largest of (i) the total profit of all operating segments that did not show a loss, and (ii) the total loss of all operating segments that showed a loss; or
- its assets account for at least 10 percent of the total assets of all operating segments;
- its assets and liabilities amount to at least 10 percent of the total capital.

If the total revenue from external sales shown by operating segments is less than 75 percent of the Company's revenue, additional operating segments are allocated as reportable (even if they do not meet the quantitative criteria given above) until at least 75 percent of revenue is included in the segments presented in the consolidated financial statements Companies.

Discontinued operations

A discontinued operation is a component of the Company's business whose operations and cash flows can be clearly distinguished from the rest of the Company and which:

- represents a separate significant line of business or geographic area of operations;
- is part of a single, coordinated plan to dispose of a separate significant line of business or geographical area of operations; or
- is a subsidiary acquired exclusively for the purpose of subsequent resale.

An operation is classified as discontinued when it is disposed of or when the operation meets the criteria to be classified as held for sale, if the latter occurs earlier. When an operation is classified as discontinued, the comparative statement of profit or loss and other comprehensive income is presented as if the operation had been discontinued from the beginning of the relevant comparative period.

5. Significant accounting judgments, estimates and assumptions

In preparing these consolidated financial statements in accordance with International Financial Reporting Standards (IFRS), management has used professional judgments, estimates and assumptions regarding the policies applied, the presentation of assets and liabilities, income and expenses. Estimates and related assumptions are based on historical experience and other factors that management believes are reasonably applicable in the specific circumstances. On their basis, judgments are formed about the book value of assets and liabilities in cases where such a value is not obvious, based on other sources of information. Despite the fact that these estimates are based on the most accurate information about current events and actions that management has, the actual results may ultimately differ from them.

Estimates and related assumptions are reviewed on a regular basis. Adjustments to estimates are recognized in the reporting period in which the corresponding estimates were revised, if these adjustments affect the indicators of this period only, or are recognized in this period and subsequent periods if they affect both current and future periods.

The Company assesses impairment and calculates a provision for expected credit losses on:

- financial assets that are measured at amortised cost and financial assets that are measured at fair value with revaluation recognized through other comprehensive income (FVOCI), namely:

5. Significant accounting judgments, estimates and assumptions (Continued)

- funds placed on deposit bank accounts;
- lease receivables (finance lease);
- debt securities;
- other financial receivables.

The model of estimation of expected credit losses

The Company evaluates the decrease in utility and calculates a provision for expected credit losses on financial instruments in a manner reflecting:

- unbiased and weighted by a probable amount determined by assessing the range of possible results;
- the cost of money in time;
- sufficient and relevant information, available without excessive expenditure or effort at the reporting date, regarding past events, current conditions and forecasts regarding future economic conditions.

The Company applies a general approach to assessing the expected credit losses of all financial instruments, except for other financial receivables, which do not contain a significant element of financing. The assessment of expected credit losses on such receivables is carried out using a simplified approach.

As part of the general approach, the Company evaluates expected credit losses on financial assets and calculates a provision for expected credit losses in the amount of:

- expected credit losses on the horizon of 12 months – for financial instruments for which there is no significant increase in credit risk from the comparison date, which is determined separately for each financial instrument and there are no impairment events (default);
- expected credit losses during the entire term – for financial instruments for which there is a significant increase in credit risk from the comparison date, which is determined separately for each financial instrument or there are impairment events (default).

All financial instruments of the Company and off-balance sheet liabilities to which the general approach is applied, at least once a quarter, starting from the next reporting date after the date of their initial recognition, are subject to verification for the presence of:

- events of a significant increase in credit risk (SICR) in comparison with the comparison date;
- events of impairment (default);
- fulfillment of the recovery criteria from Stage 2;
- fulfillment of the criteria for recovery from default.

Based on the analysis of the presence of events of a significant increase in credit risk (SICR) and events of impairment (default), the Company distributes financial instruments into three Stages of the credit quality level.

The Company's assessment of the presence of a significant increase in credit risk in comparison with the level of credit risk at the comparison date is based on an assessment of the change in default risk at the reporting date compared to the comparison date. At the same time, the change in the amount of expected credit losses is not taken into account.

In Stage 1 are classified:

5. Significant accounting judgments, estimates and assumptions (Continued)

- Financial instruments at initial recognition for which there are no impairment (default) events at the date of their initial recognition (which in this case is the date of comparison)
- Financial instruments classified as Stage 1 at initial recognition for which the criteria for a significant increase in credit risk have never been met from the date of comparison to the current date inclusive (SICR) and impairment (default) events
- Instruments with low credit risk if there are no impairment (default) events for them
- Other assets for which the criteria for restoration to Stage 1 are met, as described below:

Restoration to Stage 1 of a financial instrument assigned to Stage 2 on the previous reporting date is possible provided that:

- compliance at the current reporting date with the criterion(s) of restoration to Stage 1 for the SICR event(s) for which, at the previous reporting date, the financial instrument was assigned to Stage 2
- absence of other SICR events for such a financial instrument
- absence of impairment events (default).

Restoration to Stage 1 of a financial instrument assigned to Stage 3 on the previous reporting date is possible provided that:

- absence of impairment (default) events at the current reporting date
- absence of SICR events
- fulfillment of recovery criteria from default
- fulfillment of recovery criteria to Stage 1.

Stage 2 classifies financial instruments for which, at the reporting date, there are criteria for a significant increase in credit risk (SICR), and at the same time there are no impairment events (default). At the same time, a financial instrument assigned to Stage 1 at the previous reporting date is assigned to Stage 2 if there is at least one of the signs of a significant increase in credit risk (SICR).

Restoration to Stage 2 of a financial instrument assigned to Stage 3 on the previous reporting date is possible only if all the criteria for recovery from default are met simultaneously and one or more of the SICR signs are present.

When switching to IFRS 9 in Stage 2, financial instruments are also classified for which, at the date of transition, the Company is unable to assess the existence of an event of a significant increase in credit risk 1 without excessive costs and efforts. Such financial instruments, until the moment of termination of their recognition, cannot be restored to Stage 1.

Financial instruments are classified in Stage 3 if at least one of the impairment events (default) is met and/or the criteria for recovery from default are not met.

If a financial asset has signs of impairment (default) at the date of initial recognition, that is, it is an acquired or created impaired financial asset (POCI), then such an asset belongs to Stage 3. Transition from Stage 3 to Stage 1 or 2 for acquired or created impaired financial assets during the life of such financial assets is not possible.

5. Significant accounting judgments, estimates and assumptions (Continued)

In general, if at least one financial instrument of the Debtor has an impairment event (default) at the reporting date, the Company recognizes an impairment event (default) for all other financial instruments for this counterparty. However, if the only event of impairment (default) on the counterparty is a delay in payment obligations for a period of more than 90 days (for banks – 7 days) for financial receivables, the recognition of an impairment event (default) on all other financial assets of the borrower is carried out only if the amount of overdue financial receivables (in total for all financial receivables) exceeds the equivalent, which is equal to 5% of the amount of outstanding debt on lease payments of the corresponding Debtor-a legal entity or individual entrepreneur at the date of assessment of the provision for expected credit losses.

Inclusion of forward-looking information

The Company includes forward-looking information both in the assessment for a significant increase in credit risk since the initial recognition of a financial instrument and in the assessment of expected credit losses.

The Company uses expert judgment to evaluate forward-looking information. This assessment is also based on information received from external sources.

