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NOTHING IN THE ATTACHED DOCUMENT CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN THE UNITED STATES OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE NOTES AND ANY GUARANTEES THEREOF HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION, AND THE NOTES MAY NOT BE OFFERED OR SOLD, DIRECTLY OR INDIRECTLY, WITHIN THE UNITED STATES EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS. THE ATTACHED DOCUMENT MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS. IF YOU HAVE GAINED ACCESS TO THIS TRANSMISSION CONTRARY TO ANY OF THE FOREGOING RESTRICTIONS, YOU ARE NOT AUTHORISED AND WILL NOT BE ABLE TO PURCHASE ANY NOTES.

Confirmation of your representation: In order to be eligible to view the attached document or make an investment decision with respect to the Notes, prospective investors must be either (1) qualified institutional buyers ("**QIBs**") (within the meaning of Rule 144A under the Securities Act) or (2) purchasing outside the United States in accordance with Regulation S under the Securities Act. The attached document is being sent to you at your request, and by accessing the attached document you shall be deemed to have represented to the Issuer and the Joint Bookrunners that (1) either (a) you and any customers you represent are QIBs or (b) you and any customers you represent are located outside the United States and the electronic mail address that you have provided and to which this email has been delivered is not located in the United States, its territories and possessions, any state of the United States or the District of Columbia and (2) you consent to delivery of the attached document by electronic transmission.

In addition, in the United Kingdom, the attached document is being distributed only to and is directed only at: (a) persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "**Order**"); (b) high net worth entities and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order; and (c) persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000, as amended ("**FSMA**")) in connection with the issue or sale of any securities of the Issuer or any member of its Group (as defined herein) may otherwise lawfully be communicated or caused to be communicated (all such persons together referred to as "**relevant persons**"). Any investment or investment activity to which the document relates is available only in the United Kingdom to relevant persons and will be engaged in only with such persons.

This document has been delivered to you on the basis that you are a person into whose possession this document may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located.

Manufacturer target market (MiFID II product governance and UK MiFIR product governance) is eligible counterparties and professional clients only (all distribution channels). No EEA or UK PRIIPs key information document has been prepared as the Notes will not be made available to retail investors in the European Economic Area or in the United Kingdom.

Neither this electronic transmission nor the attached document constitutes or contains any offer to sell or invitation to subscribe or make commitments for or in respect of any securities in any jurisdiction where such an offer or invitation would be unlawful. This document has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently neither the Issuer, the Joint Bookrunners, the Trustee, the Principal Paying Agent, the Paying Agents, the Registrar, the Transfer Agent nor any person who controls any of them, nor any director, officer, employee or agent of any of them, nor any affiliate of any such person, accepts any liability or responsibility whatsoever in respect of any difference between this document distributed to you in electronic format and the hard copy version available to you on request from the Joint Bookrunners.

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JOINT-STOCK COMPANY "UZAUTO MOTORS"
(incorporated in the Republic of Uzbekistan)

U.S.\$300,000,000 4.85 per cent. Notes due 2026

Issue Price 100 per cent.

JSC "UzAuto Motors" (the "**Issuer**" or the "**Company**"), a joint-stock company incorporated under the laws of the Republic of Uzbekistan, is issuing an aggregate principal amount of the U.S.\$300,000,000 4.85 per cent. Notes due 2026 (the "**Notes**"). The Notes will be constituted by, subject to, and have the benefit of a trust deed to be dated 4 May 2021 (as may be amended or supplemented from time to time, the "**Trust Deed**") between the Issuer and Citibank, N.A., London Branch as trustee (the "**Trustee**") for the benefit of Noteholders (as defined in the "*Terms and Conditions of the Notes*"). The Issuer may also elect or be obliged to procure guarantees (each a "**Subsidiary Guarantee**" and, together with the other Subsidiary Guarantees, the "**Guarantees**" and each a "**Guarantee**") from its subsidiaries (the "**Guarantors**" and each a "**Guarantor**") as further described in the terms and conditions of the Notes (the "**Terms and Conditions of the Notes**").

Interest on the Notes will accrue from 4 May 2021 (the "**Closing Date**") and will be payable semi-annually in arrear on 4 May and 4 November of each year (each an "**Interest Payment Date**"), commencing on 4 November 2021 (the "**Interest Commencement Date**").

The Notes mature on 4 May 2026 (the "**Maturity Date**") but may be redeemed before then at the option of the Issuer in whole but not in part, at any time prior to the date falling three months prior to the Maturity Date, but on one occasion only, on giving not less than 30 nor more than 60 days' irrevocable notice, at a price equal to the principal amount thereof, plus the Make Whole Premium (as defined in the "*Terms and Conditions of the Notes – Redemption and Purchase – Redemption at Make Whole*"). The Notes may also be redeemed at the option of the Issuer in whole or in part at any time on or after the date falling three months prior to the Maturity Date, on giving not less than 30 nor more than 60 days' irrevocable notice, at the principal amount thereof, plus any accrued and unpaid interest, up to but excluding the date of redemption as further described under "*Terms and Conditions of the Notes—Optional Redemption at Par*". The Issuer may also redeem the Notes in whole, but not in part, at their principal amount together with any accrued and unpaid interest, if the Issuer has or will become obliged to pay certain additional amounts as further described under "*Terms and Conditions of the Notes—Redemption and Purchase—Redemption for tax reasons*". If a Change of Status (as defined in the "*Terms and Conditions of the Notes—Redemption and Purchase—Redemption at the option of Noteholders upon a Change of Status*") occurs, the Issuer shall, at the option of a holder of any Note, redeem or purchase such Note on the Change of Status Put Date (as defined in the "*Terms and Conditions of the Notes—Redemption and Purchase—Redemption at the option of Noteholders upon a Change of Status*") at 100 per cent. of its principal amount together with (or, where purchased, together with an amount equal to) interest accrued to (but excluding) the Change of Status Put Date. See "*Terms and Conditions of the Notes—Redemption and Purchase—Redemption at the option of Noteholders upon a Change of Status*".

Application has been made to the Financial Conduct Authority under Part VI of the Financial Services and Markets Act 2000 (the "**Financial Conduct Authority**") for the Notes to be admitted to the official list of the Financial Conduct Authority (the "**Official List**") and to the London Stock Exchange plc (the "**London Stock Exchange**") for such Notes to be admitted to trading on the London Stock Exchange's Regulated Market (the "**Market**"). References in this Prospectus to Notes being "listed" (and all related references) shall mean that such Notes have been admitted to the Official List and have been admitted to trading on the Market. The Market is a UK regulated market for the purposes of Article 2(1)(13A) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**EUWA**") (the "**UK MiFIR**"). This Prospectus will be valid until the date of admission of the Notes to trading on the Market. The obligation to supplement this Prospectus in the event of significant new factors, material mistakes or material inaccuracies will not apply when the Prospectus is no longer valid.

Investing in the Notes involves risks. See "Risk Factors" starting on page 9 for a discussion of certain factors that should be considered in connection with an investment in the Notes.

The Notes are expected to be rated B+ by S&P Global Ratings Europe Limited ("**S&P**") and B+ by Fitch Ratings CIS Limited ("**Fitch**"). A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency. Fitch is established in the United Kingdom and registered under the Regulation (EC) No. 1060/2009 as it forms part of domestic law by virtue of the EUWA, as amended (the "**UK CRA Regulation**"). S&P is not established in the United Kingdom, but the rating it has given to the Notes is endorsed by S&P Global Ratings UK Limited, which is established in the United Kingdom and registered under the UK CRA Regulation.

The Notes and the Guarantees (if any) have not been, and will not be, registered under the U.S. Securities Act of 1933 (the "**Securities Act**"), and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. The Notes are being offered and sold outside the United States (such Notes, the "**Regulation S Notes**") in reliance on Regulation S under the Securities Act ("**Regulation S**") and within the United States (such Notes, the "**Rule 144A Notes**") to qualified institutional buyers ("**QIBs**") as defined in Rule 144A under the Securities Act ("**Rule 144A**") in reliance on and in compliance with Rule 144A. Prospective purchasers are hereby notified that sellers of any Rule 144A Note may be relying upon the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A. For a description of these and certain further restrictions on offers, sales and transfers of the Notes and distribution of this Prospectus, see "*Subscription and Sale*" and "*Transfer Restrictions*".

The Notes will be offered and sold in registered form and without interest coupons attached in denominations of U.S.\$200,000 and integral multiples of U.S.\$1,000 in excess thereof.

The Regulation S Notes will be represented by beneficial interests in an unrestricted global note (the "**Regulation S Global Note**"), in registered form and without interest coupons attached. The Regulation S Global Note will be deposited with a common depository for Euroclear Bank SA/NA ("**Euroclear**") and Clearstream Banking, S.A. ("**Clearstream, Luxembourg**") and registered in the name of a nominee of such common depository on or about the Closing Date. The Rule 144A Notes which are offered and sold in reliance on Rule 144A will be represented by beneficial interests in a restricted global note (the "**Rule 144A Global Note**" and, together with the Regulation S Global Note, the "**Global Notes**") in registered form, without interest coupons attached, which will be deposited on or about the Closing Date with a custodian for, and registered in the name of Cede&Co. as nominee for, The Depository Trust Company ("**DTC**").

The Global Notes will be exchangeable in certain limited circumstances in whole, but not in part, for Notes in definitive, registered, form, without interest coupons. See "*Summary of the Provisions relating to the Notes when in Global Form*". Interests in the Rule 144A Global Note will be subject to certain restrictions on transfer. See "*Transfer Restrictions*". Beneficial interests in the Global Notes will be shown on, and transfers thereof will be effected only through, records maintained by DTC, Euroclear and Clearstream, Luxembourg and their participants. It is expected that delivery of the Global Notes will be made on or about the Closing Date. Except as described herein, certificates for Notes will not be issued in exchange for beneficial interests in the Global Notes.

Sole Global Coordinator, Joint Bookrunner and Joint Lead Manager

CITIGROUP

Joint Bookrunners and Joint Lead Managers

MUFG

NATIXIS

**RAIFFEISEN BANK
INTERNATIONAL**

Joint Lead Manager

SOVCOMBANK

Prospectus dated 29 April 2021

IMPORTANT INFORMATION ABOUT THIS PROSPECTUS

This prospectus (the "**Prospectus**") comprises a prospectus for the purposes of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA (the "**UK Prospectus Regulation**") and for the purpose of giving information with regard to the Issuer and its consolidated subsidiaries taken as a whole (the "**Group**"), the Notes, which, according to the particular nature of the Issuer, the Group and the Notes, is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Issuer and the Group, the rights attaching to the Notes and of the reasons for the issuance and its impact on the Issuer and the Group. The Issuer accepts responsibility for the information contained in this Prospectus. To the best of the knowledge of the Issuer, the information contained in this Prospectus is in accordance with the facts and this Prospectus makes no omission likely to affect its import.

THE NOTES ARE OF A SPECIALIST NATURE AND SHOULD ONLY BE BOUGHT AND TRADED BY INVESTORS WHO ARE PARTICULARLY KNOWLEDGEABLE IN INVESTMENT MATTERS. AN INVESTMENT IN THE NOTES IS SPECULATIVE, INVOLVES A HIGH DEGREE OF RISK AND MAY RESULT IN THE LOSS OF ALL OR PART OF THE INVESTMENT.

No person is authorised to give any information or to make any representation in connection with the offer or sale of the Notes other than as contained in this Prospectus and any information or representation not so contained must not be relied upon as having been authorised by the Issuer, the Trustee, any Agent (as defined herein) or any Joint Bookrunner (as defined in "*Subscription and Sale*"). Neither the delivery of this Prospectus nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the business and affairs of the Issuer or the Group since the date hereof or that there has been no adverse change in the financial position of the Issuer or the Group since the date hereof or that the information contained in it is correct as at any time subsequent to the date on which it is supplied. No representation or warranty, express or implied, is made by any Joint Bookrunner, any Agent or the Trustee as to the accuracy or completeness of such information. None of the Joint Bookrunners, the Agents or the Trustee accepts any responsibility whatsoever for the contents of this Prospectus or for any other statement made or purported to be made by it, or on its behalf, in connection with the Issuer or the Notes. Each of the Joint Bookrunners, the Agents and the Trustee accordingly disclaims all and any liability whether arising in tort, contract or otherwise which it might otherwise have in respect of this Prospectus or any such statement.

This Prospectus does not constitute an offer to sell, or a solicitation to subscribe for or purchase, by or on behalf of the Issuer, any Joint Bookrunner or any other person, any of the Notes in any jurisdiction where it is unlawful for such person to make such offer or solicitation. The distribution of this Prospectus and the offer and sale of the Notes in certain jurisdictions is restricted by law. Persons into whose possession this Prospectus may come are required by the Issuer and the Joint Bookrunners to inform themselves about and to observe such restrictions. This Prospectus may not be used for, or in connection with, any offer to, or solicitation by, anyone in any jurisdiction or under any circumstances in which such offer or solicitation is not authorised or is unlawful. Further information with regard to restrictions on offers and sales of the Notes and the distribution of this Prospectus is set out under "*Subscription and Sale*".

No action has been or will be taken to permit a public offering of the Notes or the distribution of this Prospectus (in any form) in any jurisdiction where action is required for such purposes.

None of the Issuer, the Joint Bookrunners, the Agents, the Trustee, or any of its or their respective representatives or affiliates makes any representation to any offeree or purchaser of Notes offered hereby regarding the legality of an investment by such offeree or purchaser under applicable legal, investment or similar laws. The contents of this Prospectus should not be construed as legal, financial, business or tax advice. Each prospective investor should consult his or her own legal adviser, financial adviser or tax adviser for legal, financial or tax advice in relation to any purchase or proposed purchase of Notes.

To the fullest extent permitted by law, the Joint Bookrunners, the Trustee and the Agents accept no responsibility whatsoever for the Notes, the Trust Deed or the Paying Agency Agreement (each as defined herein) (including the effectiveness thereof) or the contents of this Prospectus or for any other statement made or purported to be made by a Joint Bookrunner, an Agent or the Trustee or on its behalf in connection with the Issuer or the issue and offering of the Notes. Each Joint Bookrunner, each Agent and the Trustee accordingly disclaims all and any liability whether arising in tort or contract or otherwise which it might otherwise have in respect of the Notes, the Trust Deed, the Paying Agency Agreement, this Prospectus or any such statement.

In connection with the Offering of the Notes, the Joint Bookrunners and any of their affiliates, acting as investors for their own accounts, may purchase Notes and in that capacity may retain, purchase, sell, offer to sell or otherwise deal for their own accounts in such Notes and other securities of the Issuer or related investments in connection with the Offering of the Notes or otherwise. Accordingly, references in this Prospectus to the Notes being issued, offered, acquired, placed or otherwise dealt in should be read as including any issue or offer to, or acquisition, placing or dealing by, the Joint Bookrunners and any of their affiliates acting as investors for their own accounts. The Joint Bookrunners do not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligations to do so.

Recipients of this Prospectus are authorised to use it solely for the purpose of considering an investment in the Notes and may not reproduce, forward or distribute this Prospectus, in whole or in part, and may not disclose any of the contents of this Prospectus or use any information herein for any purpose other than considering an investment in the Notes. Persons into whose possession this Prospectus comes are required by the Issuer and the Joint Bookrunners to inform themselves about and to observe the foregoing restrictions. Any consents or approvals that are needed in order to purchase any Notes must be obtained. The Issuer and the Joint Bookrunners are not responsible for compliance with these legal requirements. The appropriate characterisation of any Notes under various legal investment restrictions, and thus the ability of investors subject to these restrictions to purchase such Notes, is subject to significant interpretative uncertainties. None of the Issuer, the Trustee, the Agents, the Group or the Joint Bookrunners or any of the respective representatives is making any representation to any offeree or purchaser of the Notes regarding the legality of an investment by such offeree or purchaser under relevant legal investment or similar laws. Such investors should consult their legal advisers regarding such matters.

The Joint Bookrunners and their respective affiliates may have performed and expect to perform in the future various financial advisory, investment banking and commercial banking services for, and may arrange loans and other non-public market financing for, and enter into derivative transactions with, the Issuer and its affiliates (including its shareholders).

Prior to making any decision as to whether to invest in the Notes, prospective investors should read this Prospectus. In making an investment decision, prospective investors must rely upon their own examination of the Issuer and the Group and the terms of this Prospectus, including the risks involved. Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- have sufficient knowledge and experience to make a meaningful evaluation of the Notes and, in particular, the information contained or incorporated by reference in this Prospectus;
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, the merit and risks of an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes;
- understand thoroughly the terms of the Notes; and

- be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic considerations, interest rate volatility and other factors that may affect its investment and its ability to bear the applicable risks.

If investors are in any doubt about the contents of this Prospectus, investors should consult a stockbroker, bank manager, solicitor, accountant or other financial adviser.

This document has been approved by the Financial Conduct Authority, as competent authority under the UK Prospectus Regulation. The Financial Conduct Authority only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the UK Prospectus Regulation. Such approval should not be considered as an endorsement of the Issuer that is the subject of this Prospectus. Such approval should not be considered as an endorsement of the quality of the securities that are the subject of this Prospectus. Investors should make their own assessment as to the suitability in investing in the Notes.

MIFID II PRODUCT GOVERNANCE / PROFESSIONAL INVESTORS AND ECPs ONLY TARGET MARKET

Solely for the purpose of each manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU of the European Parliament and of the Council on markets in financial instruments (as amended, "**MiFID II**"); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the manufacturers' target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

UK MiFIR PRODUCT GOVERNANCE / PROFESSIONAL INVESTORS AND ECPS ONLY TARGET MARKET

Solely for the purposes of each manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook ("**COBS**"), and professional clients, as defined in the UK MiFIR; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the manufacturers' target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the "**UK MiFIR Product Governance Rules**") is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

PROHIBITION OF SALES TO EEA RETAIL INVESTORS

The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or (ii) a customer within the meaning of Directive (EU) 2016/97 (the "**IDD**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently, no key information document required by Regulation (EU) No. 1286/2014 (as amended, the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

PROHIBITION OF SALES TO UK RETAIL INVESTORS

The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom ("UK"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA; (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (the "FSMA") and any rules or regulations made under the FSMA to implement the IDD, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA.

Consequently no key information document required by the PRIIPs Regulation as it forms part of domestic law by virtue of the EUWA (the "UK PRIIPs Regulation") for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

NOTICE TO PROSPECTIVE INVESTORS IN SINGAPORE

Singapore SFA Product Classification: In connection with Section 309B of the Securities and Futures Act (Chapter 289) of Singapore, as modified or amended from time to time (the "SFA") and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the "CMP Regulations 2018"), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Notes are 'prescribed capital markets products' (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in Monetary Authority of Singapore (the "MAS") Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

NOTICE TO PROSPECTIVE U.S. INVESTORS

The Notes and the Guarantees (if any) have not been approved or disapproved by the United States Securities and Exchange Commission, any State securities commission in the United States or any other regulatory authority in the United States nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of the Notes or the accuracy or adequacy of this Prospectus. Any representation to the contrary is a criminal offence in the United States. The Notes and the Guarantees (if any) have not been and will not be registered under the Securities Act and, subject to certain exceptions, may not be offered or sold within the United States. The Notes are being offered and sold outside the United States in reliance on Regulation S and within the United States to QIBs in reliance on the exemption from registration provided by Rule 144A (see "*Subscription and Sale*"). Prospective purchasers are hereby notified that sellers of any Rule 144A Note may be relying upon the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A. For a description of certain restrictions on transfers of the Notes, see "*Transfer Restrictions*".

STABILISATION

In connection with the issue of the Notes, Citigroup Global Markets Limited (the "**Stabilising Manager**") or person(s) acting on behalf of the Stabilising Manager may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, stabilisation may not necessarily occur. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the Notes is made and, if begun, may cease at any time, but it must end no later than the earlier of 30 days after the issue date of the Notes and 60 days after the date of the allotment of the Notes. Any stabilisation action or over-allotment must be conducted by the Stabilising Manager (or person(s) acting on behalf of the Stabilisation Manager) in accordance with all applicable laws and rules.

LIMITATIONS ON ENFORCEMENT OF ARBITRAL AWARDS AND JUDGMENTS

Substantially all of the Issuer's directors and executive officers reside in Uzbekistan. All or a substantial portion of their and the Group's assets are located in Uzbekistan. As a result, it may not be possible for you to:

- effect service of process outside Uzbekistan upon substantially all of the Issuer's directors and executive officers; or
- enforce non-Uzbek court judgments obtained against the Issuer or substantially all of its directors and executive officers in non-Uzbek courts in any action.

In addition, it may be difficult for you to enforce, in original actions brought in courts in jurisdictions located outside the United Kingdom, liabilities predicated upon English law, as applicable.

The United Kingdom is not party to a treaty on mutual recognition and enforcement of judgments with the Republic of Uzbekistan and even if an applicable international treaty is in effect, the recognition and enforcement in Uzbekistan of a foreign judgment will in all events be subject to exceptions and limitations provided for in the laws of the Republic of Uzbekistan. In the absence of such agreements, the courts of Uzbekistan may recognise and enforce a foreign judgment on the basis of the principle of reciprocity. Uzbek legislation does not include clear rules on the application of the principle of reciprocity. Thus, there can be no assurance that the courts of Uzbekistan will recognise and enforce a judgment rendered by courts of a jurisdiction with which Uzbekistan has no agreement on the basis of the principle of reciprocity.

The Trust Deed will be governed by English law and will provide the option for disputes, controversies and causes of action brought by any party thereto against the Issuer to be settled by arbitration in accordance with the LCIA Rules in London, England. The Republic of Uzbekistan and the United Kingdom are parties to the United Nations (New York) Convention on the Recognition and Enforcement of Foreign Arbitral Awards of 1958 (the "**New York Convention**"). However, an Uzbek court may refuse the recognition and enforcement of foreign arbitral awards in full or part if one of the following grounds exists:

- a party to the arbitration agreement is in any way incapable by the law applicable to it or the arbitration agreement is invalid under the chosen governing law, and where no choice of law has been made by the parties— according to the law of the country where a foreign arbitral award has been rendered;
- a party against which a foreign arbitral award is rendered has not been timely and duly notified about the proceedings, their time and place or due to other reasons could not provide its explanations;
- a foreign arbitral award is rendered in a dispute not provided for or not subject to the terms of the arbitration agreement or arbitration clause in the contract, or contains rulings on matters beyond the scope of the arbitration agreement or arbitration clause in the contract, unless rulings on matters covered by the arbitration agreement either by such agreement or reservation may be separated from those not covered by such agreement or reservation;
- a composition of the arbitration body or the arbitration process did not comply with the agreement of the parties or, in the absence thereof, did not comply with the law of the country where the arbitration took place;
- a foreign arbitral award is not final for the parties or cancelled, or suspended by the competent authority of the state where it was rendered, or of the country the laws of which are being applied;
- a dispute was resolved by an incompetent foreign court or arbitration.

The court may also refuse to recognise and enforce a foreign arbitral award if:

- enforcement of a foreign arbitral award will contradict the "public policy" of the Republic of Uzbekistan;
- the subject matter of the dispute may not be subject to arbitration under the laws of the Republic of Uzbekistan;
- the statute of limitations for the enforcement of a foreign arbitral award has expired.

Recognition and enforcement of foreign arbitral awards in Uzbekistan may still be difficult, in particular, if the enforcement of a foreign arbitral award conflicts with the "public policy" of Uzbekistan. The laws of Uzbekistan do not provide any clear guidelines for determining what the "public policy" of Uzbekistan actually is. The ambiguity of the "public policy" concept may be used by Uzbek courts to deny recognition and enforcement of foreign arbitral awards rendered against Uzbekistan or threatening its interests.

In addition, an Uzbek court will ignore any dispute resolution agreement of the parties if it finds that under the Uzbekistan legislation it has exclusive jurisdiction over such disputes.

Although Uzbek law recognises choice of law principles for contractual obligations, the choice of foreign law will not exclude the application of mandatory rules of Uzbek law which cannot be derogated from by the agreement of the parties. According to Uzbek law, regardless of the choice of law applicable to the relations of the parties, certain mandatory rules of Uzbek law still shall be applied.

In Uzbekistan, upon receipt of a foreign arbitral award, the party seeking to enforce the award must submit an application for the recognition and enforcement of the foreign arbitral award to the relevant economic courts in the Republic of Uzbekistan. The court will review the award to ensure there are no grounds (as discussed above) to refuse recognition and enforcement. Upon a finding that the foreign arbitral award is satisfactory, the court will adapt a ruling on recognition and enforcement and issue a writ of execution, which must be submitted to the Bureau of Mandatory Enforcement within three years of the court's ruling on the foreign arbitral award.

As a condition for admissibility in evidence of any documents, the courts of Uzbekistan will require the submission of such documents either (i) as originally executed counterparts, or (ii) as duly notarised copies. In addition, in case of an official document issued outside Uzbekistan, unless a valid international agreement of Uzbekistan provides otherwise, such official document will be admissible in evidence by a court of Uzbekistan if (i) such official document is legalised by an Uzbek consul in the country of its issuance and a duly certified Uzbek language translation of such official document is notarised by an Uzbek notary or (ii) the apostil is affixed to such official document by the competent authority of the country of its issuance subject to the Convention Abolishing the Requirement of Legalisation for Foreign Public Documents dated 5 October 1961 and a duly certified Uzbek language translation of such official document is notarised by an Uzbek notary.

See *"Risk Factors—Risks Related to Republic of Uzbekistan—Enforcement of judgements or arbitral awards against the Group can be difficult"*.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

Certain statements in this Prospectus are not historical facts but constitute "forward-looking statements" within the meaning of section 27A of the Securities Act and Section 21E of the U.S. Exchange Act of 1934. Forward-looking statements include statements regarding the Group's future financial position and results of operations, strategy, plans, objectives, goals and targets, future developments in the markets in which the Group participates or seeks to participate, and any statements preceded by, followed by or that include the words "believes", "expects", "aims", "intends", "plans", "will", "may", "anticipates" or similar expressions or the negative thereof, are forward-looking statements. These forward-looking statements include, amongst other things, statements concerning:

- the Group's strategic initiatives, including the GEM Project (as defined herein);
- expected market conditions and trends in the automotive industry;
- the ongoing impact of the COVID-19 pandemic;
- the anticipated impact of laws, regulations and governmental policies; and
- the expected outcome of disputes, legal, regulatory or other proceedings.

The forward-looking statements included in this Prospectus involve known and unknown risks, uncertainties and other factors which may cause the Group's actual results, performance, achievements or industry results to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. These forward-looking statements are based on numerous assumptions regarding present and future business strategies and the environment in which the Group will operate in the future. You should be aware that a number of important factors provided above could cause the industry's or the Group's own actual results or performance to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements.

This list of important factors is not exhaustive. Additional factors that could cause actual results, performance or achievements to differ materially include those discussed under "*Risk Factors*". When considering forward-looking statements, you should carefully consider the foregoing factors and other uncertainties and events, especially in light of the political, economic, social and legal environment in which the Group operates. Such forward-looking statements speak only as at the date on which they are made, and the Issuer expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any change in their expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based. The Issuer does not make any representation or warranty that the results anticipated by such forward-looking statements will be achieved.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Historical financial statements

The financial statements relating to the Group and included in this Prospectus are:

- the audited consolidated financial statements as at and for the year ended 31 December 2020 (the **2020 Financial Statements**); and
- the audited consolidated financial statements as at and for the years ended 31 December 2019 and 31 December 2018 (the **2019/2018 Financial Statements** and, together with the 2020 Financial Statements, the **Financial Statements**).

The Financial Statements have been prepared in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board as issued by the International Accounting Standards Board (**IFRS**).

The Issuer's financial year ends on 31 December and references in this Prospectus to **2018**, **2019** and **2020** are to the 12-month period ending on 31 December in each such year.

Independent accountants

The Financial Statements included in this Prospectus have been audited in accordance with International Standards on Auditing by Audit Organization "PricewaterhouseCoopers" LLC, independent accountants (the **Auditors**), as stated in their reports appearing herein.

The independent auditor's report dated 12 January 2021 in the 2019/2018 Financial Statements contains a paragraph titled "*Other matter – reissuance of the consolidated financial statements*", which notes that the 2019/2018 Financial Statements replace the Group's previous consolidated financial statements originally issued on 23 September 2020. The Group re-issued its consolidated financial statements for the reasons stated in the note 1 to the 2019/2018 Financial Statements.

Unless noted otherwise, the financial information in this Prospectus as at and for the years ended 31 December 2019 and 31 December 2018 has been extracted from the 2019/2018 Financial Statements and the financial information in this Prospectus as at, and for the year ended, 31 December 2020 has been extracted from the 2020 Financial Statements.

Certain non-IFRS financial information

This Prospectus includes certain financial information which has not been prepared in accordance with IFRS and which also constitute alternative performance measures for the purposes of the ESMA Guidelines on Alternative Performance Measures (**APMs**). None of this financial information is subject to any audit or review by independent auditors.

EBITDA

Certain sections of this Prospectus, including "*Selected financial information*" and "*Management's discussion and analysis of financial condition and results of operations*", discuss EBITDA and EBITDA margin, neither of which is a measure of financial performance under IFRS. In determining EBITDA, the Group adjusts profit for the year by the following items:

- finance costs;
- finance income;

- income tax expense/(credit);
- net foreign exchange loss attributable to financial activities; and
- depreciation and amortisation.

In determining EBITDA margin for any year, the Group divides EBITDA for the year by total revenue for the same year.

The Issuer believes that the presentation of EBITDA is helpful to investors because these and other similar measures are widely used by certain investors, security analysts and other interested parties as supplemental measures of performance and liquidity. However, EBITDA is not a measure of financial performance under IFRS or any other generally accepted accounting principles and should not be considered in isolation or as a substitute for operating profit, cash flow from operating activities or other financial measures of the Group's results of operations or liquidity computed in accordance with IFRS. Other companies, including those in the Group's industry, may calculate EBITDA differently from the Group. As all companies do not calculate EBITDA in the same manner, the Group's presentation of EBITDA may not be comparable to other similarly titled measures of other companies.

