Uzbek Metallurgical Plant JSC

Consolidated financial statements
for the year ended 31 December 2024

UZBEK METALLURGICAL PLANT JSC

CONTENTS

UZBEK METALLURGICAL PLANT JSC

STATEMENT OF MANAGEMENT RESPONSIBILITY FOR THE PREPARATION AND APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

Management is responsible for the preparation of the consolidated financial statements that present fairly the financial position of Uzbek Metallurgical Plant JSC and its subsidiaries (the "Group") as of 31 December 2024, and the results of its operations, cash flows and changes in equity for the year ended 31 December 2024 in accordance with International Financial Reporting Standards (IFRS).

In preparing the consolidated financial statements, management is responsible for:

- properly selecting and applying accounting policies;
- presenting information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- compliance with the requirements of IFRS and providing additional disclosures when compliance with the specific requirements of IFRS are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group's consolidated financial position and its financial performance;
- making judgments and estimates that are reasonable and prudent; and
- making an assessment of the Group's ability to continue as a going concern.

Management is also responsible for:

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

The Group's consolidated financial statements for the year ended 31 December 2024 were approved for issue by management on 25 June 2025.

Chairman of the Executive Board:
Akhmedov D. T.

Chief financial officer
Zabolotneva M. V.

Independent Auditors' Report

To Shareholders of Uzbek Metallurgical Plant JSC

Qualified Opinion

We have audited the consolidated financial statements of Uzbek Metallurgical Plant JSC (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2024, the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising material accounting policies and other explanatory information.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Standards as issued by the International Accounting Standards Board (IFRS Standards).

Basis for Qualified Opinion

We were unable to confirm the inventory quantities of scrap metal stated at UZS 392 billion and finished goods stated at UZS 732 billion as at 31 December 2023 due to technical issues encountered over counting of these inventories at the warehouses. We were unable to satisfy ourselves as to those inventory quantities by alternative means. As a result, we were unable to determine whether adjustments might have been necessary in respect of these inventories as at 31 December 2023 and the related elements making up the consolidated statement of financial position as at 31 December 2023, and the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the years ended 31 December 2024 and 31 December 2023. Our opinion on the consolidated financial statements as at and for the year ended 31 December 2023 dated 9 July 2024 was modified accordingly.

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

Key Audit Matters

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

Revenue recognition

Key audit matter	**_How the matter was addressed in our audit_**
The Group's accounting policy for revenue recognition is set out in the Note 6. Revenue is material for the Group and represents the most significant amount in the consolidated statement of profit or loss and other comprehensive income. An error in this account could significantly affect a user's interpretation of these consolidated financial statements. As a result, we identified revenue being recognised from inexistent customers as a key audit matter.	Our audit procedures included, but were not limited to, the following: — Observation of key controls relating to revenue recognition and performing a walkthrough to evaluate their design and implementation; — Inspecting the contract terms for a selection of customers to assess whether revenue was recognised in line with the agreed terms; and — Inspecting primary documents on a sample basis throughout the year, verifying their authenticity, and correctness of revenue recognition; — Selecting a sample of transactions close to the year-end and verifying that they had been posted to the correct financial period according to agreement terms (i.e. Incoterms) and underlying documents.

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

— Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

— Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

— Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

— Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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

— Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Sergey Nezdemkovskiy
Audit Partner

Sanjarbek Saidov
General Director of "KPMG Audit" Audit LLC
Tashkent, Uzbekistan

27 June 2025

UZBEK METALLURGICAL PLANT JSC
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2024
(in billions of UZS)

	Notes	2024	2023
Revenue	6	7,581	8,695
Cost of sales	7	(6,074)	(7,082)
Gross profit		**1,507**	**1,613**
Selling expenses		(48)	(58)
Administrative expenses	8	(478)	(543)
Impairment loss accrual/(reversal) on trade receivables and advances paid	15,16	38	(44)
Other income	15	140	23
Other expenses		(74)	(32)
Corporate social responsibility activities costs	9	(100)	(167)
Operating profit		**985**	**792**
Finance income		6	13
Finance costs		(19)	-
Foreign exchange differences, net		81	187
Gain from disposal of subsidiary		9	-
Profit before income tax		**1,062**	**992**
Income tax expense	10	(158)	(149)
Profit and total comprehensive income for the year		**904**	**843**
Profit and total comprehensive income for the year attributable to:			
Shareholders of the Company		861	798
Non-controlling interest		43	45
		904	**843**
Weighted average number of shares	18	596,768,197	542,402,543
Earnings per share: basic and diluted in Uzbek soums		1,443	1,471

The consolidated statement of profit or loss and other comprehensive income is to be read in conjunction with the notes to, and forming part of, the consolidated financial statements set out on pages 10-39.

UZBEK METALLURGICAL PLANT JSC
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2024
(in billions of UZS)

	Notes	31 December 2024	31 December 2023
ASSETS			
Non-current assets			
Property, plant and equipment	11	2,019	2,254
Investment projects	12	8,853	6,069
Advances paid for acquisition of non-current assets	13	102	494
Loans issued	1.1	235	-
Other non-current assets		14	10
Total non-current assets		**11,223**	**8,827**
Current assets			
Inventories	14	1,073	2,430
Trade and other receivables	15	1,135	1,532
Advances paid	16	261	237
Corporate income tax prepayment		50	93
Prepaid taxes other than income tax		146	256
Other current assets		37	52
Cash and cash equivalents	17	460	130
Total current assets		**3,162**	**4,730**
Total assets		**14,385**	**13,557**
EQUITY AND LIABILITIES			
Equity			
Share capital	18	2,968	3,028
Share premium	18	594	594
Additional paid-in capital	18	110	110
Treasury shares	18	(24)	(24)
Retained earnings		3,045	2,184
Total attributable to shareholders of the Company		**6,693**	**5,892**
Non-controlling interest	4	250	238
Total equity		**6,943**	**6,130**
Non-current liabilities			
Loans and borrowings	19	4,270	2,482
Deferred tax liabilities	10	299	214
Total non-current liabilities		**4,569**	**2,696**
Current liabilities			
Loans and borrowings	19	1,687	2,782
Trade and other payables	20	1,068	1,793
Advances received		45	58
Other taxes payable		16	17
Provisions		54	78
Other current liabilities	22	3	3
Total current liabilities		**2,873**	**4,731**
Total liabilities		**7,442**	**7,427**
Total equity and liabilities		**14,385**	**13,557**

The consolidated statement of financial position is to be read in conjunction with the notes to, and forming part of, the consolidated financial statements set out on pages 10-39.