Modified financial assets

The conditions stipulated in the contract may be modified for a number of reasons, including changes in market conditions, customer retention and other factors not caused by the current or possible deterioration of the borrower's creditworthiness. An existing asset whose terms have been modified may be derecognized and a new lease agreement with modified terms may be recognized at fair value in accordance with the accounting policy described in Note 4.

If the terms of a financial asset change and the modification of the terms does not result in derecognition of the financial asset, the determination of whether there has been a significant increase in credit risk for the financial asset is carried out by comparing:

- the probability of default for the remainder of the entire term as of the reporting date based on the modified terms of the contract; and
- the probability of default for the remainder of the entire term, calculated with respect to this point in time at the initial recognition of the financial asset based on the original terms of the contract.

When a modification of the terms of a financial instrument results in its derecognition, the newly recognized loan belongs to Stage 1 (provided that it is not credit-impaired at the date of recognition).

The Company renegotiates the lease terms of lessees experiencing financial difficulties (the "practice of renegotiating lease agreements") in order to maximize the amount of debt repayable and minimize the risk of default. In accordance with the Company's policy on renegotiation of lease agreements, renegotiation is carried out with respect to each individual lessee in the event that a default event occurs or there is a high risk of default, and there is evidence that the debtor has made all necessary efforts to make payments in accordance with the original terms of the contract, and it is expected that he will be able to fulfill his obligations to the Company on revised terms.

Renegotiation usually includes an extension of the repayment period, a change in the terms of payment of payments.

5. Significant accounting judgments, estimates and assumptions (Continued)

The assessment of the probability of default on financial assets modified under the contract renegotiation policy reflects whether the modification of the terms has led to an improvement or restoration of the Company's ability to receive payments, as well as the Company's previous experience with such renegotiation. As part of this process, the Company evaluates the quality of servicing counterparty payments in relation to the modified terms of the contract and considers various behavioral factors.

In general, the revision of the terms of the agreements is a qualitative indicator of a significant increase in credit risk and the intention to revise the terms of the agreements may be evidence that the position exposed to credit risk is credit-impaired and there is a default event. The counterparty will need to make timely payments on an ongoing basis for a certain period of time before the position exposed to credit risk will no longer be considered credit impaired/for which a default event has occurred or the probability of default of which will be considered to have decreased so much that the estimated loss reserve will again be estimated at an amount equal to 12 months expected credit losses.

Assessment of expected credit losses

The main initial data for estimating expected credit losses is the time structure of the following variables:

- probability of default (PD indicator);
- the amount of loss in case of default (LGD indicator);
- the amount at risk in case of default (EAD value).

The ECL for Stage 1 positions exposed to credit risk is calculated by multiplying the 12-month PD indicator by the LGD indicator and the EAD value.

The methodology for evaluating PD indicators is described above in the section "Creating a temporary default probability structure".

Evaluation of PD indicators is an assessment of indicators carried out on a certain date, which are calculated on the basis of statistical rating models using evaluation tools adapted to various categories of counterparties and positions exposed to credit risk. These statistical models are based on the accumulated data available to the Company, including both quantitative and qualitative factors. If the credit quality rating of a counterparty or a position exposed to credit risk changes, this will lead to a change in the assessment of the corresponding PD indicators. PD indicators are evaluated taking into account the contractual maturities of positions exposed to credit risk.

The Company evaluates LGD indicators based on information about the cashback coefficients as a result of the sale of the leased item withdrawn under the lease agreements. LGD valuation models take into account the type of leased item, production date, market value, withdrawal costs, storage, and sales period. LGD indicators are adjusted taking into account various economic scenarios and, taking into account possible price changes in relation to leasing agreements secured by leasing equipment, taking into account possible changes in equipment prices. They are calculated based on discounted cash flows using the effective interest rate as a discount factor.

The amount at risk in case of default is a calculated estimate of the amount exposed to credit risk at the date of default. This indicator is calculated by the Company based on the current value at the reporting date, taking into account the expected changes in this value according to the terms of the contract, including depreciation. For a financial asset, the value of EAD is the gross book value at the time of default.

As described above, subject to the use of a maximum 12-month PD indicator for financial assets for which credit risk has not increased significantly since their initial recognition, the Company estimates expected credit losses taking into account the risk of default during the maximum period under the contract during which it is exposed to credit risk, even if for risk management purposes The Company is considering a longer period. The maximum period under the agreement extends up to the date when the Company has the right to demand repayment of the provided financial instrument.

5.1. New standards and clarifications not yet accepted for use

Amendments to IFRS 16 - Lease liability in sale and leaseback transactions

In September 2022, the IASB issued an amendment to IFRS 16, Lease Obligations in Sale and Leaseback Transactions. The amendment to IFRS 16 specifies the subsequent measurement requirements for assets and liabilities in sale and leaseback transactions, whereby a seller-lessee measures the lease liability arising from a leaseback lease in a manner that does not result in the recognition of any gain or loss that relates to the seller-lessee's retained right of use.

After the date of the sale and leaseback transaction, the seller-lessee applies paragraphs 29-35 of IFRS 16 to the right-of-use asset and paragraphs 36-46 of IFRS 16 to the lease liability arising from the leaseback. In applying paragraphs 36-46, the seller-lessee defines 'lease payments' or 'revised lease payments' such that the seller-lessee does not recognise a gain or loss relating to the seller-lessee's right-of-use. The application of these requirements does not prevent the seller-lessee from recognising in profit or loss any gain or loss relating to the partial or total termination of a lease, as required by paragraph 46(a) of IFRS 16. The amendment does not contain specific requirements for measuring lease liabilities arising from leasebacks.

The initial measurement of lease liabilities arising from a leaseback lease may result in the seller-lessee defining 'lease payments' that differ from the general definition of lease payments in Annex A to IFRS 16. A seller-lessee needs to develop and apply accounting policies that result in information that is relevant and reliable in accordance with IAS 8.

The amendments to IFRS 16 are effective for annual periods beginning on or after 1 January 2024, with earlier application permitted. A seller-lessee applies the amendment retrospectively in accordance with IAS 8 for sale and leaseback transactions entered into after the date of initial application (i.e. the amendment does not apply to sale and leaseback transactions entered into before the date of application). The date of initial application of the amendments is the beginning of the annual reporting period in which an entity first applies IFRS 16.

These amendments are not expected to have a material impact on the Company's financial statements.

"Vendor Financing Arrangements (Amendments to IAS 7 and IFRS 7)

The amendments introduce new disclosures about supplier financing arrangements that assist users of consolidated financial statements to evaluate the effect of such arrangements on an entity's liabilities and cash flows and an entity's exposure to liquidity risk. The amendments are effective for annual periods beginning on or after 1 January 2024.

The Company is in the process of assessing the impact of the amendments, particularly with respect to the collation of additional information required to meet the new disclosure requirements.

6. Cash and cash equivalents

<i>In millions of UZS</i>	31 December 2023	31 December 2022
UZS	8 439	11 258
Estimated reserve for expected credit losses	(73)	(25)
Total cash and cash equivalents	8 366	11 233

The ratings shown in the table above represent a classification based on the long-term credit rating used by Fitch Ratings in the BB- range.

The Company's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities are disclosed in Note 25.