Some of the limitations of using EBITDA as a financial measure are:

- it does not reflect the Group's cash expenditures or future requirements for capital expenditure or contractual commitments;
- it does not reflect changes in, or cash requirements for, the Group's working capital needs;
- although depreciation and amortisation are non-cash charges, the assets being depreciated and amortised will often have to be replaced in the future, and the measure does not reflect any cash requirements for such replacement; and
- as a significant portion of the Group's borrowings as at 31 December 2020 and 31 December 2018 was denominated in foreign currencies, it does not reflect the foreign exchange exposure on the borrowings structure of the Group.

Accordingly, prospective investors should not place undue reliance on these non-IFRS financial measures contained in this Prospectus.

For a reconciliation of reported profit to EBITDA for each of the years ended 31 December 2020, 2019 and 2018, see "*Selected financial information*".

Segment information

The Group's Board reviews segmental financial information prepared based on local accounting standards adjusted to meet the requirements of internal reporting. Such financial information differs in certain material aspects from IFRS. For a description of such differences, please refer to Note 7 to the 2020 Financial Statements.

Currencies

Unless otherwise indicated, in this Prospectus, all references to:

- **soum** are to the lawful currency of Uzbekistan; and
- **U.S. dollars** and **U.S.\$** are to the lawful currency of the United States.

The functional currency of the Group is the soum. However, the Group presents its consolidated financial statements in U.S. dollars.

Production

References in this document to cars being **produced** by the Group (and related expressions) are references to both the cars that it manufactures in Uzbekistan and the cars that it imports on either a semi-knocked down (**SKD**) or single unit packed (**SUP**) basis.

Third party and market share data

This Prospectus contains information regarding the Group's business and the industry in which it operates and competes, which the Group has obtained from third party sources. Where third party information has been used in this Prospectus, the source of such information has been identified.

In some cases, independently determined industry data is not available. In these cases, any Group market share data included in this Prospectus is referred to as having been estimated. All such estimates have been made by the Group using its own information and other market information that is publicly available. The Issuer believes that these estimates of market share are helpful as they give prospective investors a better understanding of the industry in which the Group operates as well as its position within that industry. Although all such estimations have been made in good faith based on the information available and the Group's knowledge of the market within which it operates, the Issuer cannot guarantee that a third party expert using different methods would reach the same conclusions.

Statistical information relating to Uzbekistan included in this Prospectus has been derived from official public sources, including The State Committee of the Republic of Uzbekistan on Statistics and the Central Bank of Uzbekistan (the **CBU**). All such statistical information may differ from that stated in other sources for a variety of reasons, including the use of different definitions and cut-off times. This data may subsequently be revised as new data becomes available and any such revised data will not be circulated by the Group to investors who have purchased the Notes.

Where information has not been independently sourced, it is the Group's own information.

No incorporation of website information

The Issuer's website is <https://www.uzautomotors.com/>. The information on this website or any other website mentioned in this Prospectus or any website directly or indirectly linked to these websites has not been verified and is not incorporated by reference into this Prospectus, and investors should not rely on it.

Rounding

The Financial Statements present the Group's results in thousands of U.S. dollars. Certain financial statements data in this Prospectus has been expressed in millions of U.S. dollars and rounded to one decimal place, with 0.050 being round up and 0.049 being rounded down. As a result of such rounding, the totals of financial statements data presented in tables in this Prospectus may vary slightly from the arithmetic totals of such data. Where used in tables, the figure "0" means that the data for the relevant item has been rounded to zero and the symbol "—" means that there is no data in respect of the relevant item.

In addition, all percentage data in this Prospectus has been rounded to one decimal place, with 0.050 being round up and 0.049 being rounded down.

Exchange Rate

The table below sets forth, for the periods and dates indicated, certain information regarding the exchange rate between the soum and the U.S. dollar, based on the official exchange rate quoted by the CBU. Fluctuations in the exchange rates between the soum and the U.S. dollar in the past are not necessarily indicative of fluctuations that may occur in the future.

Year	High	Low	Average⁽¹⁾	Period end
2016	3,231.48	2,816.47	2,968.90	3,231.48
2017	8,120.07	3,239.62	5,140.30	8,120.07
2018	8,339.55	7,783.05	8,068.87	8,339.55
2019	9,537.55	8,336.25	8,839.03	9,507.56
2020	10,476.92	9,500.54	10,041.30	10,476.92
2021 (to 31 March 2021)	10,554.34	10,449.44	10,510.01	10,474.98

⁽¹⁾ The average of the exchange rates for each day during the year or period, as applicable.

Source: CBU

Translations

The language of this Prospectus is English. Certain legislative references and technical terms have been cited in their original language in order that the correct technical meaning may be ascribed to them under applicable law. All translations in this Prospectus are direct and accurate translations of the original text.

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OVERVIEW OF THE GROUP

This overview highlights certain information concerning the business of the Group and the Notes. It does not contain all information that may be important to an investor in the Notes or an investment decision in relation to the Notes. This overview should be carefully read in conjunction with, and is qualified in its entirety by reference to, the more detailed information in this Prospectus, including the Financial Statements. Investors should also consider the matters set forth in "Risk Factors" before deciding to invest in the Notes. Certain statements in this Prospectus include forward-looking statements which also involve risk and uncertainties as described under "Cautionary Statement Regarding Forward-Looking Statements".

OVERVIEW

The Company is a member of the UzAuto Group, which is the largest automotive group in Central Asia and comprises more than 40 companies. The UzAuto Group manufactures and sells a range of motor vehicles and their components and parts, with the Group's business being the production and sale of passenger cars and their spare parts. These cars and spare parts have been sold (i) in Uzbekistan under the Chevrolet brand since 2008 and (ii) for export sales, with the agreement of General Motors Company (GM), branded as Ravon between 2015 and 2020 and, since then, under the Chevrolet brand. The Group's principal market is Uzbekistan and other countries in the CIS, particularly Kazakhstan. The Company, which is headquartered in Tashkent, Uzbekistan, is indirectly wholly owned by JSC "Uzavtosanoat", a state-owned enterprise.

The Group operates in an alliance with GM to build low cost, entry-level vehicles on GM's Global Emerging Market (GEM) platform. The Group has the capacity to produce up to 360,000 Chevrolet-branded passenger cars per year through its production facilities at Asaka in the Andijan region and at Pitnak in the Khorezm region. Most of the Group's passenger cars are produced on a complete-knocked down (CKD) basis (meaning that the Group purchases car components and materials from which it manufactures cars in its production facilities). More than 40 per cent. of the car components, including the engines, in all of the Group's CKD models are produced locally in Uzbekistan. The Group's CKD cars comprise the Damas, Labo, Spark, Nexia, Cobalt and Genra/Lacetti models. Certain of the Group's cars were, until the end of 2019, produced on a semi-knocked down (SKD) basis (meaning that the Group imported sets of partly put together parts for final assembly in its production facilities). The Group ended the SKD basis of production at the end of 2019. Since 2019, the Group has also imported Chevrolet-branded passenger cars on a single unit pack (SUP) basis (meaning that the entire completed car is imported) for sale by it in Uzbekistan and neighbouring markets. In some cases, the Group dismantles the SUP car into an SKD kit and exports the SKD kit.

In each of 2020, 2019 and 2018, the Group produced 293,099, 271,958 and 216,983 cars, respectively. In 2020, out of the total production of 293,099 cars, 13,019 cars were imported on an SUP basis and, in 2019, out of the total production of 271,958 cars, 845 cars were imported on an SUP basis.

As at 31 December 2020, the Group employed 11,225 staff and had total assets of U.S.\$1,356.1 million. In 2020, the Group sold approximately 295,188 cars, generating revenue from contracts with customers of U.S.\$2,623.6 million and recording a profit for the year of U.S.\$154.7 million.

STRENGTHS

The Group's principal strengths are set out below.

The alliance with GM

The alliance agreement with GM ensures that the Group's quality, reputation, brands and research and development capabilities are all aligned with those of GM. In terms of quality, the Group's Asaka plant

has secured BIQ IV accreditation from GM, which means that it is permitted to build quality in place and troubleshoot locally at the plant. As a result, parts can be repaired on site and do not need to be returned to the supplier. In terms of reputation and brands, the Group produces six GM Chevrolet models to the same standards that GM does and thus benefits from the strength of the GM and Chevrolet brands. The Company's alliance with GM also gives it access to GM's research and development in relation to the GM models that it produces. The Group also sources a proportion of its car components directly from GM Korea and the remainder from GM-approved suppliers that the Group contracts with directly.

The Group's reputation is also boosted by its after-sales service, which is provided in both the domestic and foreign markets through its existing dealer network for the full warranty period of either three years or 100,000 kilometres, whichever comes first. Following the end of the warranty period, servicing may continue to be carried out by authorised dealers, and spare parts are also sold directly to authorised dealers and to the wider market.

Low labour and utilities costs and significant barriers to entry

The Group believes that its low labour and utilities costs are a significant strength. The average monthly salary in Uzbekistan in 2020 was around U.S.\$270. By comparison, the average monthly salaries in Russia, China and Germany in 2020 were around U.S.\$570, U.S.\$1,000 and €2,500, respectively. The cost of electricity in Uzbekistan in 2020 was around U.S.\$0.045 per kWt compared to U.S.\$0.082 per kWt in Russia, U.S.\$0.103 per kWt in China U.S.\$0.23 per kWt in Germany in the same year. In terms of the Group's overall production costs in 2020, labour and utility costs contributed 2.48 per cent. and 0.19 per cent., or U.S.\$63.3 million and U.S.\$4.9 million, respectively. For industry-leading car manufacturers globally, the typical contribution of labour and utilities costs is around 4 per cent. and 16 per cent., respectively.

The Group believes that a new entrant to its market in Uzbekistan would face significant barriers to entry. In particular, the Group has a local supply base with more than 100 local suppliers (the largest of which are owned by the UzAuto Group) and a dealer and service network all over the country with almost 100 dealership centres. In addition, more than 40 per cent. of each car that the Group manufactures is comprised of locally-sourced parts and components. This has taken the Group more than 15 years and more than U.S.\$2 billion in investment to develop.

Strong sales and dealer network in Uzbekistan

The Group has a network of 91 sales and services dealership centres in all 13 regions of Uzbekistan. Dealership centres are responsible for the sales of the Group's new cars and for providing technical maintenance and repair services both during and after the warranty period. All of the Group's dealership centres are equipped with the necessary equipment to carry out maintenance and repair services. Additionally, dealership centres act as a distribution channel for spare parts and new car components. The Group's principal competitors in Uzbekistan, Hyundai and AvtoVAZ, each have between five and 10 dealerships in the country.

Strong market fundamentals

The Group believes that the Uzbekistan car market offers significant potential for growth. Based on its own analysis, the number of cars per 1,000 inhabitants (**penetration rate**) in Uzbekistan was 85 in 2018 and grew by 2.4 per cent. to 87 in 2019 and, notwithstanding the negative impact of COVID-19, by 4.6 per cent. to 91 in 2020.

By contrast, according to the European Automobile Manufacturers Association, the penetration rate for the European Union as a whole in 2019 was 569, with the lowest country (Latvia) at 342 and the highest

(Luxembourg) at 694. In Russia, the penetration rate for cars and light commercial vehicles in 2019 was 383, according to an Ernst & Young study in March 2020.

Co-operation with a range of international universities with a presence in Uzbekistan

Turin Polytechnic University in Tashkent was opened in 2009 as a co-operation between JSC “Uzavtosanoat” and Politecnico di Torino in Italy, which specialises in the technical and automobile field. The aim of the co-operation is to supply the automotive industry in Uzbekistan with skilled labour. As at 31 December 2020, approximately 7 per cent. of the Group’s engineering specialists were graduates of the university, and the Group typically recruits between 20 and 30 graduates from Turin Polytechnic University in Tashkent each year.

Other international universities also operate in Uzbekistan (including Westminster International University, Management Development Institute of Singapore, Inha University, Yeouju University, Webster University and Moscow State University) and are a source of specialists in finance, management, IT and other professions.

STRATEGY

In order to secure its current leading position in the domestic market and increase its export potential, JSC “Uzavtosanoat”, with the assistance of Boston Consulting Group, has recently participated in the revision of the development strategy of the automotive sector of Uzbekistan for the period from 2020 to 2030, including with respect to the manufacturing of passenger vehicles.

Transformation of manufacturing and business process

Based on this strategy, the Group is focusing on the transformation of its manufacturing and business processes in the period from 2020 to 2023, particularly the implementation of IFRS as the principal basis of accounting (previously the Group applied national accounting standards throughout the year and subsequently converted its annual financial statements to IFRS at year end), the introduction of a new enterprise resource planning (**ERP**) system, enhancing its digitalisation and IT, and developing compliance policies. This short-term strategy aims to optimise the manufacturing and business processes of the Group, reduce costs and increase profitability. The Company also plans to sell its non-core assets as and when attractive opportunities arise in order to increase its focus on its core business activities.

The Company plans to launch a new Chevrolet model range and start production of the B-class Onix model from mid-2022 and the SUV-B segment Tracker model from early 2023 on a new unified GM platform, known as Global Emerging Market (**GEM**). The GEM platform includes hatchback, sedan, station wagon and crossover/SUV body styles. The Group believes that the new model range will boost both its local and export sales.

Electric vehicles

In the longer-term, from around 2027, the Group anticipates entering the electric vehicle segment. This is based on predictions by Boston Consulting Group that, by 2030, annual sales of electric vehicles are expected to account for approximately 51 per cent. of global car sales. Many leading car manufacturers have already announced their future strategy for developing and manufacturing electric cars. In particular, GM has announced plans to spend more than U.S.\$27 billion between 2020 and 2025 on electric vehicle and autonomous vehicle product development spending, exceeding its petrol and diesel investment, according to its website. In turn, this is expected to allow the Company to accelerate its transition from the production of cars with internal combustion engines to electric vehicles.

Increase exports

In 2019, the Company and GM agreed that the Company would, for the remainder of the 10-year period of the alliance agreement, have the sole right to export cars under the Chevrolet brand and spare parts produced by it through distributors in the CIS region and Afghanistan. Accordingly, starting from 2020, the Group has switched from exporting its cars under the Ravon brand to exporting them under the Chevrolet brand. Additionally, the Company also obtained the right to re-export premium class Chevrolet models that it imports as SUP, dismantles in Uzbekistan and then exports as SKD kits as this is more cost-effective than re-exporting the finished vehicles directly.

The Group has been exporting cars, prior to 2020, in this manner for a number of years, with its principal market being Kazakhstan. In 2020, the Cobalt and Nexia models were ranked as the best-selling and second best-selling cars in Kazakhstan, respectively, and Chevrolet was ranked as the best-selling car brand in Kazakhstan. The Group is currently introducing the same approach to its exports of cars to Azerbaijan, and the Group also plans to adopt this approach in strengthening its positions in Russia and certain other CIS countries. For a discussion of the Group's export sales and markets, see "*—Business—Marketing and sales—Sales*" below.

For a discussion of certain ongoing capital expenditure projects, see "*Management's discussion and analysis of financial condition and results of operations—Liquidity and capital resources—Capital expenditure*".

OVERVIEW OF THE OFFERING

The following overview contains basic information about the Notes and is not intended to be complete. For a more complete understanding of the Notes, please refer to the Terms and Conditions of the Notes ("**Conditions**"). Capitalised terms not defined in this section have the meanings given to them in the Conditions.

Issuer	JSC "UzAuto Motors"
Guarantors	The Issuer may elect or be obliged to procure Guarantees from its subsidiaries, as more fully described in Condition 5.1.1(iii) and 5.10
Sole Global Coordinator, Joint Bookrunner and Joint Lead Manager	Citigroup Global Markets Limited
Joint Bookrunners and Joint Lead Managers	MUFG Securities EMEA plc, Natixis and Raiffeisen Bank International AG
Joint Lead Manager	PJSC Sovcombank
Notes Offered	U.S.\$300,000,000 aggregate principal amount of 4.85 per cent. Notes due 2026
Trustee	Citibank, N.A., London Branch
Principal Paying Agent and Transfer Agent	Citibank, N.A., London Branch
Registrar	Citigroup Global Markets Europe AG
Issue Price	100 per cent.
Closing Date	4 May 2021
Maturity Date	Unless previously redeemed, or purchased and cancelled, the Notes will be redeemed at their principal amount on 4 May 2026
Interest Rate	The Notes bear interest at the rate of 4.85 per cent. per annum payable in equal instalments semi-annually in arrear on 4 May and 4 November in each year, commencing on 4 November 2021.
Risk Factors	An investment in the Notes involves a high degree of risk. See " <i>Risk Factors</i> ".
Use of Proceeds	The Issuer will use the proceeds received from the issue and sale of the Notes for general corporate purposes. For more information, see " <i>Use of Proceeds</i> ".
Form	<p>The Notes will be in registered form, without interest coupons attached, in denominations of U.S.\$200,000 and integral multiples of U.S.\$1,000 in excess thereof.</p> <p>The Notes will be issued in the form of a Regulation S Global Note and a Rule 144A Global Note, each in registered form and without interest coupons attached. The Regulation S Global Note will be deposited with the common depositary for Euroclear and Clearstream, Luxembourg and registered in the name of a nominee of such common depositary. The Rule 144A Global Note will be deposited with a custodian for, and registered in the name of, Cede & Co., as nominee of DTC. Ownership interests in the Regulation S Global</p>

Note and Rule 144A Global Note will be shown on, and transfer thereof will be effected only through, records maintained by Euroclear, Clearstream, Luxembourg, DTC and their respective participants. Notes in definitive form will be issued only in limited circumstances.

Ranking of the Notes

The Notes constitute direct, general, unsubordinated and (subject to Condition 4) unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Issuer under the Notes shall, save for such exceptions as may arise by mandatory operation of law and subject to Condition 4, at all times rank at least equally with all other present and future unsecured and unsubordinated obligations of the Issuer.

Negative Pledge and Covenants

The Conditions contain restrictions on or impose requirements to be complied with when conducting certain activities of the Issuer and its subsidiaries, including, without limitation:

- (a) limitation on the incurrence of certain liens;
- (b) limitation on incurrence of indebtedness;
- (c) requirement for the provision of certain financial information;
- (d) limitation on prepayment of subordinated debt and paying dividends on or redeeming or repurchasing share capital or making other distributions;
- (e) limitations on engaging in mergers and consolidations;
- (f) limitation on asset sales;
- (g) limitation on engaging in affiliate transactions;
- (h) requirement for the maintenance of authorisations;
- (i) limitation on change of business; and
- (j) requirement for the compliance with environmental laws.

There are significant exceptions to the requirements contained in these covenants, as more fully described in Condition 4 and Condition 5.

Events of Default

If an Event of Default occurs and is continuing, the Trustee at its discretion may, and if so requested in writing by the holders of not less than one-quarter in principal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution shall, (subject in each case to being indemnified and/or secured and/or prefunded to its satisfaction) give notice to the Issuer that the Notes are, and that they shall immediately become, due and repayable at their principal amount together with accrued interest, as more fully described in Condition 10.

Optional Redemption for Taxation Reasons

The Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time on giving not less than 30 nor more than 60 days' notice, at the principal amount thereof together with accrued and unpaid interest to (but excluding) the date fixed by the Issuer for redemption, if the Issuer is or would be required to pay additional

amounts (as defined in the Conditions) (subject to certain conditions) as a result of any change in, or amendment to, the laws or regulations of the Republic of Uzbekistan, occurring on or after the Issue Date as more fully described in Condition 7.2.

Make-Whole Call Option

The Issuer may, at its option, redeem the Notes, in whole but not in part, at any time prior to the date falling three months prior to the Maturity Date on giving not less than 30 and not more than 60 days irrevocable notice, at a price equal to the principal amount thereof, plus the Make Whole Premium, plus any accrued and unpaid interest, up to but excluding the date of redemption, as more fully described in Condition 7.3.

Optional Redemption at Par

The Issuer may, at any time on or after the date falling three months prior to the Maturity Date, on giving not less than 30 nor more than 60 days' irrevocable notice, redeem the Notes in whole or in part, at the principal amount thereof, plus any accrued and unpaid interest, up to but excluding the date of redemption, as more fully described in Condition 7.4.

Optional Redemption by the Noteholders upon a Change of Status

If a Change of Status occurs, the holder of each Note will have the option to require the Issuer to redeem that Note on the Change of Control Status Put Date at 100 per cent. of its principal amount together with interest accrued to (but excluding) the Change of Status Put Date, as more fully described in Condition 7.7.

Withholding Tax

All payments in respect of interest and principal on the Notes or under the Guarantees (if any) will be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatsoever nature imposed, levied, collected, withheld or assessed by or within the Republic of Uzbekistan or any political subdivision or any authority thereof or therein having power to tax, unless such withholding or deduction is required by law. If any such taxes, duties, assessments or governmental charges are payable, the Issuer or the relevant Guarantor, as the case may be, shall (subject to certain exceptions) pay such additional amounts as will result in the receipt by the Noteholders of such amounts as would have been received had no such deduction or withholding been required, as more fully described in Condition 9.

Listing of Notes

Application has been made to the Financial Conduct Authority for the Notes to be admitted to the Official List and to the London Stock Exchange for such Notes to be admitted to trading on the Market. The Market is a regulated market for the purposes of UK MiFIR.

Ownership Restrictions

None of DTC, Euroclear or Clearstream, Luxembourg, will monitor compliance with any transfer or ownership restrictions.

Governing Law and Arbitration

The Notes and the Trust Deed and any non-contractual obligations arising out of or in connection with any of them shall be governed by and construed in accordance with English law and contain provisions for arbitration in London, England.

Selling Restrictions

United States, United Kingdom, Uzbekistan, Singapore and any other jurisdiction relevant to the Offering. See "*Subscription and Sale*".

Ratings

It is expected that the Notes will be rated B+ by Fitch and B+ by S&P. Fitch is established in the United Kingdom and registered under the UK CRA Regulation. S&P is not established in the United Kingdom, but the rating it has given to the Notes is endorsed by S&P Global Ratings UK Limited, which is established in the United Kingdom and registered under the UK CRA Regulation.

Fitch: 'B' ratings indicate that material default risk is present, but a limited margin of safety remains. Financial commitments are currently being met; however, capacity for continued payment is vulnerable to deterioration in the business and economic environment. The modifier '+' is appended to a rating to denote relative status within the rating category (Source: Fitch, <https://www.fitchratings.com/products/rating-definitions>)

S&P: An obligation rated 'B' is more vulnerable to non-payment than obligations rated 'BB', but the obligor currently has the capacity to meet its financial commitment on the obligation. Adverse business, financial, or economic conditions will likely impair the obligor's capacity or willingness to meet its financial commitment on the obligation. The ratings may be modified by the addition of a plus (+) or minus (-) sign to show the relative standing within the major rating categories

(Source: S&P, https://www.standardandpoors.com/en_US/web/guest/article/-/view/sourceId/504352)

Credit ratings assigned to the Notes do not necessarily mean that the Notes are a suitable investment. A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation. Similar ratings on different types of notes do not necessarily mean the same thing. Credit ratings do not relate to the liquidity of the Notes or consider whether there is a market for the Notes. Any change in the credit rating of the Notes or of the Issuer could adversely affect the price that a subsequent purchaser would be willing to pay for the Notes. The significance of each rating should be analysed independently from any other rating.

Security Identification

Regulation S Notes

- International Securities Identification Number ("ISIN"): XS2330272944
- Common Code: 233027294

Rule 144A Notes:

- International Securities Identification Number ("ISIN"): US46653NAA00
- Common Code: 233128953
- CUSIP: 46653NAA0

Legal Entity Identifier

25490082QA3E2MKBZI88

RISK FACTORS

In purchasing Notes, investors assume the risk that the Issuer may become insolvent or otherwise be unable to make all payments due in respect of the Notes. There is a wide range of factors which individually or together could result in the Issuer becoming unable to make all payments due. The Issuer may not be aware of all relevant factors and certain factors which it currently deems not to be material may become material as a result of the occurrence of events outside the Issuer's control. The Issuer has identified in this Prospectus a number of factors which could materially adversely affect its business and ability to make payments due.

In addition, factors which are material for the purpose of assessing the market risks associated with the Notes are also described below.

Prospective investors should also read the detailed information set out elsewhere in this Prospectus and reach their own views prior to making any investment decision.

FACTORS THAT MAY AFFECT THE ISSUER'S ABILITY TO FULFIL ITS OBLIGATIONS UNDER THE NOTES

Risks related to the Group's business and the automobile industry in Uzbekistan

The COVID-19 pandemic has had, and will likely continue to have, a significant effect upon the economy of Uzbekistan, which consequently may adversely affect the Group's business, financial condition and results of operations

A severe acute respiratory illness caused by a new coronavirus (named "COVID-19") was identified in Wuhan, Hubei Province, China at the end of 2019 and subsequently spread through China and globally. On 11 March 2020, the World Health Organization declared the outbreak of the coronavirus to be a pandemic and, as at the date of this Prospectus, the number of identified cases and fatalities as a result of COVID-19 continues to rise. The COVID-19 pandemic has caused turbulence in the global economy and financial markets and, as at the date of this Prospectus, continues to create uncertainty for the global economy.

As in many other countries, the Uzbekistan Government (the **Government**) responded to the pandemic by mandating restrictions upon international and domestic travel, restricting business activities and instituting social distancing rules. These measures have had and are likely to continue to have, an adverse effect on the level of economic activity in Uzbekistan and have negatively impacted, and could continue to negatively impact businesses, market participants and clients of the Group.

Following the Government policy on self-isolation, the Group introduced strict quarantine rules for its production facilities as a result of the COVID-19 pandemic. For example, the UzAuto Motors plant in Asaka moved to one shift production mode from April to August 2020. Changes to working practices in response to the COVID-19 pandemic, including restrictions on the number of people that can be present at each production facility, the use of additional personal protective equipment (**PPE**), social distancing measures and increased remote working, temporarily reduced productivity at the Group's production facilities. If productivity at the Group's facilities is materially reduced going forward, it may result in lost or delayed sales and may adversely affect the Group's profitability. These consequences may, in turn, have a material adverse effect on the Group's reputation and results of operations.

In response to the effect of the pandemic (and of the Government response thereto) on Uzbekistan, the Government provided significant fiscal stimulus in order to support the economy, including significant tax reductions and deferrals so as to alleviate financial pressure on businesses and households. However, notwithstanding these measures, the COVID-19 pandemic has had a significant effect upon the Uzbekistan economy, reducing exports and remittances, straining public finances and forcing

businesses across the country to close at various points. As a result of COVID-19, the unemployment rate in Uzbekistan increased from 9.8 per cent as of 31 December 2019 to 13.2 per cent. as of 31 December 2020. Depending on the further impact of COVID-19, the rate of employment may continue to be negatively affected, which could have an adverse effect on the economy of Uzbekistan and demand for the Group's products. Furthermore, the Group is primarily exposed to the lower-priced market segment, compared with more premium-focused car manufacturers. As a result, any increase in unemployment or decrease in average household income in Uzbekistan as a result of the COVID-19 pandemic may result in a significant decrease in demand for the Group's vehicles.

The COVID-19 pandemic was also partially responsible for a devaluation in soum in 2020, with the Central Bank of Uzbekistan (CBU) devaluing the soum against the U.S. dollar twice in three days in April 2020 by a total of 5.5 per cent. in response to significant downward pressure on the soum as a result of the measures taken in response to the COVID-19 pandemic and falling energy prices and remittances. As a result of the weakening soum, the Group suffered from the increased cost of imported inventory during the year to 31 December 2020. As of 31 December 2020, approximately 52 per cent. of the Group's costs related to imported raw materials, see "*—The Group is subject to currency risk*" below.

As a result of the COVID-19 pandemic, which has, among other things, resulted in the shutting of car dealerships and the disruption of supply chains in many jurisdictions around the world, including Uzbekistan, global passenger car sales fell dramatically in 2020 and Moody's forecasted that global light vehicle sales decreased by 16 per cent. in the year to 31 December 2020. Whilst the COVID-19 pandemic has not had a significant impact on car sales in Uzbekistan and it is expected that the sale of passenger cars will see a rebound globally during 2021, there continues to be significant uncertainty as to the impact that the COVID-19 pandemic may continue to have on the sector during the course of 2021 and beyond.

As of the date of this Prospectus, the COVID-19 pandemic has not had a significant impact on the Group's sales, liquidity, solvency and other financial performance indicators notwithstanding that the Group generates substantively all of its revenue from the domestic market. However, the full impact of the COVID-19 pandemic on the Group's business will depend on a range of factors, which the Issuer is not able to accurately predict as at the date of this Prospectus, including the duration and scope of the pandemic, including the impact of new COVID-19 variants, the impact on economic activity and any future measures adopted by the Government to mitigate the impact of the COVID-19 pandemic, any of which may have a negative impact on the Group's suppliers and customers, or the economy as a whole, and could, in turn, decrease demand for the Group's vehicles.

Any of the above factors, individually or in aggregate, could have a material adverse effect on the Group's business, results of operations, financial condition and prospects.

The Group receives strategic support from the Government which ensures the Group's dominant position in the Uzbekistan automobile industry but there is no guarantee that such support will continue

The Group is strategically important for the Government as it employs more than ten thousand employees. In addition, as at the date of this Prospectus, the sole shareholder of the Issuer, "UzAuto PV Management" LLC, is itself wholly owned by JSC "Uzavtosanoat", which is a state-owned company which acts as the dominant controlling body (the equivalent of a government ministry) of the automotive industry within Uzbekistan. Consequently, as at the date of this Prospectus, the Government supports the automotive industry through a variety of measures, including the imposition of high custom duties on imported cars, which deters other manufacturers from seeking to enter the domestic market. In addition, while all borrowings available to the Group from domestic banks are on market terms as of the date of this Prospectus, the Group is also able to access low-cost funding from its parent, JSC "Uzavtosanoat", or domestic banks due to the Group's strategic importance in Uzbekistan.