UZBEK METALLURGICAL PLANT JSC
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2024
(in billions of UZS)

		Attributable to shareholders of the Company							
	Notes	**Share capital**	**Share premium**	**Additional paid-in capital**	**Treasury shares**	**Retained earnings**	**Total**	**Non-controlling interest**	**Total**
31 December 2022		**2,283**	**4**	**30**	**(24)**	**1,800**	**4,093**	**248**	**4,341**
Total comprehensive income		-	-	-	-	798	798	45	843
Dividends declared	18	-	-	-	-	(414)	(414)	(55)	(469)
Issues of shares	18	745	590	80	-	-	1,415	-	1,415
31 December 2023		**3,028**	**594**	**110**	**(24)**	**2,184**	**5,892**	**238**	**6,130**
Total comprehensive income		-	-	-	-	861	861	43	904
Cancellation of shares		(60)	-	-	-	-	(60)	-	(60)
Dividends declared	18	-	-	-	-	-	-	(31)	(31)
31 December 2024		**2,968**	**594**	**110**	**(24)**	**3,045**	**6,693**	**250**	**6,943**

The consolidated statement of changes in equity is to be read in conjunction with the notes to, and forming part of, the consolidated financial statements set out on pages 10-39.

UZBEK METALLURGICAL PLANT JSC
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2024
(in billions of UZS)

	Notes	2024	2023
Cash flows from operating activities			
Profit before income tax		**1,062**	**992**
Adjustments:			
Depreciation	7,8	142	142
Finance costs		19	-
Finance income		(6)	(13)
Impairment of trade receivables and advances paid	14,15	(38)	44
Write-down of raw materials to net realisable value	7	(4)	(11)
Foreign exchange differences, net		(81)	(187)
Gain from disposal of subsidiary		(9)	-
Other		-	12
		1,085	**979**
Change in working capital:			
Inventories	14	1,345	(322)
Trade and other receivables*	15	412	(159)
Advances paid	16	(59)	(22)
Trade and other payables	20	(904)	278
Advances received		(13)	(73)
Other taxes payable		(1)	(6)
Prepaid taxes other than income tax		104	38
Other current assets		13	(15)
Provisions		(24)	14
		1,958	**712**
Corporate tax paid		(30)	(123)
Interest paid	19	(459)	(341)
Cash flows generated from operating activities		**1,469**	**248**
Cash flows from investment activities			
Purchase of property, plant and equipment		(99)	(279)
Financing of investment projects		(1,629)	(1,756)
Acquisition of other non-current assets		(7)	(2)
Interest received		6	1
Dividends received		-	12
Bank deposits withdrawn		-	128
Cash flows used in investing activities		**(1,729)**	**(1,896)**
Cash flows from financing activities			
Proceeds from bank loans	19	1,988	3,603
Repayment of bank loans	19	(1,337)	(1,868)
Dividends paid		(66)	(63)
Cash flows generated from financing activities		**585**	**1,672**
Change in cash and cash equivalents		**355**	**24**
Cash and cash equivalents at the beginning of the year	17	130	118
Effect of exchange rate changes on cash and cash equivalents		(25)	(12)
Cash and cash equivalents at the end of the year	17	**460**	**130**

*During the 2023 the entity has offset receivables from the government with the part of dividends declared to Agency for Strategic Reforms amounted to UZS 267 billion (Note 9).

The consolidated statement of cash flows is to be read in conjunction with the notes to, and forming part of, the consolidated financial statements set out on pages 10-39.

(in billions of UZS)

1. GENERAL INFORMATION

1.1. ORGANIZATION AND OPERATION

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

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

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

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

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

The Group's ordinary shares are allocated as follows:

Ownership, (%)	31 December 2024	31 December 2023
Agency for Strategic Reforms under the President of the Republic of Uzbekistan	67.17	67.82
The Fund for Reconstruction and Development of the Republic of Uzbekistan	25.10	24.61
Other shareholders (individually less than 5%)	7.73	7.57
Total	**100.00**	**100.00**

The Group's non-voting preference shares are allocated as follows:

Ownership, (%)	31 December 2024	31 December 2023
The Fund for Reconstruction and Development of the Republic of Uzbekistan	93.42	93.42
Other shareholders (individually less than 5%)	6.58	6.58
Total	**100.00**	**100.00**

The Company holds controlling interest in the following entities:

Ownership, (%)	Activities	31 December 2024	31 December 2023
TH Steel Impex Uzmetkombinat LLC (Kazakhstan)	Trading	100%	100%
TH Uzmetkombinat LLC (Kazakhstan)	Trading	100%	100%
TH Uzmetkombinat Tajikistan LLC (Tajikistan)	Trading	51%	51%
Li Da Metal Technology LLC (Uzbekistan)	Producing	51%	51%
TH Uzmetkombinat Europe plc (Lithuania)	Trading	51%	51%
UKZ LLC (Uzbekistan)	Dual-purpose goods	-	51%
Hududiy ikkilamchi qora metallar LLC (Uzbekistan)	Trading	100%	100%
PFC Metallurg LLC (Uzbekistan)	Other	100%	100%

In November 2024, the Group disposed of UKZ LLC (Uzbekistan), which had net liabilities of UZS 9 billion, and recognized a gain on the transaction. The ownership was transferred to the Ministry of Defence for a nominal consideration of UZS 1 million. As a result, the Group ceased consolidating UKZ LLC and recognized a UZS 232 billion loan issued, measured at amortized cost. The loan, originally issued under a joint activity agreement to fund a manufacturing facility, now bears 14% interest per annum under a supplemental agreement signed on 4 June 2025, with UKZ LLC commencing production of dual-use products.
Due to state control and the strategic nature of the project, the credit risk is assessed as low, with no material expected credit losses identified as of the reporting date.

1.2. Business environment

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

The ongoing military conflict between the Russian Federation and Ukraine has further increased uncertainty in the business environment.

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

2. BASIS OF PREPARATION

2.1. Compliance with International Financial Reporting Standards

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

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in Note 21.

2.2. Material accounting polices

Basis for consolidation

Business combinations

The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group. In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group.