7. Net investment in leasing

Below is the maturity analysis of gross and net investment in finance leases:

<i>In millions of UZS</i>	31 December 2023	31 December 2022
With a maturity of less than 1 year	806 196	74 787
With a maturity of 1 to 5 years	1 164 334	1 421 853
With a maturity of more than 5 years	175 641	857 396
Gross investment in leasing	2 146 171	2 354 035
With a maturity of less than 1 year	(202 110)	(3 306)
With a maturity of 1 to 5 years	(270 886)	(259 249)
With a maturity of more than 5 years	(26 394)	(226 811)
Unearned income	1 646 781	1 864 669
With a maturity of less than 1 year	604 081	71 481
With a maturity of 1 to 5 years	893 448	1 162 604
With a maturity of more than 5 years	149 247	630 585
Net investment in leasing before estimated provision for expected credit losses	1 646 781	1 864 669
Estimated reserve for expected credit losses	(109 856)	(96 866)
Net investment in leasing	1 536 925	1 767 803

The Company retains ownership of the leased assets during the entire lease term. The ownership rights to the leased assets are transferred to the lessees at the end of the lease agreement. The risks associated with the leased equipment, such as damage and theft, are insured by the lessee. The beneficiary in accordance with the insurance policy for most leasing agreements is the Company.

Net investments in leasing are secured by assets transferred to leasing.

The Company provides its clients with two types of financial leasing services: commercial and non-commercial leasing. These types of services do not have any differences in the procedure for assessing the client's solvency, analyzing the transaction and the decision-making procedure. The risk management policy adopted by the Company is uniform and under no circumstances depends on the type of financial leasing service provided.

Commercial leasing

Commercial leasing is a standard leasing program, according to which leasing agreements are concluded on market terms. The commercial leasing program has no special requirements for lessees, with the exception of requirements for their financial situation and solvency. There are also no special requirements regarding leased assets. These types of leasing agreements are financed by borrowed funds received from commercial banks of the Republic of Uzbekistan. The lease term under commercial leasing agreements, as a rule, varies from 3 to 10 years.

Non-commercial leasing

Non-commercial leasing programs are programs / projects implemented by the Company within the framework of its core activities, the purpose of which is to implement state policy in order to stimulate the equipping of agriculture with modern high-performance agricultural machinery, the formation of the necessary conditions for the development of agricultural machinery, including with the participation of leading foreign companies, improving the payment mechanism for tractors and harvesting equipment supplied to the village.

7. Net investment in leasing (Continued)

Non-commercial leasing programs are financed from funds provided on a loan basis by the State Support Fund for Agriculture under the Ministry of Finance of the Republic of Uzbekistan in the amount and amounts established in state programs. The procedure for financing these programs is regulated by the Resolution of the Cabinet of Ministers of the Republic of Uzbekistan No. 424 of November 2, 2000 "On measures to provide the village with agricultural machinery on leasing terms" and/or regulatory legal acts of the Republic of Uzbekistan. Non-commercial leasing is provided subject to the following conditions of the lease agreement:

- if there is a property risk insurance policy for the received equipment for the entire leasing period;
- the preferential interest rate of the leasing company is not higher than 50 percent of the refinancing rate of the Central Bank of the Republic of Uzbekistan.

The lease term under non-commercial leasing contracts varies from 7 to 12 years, depending on the location of farms in the regions of the Republic of Uzbekistan.

Below is an analysis of the change in the gross carrying amount of net investment in leases for the year 2023:

For 2023				
<i>In millions of UZS</i>	Stage 1	Stage 2	Stage 3	Total
Balance as of 1 January	2 630	2 746	91 490	96 866
Transfer to Stage 1	(1 382)	96	1 286	-
Transfer to Stage 2	1 570	(2 599)	1 029	-
Transfer to Stage 3	6 336	3 146	(9 482)	-
Net change in gross value	(4 205)	(2 065)	17 027	10 757
Newly created or acquired financial assets	5 707	2 329	15 479	23 515
Financial assets derecognized	(668)	(169)	(20 445)	(21 282)
Balance as of 31 December	9 988	3 484	96 384	109 856

7. Net investment in leasing (Continued)

Below is an analysis of the change in the gross carrying amount of net investment in leases for the year 2022:

For 2022				
<i>In millions of UZS</i>	Stage 1	Stage 2	Stage 3	Total
Balance as of 1 January	2 530	2 973	85 684	91 187
Transfer to Stage 1	2 225	(560)	(1 665)	-
Transfer to Stage 2	(241)	1 563	(1 322)	-
Transfer to Stage 3	(1 114)	(1 886)	3 000	-
Net change in gross value	4 411	3 137	200	7 748
Newly created or acquired financial assets	1 577	1 924	22 172	25 674
Financial assets derecognized	(6 760)	(4 405)	(16 578)	(27 743)
Balance as of 31 December	2 630	2 746	91 490	96 866

8. Equipment purchased for leasing purposes

<i>In millions of UZS</i>	31 December 2023	31 December 2022
Withdrawed equipment for leasing	32 118	19 587
New equipment for leasing	3 164	14 835
Total equipment purchased for leasing purposes	35 282	34 422

The property seized under terminated leasing agreements is transferred to new lessees after the necessary modification or configuration.

9. Advances paid to suppliers

<i>In millions of UZS</i>	31 December 2023	31 December 2022
Advances issued for leasing equipment	35 814	26 075
Other advances issued	183	632
Total advances paid to suppliers	35 997	26 707

Advances paid to suppliers represent advances for leased assets related to the purchase of equipment.

As of 31 December 2023, advances issued to the two largest suppliers of leasing equipment, in general, amount to 78% of the total amount (2022: 48%).

10. Other accounts receivable

<i>In millions of UZS</i>	31 December 2023	31 December 2022
Advances on taxes other than income tax	4 141	6 398
Agency fees from insurance companies	596	689
Settlements with personnel on loans granted	206	125
Accounts receivable for claims	54	61
The lessee's debt on advance payments for the delivered equipment	-	502
Other accounts receivable	2 200	4 714
Total other accounts receivable	7 197	12 489

11. Fixed assets and intangible assets

In millions of UZS

	Buildings	Vehicles	Computers	Assets in the form of use of rights	Other	CIP	Total
Initial cost							
1 January 2022	38 188	5 476	2 266	1 340	4 709	108	52 087
Addition	-	-	-	-	-	166	166
Transfers	-	-	161	-	-	(161)	-
Revaluation	129 891	3 014	-	-	-	-	132 905
Disposals	-	(165)	(5)	-	(8)	-	(178)
Write off accumulated depreciation	(6 811)	(2 916)	-	-	-	-	(9 727)
31 December 2022	161 268	5 409	2 422	1 340	4 701	113	175 254
Addition	-	-	-	3 033	-	3 250	6 282
Transfers	-	730	40	-	961	(1 731)	-
31 December 2023	161 268	6 139	2 462	4 373	5 662	1 631	181 536
Accumulated depreciation							
1 January 2022	(5 714)	(2 322)	(1 685)	(201)	(2 340)	-	(12 262)
Depreciation for the reporting year	(1 097)	(759)	(302)	20	(1 139)	-	(3 276)
Write off accumulated depreciation	6 811	2 916	-	-	-	-	9 727
Disposals	-	165	-	-	-	-	165
31 December 2022	-	-	(1 987)	(181)	(3 478)	-	(5 647)
Depreciation for the reporting year	(4 974)	(794)	(216)	(652)	(554)	-	(7 190)
Disposals	-	-	-	-	-	-	-
31 December 2023	(4 974)	(794)	(2 204)	(833)	(4 032)	-	(12 837)
Book value							
31 December 2022	156 294	5 345	259	3 540	1 629	1 633	168 700
31 December 2023	161 268	5 409	435	1 159	1 222	114	169 607

The Company utilised the services of an independent appraiser to determine the fair value of PPE owned by the Group. The revaluation date is 31 December 2022. Further details on the fair value of buildings are disclosed in Note 26.