If the Government were to reduce or cease its support of the Group in the future or change the terms or basis of such support, including as a result of reduction in the Government's ownership in the Group, this could have a material adverse effect on the Group's business, results of operations, financial condition and prospects. Furthermore, reduced Government support may also adversely affect the credit ratings of the Issuer, which, in turn, could hinder the Issuer's ability to attract funding on the local and international markets on favourable terms or at all. Alternatively, if the Group were to relinquish certain of its Government support to prepare for a more competitive domestic market, as it did with the cancellation of its tax preferences in 2019, it could have a material adverse effect on the Group's business, results of operations, financial condition and prospects.

The Group relies on its alliance with GM to manufacture new models in its portfolio

Through the cooperation agreement entered into by the Issuer with General Motors Company (GM), the Issuer has obtained a licence to manufacture certain car models designed by GM and its affiliates and distribute them in Uzbekistan and certain other export territories; the right to use certain of GM's trademarks such as "Chevrolet" and the Chevrolet emblem; and access to certain know-how of GM together with access to certain of GM's internal systems and processes such as purchasing, manufacturing, quality control and distribution. All of the above are critical to the development of new products by the Group and to the smooth operation and financial success of the Issuer's business.

While the Group believes its cooperation agreement with GM is likely to be renewed when the current period ends in 2027, there can be no assurance that the Group's alliance with GM will continue on the same terms or at all. Should such alliance not continue or should the terms materially change to the detriment of the Group, including but not limited to any potential revision of terms resulting in lower profitability or significantly higher research and development costs, it would have a material adverse effect on the business, financial condition, results of operations and prospects of the Group.

The automotive industry is competitive and cyclical

The automotive industry is competitive, and the Group faces competition from other vehicle manufacturers and distributors in Uzbekistan and the other markets in which it operates. The Group's primary competitors in Uzbekistan are AvtoVAZ, a Russian car manufacturer, and Hyundai, a South Korean car manufacturer. Although the Group remains the market leader in Uzbekistan, it does not have a significant position in the export market. The Group's primary competitors in Kazakhstan and Russia for the Group's complete-knocked down (CKD) models are Kia, AvtoVAZ, Renault, Hyundai and Volkswagen. The Group's primary competitors in Kazakhstan for the Group's single unit pack (SUP) models are Toyota and Nissan. Each of the markets in which the Group operates are competitive in terms of product quality, innovation, pricing, fuel economy, reliability, safety, consumer service and financial services offered, and the Group's competitors may be better capitalised with larger market shares in certain of these markets. In particular, the Group may not be able to effectively compete with other car manufacturers with regard to electrification, autonomous driving, mobility and other emerging trends in the industry. In addition, if the Government reduces the protections currently afforded to the Group, the Group will become subject to such industry-wide competition in Uzbekistan (see "*Risks Related to the Group's Business and the automobile industry in Uzbekistan—The Group receives strategic support from the Government which ensures the Group's dominant position in the Uzbekistan automobile industry but there is no guarantee that such support will continue*" above). Furthermore, in January 2021, the President of Uzbekistan instructed the Government to reform the country's automotive industry to boost production and develop competition. While the Group does not believe this transformation will have a material impact on competition in the CKD segment, which is the core business of the Group, the Group expects there to be increased competition in the premium segment of vehicles, which the Group currently addresses with its SUP products. Increased competition in Uzbekistan, as a result of this transformation or otherwise, could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

In the automotive business, sales to consumers are cyclical and subject to changes in the general condition of the economy, the readiness of consumers to buy and their ability to obtain financing, as well as the possible introduction of measures by governments to stimulate or reduce demand. The automotive industry is also subject to the constant renewal of product offerings through frequent launches of new models. A negative trend in the automotive industry or the Group's inability to adapt effectively to external market conditions coupled with more limited capital than certain of its principal competitors could have a material adverse effect on the Group's business, financial condition, results of operations and prospects. The Group also competes with alternative transportation services, including ridesharing companies, taxicab companies and taxi-hailing services, livery services and public transportation, the latter of which typically provides the lowest-cost transportation option in many cities. The development of public transportation or ridesharing networks in Uzbekistan or other markets in which the Group operates, or increased use of such services by the Group's target customers due to an economic slowdown or increased environmental consciousness, could have a negative impact on demand for the Group's products and could, in turn, have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

Additionally, global vehicle production capacity significantly exceeds current demand. In the event that industry sales decrease and overcapacity intensifies, the Group's competitors may attempt to make their vehicles more attractive or less expensive to consumers by adding vehicle enhancements, providing subsidised financing or leasing programmes, or by reducing vehicle prices, whether directly or by offering option package discounts, price rebates or other sales incentives in certain markets. An increase in these actions could have a material adverse effect on the Group's business, financial condition, results of operations and prospects. Furthermore, the Group must maintain its customer relationships with its existing and future customers in order to remain competitive. Any failure to maintain such relationships, including as a result of any inability to address the service requirements of such customers or otherwise address their needs, could impact the Group's reputation or the likelihood that customers will choose the Group's products, which could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

The Group is subject to currency risk

The Group's business is subject to risks due to fluctuations in foreign currency exchange rates, principally in relation to goods and spare parts imported from foreign suppliers. In 2020, 93.3 per cent. of the Group's revenue was denominated in soum and approximately 52 per cent. of the Group's costs related to raw materials, spare parts and components, which are imported and therefore denominated in other currencies. As such, changes in currency exchange rates have historically had, and may in the future have, an impact on the cost of the raw materials and spare parts that the Group requires which, in turn, may significantly impact the Group's total cost of sales. In addition, the Group has obtained, and may in the future obtain, financing denominated in currencies other than soum, the functional currency of the Group. As a result, a devaluation of the soum against these other currencies would be likely to adversely affect the Group's ability to service its debt denominated in these other currencies. Furthermore, the Group presents its consolidated financial statements in U.S. dollars and, consequently, its results have historically been, and may in the future be, adversely affected by currency translation differences on the translation of accounts into U.S. dollars for the purposes of consolidation, including as a result of the devaluation of the soum.

The Group's most significant exposure is to the U.S. dollar, followed by the euro and the Russian rouble. The exchange rates between the soum and U.S. dollars, euro and Russian roubles have fluctuated in recent years and may fluctuate significantly in the future. As a result, the Group could be adversely affected by future unfavourable shifts in currency exchange rates, particularly in light of the recent devaluation of the soum against the U.S. dollar (see "*Risk Factors—Risks Related to the Group's Business and the automobile industry in Uzbekistan —The COVID-19 pandemic has had, and will likely continue to have, a significant effect upon the economy of Uzbekistan which consequently may adversely*

affect the Group's business, financial condition and results of operations" above). While the Group seeks to limit concentration risk to U.S. dollar appreciation by diversifying its currencies, it does not enter into foreign exchange contracts to manage its foreign exchange risk on cash flows or financing arrangements denominated in foreign currencies and there can be no assurance that volatility in foreign exchange markets or significant local currency devaluations will not have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

The Group may fail to manage its purchase costs or obtain raw materials, parts and components on a timely basis or at reasonable prices

In order to remain competitive, the Group tries to manage its costs efficiently, aiming to produce its products at competitive costs. The Group uses a variety of raw materials in its business including steel, aluminium, lead, resin and copper, and precious metals such as platinum, palladium and rhodium, as well as energy. The prices for these raw materials fluctuate, and market conditions can affect the Group's ability to manage its costs. The Group may not be successful in managing its exposure to these risks. Substantial increases in the prices for raw materials would increase the Group's operating costs and could reduce profitability if the increased costs cannot be offset by changes in vehicle prices or countered by productivity gains. Certain raw materials are sourced from a limited number of suppliers and from a limited number of countries. In particular, the Group relies on a single steel supplier (Severstal in Russia) for approximately 70 per cent. of its total steel supply. The Group cannot guarantee that it will be able to maintain arrangements with its suppliers that assure access to these raw materials, and in some cases this access may be affected by factors outside of its control and the control of its suppliers. For instance, natural or man-made disasters or civil unrest may have severe and unpredictable effects on the price or availability of certain raw materials in the future. For example, at the beginning of the COVID-19 pandemic, metal imports from China were disrupted after most plants were shut down for a minimum of 14 days.

As with raw materials, the Group is also at risk for supply disruption and shortages in parts and components for use in its vehicles for many reasons including, but not limited to, supplier disputes, particularly with regard to warranty recovery claims, supplier financial distress, tight credit markets, natural or man-made disasters, or production difficulties. There can be no assurances that these events will not have an adverse effect on its production in the future, and any such effect may be material. For example, there has been a sharp increase in demand for computer and medical equipment over the past year due to the COVID-19 pandemic. As a result, manufacturers of semiconductor chips used in the production of passenger cars have reoriented their supply chains to the consumer electronics and medical sectors. This has resulted in a shortage of semiconductor chips in the automotive sector, which may impact the Group's original equipment manufacturers (OEMs) and may lead to a decrease in volumes. While the Group is working closely with GM to resolve this issue, there can be no assurance that a longer term shortage of semiconductor chips will not have an impact on the Group's business.

The Group aims to manage its costs in purchasing raw materials, parts and components for its production through the implementation of its cost control policies, such as streamlining its supply chains and localising production, in order to improve its profit margin. In 2018, 2019 and 2020, the Group's net profit margin was 4.3 per cent., 9.2 per cent. and 5.9 per cent., respectively. Although the Group maintained its net profit margin through implementing its cost control policies, its cost reduction measures may not be sustainable. If it fails to manage its purchase costs, its financial condition and results of operations may be materially and adversely affected.

In addition, as many raw materials, parts and components are typically transported by ship, the Group is subject to shipping disruptions for various reasons, including (but not limited to) weather conditions, political turmoil, social unrest, oil spills and port strikes, which may lead to delayed or lost shipments and can affect the Group's cost of imported components. The Group has recently been impacted by a global disruption to shipping as a result of the COVID-19 pandemic, particularly in Asia, due to a shortage of shipping containers and limited capacity to load and unload at the ports, which has led to

increased transit times and higher costs. The Group estimates that this shipping disruption has resulted in the Group operating at approximately 80 per cent. capacity in the first quarter of the year ending 31 December 2021 and has led to the price of shipping containers increasing by approximately 70 to 80 per cent. Any prolonged disruption to the Group's shipments or logistics network could therefore have a material adverse effect on its business, financial condition, results of operations and prospects.

Although the Group usually sources its important raw materials, parts and components from multiple suppliers in order to achieve a stable supply, there is no assurance that its suppliers will always be able to adequately serve its needs in a timely manner or at reasonable prices. If there is any significant increase in the prices of raw materials, parts or components or if their supply is disrupted, the Group may incur additional costs to maintain its production schedules, which, in turn, may decrease its profitability and materially and adversely affect its business, financial condition and results of operations.

The Group may not be able to identify or offer popular models to meet changing regulatory requirements, trends and consumer demands, or the Group may not be able to gain market acceptance of its new models

Consumer demands and needs in respect of passenger vehicles change over time depending upon various factors, some of which are beyond the Issuer's control, such as prevailing economic conditions, regulatory requirements, consumption patterns and disposable income. To ensure that the Group retains its competitive advantage in both its domestic and export markets such that consumers continue to invest in new models and to ensure that its models meet all applicable regulatory requirements at the applicable time, the Issuer needs to launch new products in a timely and cost-effective manner to meet changing consumer preferences and demands.

Certain of the car models currently manufactured by the Issuer are significantly outdated. Taking into account recent changes in demand for automobiles among consumers and to update its product portfolio, the Issuer has entered into a cooperation agreement with GM to manufacture new models on GM's Global Emerging Markets (**GEM**) automotive platform, which offers a line-up of GM models specifically designed for emerging markets.

Whilst the Group is committed to manufacturing such new car models, there is no assurance that its efforts to manufacture, launch and market these new products will be successful or completed within anticipated time frames. The Group's success in launching these new products depends on a number of factors, including its ability to offer products that appeal to target customers, its marketing strategy, customer perceptions and its cooperation with GM. In addition, there can be no assurance that vehicles the Group manufactures in compliance with regulatory requirements, particularly those related to fuel efficiency, greenhouse gas and tailpipe emissions standards, will be attractive to consumers or will generate sales in sufficient quantities and at high enough prices to be profitable.

The models the Group brings to market may not always reflect the prevailing market trends or customer needs at any given time, and the new models it launches may not be well received by the market or achieve the expected sales. It may also be unable to produce sufficient quantities of these models to meet market demand. If the Group's new models fail to gain market acceptance, the Group's brand image, business, financial condition, results of operations and prospects could be materially and adversely affected.

The Group relies on dealers, distributors and sales agents in Uzbekistan and the countries to which it exports its vehicles to sell its cars and may face risks in respect of these relationships, particularly outside of Uzbekistan

The Issuer sells vehicles and spare parts under the Chevrolet brand to dealers and distributors in Uzbekistan and certain Commonwealth of Independent States (**CIS**) countries.

Outside of Uzbekistan, the Group sells substantially all of its cars primarily through distributors located in those countries to which it exports automobiles. Therefore, the Group's success in its export markets depends on its ability to retain and attract distributors. As at 31 December 2020, the Group exported its products to eight countries through 14 distributors (three each in Kazakhstan and Azerbaijan, two in Ukraine and one each in Russia, Belarus, Kirgizia, Turkmenistan, Tajikistan, and Afghanistan). There is no assurance that the Group will be able to successfully renew its existing sales contracts upon their expiration on favourable terms, or at all. Competition for distributors is intense, as the Group must compete with other leading passenger vehicle brands for sales agents in markets where it has operations or has plans to enter. Such competitors may benefit from higher visibility, greater brand recognition, greater financial resources and a broader product offering than the Group does, which may provide them with a competitive advantage in securing distributors. The Group's competitors may also enter into long-term or exclusive agreements that effectively prevent their distributors from selling the Group's products. Consequently, engaging distributors, maintaining relationships with existing distributors and replacing them can be difficult and time consuming. Any disruption to the Group's distribution network, including a failure on its part to renew its existing agreements with its preferred distributors or to attract new distributors, or any closure of dealers or distributors as a result of COVID-19, could negatively affect the Group's ability to effectively sell its products to its end-user customers which in turn could materially and adversely affect its business, financial condition, results of operations and prospects.

In addition, the Group has limited ability to manage and control the activities of its dealers, distributors and sales agents in those countries to which it exports vehicles and spare parts. Such parties could take certain actions that potentially have a material adverse effect on the Group's reputation, business and prospects, such as selling products that compete with the Group's products, focusing only on the sales of those products that provide them with higher margins or commissions thus undermining the Group's efforts to maintain a well-balanced portfolio of its products, selling the Group's products outside their designated territory, failing to adequately promote the Group's products or conducting their business in violation of relevant laws or regulations in their respective jurisdictions. The Group's reputation, business and prospects could be adversely affected as a result of any improper or illegal actions taken by its dealers, distributors and sales agents.

Any material disruption to the Group's production facilities may materially and adversely affect its business, financial condition and results of operations

All of the Group's production facilities are located in two cities in Uzbekistan, Andijan and Khorezm. If operations at any of the Group's facilities were to be materially disrupted as a result of equipment failure, natural disasters, diseases such as COVID-19, power outages, explosions, adverse weather conditions, strikes, civil unrest or other factors, its business, financial condition and results of operations may be materially and adversely affected. The occurrence of any of these significant events could also require the Group to make significant unanticipated capital expenditures. Interruptions in production may limit the Group's production capacity and cause a reduction or delay in its sales. The Group's insurance policies may not cover lost sales or increased costs incurred as a result of disruption of operations, and prolonged business disruptions could result in a loss of customers. If any of the aforesaid events were to materialise, the Group's business, financial condition and results of operations may be materially and adversely affected.

The Group is subject to product liability exposure which could harm its reputation and materially and adversely affect its business, financial condition, results of operations and prospects

The Group's products can expose the Group to potential product liability claims if they fail to perform as expected, or are proven to be defective, or if their use causes, results in or is alleged to have caused or resulted in personal injuries, property damage or other adverse effects. Any product liability claim, whether relating to personal injuries or property damage, or regulatory action could prove costly and time consuming to defend and has the potential to harm the reputations of the Group and its brands. If

successful, product liability claims may require the Group to pay substantial damages. In addition, the Group does not currently maintain product liability insurance and may be unable to or choose not to obtain sufficient product liability insurance coverage on commercially reasonable terms, or at all.

Furthermore, certain product liability claims may be the result of defects from parts and components purchased from third party suppliers. Such third party suppliers may not indemnify the Group for defects as to such parts and components or may only provide the Group with limited indemnification that is insufficient to cover the Group's damages resulting from such product liability claims. Product liability claims, with or without merit, may result in significant negative publicity and thus materially and adversely affect the marketability of the Group's products and its reputation. Moreover, a material design, manufacturing or quality-related failure or defect in the Group's products or other safety issues could warrant a product recall by the Group and result in increased product liability claims (see "*Risk Factors—Risks Related to the Group's Business and the automobile industry in Uzbekistan—Product recalls and warranty obligations may result in direct costs, and any resulting loss of vehicle sales could have material adverse effects on the Group's business*" below).

In addition, in certain countries in which the Group has operations, violation of product quality and safety requirements may subject the Group to monetary and injunctive penalties, including orders to cease sales of relevant products or to cease operations pending the required rectification. For serious violations, the Group's licenses to sell relevant products could potentially be revoked, and the Group could be subject to criminal liability.

Product recalls and warranty obligations may result in direct costs, and any resulting loss of vehicle sales could have material adverse effects on the Group's business

The costs to recall vehicles can be significant and typically include the cost of replacement parts and labour to remove and replace parts. These costs substantially depend on the nature of the remedy and the number of vehicles affected, and may arise many years after a vehicle's sale. Product recalls may also harm the Group's reputation, force it to halt the sale of certain vehicles and may cause consumers to question the safety or reliability of its products.

Any costs incurred, or lost vehicle sales, resulting from product recalls could materially adversely affect the Group's financial condition and results of operations. Moreover, if the Group faces consumer complaints, or receives information from vehicle rating services that calls into question the safety or reliability of one of its vehicles and it does not issue a recall, or if it does not do so on a timely basis, the Group's reputation may also be harmed and it may lose future vehicle sales. The Group is also obligated under the terms of its warranty agreements to make repairs or replace parts in the Group's vehicles at the Group's expense for a specified period of time. Therefore, any failure rate that exceeds the Group's assumptions could have a material adverse effect on its business, financial condition, results of operations and prospects.

Current and future laws, regulations and governmental policies, including those regarding increased fuel efficiency requirements and reduced greenhouse gas and tailpipe emissions, could have a significant effect on how the Group does business and may increase its cost of compliance and negatively affect its operations and results

As the Group seeks to comply with government regulations in each of the jurisdictions in which it operates, particularly those related to fuel efficiency, vehicle safety and greenhouse gas and tailpipe emissions standards, it must devote significant financial and management resources to these legal requirements. For example, the Cabinet of Ministers of Uzbekistan adopted a resolution "On improving the system of ecological certification of wheeled vehicles" in 2020. According to this resolution, from 1 January 2022, it will be prohibited to import into Uzbekistan wheeled vehicles of categories "M" and "N", both used and new, equipped with gasoline and diesel engines, the toxicity levels of which do not meet the requirements of the ecological class "EURO-4". EURO-4 is an environmental standard that

regulates the content of harmful substances in exhaust gases. While the models the Group plans to produce under the GEM Project are fully compliant with current and prospective environmental legislation (EURO-5 standard), there can be no assurance that the applicable regulations will not change in the future, including potentially to implement policies that require manufacturers to produce a certain percentage of electric vehicles. The Group expects the number and scope of these regulatory requirements, along with the costs associated with compliance, to increase significantly in the future, and these costs could be difficult to pass through to consumers, particularly if the acceptance rate for such vehicles is low.

A significant malfunction, disruption or security breach compromising the operation of the Group's information technology systems could damage the Group's reputation, disrupt its business and adversely impact its ability to compete

The Group's ability to keep its business operating effectively depends on the functional and efficient operation of its information, data processing and telecommunications systems, including its vehicle manufacturing, inventory tracking and billing and payment systems. In addition, the Group's vehicles are increasingly connected to external cloud-based systems. These systems may be the target of threats from third parties. A significant or large-scale malfunction or interruption of any one of the Group's computer or data processing systems, including through the exploitation of a weakness in its systems or the systems of its vendors or as a result of the ongoing implementation of the SAP ERP system, or of the Global Product Description System, which is located in the data centre of GM and owned by GM, could have a material adverse effect on the Group's ability to manage and keep its manufacturing and other operations running effectively, and damage its reputation. A malfunction or security breach that results in a wide or sustained disruption to the Group's business could have a material adverse effect on its business, financial condition, results of operations and prospects.

In addition to supporting its operations, the Group uses its systems to collect and store confidential and sensitive data, including information about the Group's business, consumers and employees. As the Group's technology continues to evolve, the Group anticipates that it will collect and store even more data in the future and that its systems will increasingly use remote communication features that are sensitive to both wilful and unintentional security breaches. Much of the Group's value is derived from its confidential business information, including vehicle design, proprietary technology and trade secrets, and to the extent the confidentiality of such information is compromised, the Group may lose its competitive advantage and its vehicle sales may suffer. The Group also collects, retains and uses personal information, including data it gathers from consumers for product development and marketing purposes, and data it obtains from employees. In the event of a breach in security that allows third parties access to this personal information, the Group is subject to a variety of laws that may require it to provide notification to the data owners, and that may subject it to lawsuits, fines and other means of regulatory enforcement. Complying with any new data protection related regulatory requirements could force the Group to incur substantial expenses or require it to change its business practices in a manner that has a material adverse effect on the Group's business, financial condition, results of operations and prospects.

The Group's reputation could also suffer in the event of a data breach, which could cause consumers to purchase their vehicles from the Group's competitors. Ultimately, any significant compromise in the integrity of the Group's data security could have a material adverse effect on its business, financial condition, results of operations and prospects.

The Group's business and financial condition may be materially and adversely affected if it fails to monitor its inventory level or to collect accounts receivable

The Group's inventories are principally goods in transit, raw materials and spare parts, finished goods and work in progress. As at 31 December 2020, 2019 and 2018, the amount of the Group's inventories was U.S.\$336 million, U.S.\$490 million and U.S.\$447 million, respectively, which accounted for 38.6

per cent., 51.8 per cent. and 75.3 per cent. of its total current assets, respectively. The Group endeavours to manage its inventory level by aligning its procurement with its sales based on confirmed purchase orders and projected sales. However, making an accurate estimate of its sales is difficult. Inaccurate forecasts of market demand and a mismatch between purchases of the Group's raw materials and sales of its finished products could increase the Group's inventory risks. In addition, aging of inventories requires the Group to make provisions for impairment of the fair value of inventories, which may affect the Group's profit. Any failure to effectively manage the Group's inventory level could have a material impact on the Group's cash flow and adversely affect its ability to carry on ordinary business activities and to serve its outstanding indebtedness, which in turn could materially and adversely affect the Group's business, financial condition, results of operations and prospects.

Further, as of 31 December 2020, 2019 and 2018, the Group's trade and other receivables were U.S.\$271 million, U.S.\$196 million and U.S.\$19 million, respectively, which accounted for 31.2 per cent., 20.8 per cent. and 3.13 per cent. of its total current assets, respectively, and its allowance for doubtful accounts as of the same dates was U.S.\$13 million, U.S.\$9 million and U.S.\$175 million, respectively, with the majority of credit loss allowance being in respect of foreign customers, as sales to domestic customers are mainly carried out under the terms of full and partial payment in advance which is intended to reduce exposure to credit risk. For example, the Group recorded a U.S.\$163 million write-off in 2019, primarily related to fully impaired trade receivables from Russian distributors upon sale of vehicles during 2013 to 2015. Financial assets are written-off, in whole or in part, when the Group has exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovery. The Group's financial condition may be adversely affected if it fails to collect the accounts receivable in full when due, which may in turn affect the Issuer's ability to make payments under the Notes.

The Issuer depends on key management and qualified personnel

The Issuer's senior management team includes a number of individuals that the Issuer believes contribute significant experience and expertise in the automobile industry. The Issuer's ability to continue to retain, motivate and attract qualified and experienced personnel in the automobile industry is vital to its business. There can be no assurance that the Issuer will be able to successfully recruit and retain the necessary qualified personnel. Any loss or diminution in the services of members of its senior management team or an inability to recruit, train or retain necessary personnel could affect the implementation of the Group's business strategies which, in turn, could materially and adversely affect its financial condition, results of operations and prospects as well as impair its ability to achieve its strategic objectives.

The Group's strategy is determined by the Government as its major shareholder. Interests of the Group's shareholders or management may conflict with those of the Noteholders

As at the date of this Prospectus, the sole shareholder of the Issuer, "UzAuto PV Management" LLC, is itself wholly owned by JSC "Uzavtosanoat", which is a state owned company which acts as the dominant controlling body (the equivalent of a government ministry) of the automotive industry within Uzbekistan. The Supervisory Board of JSC "Uzavtosanoat" is formed exclusively of shareholders in JSC "Uzavtosanoat" including the First Deputy Minister of Finance and four other members representing the Government, the State Assets Management Agency and the Tashkent State University of Economics.

The Government is, therefore, ultimately able to determine the outcome of all material matters concerning the Group that may be decided by the shareholders and can appoint the Issuer's directors and management. Accordingly, the Government could cause the Issuer to pursue transactions that are designed to implement the policy of the Government rather than benefit the Group or the Noteholders, even though such transactions may involve increased risk for the Group and, consequently, for the Noteholders. Although the Issuer retains autonomy to determine day-to-day commercial matters, its

overall strategy is prescribed by the Government. The interests of the Issuer's shareholders and management may, in some circumstances, conflict with the interests of the Noteholders and any such conflict could have a material adverse effect on the Noteholders' investment in the Notes.

Notwithstanding that the Group is indirectly owned by the Government, the Notes are not guaranteed by the Government and the Government is under no obligation to extend financial support to the Group

Although the Government is an indirect 100 per cent. shareholder of the Group, potential investors should note that the Government does not guarantee the obligations of the Group in respect of any Notes and Noteholders therefore do not benefit from any legally enforceable government backing. Although the Government has in the past provided financial and other support to companies in which it holds ownership interests, including the Group, it is under no obligation to extend such support to the Group in the future and, accordingly, may not do so. The Group's ability to meet its obligations under the Notes is solely dependent on its ability to fund such amounts from the Group's operations, profit and cash flow or from external borrowings.

The Group may not be able to successfully execute its strategic initiatives

The Group currently has a number of strategic initiatives which aim to secure its current leading position in the domestic market, increase its export potential, optimise its manufacturing and business processes, reduce costs and increase profitability. For example, the Group plans to launch a new Chevrolet model range on the GEM platform in order to boost both local and export sales. The Group also aims to expand its distribution network in CIS countries, particularly Kazakhstan and Russia. In addition, the Group is currently in the process of establishing a stamping shop in its Pitnak production facility, which will allow the Group to increase its production capacity. In the longer-term, from around 2027, the Group anticipates entering the electric vehicle segment.

Successful execution of the Group's strategy is not assured and depends upon a number of factors, many of which are outside of the Group's control, including, but not limited to, the Group's ability to penetrate new and existing markets and the availability of the capital expenditure required to execute such initiatives. If the Group's strategy is not implemented successfully, if the Group's strategy does not yield the anticipated benefits, or if the Group is unable to control costs in delivering its strategy, the Group may be unable to achieve its objectives, which could have a material adverse effect on the Group's business, financial condition, results of operations and prospects. In addition, with respect to the Group's longer-term strategy, Uzbekistan will require significant infrastructure development, such as the instalment of charging stations across the country, before the switch to electric vehicles is attainable for the majority of the population. In addition, the high cost of the battery required for the production of electric vehicles may make such models prohibitively expensive for the majority of the Group's customers, given vehicles with a price under U.S.\$11,000 represented approximately 78.5 per cent. of the Group's sales in 2020. The Group does not intend to invest in the infrastructure development required to support electric vehicles, and there can be no assurance that this will be completed in the coming years to enable the Group to enter the electric vehicle segment in the longer term.

Furthermore, any failure by the Group to effectively manage the increasing size and complexity of its business resulting from these strategic initiatives could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

The Group's insurance policies may not cover, or fully cover, certain types of losses

The Group generally maintains insurance policies covering its assets, operations and certain employees in line with general business practices in Uzbekistan and applicable laws and regulations, including a comprehensive insurance policy with highly rated Uzbek insurance companies. The Group seeks to insure against a range of risks, including commercial property insurance, financial risks for export trade

debtors, insurance coverage from damages in logistics, employer's liability insurance, customs warehouse insurance, insurance of facilities with hazardous status and company vehicles insurance. However, there can be no assurance that all types of potential losses are insured or that policy limits would be adequate to cover them. In addition, the Group's insurance policies do not cover environmental damage arising from its operations or caused by natural disasters, such as floods, or war or terrorist activity. Accordingly, there may be circumstances in which the Group will not be covered or compensated for certain losses, damages and liabilities. Any uninsured loss or a loss in excess of insured limits could adversely affect the Group's existing operations and create additional significant costs and liabilities and could, in turn, have a material adverse effect on the business, financial condition, results of operations and prospects of the Group.

The Group may be subject to disputes, legal, regulatory or other proceedings

The Group may from time to time be involved in disputes with dealers, distributors, sales agents, suppliers, business partners, customers and other third parties during the course of its daily operations. Claims may be brought against the Group based on a number of causes, such as defective vehicles. If the disputes or claims are not resolved or settled through negotiation or mediation, the Group may resort to litigation or arbitration proceedings, which may be lengthy and costly and distract managerial resources. In the event that the Group prevails in such legal proceedings, there is no assurance that the judgment or awards will be effectively enforced. If a judgment or award is rendered against the Group, the amounts payable by the Group may not be fully covered by its insurance, and the amounts could differ from the provisions made by the Group based on its estimates. Any material charges associated with claims brought against the Group and material write downs associated with its claims could have a material adverse impact on its financial condition, results of operations or cash flow. Details of certain claims against the Issuer as at the date of this Prospectus are set out in more detail below.