The Group measures goodwill at the acquisition date as:

– The fair value of the consideration transferred; plus

– The recognised amount of any non-controlling interests in the acquiree; plus

– If the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree; less

– The net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a gain on bargain purchase is recognised immediately in profit or loss. The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured, and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

Non-controlling interests

Non-controlling interests are initially recognised at their fair value at the acquisition date.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Acquisitions from entities under common control

Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the Group are accounted for as if the acquisition had occurred at the beginning of the earliest comparative period presented or, if later, at the date that common control was established; for this purpose, comparatives are revised. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the Group's controlling shareholder's consolidated financial statements. The components of equity of the acquired entities are added to the same components within Group equity except that any share capital of the acquired entities is recognised as part of additional paid-in capital. Any cash paid for the acquisition is recognised directly in equity.

Loss of control

Upon the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity-accounted investee or as measured at FVOCI financial asset depending on the level of influence retained.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured based on historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss.

Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to the presentation currency at the exchange rates at the reporting date. The income and expenses of foreign operations are translated to the presentation currency at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income and presented in the foreign currency translation reserve in equity, except to the extent that the transaction difference is allocated to NCI.

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

Employee benefits

Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

Other long-term employee benefits

The Group's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Remeasurements are recognised in profit or loss in the period in which they arise.

Termination benefits

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the end of the reporting period, then they are discounted.

Property, plant and equipment

Recognition and measurement

Items of property, plant and equipment, except for land are measured at cost less accumulated depreciation.

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

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

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

Subsequent expenditure

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

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

Depreciation

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

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

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

Income tax

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

Current tax

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

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

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

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

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

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

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

In determining the amount of current and deferred tax the Group takes into account the impact of uncertain tax positions and whether additional taxes, penalties and late-payment interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact the tax expense in the period that such a determination is made.

Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the weighted average basis, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Financial instruments

Recognition and initial measurement

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

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

Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at either amortised cost or FVTPL.

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

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

– it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

– its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets – Subsequent measurement and gains and losses:

Financial assets at FVTPL: These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

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

Financial liabilities – Classification, subsequent measurement and gains and losses

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

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

Derecognition

Financial assets

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

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

Financial liabilities

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

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

Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

Preferred shares

The Group's redeemable preferred shares are classified as financial liabilities, because they bear non-discretionary dividends and are redeemable in cash by the holders. Non-discretionary dividends thereon are recognised as interest expense in profit or loss as accrued.

Net present value of the right to receive non-discretionary dividends is accounted as a liability and the balance of the issue proceeds as equity.

Non-redeemable preferred shares are classified as equity, because they bear discretionary dividends, do not contain any obligations to deliver cash or other financial assets and do not require settlement in a variable number of the Group's equity instruments. Discretionary dividends thereon are recognised as equity distributions on approval by the Company's shareholders.

Repurchase, disposal and reissue of share capital (treasury shares)

When shares recognised as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented in the treasury share reserve. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity, and the resulting surplus or deficit on the transaction is presented in share premium.

Revenue

Information about the Group's accounting policies relating to contracts with customers is provided in Note 5.

Impairment of account receivables

The Group recognises loss allowances for ECLs on trade receivables.

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

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

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

The Group considers a financial asset to be in default when:

– the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions; or

– the financial asset is more than 90 days past due.

The Group considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'. The Group considers this to be Baa3 or higher per Moody's rating agency or BBB- or higher per Fitch or Standard & Poor rating agencies.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

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

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

Measurement of ECLs

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

ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

– significant financial difficulty of the borrower or issuer;

– a breach of contract such as a default or being more than 90 days past due;

– the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;

– it is probable that the borrower will enter bankruptcy or other financial reorganisation; or

– the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECL in the consolidated statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-off

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

Earnings per share

The Group presents basic and diluted earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees.

Going concern

These consolidated financial statements have been prepared on the assumption that the Group is a going concern and will continue in operation for the foreseeable future. In making its going concern assessment the Group's management has considered its financial position, expected commercial results, its borrowings, as well as planned capital expenditures and capital commitments and other risks to which the Group is exposed. Information related to liquidity risks assessment is presented in Note 21.

The Group has prepared these consolidated financial statements on a going concern basis.

(in billions of UZS)

Functional currency

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

The presentation currency of these consolidated financial statements is Uzbek Soum. All financial information presented in UZS has been rounded to the nearest billion, except when otherwise indicated.

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

	31 December 2024	**31 December 2023**
USD 1	12,920.48	12,338.77
EUR 1	13,436.01	13,731.82

2.3. Use of estimates and judgements

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

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

Information about critical judgements in applying accounting policies and estimation uncertainties that have the most significant effect on the amounts recognised in the consolidated financial statements, in addition to this paragraph, is included in the following notes: Note 4 – fair value of the assets acquired and liabilities assumed, Note 15 – measurement of ECL allowance for trade and other receivables, Note 9 – receivable for donation to Uzbekistan charity social fund.

Property, plant and equipment

Assessment of the useful life of property, plant and equipment is a subject of professional judgment, based on experience with similar assets. In determining useful lives, management considers the following factors: the nature of expected use, assessment of technological obsolescence and physical depreciation. A change in each of these conditions or estimates may result in an adjustment to future depreciation expenses.

(in billions of UZS)

3. NEW STANDARDS, INTERPRETATIONS AND AMMENDMENTS

3.1. IFRS Standards first time applied in 2024

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

Title	Subject	Effective for annual periods beginning on or after	Expected effect on the consolidated financial statements
IFRS S1, IFRS S2	Sustainability disclosure standards	1 January 2024	No effect
Amendments to IAS 1	Classification of liabilities as current or long-term	1 January 2024	No effect

3.2. IFRS Standards to be applied after 2024

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

Title	Subject	Effective for annual periods beginning on or after	Expected effect on the consolidated financial statements
IFRS 18	Presentation and disclosure in financial statements	1 January 2027	Medium
IFRS 19	Subsidiaries without Public Accountability: disclosure of information in financial statements	1 January 2027	No effect
Adjustments to IFRS 9, IFRS 7	Classification and measurement of financial instruments	1 January 2026	No effect
Adjustments to IAS 21	Lack of exchangeability	1 January 2025	No effect
Adjustments to SASB	Disclosure requirements in financial statements	1 January 2025	No effect

4. NON-CONTROLLING INTERESTS

The following table summarises the information relating to the Group's material subsidiaries before any intra-group eliminations.