12. Loans and borrowings

<i>In millions of UZS</i>	31 December 2023	31 December 2022
Borrowings from Banks and other organizations	871 918	912 028
Borrowings from Fund	327 051	796 945
Bonds payable	15 329	15 121
Lease obligation	4 012	1 226
Total loans	1 218 310	1 725 322

One of the Company's sources of financing for leasing activities is loans received from the State Fund for Agricultural Support under the Ministry of Finance of the Republic of Uzbekistan (hereinafter referred to as the Fund) with preferential interest rates aimed at providing modern agricultural machinery and equipment for leasing on preferential terms. The rates under leasing agreements do not exceed half of the refinancing rate of the Central Bank of the Republic of Uzbekistan on the date of receipt of the lease on the basis of PCM No. 424 dated 02.11.2000 for farms, tractor parks and agricultural enterprises of Uzbekistan. All loan agreements with the Fund are based on a tripartite General Agreement concluded between the Company, the Fund and Agrobank, the latter acting as a financial agent. Contractual interest rates on these loans are lower than the market average. Due to the direct use of the borrowed funds for the leasing of equipment, the Company believes that the contractual rates set for loans are market rates.

Loans from the Fund are listed below:

<i>In millions of UZS</i>	Year of receipt	Repayment year	Rate, %	31 December 2023
	2022	2024-2027	4.56	327 051
				327 051

In November 2023, the Company signed agreements on allocation of funds in the amount of 285 900 million of UZS to increase the authorised capital. These funds were allocated from the loan provided by the Fund. The remaining balance of the loan was renegotiated and re-drawn in accordance with a new repayment schedule which was approved by the parties under this agreement.

Loans and borrowings of banks and other organizations:

<i>In millions of UZS</i>	Lender	Year of receipt	Repayment year	Rate, %	31 December 2023
	JSCB "Agrobank	2018	2025	20.00	21 221
	JSCB "Agrobank	2019	2025	16.00	135 573
	JSCB "Agrobank	2020	2025	15.00	21 240
	JSCB "Agrobank	2019	2025	24.00	1 138
	JSC XALQ BANK	2020	2025	15.00	35 930
	JSC XALQ BANK	2019	2026	6.00	92 630
	JSCB "Mikrokreditbank"	2019	2026	6.00	48 606
	JSC XALQ BANK	2021	2026	20.00	82 222
	JSCB "Agrobank	2022	2024	24.00	29 984
	JSCB "Agrobank	2022	2024	24.00	43 945
	JSCB "Agrobank	2022	2032	10.00	170 900
	JSCB "Agrobank	2022	2029	15.00	71 235
	JSCB "Agrobank	2023	2032-2033	10.00	115 409
					870 032

12. Loans and borrowings (Continued)

Reconciliation of changes in liabilities and cash flows from financing activities

<i>In millions of UZS</i>	Loans and borrowings received
1 January 2022	1 665 284
Changes in cash flows from financing activities	-
Borrowings	424 603
Payments	(325 420)
Other changes	(39 806)
Interest expense	147 487
Interest paid	(146 827)
31 December 2022	1 725 322
Changes in cash flows from financing activities	-
Borrowings	135 639
To increase share capital	(285 900)
Payments	(241 294)
Disposal of subsidiaries (loans and borrowings)	(130 281)
Other changes	38 545
Interest expense	121 194
Interest paid	(144 915)
31 December 2023	1 218 310

13. Advances received from lessees

<i>In millions of UZS</i>	31 December 2023	31 December 2022
Prepaid lease payments	21 181	41 870
Advances for equipment	20 122	27 714
Total advances from lessees	41 303	69 584

Advance payments for equipment are those payments made by the lessee before the initial recognition of the lease. Prepaid lease payments are payments made by the lessee outside the lease payment schedule, which, according to the terms of the lease agreements, do not reduce the net investment in leasing ahead of schedule.

14. Trade and other payables

<i>In millions of UZS</i>	31 December 2023	31 December 2022
Trade payables for purchase of lease equipment	99 396	53 195
Other trade payables	5	1 314
Total trade payables	99 401	54 509

15. Other liabilities

<i>In millions of UZS</i>	31 December 2023	31 December 2022
Settlements with personnel	8 854	3 223
Accounts payable on taxes, other than income tax	1 998	831
Dividends payable	1 979	2 056
Obligation on the reserve for the issued Guarantee	925	3 682
Other settlements with different creditors	2 096	491
Total other payables	15 852	10 284

16. Share capital

The total number of declared ordinary shares is 162,218,934 shares (2022: 41,699,087 shares), with a par value of 2,535 UZS per share. All issued ordinary shares have been fully paid for.

The total number of preferred shares is 20,000 shares (there were no changes in the number of preferred shares during 2022), with a nominal value of 2,535 UZS per share. Dividends on preferred shares are set at 25% (2022: 25%) of the nominal value of these shares. Thus, the amount of annual dividends for one preferred share is 633.75 soums.

Holders of ordinary shares have the right to receive dividends declared from time to time, and also have the right to vote at the general meeting of Shareholders based on the "one share – one vote" rule.

All ordinary shares give the same rights in relation to the residual assets of the Company.

Preferred shares entitle their owners to receive dividends on a priority basis, as well as funds invested in shares during the liquidation of the Company, as well as to receive certain dividends regardless of the Company's profit.

The accrual and payment of dividends are shown below:

<i>In millions of UZS</i>	Ordinary shares	Preferred shares	Total
Dividends payable as of 31 December 2022	2 013	43	2 056
Dividends declared during the year	10 546	13	10 559
Taxes withheld at the source of payment	(527)	-	(527)
Dividends attributed to income	(24)	-	(24)
Dividends paid	(9 574)	(5)	(9 579)
Dividends payable as of 31 December 2023	2 434	51	2 485

The amount of dividends per common share was 253 soums during 2023 (2022: 358.21).

17. Interest income

<i>In millions of UZS</i>	2023	2022
Interest income from leasing	219 715	231 493
Interest income from the loan	237	-
Total interest income	219 952	231 493

18. Interest expense

<i>In millions of UZS</i>	2023	2022
Interest expenses on bank loans	118 251	125 066
Interest expenses on Fund loans	2 338	19 944
Interest expenses on Financial agent	606	2 477
Interest expense on lease obligations	494	23
Total interest expense	121 689	147 511

19. Estimated reserve/(recovery of reserve) for expected credit losses

The analysis of changes in estimated reserves for expected credit losses is presented below:

<i>In millions of UZS</i>	2023	2022
ECL on finance lease receivables	3 308	5 679
ECL on cash and cash equivalents	48	14
ECL on credit commitments	(2 758)	(2 820)
Total estimated reserve/(recovery of reserve) for expected credit losses	598	(2 873)

20. Administrative and operating expenses

<i>In millions of UZS</i>	2023	2022
Wages and Salaries	73 410	69 770
Depreciation	7 190	3 197
Representative and office expenditure	4 404	2 578
Professional service	4 379	1 427
Inventory write-off	2 375	1 252
Fines and penalties	1 421	5 619
Bank charges	1 021	1 298
Charity	988	1 356
Business trip expenses	964	1 494
Taxes	877	678
Rent expense	413	220
Other expenses	577	1 021
Total administrative and operating expenses	98 017	89 911

21. Income tax (expense)/benefit

In accordance with paragraph 14 of the Decree of the President of the Republic of Uzbekistan dated 17 November 2016 No. PP-2658 "On measures to organize the activities of Uzagrotehsanoatholding JSC, Uzagroleasing JSC and Uzmasheasing LLC are exempt from paying income tax and a single tax payment on income received from leasing operations until 1 January 2022 years. The Company has recognized deferred tax assets for temporary differences expected to be realized after 1 January 2022.

a) Amounts recognized in profit or loss

The applicable tax rate for the Company is 15% and represents the income tax rate for legal entities of the Republic of Uzbekistan. The Company calculated deferred tax at the rate of 15%, according to Article 159 of the Tax Code of the Republic of Uzbekistan. This article comes into force on 1 January 2022.