Uzbekistan Antimonopoly Committee

Several customer complaints were submitted to the Uzbekistan Antimonopoly Committee (AMC) against the Issuer following the increase in vehicle sales prices by the Issuer in March 2020. In August 2020, the AMC found that the Issuer had violated the rules of taxation, pricing and sales which caused damage to consumers. In September 2020, the Issuer filed a claim against the AMC in the Tashkent City Administrative Court which resulted in the court annulling the AMC decision in favour of the Issuer. Whilst the AMC appealed against such decision, the decision of the court was upheld and the AMC's appeal dismissed.

Pursuant to the Code of Administrative Proceedings, the AMC has a right to bring a cassation claim over the Appeals Board's decision within one year of the appeal. As the Appeal Board's decision was made on 8 December 2020, the AMC may file a cassation claim until 17 December 2021. Whilst the Issuer considers that there are no legal grounds on which the initial decision of the AMC was made, which is supported by the decisions of the Tashkent City Administrative Court and subsequently, the Appeals Board, there can be no certainty that the AMC will not launch a further appeal to the Supreme Court regarding the decision of the Appeals Board.

Claims to hold the Issuer and certain other parties jointly liable under subsidiary liability for obligations of CJSC PII "UzDaewoo-Varonezh", LLC "UzDaewoo Avto-Ufa" and LLC "UzavtoRus"

During the course of bankruptcy proceedings in respect of CJSC PII "UzDaewoo-Varonezh", LLC "UzDaewoo Avto-Ufa" and LLC "UzavtoRus", which are all located in Russia, bankruptcy trustees filed a lawsuit against the Issuer and certain other entities, claiming that the Issuer and such entities were liable under subsidiary liability for the obligations of CJSC PII "UzDaewoo-Varonezh", LLC "UzDaewoo Avto-Ufa" and LLC "UzavtoRus". The maximum amount of such claims attributable to the Issuer is estimated to be Russian Roubles 14,023 million (U.S.\$186 million as at 31 March 2021). On 23 March 2021, the Moscow Arbitration Court found that there were grounds to hold the Company

liable under subsidiary liability for the obligations of LLC “UzavtoRus” (the **Judgement**). On 6 April 2021, the Company and JSC “Uzavtosanoat” submitted appeals to the Judgement. As at the date of this Prospectus, such appeals have not been accepted for review and court hearings for their consideration have not yet been scheduled. In addition, preliminary court hearings in respect of CJSC PII “UzDaewoo-Voronezh” and LLC “UzDaewoo Avto-Ufa” have not been held as of the date of this Prospectus.

Whilst the Issuer believes that the Judgement should be dismissed and that the risk of an unfavourable outcome in the proceedings in respect of the other relevant companies is low for the reasons set out in “*Description of the Group—Litigation*”, there can be no assurance that the Judgement will be dismissed or that the lawsuit against the Issuer in respect of the other relevant companies will not proceed, which may in turn have a material adverse effect on the business, financial condition, results of operations and prospects of the Issuer.

Labour laws and the collective bargaining agreement with the trade union committee could impact the Group’s ability to increase the efficiency of its operations, and the Group may be subject to work stoppages in the event it is unable to agree on collective bargaining agreement terms or have other disagreements

Unlike businesses operating in different industries and/or in different geographical regions, all of the Group’s production employees are represented by a trade union committee, are covered by a collective bargaining agreement and/or are protected by applicable labour relations regulations that may restrict the Group’s ability to modify operations and reduce personnel costs quickly in response to changes in market conditions and demand for its products. These and other provisions in the collective bargaining agreement may impede the Group’s ability to restructure its business successfully to compete more effectively, especially with those car manufacturers whose employees are not represented by trade unions or are subject to less stringent regulations, which could have a material adverse effect on the Group’s business, financial condition, results of operations and prospects. In addition, although the Group believes that relations with employees are good, the Group may be subject to work stoppages in the event that the Group and the labour union committee are unable to agree on collective bargaining agreement terms or have other disagreements. Any such work stoppage could have a material adverse effect on the Group’s business, financial condition, results of operations and prospects.

The Group may not be able to obtain external financing on favourable terms, or at all, to fund its ongoing operations and expansion

To fund its ongoing operations, existing and future capital expenditure requirements, investment plans and other financing requirements and to competitively respond to technological change and market demand, the Group requires sufficient internal sources of liquidity or access to additional financing from external resources. In particular, the Group requires significant capital for the expansion and upgrade of its plants to increase the production capacity. The Group principally funds its operations from a combination of cash generated from its business operations and bank borrowings. The availability of external funding is subject to various factors, some of which are beyond the Group’s control, including obtaining governmental approvals, prevailing capital market conditions, credit availability, cost of financing including changes in interest rates and the performance of the Group’s business. Financing may not be available in amounts or on terms acceptable to the Group, if at all. Any failure by the Group to arrange sufficient funding in a timely manner, on terms that are satisfactory to it or at all, could materially adversely affect its business, financial condition, results of operations and prospects.

The Group is exposed to risks with respect to its borrowings, which may impair the Group’s operational and financial flexibility

As at 31 December 2020, 2019 and 2018, the Group had borrowings that were classified as current liabilities in its consolidated statement of financial position of U.S.\$239 million, U.S.\$12 million and

U.S.\$219 million, respectively, compared to total current assets of U.S.\$870 million, U.S.\$945 million and U.S.\$594 million, respectively, as at the same dates. Any significant deterioration in the Group's liquidity position may impair the Group's operating and financial flexibility and could potentially cause the Group to dedicate a significant portion of cash flow from operations to debt service obligations, depending on the level of borrowings, prevailing interest rates and foreign currency exchange rate fluctuations, which may reduce the funds available to the Group for capital expenditure, investment within the Group, acquisitions and other expenditure.

The Group's liquidity position could also limit its ability to borrow additional funds for capital expenditure investment within the Group, acquisitions and other expenditure; limit flexibility in planning for, or reacting to, changes in technology, customer demand, competitive pressures and the industry in which the Group operates; place the Group at a competitive disadvantage compared to competitors that may be less leveraged than the Group; and increase the Group's vulnerability to both general and industry-specific adverse economic conditions.

If conditions in credit markets are unfavourable and/or one or more of the Group's credit ratings are downgraded or placed on negative credit watch, the marketability and trading value of the Notes may be materially diminished, and the Group may not be able to obtain new sources of financing and/or such new sources of financing, together with the Group's existing financing sources, may be at higher costs and/or include additional financial, operating or other obligations.

Any of the factors listed above may have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

The Group is required to comply with certain financial and other restrictive covenants under its financing arrangements

The agreements governing certain of the Group's outstanding financing arrangements contain covenants that restrict the ability of the Issuer to, among other things:

- incur additional debt;
- make certain investments;
- sell certain assets or merge with or into other companies;
- use assets as security in other transactions; and
- enter into sale and leaseback transactions.

While the Group expects the Issuer to remain compliant with these restrictive covenants, such covenants could limit the Group's financial and operating flexibility, which could have a material adverse effect on its business, financial condition, results of operations and prospects.

The Group is exposed to credit risk in respect of cash balances held with one local bank, and Uzbekistan's banking sector remains vulnerable to external shocks

As at 31 December 2020, 2019 and 2018, the Group held 48.2 per cent., 99.5 per cent. and 97.7 per cent., respectively, of its cash and cash equivalent balances with JSCB "Asaka" (**Asakabank**), a local bank. While the Group seeks to limit such credit risk by diversifying its bank portfolio and working with foreign banks on trade finance opportunities, there can be no assurance that these mitigating actions will be successful. If Asakabank were to fail due to bankruptcy, lack of liquidity, operational failure or other reasons, it could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

Uzbekistan's banking sector is concentrated, underdeveloped and vulnerable to macroeconomic shocks, such as devaluation of the soum. In particular, a large share of the banking sector's loans consist of loans to state-owned companies guaranteed by the state, exposing the sector to high loan concentration and to single borrower risk. Deterioration of the creditworthiness of the largest borrowers that are also key enterprises in the economy may lead to systemic shocks for the economy as a whole and the banking sector in particular.

There is also a risk that financial assistance to the banking sector may be needed from the state in the event of a macroeconomic shock, which it may not be willing and/or able to provide. To increase the efficiency of the banking sector, the Government is planning a number of reforms under Presidential Decree No. 5992 "On the Strategy of Reforming the Banking System" dated 12 May 2020. The Presidential Decree aims to increase the efficiency and ensure financial stability of the banking system. The Presidential Decree also aims to reduce the Government's ownership of shares in the banking sector through the privatisation of a majority of the 13 state-owned banks, keeping only three banks under the Government control: "National Bank for Foreign Economic Activity of the Republic of Uzbekistan", JSCB "Agrobank:" and JSC "Microcreditbank".

In line with the Decree and other related reform measures, the Government will, among other things, decrease its influence on majority of the state-owned banks, as well as reduce direct state financing and state guarantees for borrowers in the commercial banking sector. The privatisation reforms would require the state-owned banks to transition from capital injections and reduced degree of subsidisation from the Government to funding from other sources, such as foreign financial institutions, asset backed securities, customer deposits, the interbank lending market, the international capital markets and other similar instruments, which if not received on favourable terms could have a material adverse effect on the asset quality and profitability of the transitioning banks, resulting in direct impact on the economy of Uzbekistan.

There can be no assurance that such reforms will be successful or sufficient or that the banks, including Asakabank, will succeed in implementing all of the necessary stages of transformation. Deficiencies in the Uzbek banking sector may result in the banking sector being more susceptible to future worldwide credit market downturns and economic slowdowns. The Uzbek banking sector remains vulnerable and susceptible to foreign currency fluctuations and there can be no assurance that future turmoil in the global banking sector and the wider economy will not have a negative effect on Uzbekistan's banking sector, including those which service the Group.

The Group may face risks associated with its car financing solutions in the future

While the Group currently sells the majority of its cars on a fully-paid basis, it also sells a portion of its cars on an instalment basis, finance lease basis or part exchange basis. In 2020, due to the COVID-19 pandemic and as a part of a sales stimulation programme, 13.3 per cent. of the Group's sales were made as instalment sales on the following terms: (i) CKD models with an average down payment of 70 per cent. and deferred payment over an average period of six months and (ii) SUP models with an average down payment of 50 per cent. and deferred payment over an average of 24 months. In addition, the Group may consider opportunities to expand its car financing solutions in the future through a lending company which offers loans. If such solutions significantly increase the Group's exposure to funding risks and credit risks, it could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

Risks related to the Republic of Uzbekistan and other countries in which the Group operates

The Group may be adversely affected by changes in Uzbekistan's economic, political and other conditions

The Group's operations are primarily located in, and the majority of its revenue (93.3 per cent. in 2020) is sourced from, Uzbekistan. As a result, the Group's results of operations are, and are expected to continue to be, significantly affected by financial and economic developments in or affecting Uzbekistan and, in particular, by the level of economic activity in the country. The Group's results are also impacted by political, social and legal developments in the country. Significant movements in GDP, inflation, interest rates as well as unemployment and personal income have a material impact on the level of customer demand for the Issuer's products and a material adverse effect on the Group's business, financial condition, results of operations and prospects.

The Uzbekistan economy continues to display characteristics of an emerging market, including but not limited to, a currency that is not freely convertible outside of the country and a low level of liquidity in debt and equity markets. Economic stability in Uzbekistan is largely dependent upon the effectiveness of economic measures undertaken by the Government, together with other legal, regulatory and political developments, all of which are beyond the Group's control. The Group's financial position and operating results will continue to be affected by future political and economic developments in Uzbekistan, including the application and interpretation of existing and future legislation and tax regulations, which greatly impact the Uzbek automotive market and the economy overall. The Group's management is taking measures to seek to ensure sustainability of the Group's operations, however the management is unable to predict the effectiveness and continuity of such political and economic developments and their impact, if any, on the Group's business, financial condition, results of operations and prospects.

Any depreciation of the soum against the U.S. dollar or other foreign currencies, and any future devaluations in the currencies of Uzbekistan's neighbouring countries (including countries forming part of the CIS, and specifically including Russia) may adversely affect the economy of Uzbekistan. In 2017, the CBU, with the intention to liberalise the currency market in Uzbekistan, devalued the soum against the U.S. dollar by approximately 92 per cent., causing a devaluation in the soum from UZS 4,210.35 per U.S.\$1 to UZS 8,100 per U.S.\$1. The soum has been further devalued since, most recently in April 2020, as outlined above, when the soum was devalued twice in three days in response to depreciatory pressure resulting from the impact of the COVID-19 pandemic. As at 31 March 2021, the soum stood at UZS 10,474.98 per U.S. dollar. Given that the Government debt is denominated in foreign currency, Uzbekistan continues to be exposed to foreign exchange shocks. As the Group imports vehicles from GM outside of Uzbekistan, any significant movements in foreign exchange rates may have a material impact on the Group's business, financial condition, results of operations and prospects. See also "*—Risks related to the Group's business and the automobile industry in Uzbekistan—The Group is subject to currency risk*".

In particular, Uzbekistan's economy is subject to significant inflationary pressure. Uzbekistan's rate of inflation was equal to 11.1 per cent. in 2020, 15.2 per cent. in 2019 and 14.3 per cent. in 2018, in each case according to the State Committee of the Republic of Uzbekistan on Statistics. The inflation was high in 2019 on the back of price liberalisation reforms implemented in the country in 2018, as well as factors stimulating investment and consumer demand, backed up by increased credit activity in the banking sector and high levels of Government spending. Following a phased transition to inflation targeting by the CBU, which will be followed by more radical measures intended to reduce inflation to single digits in the coming years, inflation decreased during the course of 2020. However, there can be no assurance that such a target will be achieved, particularly following the COVID-19 pandemic and the expansionary fiscal and monetary policies pursued by the Government and the CBU in response thereto. See "*Risk Factors—Risks Related to the Group's Business and the automobile industry in Uzbekistan —The COVID-19 pandemic has had, and will likely continue to have, a significant effect*".

upon the economy of Uzbekistan which consequently may adversely affect the Group's business, financial condition and results of operations". Heavy and sustained inflation could lead to market instability, financial crises, reductions in consumer purchasing power and the erosion of consumer confidence. Any of these events could lead to decreased demand for the Group's automobiles and have a material adverse effect on the Group's business, financial condition, results of operations and prospects. Furthermore, inflation may increase the Group's costs and exert downward pressure on its operating margins, which could, in turn, have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

Further, Uzbekistan is relatively reliant on energy exports, which amounted to 4.4 per cent. of its total exports in 2020 according to the State Committee of the Republic of Uzbekistan on Statistics. Uzbekistan's energy exports in 2020 were negatively impacted by significant import reductions of Uzbek gas by the Russian Federation and China due to significantly lower demand for oil, in part due to travel restrictions resulting from the COVID-19 pandemic, and the economic slowdown caused by the COVID-19 pandemic. The country also has significant indirect exposure to energy prices insofar as it is reliant on its trading relationships with the Russian Federation and its neighbouring countries, and from remittances from the millions of Uzbek nationals employed in Russia, where oil and gas are responsible for more than half of the country's exports. Crude oil and oil product prices are subject to international supply and demand, and margins can be volatile. In particular, energy prices have been heavily affected by the COVID-19 pandemic. The effect which sustained low energy prices could have on the Uzbekistan economy, and on Government revenues, could have a material adverse effect upon the Group's business, results of operations, financial condition and prospects as a result of individuals' reduced spending power across the region.

In order to ensure the sustainable growth of Uzbekistan's economy, the Government has been implementing a wide range of economic, financial and banking system reforms, and reforms of the legal, tax and regulatory environment. However, despite some improvements over the recent years, the pace of implementation and eventual success of such reforms could be adversely impacted by weak institutions, risks of corruption and lack of transparency and accountability at the regulatory level. In addition, the Government's effort in conducting these reforms could be adversely impacted by tensions between the United States and the Russian Federation in the light of Uzbekistan's potentially joining the World Trade Organisation and the Eurasian Economic Union. Failure to successfully implement these reforms could have a material adverse effect on the economy of Uzbekistan and, in turn, a material adverse effect on the Group's business, financial condition, results of operations and prospects.

Market turmoil and economic deterioration in Uzbekistan as a result of COVID-19 or otherwise may cause consumer spending to decline and have a material adverse effect on the liquidity and financial condition of the Group's customers in Uzbekistan. Despite a stable political environment in Uzbekistan during the recent period of economic reforms, there is no guarantee that the ongoing reform process would not trigger social unrest in future (particularly given relatively low income per capita in Uzbekistan) and/or lead to losses of state-owned enterprises no longer shielded from market competition. Any significant changes in the political climate in Uzbekistan, including changes affecting the stability of the Government or involving a rejection or reversal of reform policies, may have a negative effect on the economy of Uzbekistan. Uncertain and volatile global political conditions, as well as regional geopolitical developments, could also have substantial political and macroeconomic ramifications, which could, in turn, have a significant impact on Uzbekistan's economy. If any of these risks materialise, they could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

Implementation of market-based reforms may not be effective, which may slow the growth of Uzbekistan's economy, or may make Uzbekistan more vulnerable to external shocks

Since early 2017, the Government introduced a number of measures aimed at liberalisation of the Uzbek economy to encourage growth and foreign investment. These reforms include currency and trade

liberalisation, reforms of the tax and state budget processes, the restructuring and privatisation of state-owned entities and the reform of the agriculture and financial sectors.

A number of actions were taken in order to liberalise foreign trade operations. These measures included the abolition of, inter alia, (i) licensing procedures for wholesale trade activities and special orders for taxation of trade entities, (ii) special orders for accounting for the realised proceeds of exclusive excise tax on goods (automobiles, vegetable oil and others) and their use, (iii) requirements to obtain permission for export trade and (iv) the special regime requiring approval from the State Committee of the Republic of Uzbekistan for the promotion of privatised enterprises and the development of competition for product placement on exchange trades and the introduction of a notification procedure for their approval.

The Government's market liberalisation programme is aimed at raising Uzbekistan's competitiveness and openness, ensuring freedom of economic activity, strengthening macroeconomic stability and boosting economic growth, modernising and diversifying leading sectors of the economy, reforming the financial and banking sector, protecting private property and entrepreneurship, expanding foreign economic activity, drawing foreign investment, developing tourism and implementing structural changes in agriculture.

There is no assurance that planned reforms aimed at liberalising Uzbekistan's economy will be carried out in full or that such reforms as are implemented will be successful in improving economic growth or encouraging foreign direct investment. Any such failure could have a material adverse effect on Uzbekistan's economy and, in turn, on the Group's business, financial condition, results of operations and prospects.

Furthermore, should the Government succeed in the implementation of market reforms, Uzbekistan's economy would be more integrated into the world trading system and inter-linked with the global economy and economies of the main trade partners and neighbouring states of Uzbekistan, which may make Uzbekistan's economy more vulnerable to external shocks, such as global economic crises and currency and commodity price volatility. There can be no assurance that weaknesses in the global economy, or a future external economic crisis, will not have a negative effect on Uzbekistan's economy and, in turn, on the Group's business, financial condition, results of operations and prospects.

Uzbekistan is undertaking a number of reforms in its legal system, some of which may not happen in the time period planned or may take longer than expected, which could impact economic and other reforms.

Uzbekistan's legal system is continuing to develop since Uzbekistan achieved independence from the Union of Soviet Socialist Republics (the **USSR**) in 1991 and is therefore subject to greater risks and uncertainties than a more mature legal system. In particular, risks associated with Uzbekistan's legal system include:

- The laws of Uzbekistan relating to currency regulation grant to each of the President of Uzbekistan, the Cabinet of Ministers of Uzbekistan and the CBU the right to change the sub-legislative acts on the currency regulation regime (i.e. to restrict or suspend any currency transactions for the purposes of implementing international obligations and when emergency situations arise; however, such emergency situations are not clearly defined under the laws of Uzbekistan).
- In contractual documentation entered into with Uzbek entities, foreign law shall not apply where the application of such foreign law would be contrary to the public policy of Uzbekistan. The concept of public policy is not well developed in Uzbekistan; it is possible, however, that such considerations could apply in specific circumstances where, for example, the interests of creditors, employees, the national or local economy, public health and safety or national

security are involved. The Civil Code of Uzbekistan further provides that the application of foreign law cannot be refused solely on the basis of differences in legal, political or economic systems between a foreign state and Uzbekistan.

- Pursuant to the Civil Code of Uzbekistan, certain mandatory provisions of Uzbek law shall apply irrespective of the choice of foreign law. Potentially, these mandatory provisions could include the fundamental principles of Uzbek law which generally underpin such areas as tax, administrative and criminal law, licensing and registration, public health, construction and safety requirements, labour law, insurance, competition, embargoes, foreign exchange and other public regulations. The Civil Code does not specify any reasons for applying such mandatory provisions.
- The laws of Uzbekistan governing commercial activities are evolving and reflect the transition which the economy and the government of Uzbekistan are undergoing to modernise the Uzbek economy. Such factors may cause rapid changes in legislation, adoption of new legislation (on occasion with a retroactive effect), and a failure, delay or misinterpretation in the implementation of legislation. In addition, the legal system of Uzbekistan is unfamiliar with certain international commercial law terminology, concepts and practices used in connection with legal documentation commonly used in international transactions.
- The laws of Uzbekistan may contain unpublished, secret, or otherwise classified provisions. The market practice remains in Uzbekistan that presidential decrees or decrees of the Cabinet of Ministers may include redacted or confidential provisions, access to which may be strictly limited.

Each of the above can cause uncertainty in transactions between foreign investors and Uzbek residents. Further, the commitment of Government officials and agencies to comply with legal obligations and negotiated agreements has not always been reliable and there is a tendency for the authorities to take arbitrary action. Legal redress for breach or unlawful action may not be readily available or may be subject to significant delays. These and other factors that have an impact on Uzbekistan's legal system make foreign investments in Uzbekistan subject to greater risks and uncertainties than an investment in a country with a more mature legal system, which may negatively impact foreign investment and could, in turn, have a negative effect on Uzbekistan's economy and the Group's business, financial condition, results of operations and prospects.

In addition, the judicial system, judicial officials and other Government officials in Uzbekistan may not be fully independent of external social, economic and political forces. Therefore, judicial or administrative decisions could be unduly influenced. The possible lack of judicial and administrative independence may adversely affect the willingness of foreign investors to make investments in Uzbekistan and could, in turn, have a negative effect on Uzbekistan's economy and the Group's business, financial condition, results of operations and prospects. Any of the above factors could also have a material adverse effect on the liquidity and the trading price of the Notes.

Uzbekistan has had complex relations with the EU and the United States and any such points of tension could have a material adverse effect on Uzbekistan's economy or political environment

Uzbekistan has had complex relations with the EU and the United States in the past, each of which has raised human rights concerns. For example, in May 2005, the United States and the EU criticised Uzbekistan's treatment of protests in the city of Andijan, which led to a number of alleged killings. In response, the EU imposed sanctions, banning Uzbek officials allegedly connected to the treatment of protesters from traveling to Europe and establishing embargos on arms and military equipment exports. The United States added additional limits to pre-existing congressional bans on assistance for Uzbekistan, such as military assistance.

Since May 2005, the normalisation of political relations between Uzbekistan and both the United States and EU has resumed. The EU removed all sanctions on Uzbekistan in 2009, citing positive human rights trends and the United States has been providing a limited amount of financial assistance and granting six-month waivers to the country related to the United States' congressional bans.

Uzbekistan's relationship with EU countries has also been developing in recent years, and Germany and France in particular are important trade partners of Uzbekistan. No assurance, however, can be given that Uzbekistan's current foreign policy relationships with both the United States and the EU will continue or that the United States and the EU will not impose new restrictions on Uzbekistan in relation to past or future points of tension or that such frictions will not affect the political and economic environment in Uzbekistan, which in turn could have a material adverse effect on the Group's business, financial condition, results of operations and prospects. Additionally, complex political relations with the EU and the United States could have an adverse effect on investments in Uzbekistan and the availability of external funding from international capital markets.

The Group may be adversely affected by changes in the economic, political and other conditions of Kazakhstan, Russia and other countries in which it operates

In addition to its primary market of Uzbekistan, the Group also exports products to a number of other countries. As at 31 December 2020, the Group exported its products to eight countries through 14 distributors (three each in Kazakhstan and Azerbaijan, two in Ukraine and one each in Russia, Belarus, Kirgizia, Turkmenistan, Tajikistan and Afghanistan). In 2020, the Group's exports accounted for 6.7 per cent. of its total revenue from contracts with customers. Going forward, the Group aims to expand its distribution network in CIS countries, particularly Kazakhstan and Russia, as part of its growth strategy. Any change in the economic, political or other conditions of these countries, and in particular an economic downturn, could result in decreased demand for Group's products, which could in turn lead to difficulties implementing the Group's expansion strategy.

In particular, the economies of Russia and Ukraine have been affected by sanctions imposed on certain Russian and Ukrainian persons and entities by the United States, the EU and other countries. The sanctions, combined with a substantial decline in global oil prices, had an adverse effect on the Russian economy, prompting downward revisions to the credit ratings of the Russian Federation and a number of major Russian companies that are ultimately controlled by the Russian Federation, caused extensive capital outflow from Russia in 2014 and 2015 and impaired the ability of Russian issuers to access the international capital markets. The governments of the United States and certain EU member states, as well as certain EU officials, have indicated that they may consider additional sanctions.

While Uzbekistan maintains independent diplomatic relationships with both Russia and Ukraine and has confirmed its neutral position with respect to the tensions between Russia and Ukraine, Uzbekistan has significant economic and political relations with Russia, and Russia is the main trade and economic partner of Uzbekistan. Sanctions imposed on certain Russian persons and entities by the United States, the EU and other countries could prevent Uzbekistan from trading with certain Russian counterparties, which could have a material adverse impact on Uzbekistan's trade and consequently the country's economy. Uzbekistan's close economic links with Russia, the existing sanctions imposed on certain Russian and Ukrainian persons and entities or any future sanctions could have a material adverse effect on Uzbekistan's economy, which in turn could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

In addition, Uzbekistan has had a number of disputes with neighbouring countries in the past, particularly with Tajikistan and Kyrgyzstan. Since his election in December 2016, President Mirziyoyev has strongly emphasised improving relations with neighbouring countries as a major foreign policy goal and has taken positive steps to improve ties with Kazakhstan, Kyrgyzstan and Tajikistan in an effort to improve regional cooperation. No assurance, however, can be given that Uzbekistan's current foreign policy goals and relationships with its neighbours will continue. A change of policy of the Uzbek

government, deterioration of relations between Uzbekistan and its neighbours in the future or inter-ethnic discord could have a material adverse effect on the Uzbek economy, the Group's exports to such markets or the Group's supply of raw materials, spare parts and components, which in turn could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

Enforcement of judgements or arbitral awards against the Group can be difficult

The Issuer has not submitted to the jurisdiction of any foreign courts in connection with the Notes. The Conditions provide that arbitration will be the exclusive remedy in relation to any dispute relating to the Notes. If a Noteholder is granted a monetary award in any arbitration proceedings in relation to the Notes, it may attempt to enforce that award or bring proceedings on the award as a debt owing to it in Uzbekistan and attempt to obtain a judgment thereon. In addition, Uzbekistan and the United Kingdom are parties to the New York Convention and, accordingly, an arbitral award should generally be recognised and enforceable in Uzbekistan provided the conditions to enforcement set out in the New York Convention are met and subject to compliance with Uzbek law. See "*Limitations on Enforcement of Arbitral Awards and Judgments*" for more information on enforcing an arbitral award in Uzbekistan.

Uzbekistan's courts may not enforce a judgment obtained in a court outside Uzbekistan (including the judgement on an arbitral award) unless there is a treaty in effect between the relevant country and Uzbekistan providing for reciprocal enforcement of judgments and then only in accordance with the terms of such treaty. There is no such treaty in effect between Uzbekistan and the United Kingdom. Even if an applicable international treaty is in effect or a foreign judgment might otherwise be recognised and enforced on the basis of reciprocity, the recognition and enforcement of a foreign judgment will in all events be subject to exceptions and limitations provided for in Uzbek law.

For example, an Uzbekistan court may refuse to recognise or enforce a foreign arbitral award or a foreign judgement thereon if its recognition or enforcement would be contrary to Uzbekistan public policy. As a result, it may be difficult to obtain recognition or enforcement of a foreign arbitral award or a foreign judgement thereon in respect of the Notes.

It may also be difficult to enforce a foreign arbitral award or a foreign judgement thereon in Uzbekistan due to a number of factors, including the lack of experience of Uzbek courts in international commercial transactions and certain procedural irregularities, all of which could introduce delay and unpredictability into the process of enforcing any foreign arbitral award or a foreign judgement thereon in Uzbekistan. In addition, the judicial system and judicial officials in Uzbekistan may not be fully independent of external social, economic and political forces. Therefore, judicial decisions could be unduly influenced.

Corporate governance standards in Uzbekistan differ from those in Western jurisdictions

The Issuer complies with corporate governance standards applicable under Uzbek law and the Issuer's internal corporate governance policies, which are not of the same standard as those in the United Kingdom. Accordingly, there are fewer protections for investors than would otherwise be the case if the Issuer was required to comply with corporate governance principles or standards applicable to public companies in the United Kingdom. Furthermore, should the Issuer fail to comply with existing corporate governance standards applicable under Uzbek law, it could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

FACTORS WHICH ARE MATERIAL FOR THE PURPOSE OF ASSESSING THE MARKET RISKS ASSOCIATED WITH THE NOTES

Risks Related to the Notes

Insolvency and administrative laws in the Republic of Uzbekistan could negatively affect the ability of Noteholders to enforce their rights

Uzbekistan bankruptcy law provides that transactions or payments entered into or made within specified time periods before a bankruptcy petition is filed or at or after the time when a bankruptcy petition is filed may be declared void by an Uzbek court. After a bankruptcy petition is filed, the subject company is prohibited from paying any debt outstanding prior to the bankruptcy proceedings, subject to specified exceptions. After the subject company becomes insolvent, creditors of that company may not effectively pursue any legal action to obtain an order for payment of indebtedness, to set aside a contract for non-payment or to enforce the creditor's rights against any asset of the debtor outside the framework of the bankruptcy proceedings. Contractual provisions, which would accelerate the payment of the debtor's obligations upon the occurrence of certain bankruptcy events, are not enforceable under Uzbekistan law. In addition, an administrator may renounce or set aside executory contracts.