	Li Da Metal Technology LLC	Li Da Metal Technology LLC (Uzbekistan)
	31 December 2024	31 December 2023
NCI percentage	**49%**	**49%**
Non-current assets	435	444
Current assets	322	436
Non-current liabilities	(18)	(17)
Current liabilities	(194)	(337)
Net assets	**545**	**526**
Share of net assets attributable to NCI	267	258
Revenue	947	1,294
Profit	88	92
Total comprehensive income	**88**	**92**
Profit allocated to NCI	43	45
Cash flows used in operating activities	3	(4)
Cash flows used in investment activities	(6)	(8)
Cash flows from financing activities	-	-
Net increase in cash and cash equivalents	**(3)**	**(12)**

(in billions of UZS)

5. SEGMENT INFORMATION

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

6. REVENUE

The Group sells products primarily in Uzbekistan, other Central Asian countries, and the Middle East. Sales contracts contain a number of different delivery terms, including Incoterms. The Group sells most of its products on EXW, FCA, CPT and DAP Incoterms.

The Group derives its revenue from the transfer of goods and services at a point in time in the following major product lines based on the contracts with a performance obligation with original expected duration of one year or less.

	2024	2023
Rolled metal	4,824	6,014
Metal balls for mills	2,516	2,475
Other	241	206
Total	**7,581**	**8,695**

	2024	2023
Related party transactions		
Rolled metal	180	347
Metal balls for mills	2,506	2,469
Other	3	4
Total related party transactions	**2,689**	**2,820**
External customers	**2024**	**2023**
Rolled metal	4,644	5,667
Metal balls for mills	10	6
Other	238	202
Total external customers	**4,892**	**5,875**
Total	**7,581**	**8,695**

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

	2024	2023
Domestic sales in local currency	**7,228**	**7,683**
Sales in foreign currencies:		
Uzbekistan	119	579
Turkey	118	206
Tajikistan	48	83
Belarus	22	21
Kyrgyzstan	17	21
Russia	12	81
Other countries	17	21
Total sales in foreign currencies	**353**	**1,012**
Total	**7,581**	**8,695**

(in billions of UZS)

7. COST OF SALES

	2024	2023
Raw materials	3,476	5,884
Employee costs	591	597
Third party services	836	918
Depreciation and amortization	130	128
Total production expenses	**5,033**	**7,527**
Change of work in progress and finished goods	1,045	(434)
Write-off of raw materials to net realisable value	(4)	(11)
Total	**6,074**	**7,082**

8. ADMINISTRATIVE EXPENSES

	2024	2023
Employee costs	237	310
Third party services	120	103
Taxes other than income tax	55	62
Bank fee	15	18
Depreciation	12	13
Materials used	11	11
Business travel expenses	5	5
Other	23	21
Total	**478**	**543**

9. CORPORATE SOCIAL RESPONSIBILITY ACTIVITIES COSTS

Corporate social responsibility activities cost consist of expenses incurred for various projects associated with infrastructure improvement in Bekabad, sponsoring of sports activities, as well as support of local businesses aimed to maintain employment in the region.

The Group has no long-term commitments in respect of social expenses. All expenses are recognised in the period in which they are incurred. The expenses are driven by management of the Group as well as decisions of local and state authorities and subsequently approved by the Supervisory Board.

The social responsibility activities cost generally relates to charitable donations and community relations activities in the regions of operation and affects life of local communities including the Group’s employees. As a result, the Group recognises those expenses in profit or loss rather than directly in equity.

Some recipients may represent government-owned structure and are treated as related parties of the Group. Total social responsibility costs through related parties amounted to UZS 27 billion in 2024 (UZS 94 billion in 2023).

	2024	2023
Maintenance of sports facilities	52	65
Maintenance of social facilities	16	9
Donation of goods and services	9	9
Sponsorship	6	70
City infrastructure improvement	5	5
Material aid	2	4
Other	10	5
Total	**100**	**167**

(in billions of UZS)

10. INCOME TAX

Tax regulations in the jurisdictions where the Group operates continue to change rapidly. The Group mainly pays corporate income tax in the Republic of Uzbekistan. In 2024, the nominal corporate income tax rate in the Republic of Uzbekistan was 15% (2023: 15%).

Income tax recorded in profit or loss was:

	2024	2023
Current income tax	75	79
Deferred income tax	83	70
Total	**158**	**149**

The effective tax rate and profit reconciliation was as follows:

	2024	2023
Profit before income tax	**1,045**	**992**
Nominal tax rate	15%	15%
Tax at the statutory tax rate	**157**	**149**
Non-taxable income	(5)	(9)
Non-deductible expenses	19	19
Tax incentives	(13)	(10)
Total	**158**	**149**

The effective tax rate for the year ended 31 December 2024 was 15% (31 December 2023: 15%).

The tax effect of the temporary differences was the following:

	Property, plant and equipment	Other	Total
At 1 January 2023	**(178)**	**34**	**(144)**
Charge to profit or loss			
- origination and reversal of temporary differences	(104)	34	**(70)**
At 31 December 2023	**(282)**	**68**	**(214)**
Charge to profit or loss			
- origination and reversal of temporary differences	(57)	(28)	**(85)**
At 31 December 2024	**(339)**	**40**	**(299)**

As at 31 December 2024, no deferred tax liability was recognised on temporary differences of UZS 37 billion (31 December 2023: UZS 37 billion) relating to investments in the Group’s subsidiaries as the Group is able to control the timings of the reversal of these temporary differences and it is probable that they will not reverse in the foreseeable future.

(in billions of UZS)

11. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at historical cost less accumulated depreciation and impairment, if any.

Historical cost	Buildings and structures	Machinery and equipment	Vehicles	Other	Construction in progress	Total
1 January 2023	**925**	**2,073**	**169**	**50**	**300**	**3,517**
Additions	6	23	3	1	298	331
Disposals	(2)	(5)	(17)	-	-	(24)
Transfers	36	131	2	8	(177)	-
31 December 2023	**965**	**2,222**	**157**	**59**	**421**	**3,824**
Additions	11	19	3	1	100	134
Disposals	(1)	(6)	(7)	(1)	(15)	(30)
Transfers	14	52	6	3	(76)	(1)
Disposal of subsidiary	-	(3)	-	-	(203)	(206)
31 December 2024	**989**	**2,284**	**159**	**62**	**227**	**3,721**
Accumulated Depreciation						
1 January 2023	**(309)**	**(1,000)**	**(113)**	**(27)**	**-**	**(1,449)**
Depreciation charge	(28)	(87)	(19)	(7)	-	(141)
Disposals	1	4	15	-	-	20
31 December 2023	**(336)**	**(1,083)**	**(117)**	**(34)**	**-**	**(1,570)**
Depreciation charge	(25)	(92)	(16)	(9)	-	(142)
Disposals	-	3	6	1	-	10
31 December 2024	**(361)**	**(1,174)**	**(127)**	**(40)**	**-**	**(1,702)**
Net book value						
1 January 2023	**616**	**1,073**	**56**	**23**	**300**	**2,068**
31 December 2023	**629**	**1,139**	**40**	**25**	**421**	**2,254**
31 December 2024	**628**	**1,112**	**32**	**20**	**227**	**2,019**

The Group has fully depreciated property, plant and equipment with a historical cost of UZS 735 billion as of 31 December 2024 (31 December 2023: UZS 628 billion).