21. Income tax (expense)/benefit (Continued)

In millions of UZS

	2023	2022
Current income tax	2 775	(4 976)
Changes in deferred tax assets due to recovery and occurrence of temporary differences	(3 357)	6 115
(Benefit)/ Income tax	(582)	1 138

Deferred taxes are recognized for future tax consequences related to the difference between the carrying amounts of existing assets and liabilities in the financial statements and their respective tax bases, using effective tax rates in those years in which the temporary difference is expected to be restored.

Below is a comparison of theoretical tax expenses/reimbursements with actual tax expenses/income:

In millions of UZS

	2023	2022
Profit/ (Loss) before taxation	2 649	(5 105)
Theoretical tax refunds at the legally established rate (2022: 15%; 2021: 15%)	397	766
Income exempt from taxation	(547)	2 214
Non-deductible expenses	(432)	(1 842)
Total income from Income tax	(582)	1 138

Recognized deferred tax assets and liabilities

Differences between IFRS and the tax legislation of the Republic of Uzbekistan lead to temporary differences between the carrying amount of assets and liabilities for the purpose of preparing financial statements and for the purpose of calculating income tax. The tax effects of the movement of these temporary differences, reflected at the rate of 15% (2022: 15%), are presented in detail below.

<i>In millions of UZS</i>	31 December 2022	Recorded in profit or loss	Recorded in other comprehensive income	31 December 2023
Fixed assets	1 166	(718)	-	448
Net investment in leasing	13 928	2 027	-	15 955
Other accounts receivable	1 069	(538)	-	531
Loans and borrowings	880	(278)	-	602
Advances received from lessees	139	(139)	-	-
Other liabilities	731	335	-	1 067
Revaluation reserve of PPE	(22 285)	-	(147)	(22 432)
Tax assets/(liabilities)	(4 372)	689	(147)	(3 830)
Tax offset				
Net tax assets/(liabilities)	(4 372)	689	(147)	(3 830)

21. Income tax (expense)/benefit (Continued)

<i>In millions of UZS</i>	31 December 2021	Recorded in profit or loss	Recorded in other comprehensive income	31 December 2022
Fixed assets	(806)	1 972	-	1 166
Net investment in leasing	11 096	2 832	-	13 928
Other investments	65	(65)	-	-
Other accounts receivable	6	1 063	-	1 069
Loans and borrowings	360	520	-	880
Other liabilities	105	34	-	139
Revaluation reserve of PPE	972	(240)	-	731
Tax assets/(liabilities)	-	-	(22 285)	(22 285)
Tax assets/(liabilities)	11 798	6 115	(22 285)	(4 372)
Net tax assets/(liabilities)	11 798	6 115	(22 285)	(4 372)

22. Disposal of subsidiaries

During 2023, the Company transferred 100% interest in two subsidiaries, namely Uzmashlizing LLC and Leasing Technik Servislari LLC. The carrying amounts of assets and liabilities as at the dates of disposal are as follows:

<i>In millions of UZS</i>	At the date of disposal	31 December 2022
Results of discontinued operations		
Interest income	6 321	16 249
Interest expenses	(3 251)	(8 639)
Net interest income on finance leases after provision for impairment of finance lease receivables	3 070	7 610
Revenue from sales of agricultural machinery spare parts	3 130	13 316
Cost of goods sold	(2 336)	(10 573)
Net foreign exchange (loss)/gain	0	(39)
Administrative and operating expenses	(4 591)	(9 297)
Net other operating income	240	947
(Loss)/Profit before income tax	(487)	1 963
Income tax expense/benefit	(95)	(548)
(Loss)/Profit from discontinued operations, net of tax	(582)	1 415

<i>In millions of UZS</i>	At the date of disposal	31 December 2022
Cash and cash equivalents	597	1 330
Finance lease receivables	152 403	207 257
Equipments for leasing	838	760
Prepayments for leasing equipments	1 463	272
Trade and other receivables	4 309	3 329
Investments	2 600	2 600
Other assets	1 481	2 744
Property, plant and equipment and intangible assets	1 094	1 158

Loans and borrowings received	(130 281)	(181 251)
Advances from lessees	(10 102)	(11 916)
Trade and other payables	(5 360)	(4 404)
Other liabilities	(1 697)	(9 785)
Net identifiable assets and liabilities	17 344	12 093

23. Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss attributable to the shareholders – owners of ordinary shares by the weighted average number of ordinary shares outstanding during the year.

The Company does not have dilutive potential ordinary shares, therefore, diluted earnings per share equals basic earnings per share.

<i>In millions of UZS</i>	2022	2021
Profit for the year attributable to ordinary shareholders	75	107 674
Weighted average number of ordinary shares outstanding (in units)	162 219 934	41 669 087
Profit per ordinary share, (in UZS)	0,46	2 583

24. Segment analysis

Operating segments are the components of the Company that are involved in activities from which the Company can generate revenue or incur expenses, the operational results of which are regularly reviewed by the management making operational decisions, and for which discrete financial information is available. The management making operational decisions may be a person or a Company of persons involved in the allocation of resources and the evaluation of the Company's performance. The management functions that make operational decisions are performed by the Management Board.

(a) A description of the products and services that are the source of revenue of the reporting segments

The Company's operations are organized into two main business segments (by segment groups):

- Branches – provide financial leasing services. Branches are located in the regions of the Republic of Uzbekistan.

(b) Factors used by management to determine reportable segments

The Company's segments are strategic business units focused on various lessees. They are managed separately, since each business unit needs its own marketing strategy and level of service. Management monitors the results of the operational activities of its business units separately, in order to make decisions about the allocation of resources and the evaluation of indicators. Segment indicators, as indicated in the table below, are estimated on the basis of profit and loss in the consolidated financial statements. Income tax is managed at the Company level and is not allocated to operating segments.

24. Segment analysis (Continued)

(c) Estimation of profit or loss, assets and liabilities of operating segments

The management making operational decisions analyzes the financial information prepared by the branches and Uzmashleasing. This financial information differs in some aspects from the information prepared in accordance with IFRS:

- deferred taxes are not calculated and are not taken into account;
- income taxes are not allocated to segments;
- lease provisions are recognized on the basis of management's professional judgment and availability of information, and not on the basis of the expected credit loss assessment model in accordance with IFRS 9;
- according to the legislation of the Republic of Uzbekistan, fixed assets are subject to mandatory revaluation on January 1 of each year.