Additionally, if a court orders bankruptcy proceedings, it can prohibit the sale of an asset that it deems to be essential to the continued business of the debtor, and it can postpone the payment of debts owed by the debtor. Uzbekistan bankruptcy law assigns priority to the payment of certain creditors, including creditors on personal injury obligations, employees, secured creditors, the government, tort plaintiffs and certain post-petition creditors.

The Notes are pari passu securities

Subject to restrictions on levels of indebtedness in other agreements and under prudential norms, there is no restriction on the amount of securities the Issuer may issue and which may rank equally in right of payment with the Notes. The issue of any such securities may reduce the amount investors may recover in respect of the Notes in certain scenarios as the incurrence of additional debt could affect the Issuer's ability to repay principal of, and make payments of interest on, the Notes. This could have a material adverse effect on the trading price of the Notes.

The Notes constitute unsecured obligations of the Issuer

The Issuer's obligations under the Notes will constitute unsecured obligations of the Issuer. Accordingly, any claims against the Issuer under the Notes would be unsecured claims, which would be satisfied only after any secured creditors, if at all. The ability of the Issuer to pay such claims will depend upon, among other factors, its liquidity, overall financial strength and ability to generate asset flows.

There is no public market for the Notes

There is no existing market for the Notes, and there can be no assurance regarding the future development of a market for the Notes. Application has been made for admission to trading of the Notes on the Market. However, an active trading market in the Notes may not develop or be maintained after listing. No assurance can be made as to the liquidity of any market that may develop for the Notes, the ability of Noteholders to sell the Notes or the price at which Noteholders may be able to sell the Notes. The liquidity of any market for the Notes will depend on the number of Noteholders, prevailing interest rates, the market for similar securities and other factors, including general economic conditions and the Issuer's financial condition, performance and prospects, as well as recommendations of securities analysts. Disruptions in the global capital markets may lead to reduced liquidity, increased credit risk premiums and a reduction in investment in securities. If an active trading market does not develop or cannot be maintained, this could have a material adverse effect on the liquidity and the trading price of the Notes.

The trading price of the Notes may be volatile

The trading price of the Notes could be subject to significant fluctuations in response to actual or anticipated variations in the Issuer's operating results and those of the Issuer's competitors, adverse business developments, changes to the regulatory environment in which the Issuer operates, changes in financial estimates by securities analysts and the actual or expected sale of a large number of Notes, as well as other factors, including the credit rating of the Issuer. Historically, the market for non-investment grade debt, such as the Notes, has been subject to disruptions that cause substantial volatility in the prices of such securities. In addition, in recent years the global financial markets have experienced significant price and volume fluctuations which, if repeated in the future, could adversely affect the trading price of the Notes without regard to the Issuer's operating results, financial conditions or prospects or credit rating.

The Notes may or must be redeemed prior to maturity for certain reasons

On the occurrence of one of the early redemption events described in Condition 7, the Issuer may, or in some cases must, redeem the Notes in whole or in part together with accrued and unpaid interest at any time, and the Issuer shall redeem all outstanding Notes in accordance with the Conditions. On such redemption, or at maturity, the Issuer may not have the funds to fulfil its obligations under the Notes and it may not be able to arrange for additional financing. Further, if the Issuer is able or perceived to be able to redeem the Notes prior to their maturity then this may adversely affect the market price of the Notes from time to time. Potential investors should consider reinvestment risk in light of other investments available at that time.

Modification and waivers

The Conditions contain provisions for calling meetings of the Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities (namely, holders of Notes comprising a clear majority of votes cast, subject to the applicable quorum (in the context of an extraordinary resolution other than a written resolution or electronic consent) or holders of not less than two-thirds of the aggregate principal amount of Notes outstanding (in the context of a written resolution or electronic consent)) to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority. The Conditions also provide that the Trustee may, without the consent of Noteholders, agree to (i) any modification of any of the provisions of the Notes or the Trust Deed which in the opinion of the Trustee is of a formal, minor or technical nature and is made to correct a manifest error, (ii) any other modification thereof (subject as provided in the Trust Deed) or any waiver or authorisation of any breach or proposed breach thereof which in the opinion of the Trustee is not materially prejudicial to the interests of the Noteholders.

The Notes may only be transferred in accordance with the procedures of the depositaries in which the Notes are deposited

Except in limited circumstances, the Notes will be issued only in global form, with interests therein held through the facilities of DTC and/or Euroclear and/or Clearstream, Luxembourg. Ownership of beneficial interests in the Notes is shown on, and the transfer of that ownership is effected only through, records maintained by DTC and/or Euroclear and/or Clearstream, Luxembourg, or their nominees and the records of their participants. The laws of some jurisdictions may require that certain purchasers of securities take physical delivery of such securities in definitive form. These laws may impair the ability to transfer beneficial interests in the Notes. Because DTC and/or Euroclear and/or Clearstream, Luxembourg, can only act on behalf of their participants, which, in turn, act on behalf of owners of beneficial interests held through such participants and certain banks, the ability of a person having a beneficial interest in a Note to pledge or transfer such interest to persons or entities that do not participate in the DTC and/or Euroclear and/or Clearstream, Luxembourg systems may be impaired.

While the Notes are represented by Global Notes, the Issuer will discharge its payment obligation under the Notes by making payment through the relevant clearing systems. A holder of a beneficial interest in a Global Note must rely on the procedures of the relevant clearing system and its participants to receive payments under the Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in any Global Note.

Holders of beneficial interests in a Global Note will not have a direct right to vote in respect of the notes so represented. Instead, such holders will be permitted to act only to the extent that they are enabled by the relevant clearing system and its participants to appoint appropriate proxies.

Minimum denominations of the Notes

The denomination of the Notes is U.S.\$200,000 and integral multiples of U.S.\$1,000 in excess thereof. Therefore, it is possible that the Notes may be traded in amounts in excess of U.S.\$200,000 that are not integral multiples of U.S.\$200,000. In such a case, a Noteholder who, as a result of trading such amounts, holds a principal amount of less than U.S.\$200,000 in its account with the relevant clearing system would not be able to sell the remainder of such holding without first purchasing a principal amount of Notes such that its holding amounts to U.S.\$200,000. Further, a Noteholder who, as a result of trading such amounts, holds an amount which is less than U.S.\$200,000 in its account with the relevant clearing system at the relevant time may not receive a definitive Note in respect of such holding (should definitive Notes be issued) and would need to purchase a principal amount of Notes such that its holding amounts to U.S.\$200,000.

If such Notes in definitive form are issued, holders should be aware that definitive Notes which have a denomination that is not an integral multiple of U.S.\$200,000 may be illiquid and difficult to trade.

Change of law

The Terms and Conditions of the Notes are based on English law in effect as at the date of this Prospectus. No assurances can be given as to the impact of any possible judicial decision or change to English law or administrative practice after the date of this Prospectus and any such change could materially adversely impact the value of any Notes affected by it.

Exchange rate risks and exchange controls

The Issuer will pay principal and interest on the Notes in U.S. dollars. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the **Investor's Currency**) other than U.S. dollars. These include the risk that exchange rates may significantly change (including changes due to devaluation of the U.S. dollar or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to U.S. dollar would decrease (1) the Investor's Currency equivalent yield on the Notes, (2) the Investor's Currency equivalent value of the principal payable on the Notes and (3) the Investor's Currency equivalent market value of the Notes.

Governments and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

USE OF PROCEEDS

The net proceeds from this Offering, after payment of commissions related to the Offering, will be approximately U.S.\$299,000,000. This figure does not include expenses related to the Offering and admission to trading, estimated to be approximately U.S.\$1,600,000.

The Issuer will use the net proceeds from the issuance of the Notes for general corporate purposes.

CAPITALISATION

The following table sets forth the Group's capitalisation as at 31 December 2020 and has been extracted or derived from the Financial Statements. For further information regarding the Group's financial position, see "*Management's discussion and analysis of financial condition and results of operations*" and the Financial Statements included elsewhere in this Prospectus.

	As at 31 December 2020
	<i>(U.S.\$ million)</i>
BORROWINGS	
Non-current borrowings	6
Current borrowings	239
Total borrowings	245
EQUITY	
Share capital	267
Additional paid in capital	132
Other reserves	88
Retained earnings	50
Cumulative translation differences	(77)
Non-controlling interest	1
Total equity	460
Total equity and non-current borrowings	466

There have been no material changes in the capitalisation of the Group since 31 December 2020.

SELECTED FINANCIAL INFORMATION

The Group prepares its consolidated financial statements in accordance with IFRS as issued by the IASB. The consolidated statement of financial position data as of 31 December 2020, 2019 and 2018 and the consolidated statement of profit or loss and other comprehensive income data and selected consolidated statement of cash flows data for each of 2020, 2019 and 2018 have been derived from Financial Statements.

The following information should be read in conjunction with the Financial Statements and “Management’s discussion and analysis of financial condition and results of operations”. See also “Presentation of financial and other information”.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION DATA

The table below shows the Group’s consolidated statement of financial position as at 31 December in each of 2020, 2019 and 2018.

	As at 31 December		
	2020	2019	2018
	<i>(U.S.\$ thousand)</i>		
Assets			
Non-current assets			
Property, plant and equipment.....	325,757	306,979	385,892
Intangible assets.....	60,774	71,462	87,965
Restricted deposits.....	7,742	31,419	12,669
Bank deposits.....	86,566	5,154	38,149
Loans issued	4,162	—	1,345
Other non-current assets	1,556	3,762	1,777
Total non-current assets.....	486,557	418,776	527,797
Current assets			
Cash and cash equivalents.....	28,965	45,724	26,162
Restricted cash.....	88,244	111,331	72,132
Bank deposits.....	4,136	45,208	—
Restricted deposits.....	23,597	—	290
Loans issued	4,553	4,593	6,260
Trade and other receivables	271,172	196,186	18,618
Advances paid to suppliers	113,020	52,635	23,292
Inventories	335,905	489,637	447,299
Total current assets	869,592	945,314	594,053
Total assets	1,356,149	1,364,090	1,121,850
Equity			
Share capital	266,667	266,667	266,667
Additional paid in capital.....	131,611	131,611	131,611
Other reserves.....	88,443	88,443	88,443
Retained earnings/(Accumulated deficit)	50,040	(92,102)	(348,675)
Cumulative translation differences	(77,143)	(38,689)	(4,203)
Equity attributable to the Company’s owners	459,618	355,930	133,843
Non-controlling interest.....	536	—	—
Total equity	460,154	355,930	133,843

Liabilities***Non-current liabilities***

Borrowings	5,825	—	18,345
Deferred income tax liability	29,205	32,034	51,264
Deferred income	—	—	4,694
Total non-current liabilities	35,030	32,034	74,303

Current liabilities

Borrowings	238,966	11,681	218,897
Trade and other payables	366,245	445,540	467,596
Income tax payable	6,708	—	—
Other taxes payables	1,252	17,169	7,063
Contract liabilities	234,255	500,411	219,631
Dividends payable	11,820	—	—
Other liabilities	1,719	1,325	517
Total current liabilities	860,965	976,126	913,704
Total liabilities	895,995	1,008,160	988,007
Total equity and liabilities	1,356,149	1,364,090	1,121,850

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME DATA

The table below shows the Group's consolidated statement of profit or loss and other comprehensive income for each of 2020, 2019 and 2018.

	Year ended 31 December		
	2020	2019	2018
	<i>(U.S.\$ thousand)</i>		
Revenue from contracts with customers	2,623,554	2,798,926	2,155,530
Cost of sales.....	(2,255,577)	(2,291,686)	(1,872,674)
Gross profit	367,977	507,240	282,856
General and administrative expenses.....	(86,116)	(94,526)	(103,160)
Selling expenses	(56,612)	(62,275)	(64,429)
Net impairment losses on financial assets	(7,279)	(7,799)	(4,136)
Other operating income	7,361	4,609	4,657
Operating profit	225,331	347,249	115,788
Finance income.....	29,039	8,832	5,172
Finance costs	(18,296)	(14,466)	(34,958)
Net foreign exchange loss.....	(41,477)	(49,820)	(6,559)
Profit before income tax	194,597	291,795	79,443
Income tax (expense)/credit.....	(39,920)	(35,222)	13,587
Profit for the year	154,677	256,573	93,030
Other comprehensive loss:			
<i>Items that will not be reclassified to profit or loss:</i>			
Exchange differences on translation to presentation currency.....	(38,454)	(34,486)	(4,203)
Total comprehensive income for the year	116,223	222,087	88,827
Profit is attributable to:			
Owners of the Company	154,141	256,573	93,030
Non-controlling interest.....	536	—	—
Profit for the year	154,677	256,573	93,030
Total comprehensive income is attributable to:			
Owners of the Company	115,687	222,087	88,827
Non-controlling interest.....	536	—	—
Total comprehensive income for the year	116,223	222,087	88,827

SELECTED CONSOLIDATED STATEMENT OF CASH FLOWS DATA

The table below summarises the Group’s consolidated statement of cash flows for each of 2020, 2019 and 2018.

	Year ended 31 December		
	2020	2019	2018
	<i>(U.S.\$ thousand)</i>		
Operating cash flows before working capital changes.....	275,409	423,593	209,286
Changes in working capital	(365,334)	(104,901)	(39,885)
Net cash (used in)/from operating activities	(124,143)	258,910	137,794
Net cash used in investing activities	(116,725)	(27,288)	(45,093)
Net cash from/(used in) financing activities	232,652	(212,282)	(95,573)
Effect of exchange rate changes on cash and cash equivalents.....	5,537	(1,085)	(2,935)
The effect of translation to presentation currency	(14,080)	1,307	2,453
Cash and cash equivalents at the beginning of the year.....	45,724	26,162	29,516
Cash and cash equivalents at the end of the year	28,965	45,724	26,162

SELECTED CONSOLIDATED RATIOS

The table below shows selected consolidated ratios for the Group as at, and for the years ended, 31 December in each of 2020, 2019 and 2018. Each of these ratios is an APM, see “*Presentation of financial and other information—Certain non-IFRS financial information*”.

	As at/year ended 31 December		
	2020	2019	2018
	<i>(per cent., except where otherwise stated)</i>		
Gross profit margin ⁽¹⁾	14.0	18.1	13.1
EBITDA margin ⁽²⁾	8.9	12.6	9.4
Operating margin ⁽³⁾	8.6	12.4	5.4
Profit margin ⁽⁴⁾	5.9	9.2	4.3
Return on equity ⁽⁵⁾	37.9	104.8	104.0
Return on assets ⁽⁶⁾	11.4	20.6	8.6
Total indebtedness / EBITDA ⁽⁷⁾	1.05x	0.03x	1.18x
Net debt / EBITDA ⁽⁸⁾	0.55x	(0.41)x	0.69x
Payables turnover ⁽⁹⁾ (<i>days</i>)	65.7	72.7	83.6
Inventory turnover ⁽¹⁰⁾ (<i>days</i>).....	66.8	74.6	71.3

Notes:

- (1) Gross profit divided by revenue from contracts with customers.
- (2) EBITDA divided by revenue from contracts with customers.
- (3) Operating profit divided by revenue from contracts with customers.
- (4) Profit for the year divided by revenue from contracts with customers.
- (5) Profit for the year divided by average total equity as at the end of the year. Average total equity is calculated as the sum of the balance at the start and end of each year divided by two.
- (6) Profit for the year divided by average total assets as at the end of the year. Average total assets is calculated as the sum of the balance at the start and end of each year divided by two.
- (7) Total indebtedness (defined as the sum of total borrowings and guarantees) divided by EBITDA, as set out in the table below.

	As at 31 December		
	2020	2019	2018
	<i>(U.S.\$ thousand, except where otherwise stated)</i>		
Total borrowings	244,791	11,681	237,242
Guarantees.....	668	—	—
Total indebtedness.....	245,459	11,681	237,242
EBITDA.....	234,800	352,500	201,900
Total indebtedness / EBITDA	1.05x	0.03x	1.18x

(8) Net debt (defined as total borrowings, less cash and cash equivalents and less restricted cash held in Asakabank) divided by EBITDA, as set out in the table below.

	As at 31 December		
	2020	2019	2018
	<i>(U.S.\$ thousand, except where otherwise stated)</i>		
Total borrowings	244,791	11,681	237,242
Cash and cash equivalents.....	(28,965)	(45,724)	(26,162)
Restricted cash held in Asakabank.....	(87,239)	(110,426)	(72,132)
Net debt.....	128,587	(144,469)	138,948
EBITDA.....	234,800	352,500	201,900
Net debt / EBITDA.....	0.55x	(0.41)x	0.69x

(9) Average trade and other payables divided by cost of sales for the year and multiplied by 365. Average trade and other payables are calculated as the sum of the balance at the start and end of each year divided by two.

(10) Average inventories divided by cost of sales for the year and multiplied by 365. Average inventories are calculated as the sum of the balance at the start and end of each year divided by two.

EBITDA

EBITDA has been calculated as profit for the year adjusted to add back or subtract, as the case may be, finance costs, finance income, income tax expense/(credit), net foreign exchange loss attributable to financial activities and depreciation and amortisation, all as recorded in the Financial Statements. EBITDA is an APM and is not a measure of performance under IFRS, see "*Presentation of financial and other information— Presentation of financial information—Certain non-IFRS financial information*".

The table below shows a reconciliation of the Group's EBITDA to its profit for each of 2020, 2019 and 2018.

	Year ended 31 December		
	2020	2019	2018
	<i>(U.S.\$ million)</i>		
Profit for the year	154.7	256.6	93.0
Add/(subtract):			
Finance costs	18.3	14.5	35.0
Finance income.....	(29.0)	(8.8)	(5.2)
Income tax expense/(credit).....	39.9	35.2	(13.6)
Net foreign exchange loss attributable to financial activities ⁽¹⁾ .	7.9	0.3	6.0

	Year ended 31 December		
	2020	2019	2018
Depreciation and amortisation ⁽²⁾	43.0	54.7	86.7
EBITDA	234.8	352.5	201.9

Notes:

- (1) See the line item “foreign exchange adjustments” at the end of note 19 to each of the 2020 Financial Statements and the 2019/2018 Financial Statements.
- (2) Comprises depreciation and amortisation included in cost of sales, general and administrative expenses and selling expenses. See notes 23, 24 and 25 to the 2020 Financial Statements and notes 23, 24 and 25 to the 2019/2018 Financial Statements.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis should be read in conjunction with the information set out in "Presentation of financial and other information", "Selected financial information" and the Financial Statements included elsewhere in this Prospectus.

The discussion of the Group's financial condition and results of operations is based upon the Financial Statements which have been prepared in accordance with IFRS. This discussion contains forward-looking statements that involve risks and uncertainties. The Group's actual results could differ materially from those anticipated in these forward-looking statements as a result of various factors, including those discussed below and elsewhere in this document, particularly under the headings "Cautionary statement regarding forward-looking statements" and "Risk factors".

See "Presentation of financial and other information" for a discussion of the source of the numbers presented in this section and certain other relevant information.

OVERVIEW

The Company is a member of the UzAuto Group, which is the largest automotive group in Central Asia and comprises more than 40 companies. The UzAuto Group manufactures and sells a range of motor vehicles and their components and parts, with the Group's business being the production and sale of passenger cars and their spare parts. These cars and spare parts have been sold (i) in Uzbekistan under the Chevrolet brand since 2008 and (ii) for export sales, with the agreement of General Motors Company (GM), branded as Ravon between 2015 and 2020 and, since then, under the Chevrolet brand. The Group's principal market is Uzbekistan and other countries in the CIS, particularly Kazakhstan. The Company, which is headquartered in Tashkent, Uzbekistan, is indirectly wholly owned by JSC "Uzavtosanoat", a state-owned enterprise.

The Group operates in an alliance with GM to build low cost, entry-level vehicles on GM's Global Emerging Market (GEM) platform. The Group has the capacity to produce up to 360,000 Chevrolet-branded passenger cars per year through its production facilities at Asaka in the Andijan region and at Pitnak in the Khorezm region. Most of the Group's passenger cars are produced on a complete-knocked down (CKD) basis (meaning that the Group purchases car components and materials from which it manufactures cars in its production facilities). More than 40 per cent. of the car components, including the engines, in all of the Group's CKD models are produced locally in Uzbekistan. The Group's CKD cars comprise the Damas, Labo, Spark, Nexia, Cobalt and Genra/Lacetti models. Certain of the Group's cars were, until the end of 2019, produced on a semi-knocked down (SKD) basis (meaning that the Group imported sets of partly put together parts for final assembly in its production facilities). The Group ended the SKD basis of production at the end of 2019. Since 2019, the Group has also imported Chevrolet-branded passenger cars on a single unit pack (SUP) basis (meaning that the entire completed car is imported) for sale by it in Uzbekistan and neighbouring markets. In some cases, the Group dismantles the SUP car into an SKD kit and exports the SKD kit.

In each of 2020, 2019 and 2018, the Group produced 293,099, 271,958 and 216,983 cars, respectively. In 2020, out of the total production of 293,099 cars, 13,019 cars were imported on an SUP basis and, in 2019, out of the total production of 271,958 cars, 845 cars were imported on an SUP basis.

As at 31 December 2020, the Group employed 11,225 staff and had total assets of U.S.\$1,356.1 million. In 2020, the Group sold approximately 295,188 cars, generating revenue from contracts with customers of U.S.\$2,623.6 million and recording a profit for the year of U.S.\$154.7 million.

PRINCIPAL FACTORS AFFECTING RESULTS OF OPERATIONS

The following is a discussion of the principal factors that have affected, or are expected to affect, the Group's results of operations.

Macroeconomic conditions

The Group's results of operations and financial condition are substantially affected by overall macroeconomic conditions in Uzbekistan and other markets where it sells passenger cars. Changes in the domestic environment have in the past resulted in lower liquidity levels across the banking sector, tighter credit conditions for Uzbekistan companies and pressure on the soum and may continue to affect the Group in the future. In addition, the Uzbekistan economy is, to a significant degree, dependent on exports of key commodities, such as gold (being the second largest gold producer in the CIS and the ninth largest gold producer in the world as of 2017), natural gas (being the third largest gas producer in the CIS as of 2018) and copper (being the twentieth largest copper producer in the world as of 2017). While Uzbekistan benefits from natural resource diversity, with high levels of reserves and production for natural gas, gold, copper, uranium and coal, in particular, significant decreases in the prices of these commodities in the world market may lead to sharp decreases in revenues of the Government and revenues of companies operating in these sectors, which, in turn, could negatively impact the overall Uzbekistan economy. Accordingly, the Group's results of operations and financial condition are, and will continue to be in the future, significantly affected by Uzbekistan's economic condition, including the factors in the below table.

	Year ended 31 December		
	2020	2019	2018
Nominal GDP (<i>USD billion, using year end exchange rate</i>)	57.7	57.7	50.4
Real GDP growth (<i>per cent.</i>)	1.6	5.8	5.4
GDP per capita at current prices (<i>soum thousand</i>)	16,788	15,242	12,339
Central Bank of Uzbekistan refinancing rate at 31 December (<i>per cent.</i>)	14	16	16
Inflation (<i>per cent.</i>)	11.1	15.2	14.3
External debt as a percentage of GDP	36.5	27.2	19.6

Source: The State Committee of the Republic of Uzbekistan on Statistics and the CBU.

Between 2018 and 2020, the average annual increase of Uzbekistan's real GDP was 4.27 per cent. In 2020, Uzbekistan's nominal GDP amounted to U.S.\$57.7 billion, a growth in real terms of 1.6 per cent. compared with 2019. In 2019, Uzbekistan's nominal GDP amounted to U.S.\$57.7 billion, a growth in real terms of 5.8 per cent. compared with 2018. In 2020, Uzbekistan's real GDP growth, despite the impact of COVID-19, showed resilience compared to many of its CIS neighbours. For example, Kazakhstan, Azerbaijan, Belarus, the Kyrgyz Republic, Georgia, Armenia and Moldova each recorded negative GDP growth in 2020. Only Tajikistan and Turkmenistan also recorded positive GDP growth in 2020, of 0.8 per cent. and 4.5 per cent., respectively. The automotive sector represented 4.5 per cent. of Uzbekistan's GDP in 2020, and Uzbekistan exported U.S.\$176.6 million of cars and components in 2020.

The industry sector represents an important share of Uzbekistan's gross value added (GVA), representing 22.2 per cent., 26.5 per cent., 29.3 per cent. and 28.5 per cent of GVA in 2017, 2018, 2019 and 2020, respectively, second only to the services sector, representing 38.1 per cent., 35.9 per cent., 36.1 per cent. and 36.3 per cent. of GVA in 2017, 2018, 2019 and 2020, respectively.

Uzbekistan's economy is also significantly affected by inflationary pressure. Uzbekistan's consumer price index inflation was equal to 11.1 per cent. in 2020, 15.2 per cent. in 2019, 14.3 per cent. in 2018 and 14.4 per cent. in 2017. The Group's employee wages have been, and are likely to continue to be, particularly sensitive to monetary inflation in Uzbekistan. Stronger economic conditions tend to result in increased demand for the Group's passenger cars. On the other hand, any deterioration of the economy that impacts customers' spending power tends to reduce demand.

Currency devaluation

The functional currency of each of the Group's consolidated entities is the soum and its presentation currency for the purposes of the Financial Statements is the U.S. dollar.

In accordance with IFRS, monetary assets and liabilities in currencies other than soum are translated into soum at the official exchange rate of the Central Bank of Uzbekistan at the end of each reporting period. This is referred to as transactional currency risk. Any gains or losses resulting from the settlement of transactions during the year and this translation at the end of the year are recognised in profit or loss as net foreign exchange gain/(loss).

In addition, at the end of each reporting period, the results and financial position of the Group are translated into the presentation currency with assets and liabilities being translated at the closing rate at the end of the period and income and expenses being translated at the average rate for the period. This is referred to as translation currency risk. All resulting exchange differences are recognised in other comprehensive income or loss.

The table below shows the average and year-end rates of exchange between the soum and the U.S. dollar used by the Group in preparing the Financial Statements.

	Year ended 31 December		
	2020	2019	2018
Year-end rate of exchange (<i>soum per U.S.\$1</i>)	10,477	9,508	8,340
Average exchange rate (<i>soum per U.S.\$1</i>)	10,056	8,839	8,069

In September 2017, there was a managed devaluation of the official exchange rate of the soum to the then prevailing market levels, which occurred as a result of currency liberalisation reforms. In 2017, the average annual exchange rate was 5,140 soum per U.S. dollar compared to an average rate of 8,069 soum in 2018, an average rate of 8,839 soum per U.S. dollar in 2019 (a devaluation of 9.5 per cent.) and an average rate of 10,056 soum per U.S. dollar in 2020 (a devaluation of 13.8 per cent.). In year-end rate terms, the devaluations were higher at 10.2 per cent. in 2020 compared to 2019 and 14.0 per cent. in 2019 compared to 2018. In April 2020, the soum was devalued against the U.S. dollar twice in three days by a total of 5.5 per cent. in response to significant downward pressure on the soum as a result of the measures taken in response to the COVID-19 pandemic and falling energy prices and remittances.

The Group enters into transactions denominated in foreign currencies and, as result, is exposed to exchange rate fluctuations. The Group has not historically sought to hedge its transactional exposure to exchange rate risk by seeking financing denominated in foreign currencies. The Group's principal transactions that give rise to transactional exchange rate risk are its imports of goods and spare parts from foreign suppliers, which account for approximately 65 per cent. of its cost of sales. These imports are principally paid for in U.S. dollars and Russian roubles. Of the balance of its cost of sales, approximately 30 per cent. relates to local components the prices of which are FX-indexed and the remainder relates to overheads, depreciation, labour and other similar costs which are incurred in soum. As a result, the Group's cost of sales has been adversely affected by the devaluation of the soum in recent years. Significant changes in currency exchange rates can, at times, give rise to outcomes in U.S.

dollar terms that differ from underlying business trends. For example, in 2020 in particular, the Group's cost of sales decreased in U.S. dollar terms but increased in local currency terms following the significant devaluation of the soum against the U.S. dollar in that year.

In presentational terms, the Group's results in U.S. dollars have also been adversely affected by the devaluation of the soum.

Changes in demand and prices

Uzbekistan is the second largest vehicle producer in the CIS region. The volume of the automotive sector's production in Uzbekistan (including the manufacture of motor vehicles, trailers and semi-trailers) has increased over recent years, from UZS 4,113 billion in 2016 to UZS 10,510 billion in 2017, UZS 26,631 billion in 2018, UZS 33,091 billion in 2019 and UZS 33,719 billion in 2020, according to data from the State Committee of the Republic of Uzbekistan on Statistics. The Group's total car sales in Uzbekistan grew by 33.7 per cent. from 208,401 units in 2018 to 281,232 units in 2019 and, despite the impact of COVID-19, by 5.4 per cent. to 295,188 units in 2020, driven by robust underlying demand from a relatively under-realised automobile market. As at 31 December 2020, there were fewer than 100 cars per 1,000 inhabitants in Uzbekistan, which suggests that there is significant potential for demand to increase in future years. In addition, future demand for the Group's products is supported by positive demographic trends in Uzbekistan, where 56.5 per cent. of the population is under the age of 30 and the working age population is nine times greater than the pension age population.

The Group dominates the car market in Uzbekistan with a 94 per cent. share in 2019, compared to 4 per cent. held by AvtoVAZ and 2 per cent. held by other producers, according to E&Y. The Group continues to invest in new models catering to a growing market amidst future potential competition in the premium segment in particular, which accounted for approximately 13 per cent. of the Group's sales in 2020.