Assets pledged as collateral

Property, plant and equipment with a carrying amount of UZS 154 billion (31 December 2023: UZS 118 billion) were pledged as collateral to secure loans received by the Group (Note 19).

Buildings and structures, machinery and equipment, vehicles and other fixed assets are depreciated on a straight-line basis over the estimated useful lives of the assets. Management reviews the estimated useful lives of property, plant and equipment at the end of each reporting period.

(in billions of UZS)

Assumptions that were valid at the time of estimation may change when new information becomes available. Useful lives of property, plant and equipment were follows:

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

12. INVESTMENT PROJECTS

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

The Group recognises exchange differences arising from foreign currency borrowings that are directly attributable to acquisition or construction of investment projects as a part of borrowing cost and capitalises it as a cost of investment projects to the extent of the interest that would have been incurred on a borrowing with identical terms in Uzbek Soums. The effective weighted average interest rate in 2024 was 9% per annum (2023 – 18% per annum).

Investments projects are represented by the project Metal sheet production which is expected to increase hot-rolled strips production capacity by 1,041 thousand tonnes per year, with first production expected in the 2025. The expected overall project cost is over UZS 8,000 billion (unaudited). The project is financed mainly by foreign and local banks.

Changes in investment projects were the following:

	2024	**2023**
1 January	**6,069**	**2,054**
Additions	2,237	3,334
Transfer to PPE	-	(31)
Capitalised interest	449	407
Exchange differences capitalised	98	305
31 December	**8,853**	**6,069**

13. ADVANCES PAID FOR ACQUISITION OF NON-CURRENT ASSETS

	31 December 2024	**31 December 2023**
Advances related to property, plant and equipment	9	23
Advances related to investment projects	93	471
Total	**102**	**494**

(in billions of UZS)

Changes in advances paid for acquisition of non-current assets were the following:

	2024	2023
1 January	**494**	**1,808**
Paid to suppliers	54	915
Utilised for acquisition of property, plant and equipment	(16)	(54)
Utilised for acquisition of investment projects	(430)	(2,175)
31 December	**102**	**494**

14. INVENTORIES

	31 December 2024	31 December 2023
Raw materials	738	1,054
Work in progress	191	672
Finished goods	168	732
	1,097	**2,458**
Provision for the write-off of inventories to net realisable value	(24)	(28)
Total	**1,073**	**2,430**

The Group purchases most of raw materials in Uzbekistan, China, Kazakhstan and Russia. Purchase contracts contain different delivery terms, including Incoterms. The Group purchases most of its products on DAP, CIP and CPT Incoterms.

15. TRADE AND OTHER RECEIVABLES

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

	31 December 2024	31 December 2023
Amount due in UZS	1,078	991
Amount due in foreign currencies	89	643
Settlements with employees	35	29
	1,202	**1,663**
Allowance for expected credit losses	(67)	(131)
Total trade and other receivables	**1,135**	**1,532**

The range of the credit period on sale of goods is 30-180 days (2021: 30-180 days). No interest is charged on the trade receivables.

During 2024 trade receivables in amount of UZS 2 billion were written off due to expired statute of limitations.

(in billions of UZS)

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

	2024	2023
1 January	**131**	**100**
Allowance accrued/(released)	(62)	31
Write-off	(2)	
31 December	**67**	**131**

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

In June 2023 the Company initiated a lawsuit against the seller with regard to purchasing price of Li Da Metal Technology LLC, due to subsidiary's actual capacity being lower than initially agreed. In October 2023, the Bekabad District Court decided in favour of the Group, however, the defendant used its right to appeal. In March 2024, the Tashkent Regional Court upheld the decision made by the district court and it entered into legal force. Therefore, as at 31 December 2024 the Group recognised a receivable in amount of UZS 74 billion.

16. ADVANCES PAID

The Group has current advances paid which are mainly represented by the payment to suppliers for materials and services that not related to construction in progress or other long-term assets.

	31 December 2024	31 December 2023
Advances for materials and services	284	269
Loss allowance	(23)	(32)
Total	**261**	**237**

During 2024 advances paid in amount of UZS 33 billion were written off due to expired statute of limitations.

17. CASH AND CASH EQUIVALENTS

	31 December 2024	31 December 2023
Cash in UZS	410	80
Cash in foreign currency	50	50
Total	**460**	**130**

The Group mainly uses the services of Ipoteka Bank JSCB, National Bank of Uzbekistan JSCB and Kapital bank JSCB. As of 31 December 2024, most of cash and cash equivalents were held in banks with credit rating of Ba3-B2 (31 December 2023: Ba3-B2).

(in billions of UZS)

18. EQUITY

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

Number of shares unless otherwise stated		**Ordinary shares**		**Treasury shares**		**Preference shares**	
		2024	**2023**	**2024**	**2023**	**2024**	**2023**
In issue on 1 January		**605,595,065**	**456,578,291**	**(4,810,608)**	**(4,810,608)**	**151,548,393**	**9,970,620**
Cancellation	*a*	(11,950,823)	-	-	-	-	-
Issued	*b*	-	149,016,774	-	-	-	141,577,773
In issue on 31 December, fully paid		**593,644,242**	**605,595,065**	**(4,810,608)**	**(4,810,608)**	**151,548,393**	**151,548,393**
Par value, UZS		5,000	5,000	5,000	5,000	5,000	5,000
billion UZS							
31 December							
Share capital		**2,968**	**3,028**		**-**	**-**	**-**
Treasury shares			**-**	**(24)**	**(24)**	**-**	**-**
Additional paid in capital	*c,d*		**-**	**-**	**-**	**110**	**110**
Share premium		**594**	**590**	**-**	**-**	**(309)**	**(309)**

a) According to the approved decision of General Meeting of Shareholders on 30 August 2024, the Group made reduction of the total number of shares in order to reduce the authorized capital amounted by 11 950 823 ordinary shares. The Group recalculated earnings per share based on new number of shares for all periods presented as required by IAS 33 Earnings per share.