The table below shows segment information by reportable segments for the year ended 31 December 2023:

<i>in millions of UZS</i>	Karakal- pakistan	Andijan	Bukhara	Jizzakh	Kash- khadaryo	Navai	Naman- gan	Samar- khand	Surkhan- darya	Sirdar- ya	Tash- kent	Fergana	Xorezm	Uzagro- lizing	Uzmash- lizing	Total:	IFRS
Interest income	14 471	14 650	16 222	14 201	25 965	7 769	17 413	14 437	15 453	18 886	16 492	19 548	10 257	44	205 807	219 952	14 471
Commission income	814	1 120	957	809	1 990	424	1 759	1 026	723	2 097	1 420	1 056	574	2 346	17 115	13 459	814
Total revenue	15 285	15 770	17 179	15 010	27 955	8 193	19 172	15 463	16 176	20 983	17 912	20 604	10 831	2 390	222 922	233 411	15 285
Interest expense on bank loans	(7 693)	(11 181)	(8 105)	(6 801)	(15 565)	(4 520)	(6 217)	(7 738)	(14 360)	(12 036)	(8 269)	(10 894)	(5 176)	-	(118 555)	(118 251)	(7 693)
Interest expense on loans of the Fund and financial agent	(72)	(172)	(195)	(174)	(435)	(99)	(423)	(108)	(108)	(411)	(319)	(278)	(149)	-	(2 943)	(2 943)	(72)
Operating and administrative expenses	(4 867)	(3 152)	(4 469)	(3 085)	(4 038)	(3 008)	(4 548)	(3 728)	(3 772)	(3 168)	(3 917)	(4 635)	(3 048)	(36 573)	(86 008)	(98 017)	(4 867)
Total expenses	(12 632)	(14 505)	(12 769)	(10 060)	(20 038)	(7 627)	(11 188)	(11 574)	(18 240)	(15 615)	(12 505)	(15 807)	(8 373)	(36 573)	(207 506)	(219 211)	(12 632)
(Loss)/profit before reserve	2 653	1 265	4 410	4 950	7 917	566	7 984	3 889	(2 064)	5 368	5 407	4 797	2 458	(34 183)	15 416	14 200	2 653
Provision for impairment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(598)	-
(Loss)/profit before tax according to management accounting data (unaudited data)	2 653	1 265	4 410	4 950	7 917	566	7 984	3 889	(2 064)	5 368	5 407	4 797	2 458	(34 183)	15 416	13 602	2 653

The table below shows segment information by reportable segments for the year ended 31 December 2022:

<i>in millions of UZS</i>	Karakal- pakistan	Andijan	Bukha-ra	Jizzakh	Kash- khadaryo	Navai	Naman- gan	Samar- khand	Surkhan -darya	Sirdar-ya	Tash- kent	Fergana	Xorezm	Uzagro- lizing	Uzmash- lizing	Total:	IFRS
Interest income	16 841	14 536	18 678	18 378	24 459	9 043	18 898	18 719	15 498	15 599	20 369	21 800	10 593	24 720	16 139	264 270	247 742
Commission income	471	94	146	278	263	77	172	449	376	581	721	570	84	229	1 052	5 563	(6 570)
Total revenue	17 312	14 630	18 824	18 656	24 722	9 120	19 070	19 168	15 874	16 180	21 090	22 370	10 677	24 949	17 191	269 833	241 173
Interest expense on bank loans	(8 698)	(8 470)	(9 050)	(8 707)	(16 875)	(4 382)	(6 988)	(9 551)	(11 565)	(9 660)	(8 619)	(10 785)	(5 499)	-	(2 739)	(121 588)	(128 997)
Interest expense on loans of the Fund and financial agent	(680)	(1 460)	(1 640)	(1 481)	(1 076)	(780)	(2 819)	(1 000)	(1 135)	(3 599)	(3 146)	(2 326)	(1 281)	-	(4 731)	(27 153)	(27 153)
Operating and administrative expenses	(4 694)	(3 317)	(4 898)	(3 333)	(3 996)	(2 994)	(4 581)	(4 013)	(4 179)	(3 586)	(4 020)	(4 624)	(3 154)	(36 984)	(6 556)	(94 928)	(98 231)
Total expenses	(14 071)	(13 247)	(15 588)	(13 521)	(21 948)	(8 155)	(14 388)	(14 563)	(16 878)	(16 844)	(15 785)	(17 735)	(9 935)	(36 984)	(14 027)	(243 669)	(254 381)
((Loss)/profit before reserve	3 241	1 383	3 236	5 135	2 774	965	4 683	4 605	(1 003)	(664)	5 305	4 635	742	(12 035)	3 165	26 164	(13 208)
Provision for impairment	-	-	-	-	-	-	-	-	-	-	-	-	-	1 674	-	1 674	(2 873)
((Loss)/profit before tax according to management accounting data (unaudited data)	3 241	1 383	3 236	5 135	2 774	965	4 683	4 605	(1 003)	(664)	5 305	4 635	742	(10 361)	3 165	27 839	(16 080)

25. Financial risk management

The Company's risk management is carried out in relation to financial, operational and legal risks. Financial risks include credit risk, liquidity risk and market risk (consisting of currency risk, interest rate risk). The main task of financial risk management is to determine the risk limits and further ensure compliance with the established limits. Operational and legal risk management should ensure proper compliance with internal regulations and procedures in order to minimize operational and legal risks.

Basic principles of risk management

The Company applies the following basic principles of risk management that it faces while doing business:

- Compliance with qualitative and quantitative indicators that limit the risks associated with the Company's activities, and monitoring their compliance;
- Delineation of powers and responsibilities of each structural unit and compliance in practice with the principle of collegiality of decision-making in cases of leasing and other transactions;
- Constant monitoring of the state of risks taken by the Company, with appropriate frequency.

The process and organization of risk management.

Risk management is an ongoing and continuous process that includes four main elements: risk identification, risk measurement, risk control and risk monitoring.

The main methods of risk management in the Company are insurance, redundancy, regulation of operations (development of regulatory documents), setting limits on operations, distribution, diversification and minimization (asset and liability management) and avoidance.

The Company actively uses leasing equipment as collateral to reduce credit risk (See Note 7).

The organizational structure of the Company's risk management system is represented by the following levels:

- The first level (or the highest) is represented by the Supervisory Board;
- Second level – risk management and control at the level of the Chairman of the Management Board and his deputies;
- The third level is risk management at the level of the Company's structural divisions (at the level of the Company's branches).

As part of the quantitative assessment of the Company's total risk, a risk management policy is developed, the daily risk management process is coordinated, interaction with the Company's structural divisions within the framework of risk management, and the results of risk assessment and management are brought to the attention of senior management.

Credit Risk

Credit risk is the possibility of losses as a result of the inability of lessees to fulfill their obligations to pay lease payments in accordance with the terms and conditions of the lease agreement.

Management periodically assesses the financial performance of lessees by monitoring the amount of debt and analyzing their financial statements.

The carrying amount of financial assets reflects the Company's maximum exposure to credit risk.

Credit risk management is carried out by the following methods:

25. Financial risk management (Continued)

- Ownership of leased equipment and sureties of companies under leasing agreements;
- Monitoring of financial and economic activities of lessees during the entire term of the contract;
- Monitoring of the physical condition of leasing items;
- Accounts receivable management. Accounting and control of payments for each lessee in the context of each contract;
- Collegiality of decisions is ensured by the coordinated work of structural units at all stages of the formation of a leasing transaction, as well as the work of the expert council in all transactions with a high degree of risk;
- Employees of the monitoring department monitor in two directions: changes in the financial position of the lessee (based on the analysis of regularly submitted reports) and arrears on lease payments (the amount and number of days overdue). Work with overdue debts was carried out in accordance with the methodology in which the following measures were fixed:
 - non-acceptance debiting of funds from the settlement accounts of the lessee;
 - partial withdrawal of equipment;
 - complete withdrawal of equipment;
 - receiving insurance indemnities under financial risk insurance contracts;
 - restructuring of the payment schedule (deferred payment, transfer from quarterly to annual or semi-annual payments);
 - transfer of the lessee's debt to the new lessee.
- Creation of an estimated reserve for expected credit losses on net investments in leasing.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet all of its obligations as they mature. The Company closely monitors and manages its liquidity position. In order to attract sufficient funds to fulfill its obligations, the Company carries out a detailed budgeting process and forecasting the availability of funds.