The Group's prices for its cars principally depend on the cost of materials imported from countries such as Korea and Russia and fluctuations in exchange rates. The Group reviews its prices constantly and changes them when necessary, although, reflecting the fact that sales must be made between two and four months before delivery, the new prices effectively came into force later than the months stated below. In the three years under review, the Group has introduced two significant price changes:

- in October 2018, the Group implemented a 3 per cent. increase in price for all models in the domestic market; and
- in March 2020, following the Group becoming subject to VAT (as described below) and continuing devaluation of the soum, the Group implemented the following price increases: 21 per cent. for the Damas, 11 per cent. for the Spark (21 per cent. for some modifications), 15 per cent. for the Nexia (19 per cent. for some modifications), 10 per cent. for the Cobalt (15 per cent. for some modifications) and 3 per cent. for the Lacetti.

With effect from 1 January 2019, certain tax exemptions (including an exemption from corporate income tax) that had been granted to the Company were withdrawn and, on 1 October 2019, the Company's exemption from VAT was also withdrawn. In addition to the price increases described above, the Group also implemented cost saving initiatives, such as negotiating price reductions with certain suppliers and optimising overheads, to help offset losses from currency devaluation.

The tables below show the Group's sales of its principal models and the average price realised per model for each of 2020, 2019 and 2018:

	Year ended 31 December		
	2020	2019	2018
	<i>(Units sold)</i>		
Damas/Labo.....	60,119	59,865	41,957
Spark.....	23,467	28,789	24,430
Nexia	65,958	73,067	59,251
Cobalt	81,630	55,764	35,915
Lacetti.....	50,384	46,560	31,415
Tracker.....	4,366	7,662	622
Malibu	6,150	8,338	4,475
Other models ⁽¹⁾	3,114	1,187	10,336
Total units sold	295,188	281,232	208,401
	<i>(U.S.\$ average price without VAT⁽²⁾)</i>		
Damas/Labo.....	6,694	7,565	8,046
Spark.....	7,445	8,494	9,023
Nexia	8,431	9,416	10,014
Cobalt	9,180	10,687	9,286
Lacetti.....	10,844	13,774	14,602
Tracker.....	17,813	23,305	24,786
Malibu	25,178	32,941	35,034

Notes:

- (1) In 2018, principally the Matiz and the Captiva, which were both discontinued in that year. In 2020, principally the Trailblazer and Equinox Tahoe, which were new models imported on an SUP basis.
- (2) Prices are shown without VAT for 2020, as VAT is not included in the Group's revenue.

Impact of COVID-19

In response to the COVID-19 pandemic, the Uzbek authorities implemented numerous measures, including travel bans and restrictions, quarantines, shelter-in-place orders and limitations on business activities, intended to contain the spread of the virus in Uzbekistan. These measures have adversely impacted Uzbekistan's economy and have affected and could continue to affect the Group's customer base.

However, the automobile industry in Uzbekistan has remained resilient in 2020 despite the economic impact of COVID-19. According to Inovev, Uzbekistan is one of the few countries that managed to maintain and increase its passenger vehicles production volume through the COVID-19 pandemic, increasing production by 3.3 per cent. in 2020 compared to 2019. By contrast, passenger vehicles production volume in best-in-class countries, such as Germany and the United States, decreased by 25.7 per cent. and 18.9 per cent., respectively. In Russia, passenger vehicles production decreased by 17.2 per cent., while other CIS countries (Belarus and Kazakhstan) experienced positive production volumes. Worldwide passenger vehicles production volume decreased by 17.2 per cent. in 2020 compared to 2019, with only 61.8 million units produced globally in 2020.

As a result, the Group believes that the COVID-19 pandemic did not materially adversely affect its results of operations in 2020. In particular, the Group did not experience any material decrease in sales or impact on its liquidity, solvency or other performance indicators. The main impact on the Group was the increased cost of imported inventory due to the weakening of the soum.

To address the impact of COVID-19, management has taken a number of measures to ensure the sustainability of the Group's operations and to support its customers and employees. In particular:

- part of the Group's administrative function worked from home while production employees worked on a rotational basis during the quarantine regime and the Asaka plant moved to single shift production from April to August 2020, although the loss of production was subsequently recovered and production volumes of CKD models in 2020 were 8.88 per cent. higher than those in 2019 and production volumes for CKD models together with SKD models were 3.31 per cent. higher than those in 2019;
- the Group expanded its digital services through online sales and on-line queue tracking options through application; and
- in accordance with government policy, the Group introduced strict quarantine rules for its plants, including a temperature checking regime.

The car dealers used by the Group also introduced new sales methods to support sales volumes, including by establishing special retail locations in large shopping malls and making door-to-door delivery of purchased vehicles rather than requiring them to be collected.

Further, the Group introduced additional purchase options to stimulate demand during and after the quarantine, including advancing car loans in cooperation with commercial banks and permitting payment by instalments. In 2020, 13.3 per cent. of the Group's sales were instalment sales. The Group does not bear any credit risk in relation to these sales as these risks are assumed either by the commercial bank making the loan or an insurance company paid for by the customer. During 2019 and 2020, sales on an instalment basis amounted to U.S.\$275 million and U.S.\$349 million, respectively.

In 2020, the Group's vehicle sales increased by approximately 14,000 units compared to 2019, in part driven by temporary limited special offer discounts on a number of its models. In total, approximately 1,500 units of premium cars were sold pursuant to this special offer, with a total discount of U.S.\$3.3 million.

One other COVID-19-related factor that may impact the Group is that there has been a sharp increase in demand for computer and medical equipment as a result of the pandemic. Accordingly, manufacturers of semiconductor chips used in the production of passenger cars have reoriented their supply chains to the consumer electronics and medical sectors. As a result, a shortage of semiconductor chips is affecting car manufactures and decreasing the volume of cars they are able to produce. To date, the impact on the Group has been limited and its production retains a six-week supply of microchips, as compared to the usual level of six to eight weeks. The Group continues to work closely with GM in order to resolve this issue and believes that microchips can be transported quickly via air shipments with low cost once they become more generally available.

SIGNIFICANT ACCOUNTING POLICIES

The Financial Statements have been prepared in accordance with IFRS. For a discussion of the significant accounting policies applied by the Group generally, see note 3 to the 2020 Financial Statements and note 3 to the 2019/2018 Financial Statements.

CRITICAL ACCOUNTING JUDGMENTS AND ESTIMATES IN APPLYING ACCOUNTING POLICIES

In preparing the Group's consolidated financial statements, management is required to make certain estimates, judgments and assumptions. These affect the reported amounts of the Group's assets at the date of the consolidated financial statements as well as the reported amounts of its expenses during the

periods presented. Management bases its estimates and assumptions on historical experience and other factors that it believes to be reasonable at the time the estimates and assumptions are made and evaluates the estimates and assumptions on an ongoing basis. However, future events and their effects cannot be predicted with certainty and the determination of appropriate estimates and assumptions requires the use of judgment. Actual outcomes may differ from any estimates or assumptions made and such differences may be material to the financial statements.

In the 2020 Financial Statements, management identified the following critical accounting judgments and estimates in applying accounting policies:

- going concern;
- useful lives of property, plant and equipment; and
- ECL measurement.

RESULTS OF OPERATIONS

Revenue from contracts with customers

The Group's revenue from contracts with customers comprises its sales of cars and spare parts in both the domestic and export markets, as well as its sales of other products in the domestic market. This revenue is recognised net of discounts, returns, excise tax and VAT.

The Group's total revenue from contracts with customers amounted to U.S.\$2,623.6 million in 2020 compared to U.S.\$2,798.9 million in 2019 and U.S.\$2,155.5 million in 2018.

The table below shows the breakdown of the Group's revenue from contracts with customers in each of 2020, 2019 and 2018 by both major product lines and geographical regions.

	Year ended 31 December		
	2020	2019	2018
	<i>(U.S.\$ thousand)</i>		
Domestic sales			
Cars.....	2,421,584	2,663,413	2,110,598
Spare parts	22,420	22,457	17,050
Other	2,874	999	1,750
Total domestic sales	2,446,878	2,686,869	2,129,398
Export sales			
Cars.....	174,952	111,334	24,486
Spare parts	1,724	723	1,646
Total export sales	176,676	112,057	26,132
Total revenue from contracts with customers	2,623,554	2,798,926	2,155,530

The Group sold six automobile models produced locally in 2020 and 2019 and seven in 2018, two semi-knocked down (**SKD**) models in 2019 and four in 2018 and, since 2019, six automobile models imported on a single unit pack (**SUP**) basis. The Group's vehicles and spare parts are principally sold under the Chevrolet brand with some sales under the Ravon and other brands.

The table below shows the breakdown of the Group's revenue from contracts with customers by type of vehicle and brand in each of 2020, 2019 and 2018.

	Year ended 31 December		
	2020	2019	2018
	<i>(U.S.\$ thousand)</i>		
Product line			
Local production.....	2,283,354	2,392,671	1,874,624
SKD.....	36,484	392,792	280,906
Sales of imported cars.....	303,716	13,463	—
Total revenue from contracts with customers	2,623,554	2,798,926	2,155,530
Brands			
Chevrolet.....	2,541,367	2,664,526	2,111,822
Ravon.....	55,382	110,221	23,262
Other.....	26,805	24,179	20,446
Total revenue from contracts with customers	2,623,554	2,798,926	2,155,530

Almost all of the Group's sales are paid for at the time of or in advance of delivery. During 2019, the Group started to make sales on an instalment basis and, in 2020, 13.3 per cent. of the Group's sales were made on an instalment basis.

The table below shows the breakdown of the Group's revenue from contracts with customers by type of sale in each of 2020, 2019 and 2018.

	Year ended 31 December		
	2020	2019	2018
	<i>(U.S.\$ thousand)</i>		
Prepayment basis.....	2,274,254	2,524,266	2,155,530
Instalment payments.....	349,300	274,660	—
Total revenue from contracts with customers	2,623,554	2,798,926	2,155,530

2020 and 2019 compared

The decrease of U.S.\$175.4 million, or 6.3 per cent., in total revenue from contracts with customers in 2020 compared to 2019 principally reflected a decrease in domestic car sales of U.S.\$241.8 million, or 9.1 per cent., which was offset by an increase in export car sales of U.S.\$63.6 million, or 57.1 per cent.

The decrease in domestic sales revenue was driven by (i) as to U.S.\$218.5 million, a decrease in average wholesale prices due to the introduction of VAT in October 2019, reflecting the fact that between October 2019 and March 2020 the Group did not pass on the VAT increase to its customers and (ii) as to U.S.\$157.7 million, the devaluation of the soum, particularly in September 2019 and April 2020, as the Group's revenue is principally generated by sales in the domestic market, which are made in soum. These decreases were offset by (i) an increase of U.S.\$112.7 million resulting from a general price increase in March 2020 and an increase of U.S.\$87.9 million, which was due to an increase in the volume of cars sold in 2020 compared to 2019.

2019 and 2018 compared

The increase of U.S.\$643.4 million, or 29.8 per cent., in total revenue from contracts with customers in 2019 compared to 2018 principally reflected an increase in domestic car sales of U.S.\$552.8 million, or

26.2 per cent., and, to a lesser extent, an increase in export car sales of U.S.\$86.8 million, or 354.7 per cent.

The increase in both domestic and export sales was driven by increased volumes sold, which resulted in an increase in revenue in the amount of U.S.\$773.3 million and was facilitated by improved capacity utilisation. Until late 2017, the Group's production capacity utilisation was constrained by currency conversion limits, which limited the Group's ability to convert soum into U.S. dollars and other currencies needed to purchase raw materials and parts for production. These limits were removed after currency liberalisation in September 2017, and the Group's capacity utilisation progressively increased from around 50 to 60 per cent. before currency liberalisation to around 75 per cent. in 2019. A decrease in average wholesale prices from 2018 to 2019 was the principal offsetting factor and resulted in a decrease in revenue of U.S.\$74.5 million. In addition, devaluation of the soum accounted for a U.S.\$59.3 million decrease in revenue.

Cost of sales

The Group's cost of sales principally comprises the raw materials and spare parts used in the production of the vehicles and spare parts that it manufactures. They also include the royalty fees paid to GM for its license to manufacture car models designed by GM and its affiliates and to distribute them in Uzbekistan and certain export territories, depreciation and amortisation charges on the property, plant and equipment used in the production of vehicles and spare parts, salaries and related expenses of employees directly engaged in the production of vehicles and spare parts, the change in inventories of finished goods and work in progress.

The table below shows the breakdown of the Group's cost of sales in each of 2020, 2019 and 2018.

	Year ended 31 December		
	2020	2019	2018
	<i>(U.S.\$ thousand)</i>		
Raw materials and spare parts	2,046,381	2,011,824	1,803,971
Royalty fees	90,398	96,839	80,422
Payroll costs including social charges	48,275	47,883	34,600
Depreciation and amortisation	37,825	49,609	77,531
Other	21,187	15,356	3,347
Change in inventories of finished goods and work in progress	11,511	70,175	(127,197)
Total cost of sales	2,255,577	2,291,686	1,872,674

The Group's total cost of sales amounted to U.S.\$2,255.6 million in 2020 compared to U.S.\$2,291.7 million in 2019 and U.S.\$1,872.7 million in 2018.

2020 and 2019 compared

The decrease of U.S.\$36.1 million, or 1.6 per cent., in the Group's total cost of sales in 2020 compared to 2019 principally reflected:

- a U.S.\$58.7 million lower change in inventories of finished goods and work in progress from U.S.\$70.2 million in 2019 to U.S.\$11.5 million in 2020. In 2019, there was a decrease in stock of finished goods at 31 December 2019 compared to 31 December 2018 reflecting an increase in demand for cars at the end of 2019. At the end of 2020, the level of finished goods remained roughly the same compared to that at 31 December 2019; and

- a U.S.\$11.8 million, or 23.8 per cent., decrease in depreciation and amortisation, which was principally due to an increase in fully depreciated property, plant and equipment, translation differences and a significant disposal of assets during 2019.

These positive changes were offset by an increase of U.S.\$34.6 million, or 1.7 per cent., in the cost of raw materials and spare parts, which was principally driven by increased production requiring more materials.

2019 and 2018 compared

The increase of U.S.\$419.0 million, or 22.4 per cent., in the Group's total cost of sales in 2019 compared to 2018 principally reflected:

- an increase of U.S.\$207.9 million, or 11.5 per cent., in the cost of raw materials and spare parts, principally as a result of increased production requiring more materials; and
- a change of U.S.\$197.4 million in inventories of finished goods and work in progress from a negative U.S.\$127.2 million in 2018 to a positive U.S.\$70.2 million in 2019. In 2019, there was a decrease in stock of finished goods at 31 December 2019 compared to 31 December 2018 reflecting an increase in demand for cars at the end of 2019. In 2018, there was an increase in stock of finished goods at 31 December 2018 compared to 31 December 2017 reflecting increased production volume and insufficient demand, which resulted in the stock increase at 31 December 2018.

Gross profit

Reflecting the above factors, the Group's gross profit was U.S.\$368.0 million in 2020 compared to U.S.\$507.2 million in 2019 and U.S.\$282.9 million in 2018, a decrease of U.S.\$139.3 million, or 27.5 per cent., in 2020 compared to 2019 and an increase of U.S.\$224.4 million, or 79.3 per cent., in 2019 compared to 2018.

The Group's gross profit margins were 14.0 per cent. in 2020, 18.1 per cent. in 2019 and 13.1 per cent. in 2018. The effective decrease in the wholesale price of the Group's cars after the introduction of VAT (resulting from the fact that the Group did not pass on the VAT immediately or in full to its customers) adversely affected gross profit in 2020. In addition, the decrease in the gross profit margin in 2020 compared to 2019 was also driven by customers purchasing 9,300 fewer than anticipated Lacetti and Cobalt models, which have higher profit margins, in favour of Spark and Nexia models, which have lower profit margins. Further, the increase in material costs, both for imported materials and by local manufacturers increasing prices to mitigate their exchange rate impact, also impacted the Group's gross profit margin in 2020 compared to 2019.

The increase in the Group's gross profit margin in 2019 compared to 2018 was mainly driven by a higher increase in revenue than its cost of sales.

General and administrative expenses

The Group's general and administrative expenses principally comprise the payroll costs of employees directly engaged in administrative activities and fees and other charges relating to customs clearance and bank fees and commissions. They also include losses from the disposal of assets, charitable contributions, depreciation of property, plant and equipment and amortisation of intangible assets used in administrative activities, services such as engineering services costs charged by GM in Korea for technical assistance and taxes other than income tax.

The table below shows the breakdown of the Group’s general and administrative expenses in each of 2020, 2019 and 2018.

	Year ended 31 December		
	2020	2019	2018
	<i>(U.S.\$ thousand)</i>		
Payroll costs.....	31,484	34,377	29,791
Fees and other charges.....	27,084	27,192	22,615
Charity	5,950	6,256	1,985
Services	5,909	1,261	3,203
Depreciation and amortisation.....	3,835	4,358	7,599
Taxes other than income tax	2,168	1,210	31,790
Loss from disposal of assets	430	12,795	3,286
Other.....	9,256	7,077	2,891
Total general and administrative expenses.....	86,116	94,526	103,160

The Group’s total general and administrative expenses amounted to U.S.\$86.1 million in 2020 compared to U.S.\$94.5 million in 2019 and U.S.\$103.2 million in 2018.

2020 and 2019 compared

The decrease of U.S.\$8.4 million, or 8.9 per cent., in general and administrative expenses in 2020 compared to 2019 principally reflected:

- a U.S.\$12.4 million lower loss from disposal of assets in 2020 than in 2019, reflecting higher losses in 2019 due to the disposal of the Group’s head office as described below; and
- a decrease in the Group’s administrative payroll costs of U.S.\$2.9 million, or 8.4 per cent., principally as a result of lower bonuses paid in 2020 than in 2019 and currency translation differences.

These decreases were offset by an increase in the Group’s service expenses of U.S.\$4.6 million, or 368.6 per cent., principally as a result of increased involvement in the implementation of GM’s new unified GEM platform (the **GEM Project**) (as described under “*Description of the Group—Research and development*”) and expenses related to the implementation of the production of new models.

2019 and 2018 compared

The fall of U.S.\$8.6 million, or 8.4 per cent., in general and administrative expenses in 2019 compared to 2018 principally reflected a reduction in taxes other than income tax of U.S.\$30.6 million, from U.S.\$31.8 million in 2018 to U.S.\$1.2 million. Up to and including 2018 the Group was exempt from a wide range of taxes and instead made payments to the Government based on its turnover that were classified as administrative expenses. These payments ceased in 2019, when the Group started paying income tax, which resulted in the significant decrease in other taxes paid and recorded as such in administrative expenses in 2019.

This reduction was offset principally by:

- an increase in the Group’s loss from disposal of assets of U.S.\$9.5 million, or 289.4 per cent., principally as a result of the disposal of the Company’s former head office in 2019, which resulted in U.S.\$7.8 million of losses in local currency, with the balance principally being translation differences;

- an increase in the Group's administrative payroll costs of U.S.\$4.6 million, or 15.4 per cent., principally as a result of an increase in the base salary and in the number of employees, from 10,513 in 2018 to 11,320 in 2019; and
- an increase in the Group's fees and other charges of U.S.\$4.6 million, or 20.2 per cent., which was driven by increased production volumes which led to an increase in expenses related to customs clearance and bank fees and commissions.

Selling expenses

The Group's selling expenses principally comprise the commissions it pays to the dealers through which it sells its vehicles and spare parts, its transportation costs and the payroll costs of employees engaged in selling activities. They also include fees and other charges and depreciation and amortisation.

The table below shows the breakdown of the Group's selling expenses in each of 2020, 2019 and 2018.

	Year ended 31 December		
	2020	2019	2018
	<i>(U.S.\$ thousand)</i>		
Dealers' commission	31,516	38,281	47,440
Transportation costs.....	12,106	11,647	9,362
Payroll costs.....	8,066	7,559	4,098
Depreciation and amortisation.....	1,344	769	1,564
Fees and other charges.....	419	786	278
Other.....	3,161	3,233	1,687
Total selling expenses	56,612	62,275	64,429

The Group's total selling expenses amounted to U.S.\$56.6 million in 2020 compared to U.S.\$62.3 million in 2019 and U.S.\$64.4 million in 2018.

2020 and 2019 compared

The fall of U.S.\$5.7 million, or 9.1 per cent., in selling expenses in 2020 compared to 2019 principally reflected a fall of U.S.\$6.8 million, or 17.7 per cent., in dealers' commission, which was partially due to translation differences. This fall was offset by an increase of U.S.\$0.5 million, or 6.7 per cent., in payroll costs in 2020 and an increase of U.S.\$0.5 million, or 3.9 per cent., in transportation costs in 2020.

2019 and 2018 compared

The fall of U.S.\$2.2 million, or 3.3 per cent., in selling expenses in 2019 compared to 2018 principally reflected a fall of U.S.\$9.2 million, or 19.3 per cent., in dealers' commission, which principally reflected changes in the dealership agreements which reduced the commissions payable. This fall was offset principally by an increase of U.S.\$3.5 million, or 84.5 per cent., in payroll costs in 2019, principally as a result of an increase in the number of employees involved in the selling process and bonus payments paid accordingly to KPIs achieved, and an increase of U.S.\$2.3 million, or 24.4 per cent., in transportation costs in 2019, principally as a result of increased production and sales of vehicles and export of automobiles.

Net impairment losses on financial assets

In 2020, the Group recognised net impairment losses on financial assets of U.S.\$7.3 million, principally relating to receivables. In 2019 and 2018, the Group recognised impairment losses on financial assets

of U.S.\$7.8 million and U.S.\$4.1 million, respectively, principally relating to receivables and loans made.

Operating profit

Reflecting the above factors and other operating income of U.S.\$7.4 million in 2020, U.S.\$4.6 million in 2019 and U.S.\$4.7 million in 2018, the Group's operating profit was U.S.\$225.3 million in 2020 compared to U.S.\$347.2 million in 2019 and U.S.\$115.8 million in 2018, a decrease of U.S.\$121.9 million, or 35.1 per cent., in 2020 compared to 2019 and an increase of U.S.\$231.5 million, or 199.9 per cent., in 2019 compared to 2018.

Finance income, finance costs and net foreign exchange loss

The Group's finance income represents the interest it receives on its cash and bank balances and, in 2020, the unwinding of discount on instalment sales. The Group's finance costs principally represent the interest it pays on its borrowings and the interest element of credit purchases of spare parts.

The Group's monetary assets and liabilities in foreign currencies are translated into soum at the official exchange rate of the Central Bank of Uzbekistan (the CBU) at the end of each reporting period. The gains and losses resulting from the settlement of transactions and from the translation of these assets and liabilities into soum are recognised in profit and loss as net foreign exchange gains or losses.

The table below shows the Group's finance income, finance costs and net foreign exchange loss in each of 2020, 2019 and 2018.

	Year ended 31 December		
	2020	2019	2018
	<i>(U.S.\$ thousand)</i>		
Finance income.....	29,039	8,832	5,172
Finance costs	(18,296)	(14,466)	(34,958)
Net foreign exchange loss.....	(41,477)	(49,820)	(6,559)

The Group's finance income increased by U.S.\$20.2 million, or 228.8 per cent., in 2020 compared to 2019, principally as a result of the unwinding of discount on instalment sales. The Group's finance income increased by U.S.\$3.7 million, or 70.8 per cent., in 2019 compared to 2018, principally as a result of the Group's increased cash and bank balances in 2019.

The Group's finance costs increased by U.S.\$3.8 million, or 26.5 per cent., in 2020 compared to 2019. This principally reflected interest payments related to loans obtained in the second half of 2020. The Group's finance costs fell by U.S.\$20.5 million, or 58.6 per cent., in 2019 compared to 2018. This fall principally reflected (i) a decrease of U.S.\$15.1 million, or 88.3 per cent., in interest expense on trade payables, which was driven by interest accrued on deferral payments for CKD parts from GM in Korea, and (ii) a decrease of U.S.\$5.7 million, or 33.0 per cent., in interest expense on borrowings, which was driven by full repayment of an Asaka Bank loan in 2019, offset by interest expense paid to Asaka Bank for a letter of credit that was obtained to pay for materials supplied from GM in Korea.

The Group's net foreign exchange loss decreased by U.S.\$8.3 million, or 16.7 per cent., in 2020 compared to 2019, principally as a result of lower accounts payable denominated in foreign currencies due to settlement in 2020 than in 2019. The Group's net foreign exchange loss increased by U.S.\$43.3 million, or 659.6 per cent., in 2019 compared to 2018, principally as a result of higher exchange rate volatility in 2019 than in 2018 and by more of the Group's finance liabilities being denominated in foreign currency in 2019 than in 2018.

Profit before income tax

Reflecting the above factors, the Group's profit before income tax was U.S.\$194.6 million in 2020 compared to U.S.\$291.8 million in 2019 and U.S.\$79.4 million in 2018, a decrease of U.S.\$97.2 million, or 33.3 per cent., in 2020 compared to 2019 and an increase of U.S.\$212.4 million, or 267.3 per cent., in 2019 compared to 2018.

Income tax expense or credit

Prior to 1 January 2019, the Group was exempt from corporate income tax, VAT, property tax, land tax, water tax and certain State fund contributions. With the exception of VAT, these exemptions were removed on 1 January 2019. The exemption from VAT was removed on 1 October 2019.

The statutory corporate income tax rate in Uzbekistan applicable to the Group was 15 per cent. in 2020 and 12 per cent. in 2019. The Company was exempt from corporate income tax in 2018.

The Group's corporate income tax expense was U.S.\$39.9 million in 2020 compared to U.S.\$35.2 million in 2019 and an income tax credit of U.S.\$13.6 million in 2018. Although the Company was exempt from corporate income tax in 2018, it was subject to excise tax on domestic car sales, turnover taxes (at 1.5 per cent.) and other tax deductions from employees' compensation.

The table below shows the calculation of the Group's income tax charge or credit in each of 2020, 2019 and 2018.

	Year ended 31 December		
	2020	2019	2018
	<i>(U.S.\$ thousand)</i>		
Theoretical tax expense at statutory rate of 15 per cent. (2019: 12 per cent.)	29,190	35,015	11,122
The effect of items which are not deductible or assessable for taxation purposes:			
Income which is exempt from taxation	(403)	—	(23,802)
Non-deductible expenses.....	7,425	7,166	—
The effect of change in statutory tax rate	—	(6,910)	—
Other.....	3,708	(49)	(907)
Income tax expense/(credit) for the year	39,920	35,222	(13,587)

In 2020, the impact of the Group's non-deductible expenses and other non-deductible items resulted in an effective tax rate of 20.5 per cent.

In 2019, the Group's non-deductible expenses substantially equalled the effect of the tax rate change on the Group's tax charge for the year, which resulted in an effective tax rate of 12.1 per cent.

In 2018, the Group's income tax credit was driven by tax exempt income arising from IAS 12. Under IAS 12, governments may offer corporate income tax exemptions to encourage industry in the form of temporary tax holidays. When an entity receives such benefits, it should record a deferred tax based on the expected future tax consequences. Deferred tax on temporary differences will reverse after the end of the tax holiday period (which was 1 January 2019 for the Company). In 2018, there was a decrease in deferred tax liability compared to 2017, which led to the income tax credit in 2018. In addition, the Company recorded taxable income (in accordance with local accounting standards) for the first time in 2018 after consecutive loss periods.

Profit for the year

Reflecting the above factors, the Group's profit for the year was U.S.\$154.7 million in 2020 compared to U.S.\$256.6 million in 2019 and U.S.\$93.0 million in 2018, a decrease of U.S.\$101.9 million, or 39.7 per cent., in 2020 compared to 2019 and an increase of U.S.\$163.5 million, or 175.8 per cent., in 2019 compared to 2018.

The Group's net profit margins were 5.9 per cent. in 2020, 9.2 per cent. in 2019 and 4.3 per cent. in 2018.

Other comprehensive loss

The Group's other comprehensive loss in each year related solely to currency translation differences on the translation of accounts into U.S. dollars for the purposes of consolidation. The Group's other comprehensive losses were U.S.\$38.5 million in 2020, U.S.\$34.5 million in 2019 and U.S.\$4.2 million in 2018. These losses principally reflected the devaluation of the soum against the U.S. dollar as discussed under "*—Principal factors affecting results of operations—Currency devaluation*" above.

EBITDA

The Group's EBITDA was U.S.\$234.8 million in 2020 compared to U.S.\$352.5 million in 2019 and U.S.\$201.9 million in 2018, a decrease of U.S.\$117.7 million, or 33.4 per cent. in 2020 compared to 2019 and an increase of U.S.\$150.6 million, or 74.6 per cent., in 2019 compared to 2018. The Group's EBITDA margins were 8.9 per cent. in 2020, 12.6 per cent. in 2019 and 9.4 per cent. in 2018.

LIQUIDITY AND CAPITAL RESOURCES

Overview

The Group's principal cash requirements are for working capital, the purchase of property, plant and equipment, debt service and repayment and tax payments. The Group's principal sources of funding to meet these requirements are its cash flows from operating activities and, in 2020, the proceeds from borrowings.

Cash flow

The table below summarises the Group's cash flow from operating activities, investing activities and financing activities for each of 2020, 2019 and 2018.

	Year ended 31 December		
	2020	2019	2018
	<i>(U.S.\$ thousand)</i>		
Operating cash flows before working capital changes	275,409	423,593	209,286
Net cash (used in)/from operating activities	(124,143)	258,910	137,794
Net cash used in investing activities	(116,725)	(27,288)	(45,093)
Net cash from/(used in) financing activities	232,652	(212,282)	(95,573)
Cash and cash equivalents at the beginning of the year	45,724	26,162	29,516
Cash and cash equivalents at the end of the year	28,965	45,724	26,162

Cash flows from operating activities

The Group's operating cash flows before working capital changes principally comprise its profit before income tax adjusted to add back depreciation of property, plant and equipment, net foreign exchange

losses, finance income and finance costs. The Group's working capital items include its contract liabilities, trade and other receivables, trade and other payables, advances paid to suppliers, inventories, restricted cash and deposits, other non-current assets and other liabilities.