b) Based on share purchase agreement with the Fund for Reconstruction and Development of the Republic of Uzbekistan dated 23 May 2023 the Group has issued and transferred 149,016,774 ordinary and 141,577,773 preferred shares at the value of UZS 8,959 and UZS 2,820 per share, respectively. As the result, share capital has been increased by UZS 745 billion and share premium has been increased by UZS 590 billion.

c) According to the charter documents the annual minimum non-discretional value of dividends for preference shares is 6% of par value, or UZS 300 per share. In accordance with IAS 32 the Group separated equity and financial liability components of preference shares. The financial liability component amounted UZS 339 billion and is calculated as the present value of the future contractual fixed dividends cash flows, discounted cash flows, discounted at a market rate of 13.3%, adjusted for part of dividends declared on 30 June 2023 – in amount of UZS 38 billion.

d) During 2024 the Group declared dividends of UZS 300 per preferred share in the total amount of UZS 45 billion (2023: UZS 300 per preferred share in the total amount pf UZS 3 billion and 683 per ordinary share in the total amount of UZS 414 billion).

e) According to the revised Company's charter, approved by the General Meeting of Shareholders on 14 March 2024, the number of shares that can be issued in addition to existing shares is 599,050,115 for ordinary shares and 108,422,227 for preferred shares.

(in billions of UZS)

	31 December 2024	31 December 2023
Number of ordinary shares	605,595,065	456,578,291
Number of ordinary shares as a result of reduction in 2024	(11,950,823)	-
Number of ordinary shares issued in 2023	-	149,016,774
Total weighted average number of ordinary shares to determine earnings per share (basic and diluted)	**596,768,197**	**542,402,543**

19. LOANS AND BORROWINGS

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

	Notes	31 December 2024	31 December 2023
Replenishment of working capital		3,124	2,247
Investment projects:			
- Metal sheet production	*11, 12*	*2,308*	*2,480*
- Wire rod production	*11, 12*	*35*	*36*
Upgrade of current production capacity		28	45
Liability component of preferred shares		301	301
Interest payable		161	155
		5,957	**5,264**
Secured loans denominated in UZS		1,290	412
Secured loans denominated in USD		2,020	2,335
Secured loans denominated in EUR		2,647	2,517
		5,957	**5,264**
Long-term portion of loans		4,270	2,482
Short-term portion of loans		1,687	2,782

Fixed interest rates on bank loans as at the end of 2024 were within 4.6%-10.6% range for the foreign currency denominated loans and 22%-23.95% for the UZS denominated loans (31 December 2023: 4.6%-11.5% and 14%-21%, respectively). As disclosed in Note 11, the Group pledged specific assets as bank loan collateral.

During 2024, the Group entered into the revolving credit line agreements with:

- National Bank of Uzbekistan for a total limit of UZS 403,5 billion with grace period of 6 months, maturing on 10 August 2026 and bearing interest at 22% per annum.

- National Bank of Uzbekistan for a total limit of EUR 30,0 million with grace period of 6 months, maturing on 10 August 2026 and bearing interest at 9.75% per annum. As of 31 December 2024, EUR 16.2 million was drawn and recognized as a financial liability.

- Kapitalbank JSCB for a credit limit amount of USD 10 million and USD 4,4 million. The loans are subject to a repayment period of 60 months, with a maturity date of 23 May 2029. The interest rate applicable to the loans is 12.99% per annum.

In alignment with amendments to IAS 1 effective from 1 January 2024, the above-mentioned revolving credit facilities were classified as non-current liabilities. This classification is based on the

Group's ability and intent to refinance the revolving credit facility beyond 12 months from the reporting date.

Additionally, the Group obtained the following term loans during 2024:

- A loan from Cargill Financial Services Inc. in amount of EUR 23 million with repayment schedule within 3 years with annual interest rate of EURIBOR plus margin of 6.95% per annum divided by 0.90.

- A loan from Cargill Financial Services Inc. in amount of EUR 17 million with repayment schedule within 2 years with annual interest rate of EURIBOR plus margin of 6.95% per annum divided by 0.90.

- A loan from Cargill Financial Services Inc. in amount of EUR 10 million with repayment schedule within 3 years with annual interest rate of EURIBOR plus margin of 6.95% per annum divided by 0.90.

- A loan from Ziraat Bank Uzbekistan JSCB in amount of UZS 100 billion with repayment schedule within 1 year with annual interest rate of 23.5% per annum.

- A loan from Ipoteka Bank JSCB in amount of UZS 200 billion with grace period of 12 months and repayment schedule within 1.5 year with annual interest rate of 23% per annum.

- A loan from Ipoteka Bank JSCB in amount of UZS 200 billion with grace period of 12 months and repayment schedule within 2 years with annual interest rate of 23.95% per annum.

Compliance with covenants

a) Citibank N.A

As of 31 December 2024, the principal amount of Citibank N.A. loan is amounted UZS 969 billion with due date in August 2025. The loan agreement includes two financial covenants: the Company shall ensure that Total Net Borrowings (excluding any Subordinated Debt and Preference Share Financial Liability) are, at the end of each 30 June and 31 December, less than 4 times Adjusted EBITDA for that Measurement Period; and the Debt-to-Equity Ratio at the end of each 30 June and 31 December must not exceed 1.85:1. As of 31 December 2024, the Group was in compliance with covenants.

b) Cargill Financial Services Inc.

As of 31 December 2024, the principal amount of Cargill Financial Services loans amounted UZS 672 billion and UZS 269 billion with due dates set for June 2027 and June 2026, respectively.

The loan agreements include two financial covenants: maximum Net Debt to EBITDA ratio of 5x as at 30 June 2025 and 3.5x as at 31 December 2025 and later periods; and maximum Debt to Equity ratio of 1.5x at the end of each 30 June and 31 December. As of 31 December 2024, the Group was in compliance with covenants.

In accordance with IAS 1, the Group has assessed the likelihood of compliance with the covenants over the 12-month period following the reporting date. Based on current financial forecasts and projections, there is no material uncertainty regarding the Group's ability to comply with the covenants as at 30 June 2025 and 31 December 2025.