The Company has a coordinated strategy for operational liquidity management, communicated to all interested structural units of the Company.

The Company's liquidity management strategy reflects aspects such as the structure and ratio of assets and liabilities, liquidity and market attractiveness of assets.

The general management and control of the Company's liquidity compliance is carried out by the Deputy Chairman of the Management Board. The Risk Management Unit regularly monitors the diversification of funding sources (internal and external sources).

The table below shows the distribution of financial liabilities as of 31 December 2023 and as of 31 December 2022 by contractual terms remaining until maturity. The amounts of liabilities in the table represent contractual undiscounted cash flows, including the total amount of liabilities owed to equipment suppliers, the total amount of liabilities for loans and credits received.

25. Financial risk management (Continued)

<i>In millions of UZS</i>	On demand and less than 1 month	From 1 to 6 months	From 6 to 12 months	More than 1 year	Total
31 December 2023					
Loanings and borrowings	27 716	211 806	207 915	770 873	1 218 310
Accounts payable	99 401	-	-	-	99 401
Other financial liabilities	15 852	-	-	-	15 852
Total potential future payments on financial liabilities as of 31 December 2023	142 969	211 806	207 915	770 873	1 333 563
31 December 2022					
Loanings and borrowings	-	40 808	164 495	1 520 018	1 725 322
Accounts payable	54 509	-	-	-	54 509
Other financial liabilities	5 206	-	-	-	5 206
Total potential future payments on financial liabilities as of 31 December 2022	59 715	40 808	164 495	1 520 018	1 785 037

The Company uses maturity analysis without discounting to manage liquidity. The Company carries out a continuous process of assessing and monitoring liquidity by calculating short-term liquidity on a monthly basis and long-term planning of liquidity positions based on contractual maturities.

The table below presents an analysis of financial assets and financial liabilities by contractual maturities as of 31 December 2023:

<i>In millions of UZS</i>	On demand and less than 1 month	From 1 to 6 months	From 6 to 12 months	More than 1 year	Total
Financial assets					
Cash and cash equivalents	8 439	-	-	-	8 439
Net investment in leasing	62 467	263 829	277 791	1 042 695	1 646 782
Other accounts receivable	2 405	22 740	-	-	25 145
Total financial assets	73 311	286 569	277 791	1 042 695	1 680 366
Financial obligations					
Loans and borrowings	27 716	211 806	207 915	770 873	1 218 310
Accounts payable	99 401	-	-	-	99 401
Other financial liabilities	15 852	-	-	-	15 852
Total financial liabilities	142 969	211 806	207 915	770 873	1 333 563
Net excess/(lack) liquidity	(69 658)	74 763	69 876	271 822	346 803
Total (shortfall)/excess of liquidity as of 31 December 2023	(69 658)	5 105	74 981	346 803	693 606

25. Financial risk management (Continued)

The table below provides an analysis of financial assets and financial liabilities by contractual maturities as of 31 December 2022:

	On demand and less than 1 month	From 1 to 6 months	From 6 to 12 months	More than 1 year	Total
<i>In millions of UZS</i>					
Financial assets					
Cash and cash equivalents	11 258	-	-	-	11 258
Net investment in leasing	10 990	30 010	30 221	1 793 449	1 864 670
Other accounts receivable	12 489	-	-	-	12 489
Total financial assets	34 737	30 010	30 221	1 793 449	1 888 417
Financial obligations					
Loans and borrowings	-	40 808	164 495	1 520 018	1 725 322
Accounts payable	54 509	-	-	-	54 509
Other financial liabilities	5 206	-	-	-	5 206
Total financial liabilities	59 715	40 808	164 495	1 520 018	1 785 037
Net (lack)/excess liquidity	(24 978)	(10 798)	(134 274)	273 431	103 381
Total (shortfall)/excess of liquidity as of 31 December 2022	(24 978)	(35 776)	(170 050)	103 381	206 761

Market risk

Market risk is the risk of losses due to changes in exchange rates or interest rates. The impact of market risk leads to an impairment of the fair value of future payment flows on financial instruments owned by the Company.

Interest rate risk

The Company assumes the risk associated with the impact of fluctuations in market interest rates on its financial position and cash flows. Such fluctuations may increase the level of interest margin, but in the event of an unexpected change in interest rates, the interest margin may also decrease or lead to losses.

Interest rate risk arises from the ratio of interest on a bank loan taken to finance a leasing transaction and interest on a leasing agreement. To minimize the interest rate risk, the Company enters into loan agreements with the bank with a fixed interest rate.

Exposure to interest rate risk

The tables below provide a general analysis of the Company's interest rate risk. This table shows the aggregate amount of the carrying amount of the Company's financial assets and liabilities, broken down by the dates of interest rate revisions in accordance with contracts or maturities, depending on which of these dates is earlier.

25. Financial risk management (Continued)

<i>In millions of UZS</i>	On 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	73 311	286 569	277 791	1 042 695	1 680 365
Total financial liabilities	142 969	211 806	207 915	770 873	1 333 563
Net balancing position	(69 658)	74 763	69 876	271 821	346 802
31 December 2022					
Total financial assets	34 737	30 010	30 221	1 793 449	1 888 417
Total financial liabilities	59 715	40 808	164 495	1 520 018	1 785 037
Net balancing position	(24 978)	(10 798)	(134 274)	273 431	103 381

The Company monitors interest rates on financial instruments. The table below shows the interest rates for the corresponding reporting date based on the reports that were analyzed by the Company's key management personnel:

Companies:

<i>% per year</i>	2023	2022
Financial assets		
Net investment in leasing	4,5-28	4,5-28
Financial liabilities		
Loans and borrowings		
In UZS	25	25
In USD	2.25	2.25

26. Fair value of financial instruments

The fair value measurement is aimed at determining the price that would have been received upon the sale of an asset or paid upon the transfer of a liability in a normal transaction between market participants at the valuation date. However, given the uncertainty and the use of subjective judgments, the fair value should not be interpreted as being realized as part of an immediate sale of assets or transfer of liabilities.

The Company has established a control system with respect to the fair value measurement. Within this system, there is a Company of valuation specialists who are generally responsible for overseeing all significant fair value assessments, including Level 3 assessments, and report directly to the Company's management.

The Evaluation Team regularly reviews significant unobservable inputs and adjustments to estimates. If information obtained from third parties is used to assess fair value, the valuation team analyzes the confirmation received from third parties to substantiate the conclusion that this assessment meets the requirements of IFRS, including determining the level in the fair value hierarchy to which this assessment should be attributed.

26. Fair value of financial instruments (Continued)

Hierarchy of fair value estimates

In assessing the fair value of an asset or liability, the Company applies, to the extent possible, observable market data. Fair value estimates relate to different levels of the fair value hierarchy, depending on the source data used in the relevant valuation methods:

- Level 1: quoted (unadjusted) prices for identical assets and liabilities in active markets.
- Level 2: Inputs other than quoted prices used for Level 1 estimates that are observable either directly (i.e. such as prices) or indirectly (i.e. determined based on prices).
- Level 3: Inputs for assets and liabilities that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or liability can be assigned to different levels of the fair value hierarchy, then the fair value measurement as a whole refers to the level of the hierarchy that corresponds to the lowest-level inputs that are significant for the entire measurement.