The Group's net cash used in operating activities was U.S.\$124.1 million in 2020. Its net cash from operating activities was U.S.\$258.9 million in 2019 and U.S.\$137.8 million in 2018. The fact that the Group used cash in its operating activities in 2020 compared to generating cash from those activities in 2019 principally reflected the decrease in operating profit, repayment of contract liabilities and trade and other payables from the available funds and a decrease in advances received for sales of cars due to the introduction of payments in instalments in 2020. The increase of U.S.\$121.1 million, or 87.9 per cent., in 2019 compared to 2018 principally reflected the Group's higher profit before income tax in 2019 partially offset by a higher cash outflow from working capital changes.

Cash flows used in investing activities

The Group's net cash used in investing activities was U.S.\$116.7 million in 2020, U.S.\$27.3 million in 2019 and U.S.\$45.1 million in 2018. In 2020, the Group's principal investing cash outflows were related to the purchase of property, plant and equipment, mainly for the GEM Project, and cash outflow resulting from higher bank deposit placements than proceeds from bank deposit matures. In 2019, the Group's principal investing cash outflows were a net U.S.\$17.0 million from the purchase of and proceeds from the sale of property, plant and equipment and a net U.S.\$12.2 million on bank deposit placements and proceeds from bank deposit matures. In 2018, the Group's principal investing cash outflows were U.S.\$38.1 million on bank deposit placements and U.S.\$22.5 million net on the purchase of and proceeds from the sale of property, plant and equipment. These outflows were offset by an investing cash inflow of U.S.\$20.9 million from the repayment of loans made by the Group to other companies within the UzAuto Group.

Cash flows from financing activities

The Group's net cash from financing activities was U.S.\$232.7 million in 2020. Its net cash used in financing activities was U.S.\$212.3 million in 2019 and U.S.\$95.6 million in 2018. The Group's only financing activities in each year under review were the repayment of borrowings and/or the receipt of proceeds from new borrowings.

Borrowings

The table below shows the Group's borrowings as at 31 December in each of 2020, 2019 and 2018.

	As at 31 December		
	2020	2019	2018
	<i>(U.S.\$ thousand)</i>		
Borrowings from banks	238,615	—	218,880
Other borrowings.....	5,825	10,536	16,432
Finance lease liabilities.....	351	1,145	1,930
Total borrowings.....	244,791	11,681	237,242

Borrowings from banks

The Group's borrowings from banks comprise amounts drawn under a term loan facility with Credit Suisse AG and amounts drawn under a credit line from JSCB "Asaka".

The Group's term loan facility is in an aggregate amount not exceeding €150 million for the purchase of capital goods in the amount of €100 million, working capital in the amount of €20 million and to on-

lend to a related party to finance its capital expenditure in the amount of €30 million. The facility agreement, which has a maturity of one year, was entered into in December 2020, is guaranteed by the Parent and the related party. As at 31 December 2020, €106 million (U.S.\$129 million) was drawn under this facility. The facility agreement contains following covenants:

- a leverage ratio under which the Group’s net debt must not exceed three times its EBITDA (as determined in accordance with the facility agreement); and
- an interest coverage ratio, under which the Group’s EBITDA (as determined in accordance with the facility agreement) must be at least five times its interest expense.

The Group has a U.S. dollar-denominated credit line under a collateralised agreement which it has entered into with a local bank, Asakabank. Under the agreement, the bank assumes the credit risk of the Group paying foreign suppliers for goods and spare parts. The Group paid interest at 8.5 per cent. per annum until June 2020 and at 7.5 per cent. per annum thereafter. Drawings under the agreement are typically for short-term periods of up to six months. The credit line is collateralised by:

- property, plant and equipment - machinery and equipment carried at U.S.\$97.7 million as at 31 December 2020 (compared to U.S.\$ nil as at 31 December 2019 and U.S.\$245.0 million as at 31 December 2018) has been pledged; and
- restricted cash in the amount of U.S.\$87.2 million as at 31 December 2020 (compared to U.S.\$110.4 million as at 31 December 2019 and U.S.\$72.1 million as at 31 December 2018) is held with the bank and not available to the Group until full execution of the credit lines.

The Group has also placed restricted deposits with Asakabank at 7.5 per cent. per annum, which are held as collateral in soum for the issuance of car loans by the bank to local retail customers at a rate of no more than 5 per cent. Most of the deposits mature in 2022 and 2023.

As at 31 December 2020, the Group’s total borrowings from Asakabank were U.S.\$110.8 million.

The Group’s other borrowings, which are denominated in soum and totalled UZS 76.9 billion as at 31 December 2020, are interest free loans made to it by the Parent in 2014 to 2016. These borrowings were initially recognised at fair value using the effective interest method (11 per cent. per annum) and subsequently carried at amortised cost. The gain at initial recognition was recognised as additional paid in capital. The borrowings are due to be fully repaid by March 2022.

As at 31 December 2020, the Group’s available undrawn committed financing amounted to €44 million.

Of the Group’s U.S.\$253.1 million total borrowings outstanding as at 31 December 2020, 97.7 per cent. was scheduled to mature within 12 months. The table below summarises the maturity profile of the Group’s borrowings on an undiscounted maturity basis at 31 December 2020.

	As at 31 December 2020	
	<i>(U.S.\$ million)</i>	<i>(per cent.)</i>
Repayable within 12 months	247.3	97.7
Repayable between 1 and 5 years.....	5.8	2.3
Repayable after 5 years.....	—	—
Total borrowings.....	253.1	100.0

CAPITAL EXPENDITURE

The Group's capital expenditure plan mainly focuses on the development of new SUV-B and B-segment models under the GEM platform. The Group's total budget for the GEM Project is currently estimated at U.S.\$406 million (although this is subject to change after sourcing and tenders). U.S.\$73 million was paid in 2020 and the budget envisages that U.S.\$260 million will be paid in 2021 and the project will be implemented by the end of 2022.

Other significant capital expenditure projects include:

- the investment of U.S.\$16 million in a new press shop in the Pitnak facility which is expected to be launched later in 2021 and to increase the local content of the Damas model by around 10 per cent.;
- the investment of U.S.\$20 million in modernising the Asaka and Pitnak facilities and U.S.\$14 million in further developing product localisation; and
- the investment of approximately U.S.\$1 million in a new welding shop in Asaka which was launched in February 2021 and is expected to increase the Group's capacity to produce cars by 60,000 units a year.

No assurance can be given as to the actual amounts of capital expenditure that may be incurred in future periods. The timing and amount of capital expenditure is highly dependent on market conditions, the progress of projects, new opportunities that may arise and a range of other factors outside of the Group's control.

As at 31 December 2020, the Group had committed capital expenditure and other commitments of U.S.\$64 million. These commitments reflect amounts that the Group is legally committed to spend in future years, although a significant proportion of the expenditure is expected to be incurred in the year ending 31 December 2021.

COMMITMENTS AND CONTINGENCIES

Taxation

The tax environment in Uzbekistan is subject to change and inconsistent application, interpretation and enforcement. Non-compliance with tax laws and regulations in Uzbekistan can lead to the imposition of penalties and interest. While management believes that it has adequately provided for all tax liabilities in accordance with its interpretation of applicable law and regulations, the risk remains that relevant authorities could have different interpretations which could result in additional taxes being assessed, including penalties and interest, which could be significant. No provision has been made for these contingencies.

In addition, the Group is liable for social tax and payroll related taxes and contributions. Laws related to these contributions have not been in force for a significant period, in contrast to more developed market economies. Therefore, regulations are often unclear or non-existent and few precedents have been established.

Legal proceedings

The Group is party to ongoing proceedings, each of which is described under "*Description of the Group—Litigation*". See also, "*Risk factors—Factors that may affect the Issuer's ability to fulfil its obligations under the Notes—Risks related to the Group's business and the automobile industry in Uzbekistan—The Group may be subject to disputes, legal, regulatory or other proceedings*".

Compliance with covenants

The Group is subject to certain covenants related primarily to its borrowings from Credit Suisse AG. Non-compliance with such covenants may result in negative consequences for the Group including declaration of default. The Group was in compliance with these covenants at 31 December 2020.

Capital expenditure commitments

At 31 December 2020 the Group had contractual capital expenditure commitments in respect of the development of new car models under the GEM platform totalling U.S.\$64 million. The Group has already allocated the necessary resources in respect of these commitments. The Group believes that its future net income and funding will be sufficient to cover these and any similar commitments.

Guarantees

At 31 December 2020, the Group had guaranteed certain local suppliers debts under loan agreements with Asakabank in the amount of U.S.\$38 million. The fair value of these guarantees was U.S.\$668 thousand as at 31 December 2020. As the guarantees were issued to related parties free of charge, their fair value at initial recognition was determined by reference to the market price of similar instruments. Fair value at initial recognition is amortised on a straight-line basis over the useful lives of the guarantees.

RELATED PARTY TRANSACTIONS

Parties are generally considered to be related if the parties are under common control or if one party has the ability to control the other party or can exercise significant influence or joint control over the other party in making financial and operational decisions.

The Company is a government-related entity, as it is ultimately controlled by the Government of Uzbekistan. The Company has applied the exemption in IAS 24: *Related Party Disclosures* in relation to its government-related transactions and outstanding balances, including commitments.

The table below shows the Group's individually significant government-related balances and transactions along with other related party balances and transactions as at, and for the year ended, 31 December 2020. Other government-related balances and transactions that are collectively, but not individually, significant are represented by tax, customs, utility and similar charges.

Outstanding balances as at 31 December 2020	Parent company	Other related parties	Total
		<i>(U.S.\$ thousand)</i>	
Cash and cash equivalents	—	13,974	13,974
Restricted cash.....	—	87,963	87,963
Restricted deposits.....	—	4,281	4,281
Bank deposits	—	88,628	88,628
Loans issued	—	3,348	3,348
Trade and other receivables.....	28	55,011	55,039
Advances paid to suppliers.....	—	39,448	39,448
Borrowings.....	6,118	110,901	117,019
Trade and other payables.....	5,261	49,085	54,346
Financial guarantees.....	—	668	668

Dividends payable	11,820	—	11,820
Income and expense items in 2020			
Sales of goods.....	—	3,003	3,003
Other income	—	3,602	3,602
Purchases of raw materials and consumables .	—	756,781	756,781
Purchases of services.....	8,070	149,795	157,865
Dealers' commission	—	31,516	31,516
Finance income.....	—	9,293	9,293
Finance costs	—	16,447	16,447

For similar information as at, and for the years ended, 31 December in each of 2019 and 2018, see note 8 to the 2019/2018 Financial Statements.

Key management includes the General Director, 21 other members of the Executive Board, the Chief Accountant and the Head and the Deputy Head of Internal Audit. Total key management compensation was U.S.\$1,339 thousand in 2020 compared to U.S.\$1,322 thousand in 2019 and U.S.\$705 thousand in 2018.

DISCLOSURES ABOUT RISK

The Group's principal financial risks are credit risk, market risk (including currency risk and interest rate risk) and liquidity risk, which the Group seeks to manage through appropriate risk limits. The Group also monitors operational risks and legal risks and its operational and legal risk management policies and procedures are designed to minimise both risk classes.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to meet an obligation. The Group is principally exposed to credit risk through its cash balances and its lending and other transactions with counterparties that give rise to financial assets.

Cash and cash equivalents

The Group's cash balances are principally held with a single local bank, JSCB "Asaka", which has a B2 rating from Moody's. As at 31 December 2020, 48.2 per cent. of the Group's cash and cash equivalent balances were held with this bank.

Sales

The Group requires either full or partial payment in advance in relation to its local sales. The Group does not have any limits, customer credit history or credit profiles in respect of domestic customers as its customer base is diverse, including a significant number of individuals and legal entities.

Since late 2019, the Group has sold cars on the domestic market on credit terms whereby customers could pay in instalments: either 50 per cent. or 75 per cent. on placing the order and the balance over the following 12-24 months. Instalments due make up a significant proportion of the Group's trade receivables balance as at 31 December 2020 and 31 December 2019. The risk of non-payment in respect of these amounts is borne by the insurance company which is party to the instalment agreement. As a result, the Group does not expect credit losses in relation to its domestic sales to be material.

The Group applies the IFRS 9 simplified model of recognising lifetime expected credit losses. To measure the expected credit losses, trade receivables are grouped based on shared credit risk characteristics and the days past due.

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

The table below shows the Group's trade and other receivables as at 31 December in each of 2020, 2019 and 2018.

	As at 31 December		
	2020	2019	2018
	<i>(U.S.\$ thousand)</i>		
Trade receivables.....	227,381	182,397	177,797
Other financial receivables	24,887	13,690	15,161
<i>Less credit loss allowance</i>	<i>(13,377)</i>	<i>(8,931)</i>	<i>(174,673)</i>
Total financial assets within trade and other receivables	238,891	187,156	18,285
Prepayments	32,281	9,030	333
Total trade and other receivables.....	271,172	196,186	18,616

The Group's receivables from domestic individuals instalment sales amounted to U.S.\$129 million as at 31 December 2020, U.S.\$97 million as at 31 December 2019 and U.S.\$0.6 million as at 31 December 2018, and its receivables from foreign distributors amounted to U.S.\$72 million as at 31 December 2020, U.S.\$67 million as at 31 December 2019 and U.S.\$173 million as at 31 December 2018.

During 2019, the Group wrote off U.S.\$163 million of trade receivables from Russian distributors relating to vehicles sales between 2013 and 2015.

Market risk

The Group's market risks principally arise from its open positions in currency, interest rate and equity products, all of which are exposed to general and specific market movements.

Currency risk

The Group undertakes transactions denominated in foreign currencies, mainly in relation to the import of goods and spare parts from foreign suppliers. At the same time, only approximately 7 per cent. of the Group's total revenue is denominated in foreign currencies. Furthermore, in 2020 the Group obtained a euro-denominated loan from Credit Suisse AG. As a result, the Group is exposed to exchange rate fluctuations which may impact its expenses and net result. Management does not set limits on the level of the Group's currency rate exposure and the Group does not hedge its risk exposure.

In addition, shifts in the exchange rate between soum and U.S. dollars also have an impact on the Financial Statements when they are translated into U.S. dollars, the presentation currency.

As at 31 December 2020, the Group had a total monetary financial liability of U.S.\$503 million in open foreign currency positions, principally made up of monetary financial liabilities of U.S.\$379 million in U.S. dollars and U.S.\$123 million in euro. As at 31 December 2020, 52.2 per cent. of the Group's total borrowings were in euro, 44.8 per cent. were in U.S. dollars and 3.0 per cent. were in soum.

Note 32 to the 2020 Financial Statements contains a sensitivity analysis that indicates that:

- a 15 per cent. strengthening/weakening in the U.S. dollar against the soum as at 31 December 2020 would have increased the Group's loss/profit by U.S.\$24 million;
- a 20 per cent. strengthening/weakening in the Russian rouble against the soum as at 31 December 2020 would have increased the Group's profit/loss by U.S.\$4 million; and
- a 5 per cent. strengthening/weakening in the euro against the soum as at 31 December 2020 would have increased the Group's loss/profit by U.S.\$2 million,

in each case assuming that all other variables were held constant. The exposures used in the analysis were calculated only for monetary balances denominated in currencies other than soum.

Interest rate risk

The Group's principal exposure to interest rate risk arises from its borrowings under its term loan facility with Credit Suisse AG, which are subject to the effect of fluctuation of Euribor rates. The Group does not have formal policies and procedures in place for the management of interest rate risk as management considers the risk to be insignificant to the Group's business.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting its obligations associated with its financial liabilities.

Management monitors monthly rolling forecasts of the Group's cash flows. The Group receives payments in advance for most of the cars which it sells. The Group is also strategically important for Uzbekistan and has access to low cost financing from its parent company. The Group is also one of the biggest car producers in Central Asia and is strategically important for GM suppliers, which enables it to secure favourable credit terms for payment for spare parts.

The table below shows liabilities at 31 December 2020 by their remaining contractual maturity. The amounts disclosed in the maturity table are the contractual undiscounted cash flows, including gross finance lease obligations (before deducting future finance charges). Such undiscounted cash flows differ from the amount included in the consolidated statement of financial position because the consolidated statement of financial position amount is based on discounted cash flows.

When the amount payable is not fixed, the amount disclosed is determined by reference to the conditions existing at the end of the reporting period. Foreign currency payments are translated using the spot exchange rate at the end of the reporting period.

	Less than 6 months	From 6 to 12 months	From 12 months to 5 years	Over 5 years	Total
Borrowings	243,129	4,163	5,825	—	253,117
Trade and other payables.....	370,050	1,268	—	—	371,318
Financial guarantees	38,167	—	—	—	38,167

Total future payments, including future principal and interest payments as at 31 December 2020..	651,346	5,431	5,825	—	662,602
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DESCRIPTION OF THE GROUP

OVERVIEW

The Company is a member of the UzAuto Group, which is the largest automotive group in Central Asia and comprises more than 40 companies. The UzAuto Group manufactures and sells a range of motor vehicles and their components and parts, with the Group's business being the production and sale of passenger cars and their spare parts. These cars and spare parts have been sold (i) in Uzbekistan under the Chevrolet brand since 2008 and (ii) for export sales, with the agreement of General Motors Company (GM), branded as Ravon between 2015 and 2020 and, since then, under the Chevrolet brand. The Group's principal market is Uzbekistan and other countries in the CIS, particularly Kazakhstan. The Company, which is headquartered in Tashkent, Uzbekistan, is indirectly wholly owned by JSC "Uzavtosanoat", a state-owned enterprise.

The Group operates in an alliance with GM to build low cost, entry-level vehicles on GM's GEM platform. The Group has the capacity to produce up to 360,000 Chevrolet-branded passenger cars per year through its production facilities at Asaka in the Andijan region and at Pitnak in the Khorezm region. Most of the Group's passenger cars are produced on a CKD basis (meaning that the Group purchases car components and materials from which it manufactures cars in its production facilities). More than 40 per cent. of the car components, including the engines, in all of the Group's CKD models are produced locally in Uzbekistan. The Group's CKD cars comprise the Damas, Labo, Spark, Nexia, Cobalt and Genra/Lacetti models. Certain of the Group's cars were, until the end of 2019, produced on an SKD basis (meaning that the Group imported sets of partly put together parts for final assembly in its production facilities). The Group ended the SKD basis of production at the end of 2019. Since 2019, the Group has also imported Chevrolet-branded passenger cars on a single unit pack (SUP) basis (meaning that the entire completed car is imported) for sale by it in Uzbekistan and neighbouring markets. In some cases, the Group dismantles the SUP car into an SKD kit and exports the SKD kit.

In each of 2020, 2019 and 2018, the Group produced 293,099, 271,958 and 220,667 cars, respectively. In 2020, out of the total production of 293,099 cars, 13,019 cars were imported on an SUP basis and, in 2019, out of the total production of 271,958 cars, 845 cars were imported on an SUP basis.

As at 31 December 2020, the Group employed 11,225 staff and had total assets of U.S.\$1,356.1 million. In 2020, the Group sold approximately 295,188 cars, generating revenue from contracts with customers of U.S.\$2,623.6 million and recording a profit for the year of U.S.\$154.7 million.

HISTORY

The Company was founded in March 1993 as a closed joint stock company under the name "UzDaewooAuto". In July 1996, it opened its automotive plant in Asaka and production of Daewoo-branded cars started from three car assembly lines. By May 2001, the plant had produced 250,000 cars. The Group continued to sell its cars under the Daewoo brand in Uzbekistan until 2008 (when it started selling them under the Chevrolet brand) and in its export markets until 2015 (when it began selling the cars under the Ravon brand until 2020 and thereafter under the Chevrolet brand).

Daewoo Motors encountered financial difficulties and sold most of its assets to GM in 2001, becoming a GM subsidiary as a result. In 2011, Daewoo Motors was renamed GM Korea. In March 2008, GM acquired a 25 per cent. shareholding in the Company. In January 2014, the Group opened a plant in Pitnak city to produce the Damas model. In October 2017, JSC "Uzavtosanoat" (the Company's parent) and GM signed a 10-year alliance agreement that provides access to GM's automotive technologies, brand and knowledge and is designed to meet the needs of Uzbekistan's growing automotive industry. Under the alliance, JSC "Uzavtosanoat", and through it the Group, has full control over the production and sale of Chevrolet-branded cars in Uzbekistan, as well as, from 2020, the right to export Chevrolet-branded cars to Kazakhstan, the rest of the CIS and Afghanistan.

In May 2018, the Company secured GM's BIQ III, or "built-in quality", accreditation (out of a total of five grades) at its Asaka and Pitnak plants. In October 2018, JSC "Uzavtosanoat" acquired GM's 25 per cent. share of the Company, which was renamed JSC "UzAuto Motors". In December 2018, the Group commenced SKD production of a new car, the Tracker, and introduced a new domestic market sales strategy with multi-brand dealer centres. At the end of 2019, the Group switched from the SKD basis of production to the cheaper SUP basis as a part of cost reduction and optimisation programme. In December 2019, the Group introduced four new models in the Uzbekistan market – Equinox, Trailblazer, Traverse and Tahoe. In December 2020, the Company secured GM's BIQ IV accreditation at its Asaka plant. In February 2021, the Group launched a new welding shop in the Asaka plant.

The Company is indirectly wholly owned by JSC "Uzavtosanoat", which in turn is wholly owned by the Ministry of Finance of Uzbekistan.

STRENGTHS

The Group's principal strengths are set out below.

The alliance with GM

The alliance agreement with GM ensures that the Group's quality, reputation, brands and research and development capabilities are all aligned with those of GM. In terms of quality, the Group's Asaka plant has secured BIQ IV accreditation from GM, which means that it is permitted to build quality in place and troubleshoot locally at the plant. As a result, parts can be repaired on site and do not need to be returned to the supplier. In terms of reputation and brands, the Group produces six GM Chevrolet models to the same standards that GM does and thus benefits from the strength of the GM and Chevrolet brands. The Company's alliance with GM also gives it access to GM's research and development in relation to the GM models that it produces. The Group also sources a proportion of its car components directly from GM Korea and the remainder from GM-approved suppliers that the Group contracts with directly.

The Group's reputation is also boosted by its after-sales service, which is provided in both the domestic and foreign markets through its existing dealer network for the full warranty period of either three years or 100,000 kilometres, whichever comes first. Following the end of the warranty period, servicing may continue to be carried out by authorised dealers, and spare parts are also sold directly to authorised dealers and to the wider market.

Low labour and utilities costs and significant barriers to entry

The Group believes that its low labour and utilities costs are a significant strength. The average monthly salary in Uzbekistan in 2020 was around U.S.\$270. By comparison, the average monthly salaries in Russia, China and Germany in 2020 were around U.S.\$570, U.S.\$1,000 and €2,500, respectively. The cost of electricity in Uzbekistan in 2020 was around U.S.\$0.045 per kWt compared to U.S.\$0.082 per kWt in Russia, U.S.\$0.103 per kWt in China U.S.\$0.23 per kWt in Germany in the same year. In terms of the Group's overall production costs in 2020, labour and utility costs contributed 2.48 per cent. and 0.19 per cent., or U.S.\$63.3 million and U.S.\$4.9 million, respectively. For industry-leading car manufacturers globally, the typical contribution of labour and utilities costs is around 4 per cent. and 16 per cent., respectively.

The Group believes that a new entrant to its market in Uzbekistan would face significant barriers to entry. In particular, the Group has a local supply base with more than 100 local suppliers (the largest of which are owned by the UzAuto Group) and a dealer and service network all over the country with almost 100 dealership centres. In addition, more than 40 per cent. of each car that the Group manufactures is comprised of locally-sourced parts and components. This has taken the Group more than 15 years and more than U.S.\$2 billion in investment to develop.

Strong sales and dealer network in Uzbekistan

The Group has a network of 91 sales and services dealership centres in all 13 regions of Uzbekistan. Dealership centres are responsible for the sales of the Group's new cars and for providing technical maintenance and repair services both during and after the warranty period. All of the Group's dealership centres are equipped with the necessary equipment to carry out maintenance and repair services. Additionally, dealership centres act as a distribution channel for spare parts and new car components. In 2020, Uzbekistan was the fourth largest Chevrolet market in the world. The Group's principal competitors in Uzbekistan, Hyundai and AvtoVAZ, each have between five and 10 dealerships in the country.

Strong market fundamentals

The Group believes that the Uzbekistan car market offers significant potential for growth. According to data from the State Committee of the Republic of Uzbekistan on Statistics, Uzbekistan is the second most populated country in the CIS region after Russia, with 34.7 million inhabitants as of April 2021. However, based on the Group's own analysis, the penetration rate in Uzbekistan remains low, growing by 2.4 per cent. from 85 in 2018 to 87 in 2019 and, notwithstanding the negative impact of COVID-19, by 4.6 per cent. to 91 in 2020.

By contrast, according to the European Automobile Manufacturers Association, the penetration rate for the European Union as a whole in 2019 was 569, with the lowest country (Latvia) at 342 and the highest (Luxembourg) at 694. In Russia, the penetration rate for cars and light commercial vehicles in 2019 was 383, according to an Ernst & Young study in March 2020.

Co-operation with a range of international universities with a presence in Uzbekistan

Turin Polytechnic University in Tashkent was opened in 2009 as a co-operation between "Uzautosanoat" JSC and Politecnico di Torino in Italy, which specialises in the technical and automobile field. The aim of the co-operation is to supply the automotive industry in Uzbekistan with skilled labour. As at 31 December 2020, approximately 7 per cent. of the Group's engineering specialists were graduates of the university, and the Group typically recruits between 20 and 30 graduates from Turin Polytechnic University in Tashkent each year.

Other international universities also operate in Uzbekistan (including Westminster International University, Management Development Institute of Singapore, Inha University, Yeouju University, Webster University and Moscow State University) and are a source of specialists in finance, management, IT and other professions.

STRATEGY

In order to secure its current leading position in the domestic market and increase its export potential, the Company, with the assistance of Boston Consulting Group, has recently participated in the revision of the development strategy of the automotive sector of Uzbekistan for the period from 2020 to 2030, including with respect to the manufacturing of passenger vehicles.

Transformation of manufacturing and business process

Based on this strategy, the Group is focusing on the transformation of its manufacturing and business processes in the period from 2020 to 2023, particularly the implementation of IFRS as the principal basis of accounting (previously the Group applied national accounting standards throughout the year and subsequently converted its annual financial statements to IFRS at year end), the introduction of a new enterprise resource planning (**ERP**) system, enhancing its digitalisation and IT, and developing compliance policies. This short-term strategy aims to optimise the manufacturing and business

processes of the Group, reduce costs and increase profitability. In particular, the Group aims to optimise costs by obtaining favourable prices from local suppliers as a result of its negotiating power, optimise production and operational efficiency, diversify its banking portfolio and optimise its interest expenses. The Company also plans to sell its non-core assets as and when attractive opportunities arise in order to increase its focus on its core business activities.

The Company plans to launch a new Chevrolet model range and start production of the B-class Onix model from mid-2022 and the SUV-B segment Tracker model from early 2023 on a new unified GM platform, known as Global Emerging Market (**GEM**). The GEM platform includes hatchback, sedan, station wagon and crossover/SUV body styles. The Group believes that the new model range will boost both its local and export sales. In the future, the Group may also launch Buick and Cadillac models.

Electric vehicles

In the longer-term, from around 2027, the Group anticipates entering the electric vehicle segment. This is based on predictions by Boston Consulting Group that, by 2030, annual sales of electric vehicles are expected to account for approximately 51 per cent. of global car sales. Many leading car manufacturers have already announced their future strategy for developing and manufacturing electric cars. In particular, GM has announced plans to spend more than U.S.\$27 billion between 2020 and 2025 on electric vehicle and autonomous vehicle product development spending, exceeding its petrol and diesel investment, according to its website. In turn, this is expected to allow the Company to accelerate its transition from the production of cars with internal combustion engines to electric vehicles.

Increase exports

In 2019, the Company and GM agreed that the Company would, for the remainder of the 10-year period of the alliance agreement, have the sole right to export cars under the Chevrolet brand and spare parts produced by it through distributors in the CIS region and Afghanistan. Accordingly, starting from 2020, the Group has switched from exporting its cars under the Ravon brand to exporting them under the Chevrolet brand. Additionally, the Company also obtained the right to re-export premium class Chevrolet models that it imports as SUP, dismantles in Uzbekistan and then exports as SKD kits as this is more cost-effective than re-exporting the finished vehicles directly.

The Group has been exporting cars, prior to 2020, in this manner for a number of years, with its principal market being Kazakhstan. In 2020, the Cobalt and Nexia models were ranked as the best-selling and second best-selling cars in Kazakhstan, respectively, and Chevrolet was ranked as the best-selling car brand in Kazakhstan. The Group is currently introducing the same approach to its exports of cars to Azerbaijan, and the Group also plans to adopt this approach in strengthening its positions in Russia and certain other CIS countries. For a discussion of the Group's export sales and markets, see "*—Business—Marketing and sales—Sales*" below.

For a discussion of certain ongoing capital expenditure projects, see "*Management's discussion and analysis of financial condition and results of operations—Liquidity and capital resources—Capital expenditure*".

BUSINESS

The Group's brands and product portfolio

The Group is principally engaged in the manufacturing, marketing and distribution of passenger vehicles and their spare parts and components. In 2018, the Group's product portfolio at its Asaka and Pitnak plants comprised seven passenger car models (the Matiz, Spark, Nexia, Cobalt, Lacetti II (Gentra), Damas and Labo), which it typically sold in Uzbekistan under the Chevrolet brand and four of which it exported to other CIS countries under the Ravon brand. At the end of 2018, the Group ceased

production of the Ravon Matiz model and, at the end of 2020, the Group ceased to export any cars under the Ravon brand as it had secured the right to export cars under the Chevrolet brand within the CIS and Afghanistan in 2019.

The Group also produced four models on an SKD basis in 2018 and two models (the Tracker and Malibu) on an SKD basis in 2019 at its Tashkent plant. In 2020, the Group switched from SKD production to importing the Tracker and Malibu on an SUP basis and also began importing four further models (the Trailblazer, Equinox, Traverse and Tahoe) on an SUP basis.

Through its cooperation agreement with GM, the Group has the right to manufacture certain car models designed by GM and its affiliates and distribute them in Uzbekistan and export them to the CIS countries and Afghanistan; the right to use certain of GM's trademarks such as "Chevrolet" and the Chevrolet emblem; and access to certain know-how of GM together with access to certain of GM's internal systems and processes such as purchasing, manufacturing, quality control and distribution.