(in billions of UZS)

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

	Note	2024	2023
1 January		**5,264**	**2,691**
Proceeds from bank loans		1,988	3,603
Issue of preference shares		-	319
Repayment of bank loans		(1,337)	(1,868)
Interest accrued	11, 12	465	409
Interest paid		(459)	(293)
Foreign exchange differences	11, 12	36	403
31 December		**5,957**	**5,264**

As at 31 December 2024, the Group had unused credit lines of UZS 185.2 billion (31 December 2023: the Group had unused credit lines of UZS 1.7 billion). This amount comprises UZS 184.5 billion under revolving credit facility with National Bank of Uzbekistan and UZS 0.7 billion under credit facility with "Hamkorbank" JSCB, maturing in August 2026 and October 2028, respectively.

Information regarding liquidity risks and currency risks is presented in Note 21.

20. TRADE AND OTHER PAYABLES

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

	31 December 2024	31 December 2023
Trade payables in UZS	250	700
Trade payables in foreign currencies	61	538
Payables for PPE and investment projects	505	275
Dividends payable	127	177
Payroll and payroll related taxes payable	29	33
Other payables	96	70
Total	**1,068**	**1,793**

Average purchase credit terms range between 1 to 1.5 months. Interest is not accrued on trade payables. The Group financial risk management policy stipulates the repayment of payables within contractual credit terms.

(in billions of UZS)

21. FINANCIAL INSTRUMENTS

21.1. Categories of financial instruments

All Group's financial assets are current.

Financial assets	**Notes**	**31 December 2024**	**31 December 2023**
Trade and other receivables	14	1,135	1,532
Loans issued		235	-
Cash and cash equivalents	16	460	130
Other current assets		37	52
Total		**1,867**	**1,714**

	Notes	**31 December 2024**	**31 December 2023**
Financial liabilities			
Loans and borrowings	18	5,957	5,264
Trade and other payables	19	1,068	1,793
Other taxes payable		16	17
Other financial liabilities	21	3	3
Total		**7,044**	**7,077**
Current financial liabilities		2,774	4,595
Non-current financial liabilities		4,270	2,482
Total		**7,044**	**7,077**

The above financial instruments are measured at fair value through profit or loss, are carried at amortised cost.

21.2. Financial risk management

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

Market risk

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

Currency risk management

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

Financial instruments, USD-denominated (in billions of Uzbek Soums)	**31 December 2024**	**31 December 2023**
Trade and other receivables	82	567
Cash	37	32
Loans and borrowings	(2,020)	(2,335)
Trade and other payables	(59)	(474)
Total of USD-denominated instruments, net	**(1,960)**	**(2,210)**
Financial instruments, EUR-denominated		
Trade and other receivables	7	75
Cash	13	13
Loans and borrowings	(2,647)	(2,517)
Trade and other payables	(3)	(63)
Other financial liability	(3)	(3)
Total of EUR-denominated instruments, net	**(2,633)**	**(2,495)**

Sensitivity analyses

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

	31 December 2024	**31 December 2023**
USD exchange rate increase at 10% (weakening)	(167)	(188)
USD exchange rate decrease at 10% (strengthening)	167	188
EUR exchange rate increase at 10% (strengthening)	(224)	(212)
EUR exchange rate decrease at 10% (weakening)	224	212

Interest rate risk management

The Group borrows funds with fixed interest rates. Bank loans with fixed interest rate were UZS 3,964 billion (31 December 2023: UZS 2,943 billion). Bank loans with floating interest rate were UZS 1,992 billion (31 December 2023: UZS 2,321 billion). Total amount of interest expenses accrued for bank loans with floating interest rates is UZS 204 billion (31 December 2023: UZS 92 billion). Reasonably possible change of the floating interest rate will not affect profit or loss significantly.

Exposure to interest rate risk

At the reporting date the interest rate profile of the Group's interest-bearing financial instruments was as follows:

	Carrying amount	
in billions of Uzbek Soums	**31 December 2024**	**31 December 2023**
Fixed rate instruments		
Financial liabilities	3,964	2,943
	3,964	**2,943**
Variable rate instruments		
Financial liabilities	1,992	2,321
	1,992	**2,321**

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed-rate financial instruments as FVTPL or FVOCI. Therefore, a change in interest rates at the reporting date would not have an effect on profit or loss or on equity.

Credit risk management

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

The Group is exposed to significant concentrations of credit risk. As at 31 December 2024, the three largest customers, represent 53% (31 December 2023: 58%) of trade receivables.

While monitoring customer credit risk, customers are grouped according to account receivables turnover rate and their credit characteristics, including relationship to the Group. For major customers controlled by the Government of Uzbekistan credit rating assumed to be close to Moody's B1 rating of the Republic of Uzbekistan, which represents 6-10% loss rate in the Group's internal assessment.

Breakdown of trade receivables by Group's internal credit rating applied for ECL determination as at 31 December 2024:

Group's internal customer rating	**Trade receivables**	**Allowance for ECL**	**Total**
Upper (0-5%)	964	(15)	949
Lower (6-55%)	12	(5)	7
Customers at default (100%)	47	(47)	-
Total	**1,023**	**(67)**	**956**

(in billions of UZS)

Breakdown of trade receivables by Group's internal credit rating applied for ECL determination as at 31 December 2023:

Group's internal customer rating	Trade receivables	Allowance for ECL	Total
Upper (0-5%)	1,186	(16)	1,170
Lower (6-55%)	255	(58)	197
Customers at default (100%)	57	(57)	-
Total	**1,498**	**(131)**	**1,367**

The Group did not recognise ECL on other receivables due to its insignificance. Other receivables are not overdue or credit impaired and are allocated to Stage 1.

The credit risk on cash with bank is disclosed in Note 17.

Liquidity risk management

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

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The tables include interest and principal cash flows. Contractual maturity is based on the earliest date on which the Group may be required to pay. Interest payments were calculated at the weighted average interest rate.

31 December 2024	less than 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years	Total
Trade payables	1,068	-	-	-	-	-	1,068
Loans and borrowings (principal)	1,526	1,441	643	192	215	1,779	5,796
Loans and borrowings (interest charges)	510	291	166	130	122	114	1,333
Other financial liabilities	3	-	-	-	-	-	3
Total	**3,107**	**1,733**	**809**	**321**	**337**	**1,893**	**8,200**

31 December 2023	less than 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years	Total
Trade payables	1,793	-	-	-	-	-	1,793
Loans and borrowings (principal)	2,630	580	574	567	372	88	4,811
Loans and borrowings (interest charges)	516	145	114	96	60	349	1,280
Other financial liabilities	3	-	-	-	-	-	3
Total	**4,942**	**725**	**688**	**663**	**432**	**437**	**7,887**

21.3. Fair value of financial instruments

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

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

The Group determined the fair value of floating rate and fixed rate loans and borrowings at 31 December 2024 and 2023 as the present value of future cash flows (principal and interest), discounted at the market interest rates, which are determined as of the reporting date based on the currency of a loan, its expected maturity and credit risks attributable to the Group. Fair values of bank loans (Level 2) and other financial instruments were approximately equal to their fair values.