The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which this change took place.

The table below shows the carrying and fair values of financial assets and liabilities, as well as the corresponding levels of the fair value hierarchy as at 31 December 2023:

<i>In millions of UZS</i>	Level 1	Level 2	Level 3	Total fair value	Balance sheet cost
Financial assets	-	8 439	-	8 439	8 439
Cash and cash equivalents	-				
Net investment in leasing	-	-	1 675 868	1 675 868	1 646 781
Other accounts receivable	-	-	25 145	25 145	25 145
Total financial assets	-	8 439	1 701 013	1 709 452	1 680 365
Financial liabilities					
Loans and borrowings	-	-	1 218 310	1 218 310	1 218 310
Accounts payable	-	-	99 401	99 401	99 401
Other financial liabilities	-	-	15 852	15 852	15 852
Total financial liabilities	-	-	1 295 712	1 295 712	1 333 563

The fair value of financial instruments as at 31 December 2022 can be presented as follows:

<i>In millions of UZS</i>	Level 1	Level 2	Level 3	Total fair value	Balance sheet cost
Financial assets					
Cash and cash equivalents	-	11 258	-	11 258	11 258
Net investment in leasing	-	-	1 897 604	1 897 604	1 864 670
Other accounts receivable	-	-	12 489	12 489	12 489
Total financial assets	-	11 258	1 910 093	1 921 351	1 888 417
Financial liabilities					
Loans and borrowings	-	-	1 768 107	1 768 107	1 725 322
Accounts payable	-	-	54 509	54 509	54 509
Other financial liabilities	-	-	5 206	5 206	5 206
Total financial liabilities	-	-	1 827 821	1 827 821	1 785 037

26. Fair value of financial instruments (Continued)

Property, Plant and Equipment

The fair value of the properties was determined using the comparative approach.

The comparative approach is based on market transaction prices significantly adjusted for differences in the nature, location or condition of a particular property. In determining the value of a similar building, the Group applies judgement as to the effect on market value of the following:

- trade adjustment;
- an adjustment for the floor area of the building;
- location adjustment.

An increase in the capitalisation rate would result in a decrease in the fair value of the buildings. A sensitivity analysis is provided below for an increase in the capitalisation rate:

<i>Currency</i>	<i>Change in capitalisation rate, in %</i>	<i>Effect on the value of fixed assets</i>	<i>Change in capitalisation rate, in %</i>	<i>Impact on the value of PPE</i>
	<i>2023</i>	<i>2023</i>	<i>2022</i>	<i>2022</i>
Effect on the value of buildings	1%	1 306	1%	1 339
	-1%	(1 306)	-1%	(1 339)

The income approach (direct income capitalisation method) is based on the following assumptions:

- rental rates applied by the appraiser were calculated based on the analysis of rental rates (offers for lease) for comparable properties;
- when calculating potential gross income, the gross floor area of premises was used as a typical indicator for the local non-residential property markets under consideration;
- the value of the average market rental rate, which is applied within the framework of the income approach, takes into account the population and the degree of development of the commercial property market for specific settlements where the objects of valuation are located.

As at the valuation date, 31 December 2022, the fair value of the properties is based on valuation by an independent certified valuation company, "Veritas" LLC.

27. Capital management

The main goal of the Company in capital management is to maximize shareholder returns, as well as maintain a reasonable level of financial risks. The Company does not have a target quantitative level of shareholder returns or capital adequacy ratios. In order to achieve the objectives of capital management while providing external financing for ordinary business activities and investment projects, the Company's management compares the expected profitability from these operations and projects with the cost of debt financing and maintains a reasonable level of financial risks, as described above.

28. Commitments made on leasing

In accordance with the Resolution of the Cabinet of Ministers No. 20 dated 11 January 2019, Asaka Bank allocated credit resources to Uz Klaas Agro LLC in the amount of 40 million US dollars, Uzagroleasing JSC acted as a guarantor to the bank for this loan. The loan was issued for a period of 7 years, taking into account a 2-year grace period.

The table below provides guarantees of proper performance of obligations:

28. Commitments on leasing (Continued)

	31 December 2023	31 December 2022
Guarantees issued	162 012	265 403
Total guarantee liabilities before deduction of provision for credit losses	162 012	265 403
Less allowance for credit losses	(925)	(1 515)
Total guarantee obligations	161 088	263 888

For the purposes of estimating expected credit losses, the guarantee balances are included in Stage 1. The change in the provision for credit losses on guarantees is presented in Note 19.

29. Contingent assets and liabilities

Court proceedings

In the normal course of business, the Company is subject to legal actions and presentations. Management believes that the potential liabilities (if any) arising from such actions or claims will not have a material adverse effect on the future financial position or performance of the Company.

Tax risks

The tax system of Uzbekistan continues to develop and is characterized by frequent changes in legislative norms, official explanations and court decisions, which are contradictory, which allows for their ambiguous interpretation by various tax authorities.

Inspections and investigations regarding the correctness of the calculation of taxes are carried out by several regulatory bodies that have the right to impose large fines, charge penalties and collect interest. The correctness of the calculation of taxes in the reporting period can be verified within the next five calendar years.

All these circumstances can lead to high tax risks in the Republic of Uzbekistan. The management of the Company, based on its understanding of the applicable tax legislation of the Republic of Uzbekistan, official explanations and court decisions, believes that tax liabilities are reflected in full. However, the interpretation of these provisions by the tax authorities and the courts, especially as a result of the reform of the supreme courts that resolve tax disputes, may be different and if the tax authorities are able to prove the validity of their position, this may have a significant impact on these consolidated financial statements.

30. Transactions with related parties

In accordance with IAS 24 Related Party Disclosures, related parties are considered to be parties, one of which has the ability to control or significantly influence the operational and financial decisions of the other party. When deciding whether the parties are related, the content of the relationship between the parties is taken into account, and not only their legal form.

Related parties may enter into transactions that would not be conducted between unrelated parties. The prices and terms of such transactions may differ from the prices and terms of transactions between unrelated parties.

The Government of the Republic of Uzbekistan is the ultimate controlling party of the Company and this allows the government to have significant influence on its activities. In addition, the Company has transactions with a number of entities that are controlled or jointly controlled by the Government. The Company applies the exemption provided by IAS 24 Related Parties to provide simplified disclosures for transactions with Government-related entities.

30. Transactions with related parties (Continued)

The Company purchases and provides services to a large number of Government-related entities. Transactions with the Government also include settlements for taxes, fees and other special deductions.

Operations with senior management personnel

The remuneration received by senior management personnel in the reporting year amounted to the following amounts, reflected in personnel costs (see Note 20):

<i>In millions of UZS</i>	2023	2022
Wages and bonuses	5 702	4 762
Single social payment	709	622
Remuneration to the Supervisory Board	324	503
Total	6 735	5 887

Other transactions with related parties

The balances as of 31 December 2023 for transactions with related parties are shown below:

<i>In millions of UZS</i>	Shareholders	Key management personnel	Total
Other liabilities	1 979	348	2 327

The balances as of 31 December 2022 for transactions with related parties are shown below:

<i>In millions of UZS</i>	Shareholders	Key management personnel	Total
Other liabilities	2 077	192	2 269

31. Events after the reporting date

There are no events after the reporting date that confirm conditions that existed at the reporting date or that indicate conditions that arose after the reporting date.

The consolidated financial statements have been approved 24 April 2024.