22. RELATED PARTY TRANSACTIONS

The Group is a government related entity, as it is ultimately controlled by the Government of Uzbekistan. Therefore, in respect of other related parties' transactions except for those disclose above, the Group chose to apply the exemption in IAS 24 Related Party Disclosures in relation to its government related transactions and outstanding balances, including commitments. Individually significant government related balances and transactions are disclosed below. Other government related balances and transactions that are collectively, but not individually, significant are represented by tax prepayments, where the total balance as at 31 December 2024 and 2023 comprised UZS 196 thousand and UZS 353 thousand accordingly.

As at 31 December 2024 and 2023, UZS 140 billion and UZS 105 billion of cash and cash equivalents, respectively were placed in the banks controlled by the Government of Uzbekistan.

As at 31 December 2024 and 2023, UZS 3,337 billion and UZS 2,538 billion of borrowings, respectively, were used by the Group received from the banks controlled by the Government of Uzbekistan.

In 2024 and 2023, UZS 2,680 billion and UZS 2,820 billion of revenue, respectively, was recognized by the Group from the companies controlled by the Government of Uzbekistan.

In 2024 and 2023, the remuneration of the Supervisory Board members and other key managers was UZS 13 billion and UZS 21 billion, respectively.

As at 31 December 2024 and 2023, UZS 211 billion and UZS 314 billion of trade receivables were due from the companies controlled by the Government of Uzbekistan, respectively.

As at 31 December 2024 and 2023, UZS 3 billion and UZS 3 billion of other financial liability due to the companies controlled by the Government of Uzbekistan.

As at 31 December 2024 and 2023, accounts payable from companies controlled by the Government of Uzbekistan amounted to UZS 21 billion and UZS 46 billion, respectively.

23. COMMITMENTS

As at 31 December 2024 and 2023, commitments to purchase property, plant and equipment amounted to UZS 542 billion and UZS 2,025 billion, respectively.

24. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

24.1. Litigation

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

Li Da Metal Technologies LLC

After putting the production facilities of Li Da Metal Technologies LLC into operation, the Company concluded that the quantity of finished goods that it would be possible to produce annually is different than it was agreed between the Company and the Seller in the sale-purchase agreement and was overstated by approximately 34%.

In March 2023 the Company made a request to the Seller demanding a decrease in purchase price by 34%. Subsequently, on 20 June 2023 the Company initiated a legal case with this claim against the Seller.

On 17 July 2023 the Company became involved in another legal case as a defendant with claim filed with Bekabad District Court by a private individual with regard to ownership of 15% share in Li Da Metal Technologies LLC with the amount claimed being USD 9 million. Immediately after, the Company filed a counterclaim at the same court against the Seller of Li Da Metal Technologies LLC and the physical person involved as a third party, with demand to reduce the purchasing price of Li Da Metal Technologies LLC proportionally to insufficient production capabilities identified during usage of those facilities with the amount of claim being 34% of purchasing price.

The Court unified the above cases into one and on 20 October 2023 decided in favour of the Company and the physical person involved, with the Seller owing to both parties. The amount of compensation was assigned in the amount of USD 12 million of which USD 6 million (51% share) due to be receivable by the Company. The Seller used their right to appeal the decision. In April 2024 the Appeals Court upheld the decision. Management evaluates positive cash flow as possible.

24.2. Taxation

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

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

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

24.3. Operating environment

Emerging markets such as Uzbekistan are subject to different risks, including economic, political, social, legal and legislative risks. During 2024, the government of Uzbekistan remained committed to carry out social-economic reforms started in 2016 and liberalisation of the market with an emphasis predominantly on broadening the export potential and improvement of business climate of Uzbekistan to attract foreign direct investment. As a result, laws and regulations, including tax and regulatory frameworks, affecting businesses in Uzbekistan started to change rapidly. In the recent years the major currency conversion restrictions have been repealed, mandatory sale of foreign currency generated by export sales has been abolished, settlement period for export transactions has increased, one-stop-shop of government services has been introduced and other positive changes have been implemented. The future economic direction of the Republic of Uzbekistan heavily depends on the new fiscal and monetary policies the government plans to adopt during the on-going reforms, together with developments in the legal, regulatory, and political environment.

25. EVENTS AFTER THE REPORTING PERIOD

Credit rating

According to Fitch's credit rating release, the rating outlook for the Group has been revised in February 2025 from negative to stable. The agency affirmed the long-term issuer default rating at 'B+' level.

Group structure changes

In February 2025 the Group sold 2% of Li Da Metal Technology Company for consideration amounted to UZS 13 billion to Contessera AG and lost the control over the subsidiary. The remaining interest of 49% was classified as an equity-accounted investee.

Loans received

On 24 January 2025 the Company signed a loan agreement for replenishing working capital under the existing revolving credit line agreement with Kapitalbank JSCB as disclosed in Note 19 amounted to 10.5 million USD with interest rate of 12.99% per annum and repayment within 1 year.

On 3 February 2025 the Company signed a loan agreement for implementation of Investment project (metal sheet production) with Fund of Reconstruction and Development of Uzbekistan amounted to EUR 120 million with interest rate of 5% per annum for a period of 3 years. As of 30 April 2025 the company received EUR 32 billion of the total amount of the loan.

On 10 February 2025 the Company signed a new loan agreement for replenishing working capital with Ziraat Bank Uzbekistan amounted to UZS 125 billion with interest rate of 24% per annum and repayment within 1 year.

On 26 February 2025 the Company signed a new loan agreement for replenishing working capital with JSCB Uzbek Industrial and Construction Bank amounted to UZS 291 billion with interest rate of 25% per annum and repayment within 1 year.

On 3 March 2025 the Company signed a loan agreement for replenishing working capital with JSCB Uzbek Industrial and Construction Bank amounted to UZS 109 billion with interest rate of 25% per annum and repayment within 1 year.

On 1 April, 5 May, and 30 May 2025, the Group received three tranches under the existing revolving credit line agreement with the National Bank of Uzbekistan as disclosed in Note 19 in the amounts of EUR 10.4 million, EUR 12.6 million, and EUR 11.7 million, respectively. Each tranche carries an annual interest rate of 9.75% and is repayable within one year.