The following images depict the Group's current product portfolio.



Cobalt



Damas



Equinox



Labo



Lacetti II (Gentra)



Malibu



Nexia



Spark



Tahoe



Tracker



Trailblazer



Traverse

Business segments

The Group has three principal reporting segments, which relate to the different ways in which it produces or acquires its cars:

- local production, which means that the cars are built on a CKD basis using locally sourced or imported components in the Group’s Asaka and Pitnak plants. These cars are sold in Uzbekistan and may also be exported to other CIS countries;
- SKD, which means that the cars are assembled from imported kits and sold in Uzbekistan; and
- SUP, which means that the entire finished vehicle is imported and either sold in Uzbekistan or disassembled in SKD kits and exported as such to other CIS countries. In certain cases, the imported vehicles may be exported without any disassembly – this depends on the regulations in each destination country.

All other activities of the Group, principally the manufacture and sale of components and spare parts, are reported in a single, “Other”, reporting segment.

The table below shows the proportion of revenue and segment profit before income tax generated by each segment in each of 2020, 2019 and 2018. The calculation excludes U.S.\$5 million, or 0.2 per cent. eliminations against revenue from contracts with customers in 2020. There were no eliminations in 2019 or 2018.

	<u>Local production</u>	<u>SKD</u>	<u>SUP</u>	<u>Other⁽¹⁾</u>	<u>Total</u>
	<i>(per cent.)</i>				
2020					
Revenue from contracts with customers.....	86.0	1.4	11.6	1.0	100.0
Segment profit before income tax....	48.0	4.6	41.6	5.8	100.0
2019					
Revenue from contracts with customers.....	84.6	14.0	0.5	0.9	100.0

Segment profit before income tax....	62.1	34.5	—	3.3	100.0
2018					
Revenue from contracts with customers.....	84.7	13.2	—	2.1	100.0
Segment profit before income tax....	74.7	33.3	—	(8.0)	100.0

Note:

(1) Principally, the manufacture and sale of components and parts.

Local production

In 2020, 2019 and 2018, the Group's revenue from locally produced automobile sales amounted to U.S.\$2,257 million, U.S.\$2,369 million and U.S.\$1,827 million, respectively.

Procurement

The Group uses GM sourcing to obtain favourable price and procurement agreement terms from third party suppliers. The Group's procurement team obtains tenders and bids from prospective suppliers. The team is mainly responsible for establishing supplier, expert evaluation and pricing databases, managing the bidding process and conducting post-bidding inspections. For special projects, the team organises bidding activities together with the project team.

The Group mainly procures three categories of raw materials, parts and components:

- **Imported parts and components:** the Group obtains imported parts, such as transmission, tyres and electronic power steering gear, from GM units and other GM-approved third party suppliers.
- **Local parts and components:** the Group procures other core parts and components, such as engines, body parts, interior and exterior plastic, lights and harnesses, from local suppliers the majority of which are owned by JSC "Uzavtosanoat".
- **Steel:** the Group procures steel from third-party suppliers in Russia and Korea. Its Russian supplier, Severstal, supplies around 70 per cent. of the Group's total steel consumption on the basis of a framework contract which is renewed annually and is adjusted with supplementary agreements whenever the price or other contract terms change. Prices are reviewed on a monthly basis and adjusted if changes in Russian metal indexes reach certain thresholds. Orders are placed three months prior to shipment. The Group usually enters into one-year procurement agreements with its two other steel suppliers and seeks to maintain good relationships with all of its steel suppliers to ensure the stable supply of steel at market cost.

The table below shows the Group's top five suppliers by transactional amount and percentage of the total transactional amount for all suppliers in each of 2020, 2019 and 2018. Apart from GM Korea, the largest suppliers are all located in Uzbekistan and are all related parties.

	2020		2019		2018	
	(U.S.\$ million)	(per cent.)	(U.S.\$ million)	(per cent.)	(U.S.\$ million)	(per cent.)
GM Korea.....	608.6	34%	691.4	36%	613.4	34%
UzAvto Motors Powertrain.....	261.4	15%	220.7	11%	205.7	12%
JV Uz-Tong Heung Co.....	86.4	5%	60.2	3%	53.7	3%
JV Uz-Saemyung Co.....	59.4	3%	47.9	2%	50.2	3%

JV Uzkoje	55.0	3%	29.6	2%	—	—
Total	942.8	60%	1,049.8	54%	1,070.8	53%

The table below shows the Group's top three suppliers for each of its three principal categories of components and raw materials by transactional amount and percentage of total transactional amount for that category in each of 2020, 2019 and 2018. Apart from GM Korea, the largest suppliers are all located in Uzbekistan and are all related parties.

	2020		2019		2018	
	(U.S.\$ million)	(per cent.)	(U.S.\$ million)	(per cent.)	(U.S.\$ million)	(per cent.)
<i>Imported parts and components</i>						
GM Korea.....	608.6	59.8%	691.4	63.5%	613.4	59.6%
FMES OOO.....	39.4	3.9%	27.9	2.6%	12.5	1.2%
Mando Corporation	24.7	2.4%	10.1	0.9%	4.8	0.5%
Total	672.7	66.1%	729.4	66.9%	630.7	61.3%
<i>Local parts and components</i>						
UzAvto Motors Powertrain	261.4	40.4%	220.7	31.5%	205.7	31.3%
JV Uz-Tong Heung Co.....	86.4	13.4%	60.2	8.6%	53.7	8.2%
JV Uz-Saemyung Co.....	59.4	9.2%	47.9	6.8%	50.2	7.6%
Total	407.2	63.0%	328.8	46.9%	309.6	47.2%
<i>Steel</i>						
Severstal	56.6	41.8%	49.9	33.2%	32,4	33.3%
Posco	7.9	5.9%	3.7	2.5%	—	—
Magnitogorskiy Metalgicheskiy Kombinat.....	0.7	0.5%	3,4	2.2%	5.6	5.8%
Total	65.2	48.2%	57.1	37.9%	28	39.0%

As at 31 December 2020, the Group has two manufacturing plants located in Asaka in the Andijan region and in Pitnak in the Khorezm region, respectively. The Group's former SKD site in Tashkent is now used to repair and overhaul second-hand cars that the Group acquires in part payment for new cars. These cars are then sold by the Group.

The Group has adopted information technology to monitor the procurement of raw materials. For example, the Group has adopted the ERP/SAP S4/HANA information system in order to streamline the raw materials, parts and components procurement process, manage suppliers' performance and eliminate suppliers that fail to meet its standards.

Production

Production processes

The Group's processes for its local production, which, except where specifically stated, apply equally to its production facilities at Asaka and Pitnak, include:

- *Stamping.* Steel plates are stamped into body parts of vehicles. Most of the stamping operation is completed at the Group's Asaka production facility, and a stamping workshop is planned for the Pitnak facility in the near future;
- *Welding.* Welding is a process whereby the vehicle bodies are formed by welding together the relevant vehicle body parts produced by the Group's stamping workshop and other stamped parts and accessories procured from the suppliers;
- *Painting.* All semi-finished components and external parts are treated on the surface and painted using advanced and automated processes;
- *Assembly.* All semi-finished components, external parts, tyres, engines and other standard outsourced parts are assembled to form the finished goods;
- *Testing and inspection.* Finished products are sent for testing and further adjustments and fine-tuning followed by comprehensive overall inspection; and
- *Warehousing and dispatch.* Final products are delivered to the warehouses of the Group's sales agents for storage.

Production capacity

The Group's production plant in Asaka opened in July 1996 and has the capacity to produce 300,000 vehicles annually. It currently produces four models: the Spark, which is an A-class sub-compact hatchback city car; the Nexia, which is a B-class sedan compact car; the Cobalt, which is a B-class sedan compact car; and the Lacetti (Gentra), which is a mid-sized family car.

The Group's production plant in Pitnak opened in 2014 and has the capacity to produce 60,000 vehicles annually. It currently produces two models: the Damas, which is a microvan, and the Labo, which is a mini truck.

The table below shows the Group's local production in each of 2020, 2019 and 2018.

	<u>2020</u>	<u>2019</u>	<u>2018</u>
	<i>(Units)</i>		
<i>Asaka plant</i>			
Matiz.....	—	—	5,214
Spark.....	23,003	24,249	29,092
Nexia	66,402	73,151	59,343
Cobalt	79,908	56,211	37,626
Lacetti II (Gentra).....	50,052	44,508	33,314
	219,365	198,119	164,589
<i>Pitnak plant</i>			
Damas.....	54,746	53,112	35,997
Labo.....	5,969	6,000	6,003
	60,715	59,112	42,000
Total local production	280,080	257,231	206,589

Asaka plant

The Group commenced production of the Matiz model in 2001 and stopped production in 2018 in accordance with the Group's roadmap for car models and the increased promotion of the Spark, a more modern and safer A-class model. The Group commenced production of the Spark model in 2010. Production of the Spark declined in each of 2019 and 2020 principally as a result of changing customer preferences globally, including switching from compact to larger car models, which was also observed in Uzbekistan car market. The Group has produced the Nexia model since the Asaka plant opened in 1996 (since then the Nexia model has been upgraded twice, most recently in 2015). The model remains popular and more than 66,000 third-generation Nexias were produced in 2020. The Group started CKD production of the Cobalt model in 2012 and nearly 80,000 Cobalts were produced in 2020. The Group started production of the Lacetti model in 2003 on an SKD basis and in November 2008 on a CKD basis, with production of the Lacetti II (Gentra) starting in March 2014. Production of the Lacetti II (Gentra) increased in each of 2019 and 2020.

In February 2021, the Group launched a new welding shop in Asaka, which is expected to increase the Group's capacity to produce cars by 60,000 units a year.

Pitnak plant

The Group commenced production of the Damas model at its Asaka plant when it opened in 1996 and production moved to the Pitnak plant when that opened in 2014. The Group commenced production of the Labo model in 2015. The Group's production of the Damas model increased in each of 2019 and 2020, whilst its production of the Labo model remained constant in those years.

SKD and SUP

In 2020, 2019 and 2018, the Group's revenue from SKD and SUP automobile sales amounted to U.S.\$340 million, U.S.\$406 million and U.S.\$281 million, respectively.

The table below shows the Group's SKD production and imports of SUP vehicles in each of 2020, 2019 and 2018.

	<u>2020</u>	<u>2019</u>	<u>2018</u>
		<i>(Units)</i>	
SKD production			
Tracker.....	—	7,930	2,189
Malibu	—	5,944	6,624
Captiva.....	—	8	4,832
Orlando.....	—	—	433
	—	13,882	14,078
SUP models			
Malibu	5,667	829	—
Tracker.....	2,704	—	—
Trailblazer.....	2,735	13	—
Equinox	1,566	—	—
Travers.....	139	—	—
Tahoe	208	3	—
	13,019	845	—
	13,019	14,727	14,078

Tashkent plant

The Group commenced SKD production of the Tracker model in December 2018. The Group commenced SKD production of the Malibu model in 2012 and, in 2017, it started SKD production of the second generation of the Malibu model. The Group ceased SKD production at the end of 2019.

In December 2019, the Group commenced importing four new Chevrolet models on an SUP basis: the Equinox, the Trailblazer, the Traverse and the Tahoe. After customers' clearance, these are delivered as fully built vehicles to the Group's warehouses or dealership centres directly.

In 2020, 2019 and 2018, the Group's revenue from SKD automobile sales amounted to U.S.\$36 million (reflecting sales of inventory), U.S.\$393 million and U.S.\$281 million, respectively. The Group's SKD procurement principally involved direct negotiations with GM as to the prices and volumes for each relevant model's kits. All SKD kits were assembled at the Group's Tashkent facility. Starting from the end of 2019, the Group switched from the SKD to the SUP business model as it had obtained the right to re-export premium class Chevrolet models that it imports as SUP, dismantles in Uzbekistan and then exports as SKD kits.

The Group commenced SUP sales in 2019. In 2020 and 2019, the Group's revenue from SUP automobile sales amounted to U.S.\$304 million and U.S.\$13 million, respectively. SUP sales do not involve any production as the cars are delivered as a single fully completed unit.

Marketing and sales

Marketing

The Group's Marketing, Sales and Aftersales Maintenance department conducts market research and analysis in relation to both the domestic and international automobile markets and product analysis. Through the department, the Group identifies market needs, forecasts future industry trends and provides a basis for making decisions on new product developments.

The Group's Marketing, Sales and Aftersales Maintenance department is also in charge of formulating and coordinating its overall sales and marketing activities. The Group's marketing and promotional strategy seeks to enhance its brand image and increase consumer awareness of its products in target markets. In addition to its efforts to create a unified brand and a consistent retail experience through a unified store layout and design in its dealer stores, the Group engages in different marketing activities to promote its brands. For example, in response to the COVID-19 pandemic, the Group has initiated online sales and trade-in sales, as well as vehicle delivery direct to the customer.

Sales

The Group sells its local production through dealers in the domestic market and distributors in its international markets. As at 31 December 2020, the Group sold its local production through 91 dealerships in Uzbekistan and exported its products to eight countries through 14 distributors (three each in Kazakhstan and Azerbaijan, two in Ukraine and one each in Russia, Belarus, Kirgizia, Turkmenistan, Tajikistan, and Afghanistan).

The table below shows the Group's sales volumes in each of 2020, 2019 and 2018.

	<u>2020</u>	<u>2019</u>	<u>2018</u>
		<i>(Units)</i>	
Sales in Uzbekistan.....	276,378	267,952	203,695
Exports			

Kazakhstan ⁽¹⁾	16,170	11,068	980
Ukraine	1,328	496	502
Azerbaijan.....	848	712	24
Tajikistan	164	77	44
Afghanistan.....	115	436	—
Belarus	108	133	80
Russia	48	321	2,667
Kirgizia	27	27	158
Other countries ⁽²⁾	2	10	251
Total export sales	18,810	13,280	4,706
Total sales	295,188	281,232	208,401

Notes:

- (1) Of which, 100 per cent. sold by way of SKD kits in 2020 and 82.9 per cent. sold by way of SKD kits in 2019. All other sales in the table are of completed cars.
- (2) Comprised sales to the Middle East, South Korea, Armenia and Moldova in 2018 and South Korea in 2020. The Company's agreement with GM does not restrict it from making sales in countries outside the scope of the alliance which are not covered by another GM responsible sales agent.

The Group's sales expanded in each of 2019 and 2020, in line with its expanded production capacity in 2019 and driven by export sales in 2020 as Chevrolet models began to be exported.

Pricing and payment arrangements

In determining the suggested retail price for its products, the Group typically takes into account its cost of goods sold and the positioning of the products in the target market. When launching new products, the Group may adjust the pricing of old products accordingly. Pricing for the products is monitored regularly to ensure competitiveness.

The Group currently sells its cars on four bases:

- *Fully paid basis* – For the domestic market, the Group generally requires advance cash payment before delivery. For individuals, the Group requires 85 per cent. advance payment and 15 per cent. payment upon delivery. For legal entities, the Group requires 100 per cent. advance payment. For the export market, depending on the market, the Group sells its products to distributors with prepayment and deferred payment up to 120 days.
- *Instalment basis* – In 2020, due to the COVID-19 pandemic and as a part of a sales stimulation programme, 13.3 per cent. of the Group's sales were made as instalment sales on the following terms: (i) CKD models with an average down payment of 70 per cent. and deferred payment over an average period of six months and (ii) SUP models with an average down payment of 50 per cent. and deferred payment over an average of 24 months.
- *Finance lease basis* – When selling cars under finance leases, the Group receives the full price of the car from the lessor (either a local bank or lease company) against delivery of the vehicle to the lessee or the lessor as specified in the relevant lease agreement between the lessor and the lessee.
- *Part exchange basis* – When accepting used cars as part payment of the price for a new car, the customer pays the difference between the assessed value of the used car and the price of the new car. Used cars are sold only against payment of the full price.

After-sales service

The Group provides a warranty for all vehicles sold that extends to the first to occur of the expiration of three years from the date of sale and 100,000 kilometres driven, which is in line with GM's warranty policies and in accordance with applicable laws and regulations. Previously, in 2018, the warranty was available within the first to occur of one year from the date of sale or 20,000 kilometres driven. The provision of services under warranty is undertaken by the dealerships and service centres in Uzbekistan.

The Group estimates its potential exposure under product warranties given by it at the time its vehicles are sold in the domestic market, however, as these amounts are not material, the provision is not itemised in the Group's statement of financial position. These estimates are based on historical information on the nature, frequency and average cost of claims in respect of each model sold. Revisions are made when necessary based on changes in the factors on which the estimates are based. Under the terms of its export contracts, warranty liability for vehicles exported is borne by the distributor.

Quality control and product safety

The Group has set up a quality management department for product quality control. The Group's quality management department is mainly responsible for quality strategic planning, quality system construction, management platform construction and quality control training.

The Group's quality management system is designed to monitor the quality of the products from development to production. Its quality management system is integrated with GM's global quality management and control system (which includes supplier quality checking, production quality checking, presales quality checking and aftersales quality checking). In 2020, the Group secured GM's BIQ IV accreditation at its Asaka plant.

The Group has not experienced any product recalls.

Parts and others

In addition to the manufacture, assembly and sale of vehicles described above, the Group also manufactures and sells components and spare parts for the cars which it produces. These operations are reported under the Other reporting segment.

In 2020, 2019 and 2018, the Group's revenue from its Other reporting segment to U.S.\$27 million, U.S.\$24 million and U.S.\$45 million, respectively. In each of those years, the Group's revenue from the sale of spare parts amounted to U.S.\$24 million, U.S.\$23 million and U.S.\$19 million, respectively.

The Group offers a full range of spare parts, including body parts, bumpers, engines and engine components, windows, plastic components, cables, dashboards, exhaust systems, cooling system radiators and air conditioning, interior components, car seats, car door handles, door panels, fuel tank, headlights and wheel disks, all of which are locally produced or imported by the Group.

RESEARCH AND DEVELOPMENT

The Group's engineers continue to work closely with GM Korea in relation to the GEM Project, an initiative through which GM offers a line-up of GM models specifically designed for emerging markets. After completion and launch of the GEM Project, the Group expects to start production of two new car models in 2022 and 2023 – the new Chevrolet Tracker (SUV-B class) and the Chevrolet Onix (B car class), respectively. These are expected to replace older models currently under production (principally the Nexia, Cobalt and Lacetti (Genra) models). Once fully operational, the Group is targeting annual production volume of 80,000 units of the SUV-B class and the 110,000 units of the B car class. The Group believes the GEM Project will allow the Group to update its product portfolio with up-to-date

models meeting both market and regulatory requirements, update its machinery and equipment, apply the latest technology which is being used in GM plants, reduce materials costs due to the unified platform (with the aim to achieve 70 per cent. local content), ensure competitiveness in the domestic market and stimulate exports. Co-operation with GM in relation to research and development projects is through engineering services, technical services and IT services agreements with GM in Korea and the United States.

INFORMATION TECHNOLOGY

The Group's IT systems are critical to its operations and the Group. The Group uses a range of systems in its production operations, including systems that facilitate production information, the supply of parts, assembly line control, the maintenance and repair of machinery and equipment and the dynamic and static testing of finished products. In addition, the Group maintains IT systems for its non-production operations, including but not limited to accounting, payroll, inventory management, communications and office automation. The Group's software and applications are either developed in-house or outsourced, depending on business requirements, and any developments or changes to the GM global systems (such as the GM Global Architecture upgrade undertaken as part of the launch of the GEM Project) are performed by GM's central teams. Starting from January 2021, the Group launched its new enterprise resource planning system, SAP S/4HANA.

The Group maintains backup processes for all systems and applications, including a disaster recovery plan and redundancy arrangement for production vital and critical systems and applications.

INTELLECTUAL PROPERTY RIGHTS

The Group believes that its patents, trademarks, trade secrets, licences and other intellectual property rights are crucial to its continued success. The Group is committed to the development and protection of its intellectual property portfolio.

The Group licenses the Chevrolet trademark from GM. It also trademarked its Ravon brand, although that is no longer being used. The Group monitors the use of its intellectual property by third parties. In the event of any unauthorised use of the Chevrolet brand in the Group's markets, the Group is required to inform GM and, at its request, assist in enforcing compliance. As at the date of this Prospectus, no member of the Group is involved in any litigation or arbitration proceedings relating to the Group's intellectual property rights, which could have a material adverse effect on the Group's businesses, results of operations and financial condition.

COMPETITION

The Group's market share of new car sales in Uzbekistan in each of 2020, 2019 and 2018 was 95.4 per cent., 95.8 per cent. and 98.0 per cent., respectively, based on information from the State Committee of the Republic of Uzbekistan on Statistics and the Group's internal data. Its market share of new car sales in Kazakhstan in each of 2020, 2019 and 2018 was 17.7 per cent., 4.9 per cent. and 2.8 per cent., respectively, based on information from the Association of Auto Business of Kazakhstan.

The industry in which the Group operates is characterised by competition among automobile companies operating in the Group's markets, which are principally Uzbekistan and Kazakhstan. In Uzbekistan, the Group considers its major competitors to be other passenger car manufacturers with a national presence, primarily AvtoVaz, a Russian car manufacturer, and Hyundai, a South Korean car manufacturer. The Group's primary competitors in Russia and Kazakhstan for its CKD models are Kia, AvtoVAZ, Renault, Hyundai and Volkswagen. The Group's primary competitors in Kazakhstan for its SUP models are Toyota and Nissan. The Group also competes across all of its product lines with international automobile companies and joint ventures that sell passenger cars in its markets.

The Group believes that it is able to compete on the basis of its industrialisation, brand awareness, product quality, pricing and extensive sales network, as well as its new GM models in the low cost B-class and SUV-B segments, which have significantly increased the Group's market share in Kazakhstan in 2020. The Group believes that the entry barriers to its industry are substantial due to the significant amount of capital required to construct manufacturing facilities, high production volumes needed to bring down unit costs, significant technological know-how and time and capital required to establish a sales network. In addition, because the Group is strategically important, employs more than 10,000 employees and is one of the 10 largest taxpayers in Uzbekistan, it receives strategic support from the Government. The Government also imposes high custom duties on imported cars, which deters other manufacturers from seeking to enter the domestic market. This support has helped the Group retain its market-leading position in Uzbekistan. See also, "*Risk factors—Factors that may affect the Issuer's ability to fulfil its obligations under the Notes—The automotive industry is competitive and cyclical*".

ENVIRONMENTAL PROTECTION AND WORKPLACE SAFETY

The Group's environment, health and safety (EHS) policy was implemented in December 2019. The Group's internal procedures to monitor and ensure compliance with its EHS policy include 15 EHS standards, 297 workplace safety instructions, more than 200 safety operations procedures and more than 50 safety in use instructions for chemicals. The Group has received the ISO 14001:2015 (environmental management); ISO 50001:2015 (energy management); and ISO 9001:2015 (quality management) accreditations.

Environmental protection

The Group is subject to the environmental laws and regulations in Uzbekistan. These laws and regulations in general empower government authorities to impose fees for the discharge of waste, levy fines for offences, or order the closure of any manufacturing facilities that fail to comply with related laws and regulations. Under the relevant environmental laws and regulations, the construction, expansion and operation of the Group's production facilities are subject to certain environmental impact assessments, government inspections and other relevant government environmental approvals.

In addition, as the Group's production processes generate noise, waste water, gases and other industrial waste, the Group is also required to comply with applicable national and local environmental regulations. Any failure by the Group to control the use or to restrict adequately the discharge of hazardous substances could subject it to potentially significant monetary damages and fines, suspensions or closures of its business operations.

Uzbekistan is participating in the Paris Agreement to reduce greenhouse gases by 10 per cent. from the level of 2010 by 2030. In 2020, a Cabinet of Ministers decree included plans to transition to 100 per cent. production of electric vehicles by the Uzbekistan automotive industry, including by commissioning international experts to develop the concept and developing the necessary charging station infrastructure. The Group is preparing for the transfer from the EURO-2 emissions limit standard, which is currently in place in Uzbekistan, to the EURO-5 standard. All of the cars that the Group plans to produce under the GEM Project are EURO-5 standard compliant.

Safety management

The Group is subject to various laws and regulations regarding labour, safety and work-related incidents. The Group's corporate safety requirements promote safe manufacturing practices at its manufacturing plants, and each plant also establishes its own safety rules to minimise site-specific employee hazards. The Group has established safety production management systems at its production sites and workplace. The Group has also established equipment safety operation guidelines, conducted regular equipment inspections, adopted advanced technologies and well-designed machinery and

equipment, obtained certifications from various certification bodies and provided mandatory staff safety training to ensure the safety of its employees and reduce their exposure to safety risks.

INSURANCE

The Group currently maintains commercial property insurance, financial risks for export trade debtors insurance, coverage against damage in logistics, employer's liability insurance, customs warehouse insurance, hazardous facilities insurance and company vehicle insurance. The Group's insurance policies do not cover environmental damage arising from its operations or caused by natural disasters, such as floods, or war or terrorist activity. Accordingly, there may be circumstances in which the Group will not be covered or compensated for certain losses, damages and liabilities, which may in turn adversely affect its financial position and results of operations.

LITIGATION

The Issuer is currently party to the following ongoing legal proceedings.

Uzbekistan Antimonopoly Committee

Several customer complaints were submitted to the Uzbekistan Antimonopoly Committee (the **AMC**) against the Issuer following an increase in vehicle sales prices by the Issuer in March 2020. In August 2020, the AMC ruled that the Issuer had violated rules of taxation, pricing and sales thereby causing damage to consumers. In September 2020, the Issuer filed a claim against the AMC in the Tashkent City Administrative Court which resulted in the court ruling in favour of the Issuer and annulling the AMC decision. An appeal by the AMC against this ruling was subsequently dismissed.

The Issuer considers there that are no legal grounds on which the initial decision of the AMC was made, which is supported by the decisions of the Tashkent City Administrative Court and, subsequently, the Appeals Board. However, it remains possible that the AMC could launch a further appeal to the Supreme Court.

Claims to hold the Issuer and certain other parties jointly liable under subsidiary liability for obligations of CJSC PII "UzDaewoo-Voronezh", LLC "UzDaewoo Avto-Ufa" and LLC "UzavtoRus"

In 2016, bankruptcy proceedings were commenced in respect of CJSC PII "UzDaewoo-Voronezh", LLC "UzDaewoo Avto-Ufa" and LLC "UzavtoRus" (the **relevant companies**), which are all located in Russia. During the course of these proceedings, bankruptcy trustees filed a lawsuit against the Issuer and certain other entities claiming that the Issuer and such entities were liable under subsidiary liability for the obligations of the relevant companies. The maximum amount of such claims attributable to the Issuer is estimated to be Russian Roubles 14,023 million (U.S.\$186 million as at 31 March 2021). On 23 March 2021, the Moscow Arbitration Court found that there were grounds to hold the Company liable under subsidiary liability for the obligations of LLC "UzavtoRus" (the **Judgement**). On 6 April 2021, the Company and JSC "Uzavtosanoat" submitted appeals to the Judgement. As at the date of this Prospectus, such appeals have not been accepted for review and court hearings for their consideration have not yet been scheduled. In addition, preliminary court hearings in respect of CJSC PII "UzDaewoo-Voronezh" and LLC "UzDaewoo Avto-Ufa" have not been held as of the date of this Prospectus.

The Issuer believes that the Judgement should be dismissed and that the risk of an unfavourable outcome in the proceedings in respect of the other relevant companies is low as (i) the Issuer is not a shareholder in the majority of the relevant companies (although it does hold 51 per cent. of the share capital of LLC "UzavtoRus") and, in accordance with Russian bankruptcy law, the Issuer cannot, therefore, be presumed a controlling person and beneficiary of the alleged illegal and/or bad faith behaviour of the relevant companies making it difficult to establish subsidiary liability; (ii) the bankruptcy of the relevant companies occurred during a major crisis in the automotive market in Russia, with many international

suppliers ceasing to deliver cars to Russia; and (iii) the statute of limitation for bringing the claim has expired. In addition, the Issuer is owed receivables from certain of the relevant companies in a total amount of U.S.\$270 million which the management of the Issuer believes should be offset in whole or part against any claim under subsidiary liability. Finally, the filing of applications for subsidiary liability is a common practice in Russia where creditors file such applications frequently in bankruptcy cases and very often on a groundless basis.

Arbitral award relating to arbitration proceedings commenced by PJSC Sberbank of Russia

On 28 April 2016, PJSC Sberbank of Russia (**Sberbank**) filed a request for arbitration in the autonomous non-commercial organisation “Independent Arbitration Chamber” against the Issuer and Kan Yu. L., as joint and several guarantors under the non-revolving credit agreement dated 27 September 2014 between Sberbank and CJSC “UzDEUauto - Voronezh”, requesting Russian Roubles 895 million (U.S.\$12 million as at 31 March 2021) and arbitration costs in the amount of Russian Roubles 195,000 (U.S.\$2,582 as at 31 March 2021). On 18 May 2016, the Zamoskvoretsky District Court of Moscow granted an injunction in support of such arbitration proceedings in the form of an attachment of the Issuer’s property for Russian Roubles 895 million (U.S.\$12 million as at 31 March 2021) (**Attachment Order**) and, on 3 June 2016, the Zamoskvoretsky District Court of Moscow issued a writ of execution for enforcement of the Attachment Order. On 19 September 2016, a Russian arbitral tribunal issued an arbitral award fully sustaining the claims of Sberbank against the Issuer and Kan Yu. L. (the **Award**).

As of the date of this Prospectus, Sberbank has not submitted any application to a Russian state court for the issuance of a writ of execution for enforcement of the Award. The Issuer therefore does not expect the Award to be enforced as the procedural three-year term for filing an application for enforcement of the Award in Russia expired on 19 September 2019. However, the Attachment Order has not been reversed and the attachment of the Issuer’s property has not yet been lifted.

CERTAIN REGULATORY MATTERS

The Group is subject to a number of laws and regulations that affect the Group and its business, including (but not limited to) automotive, environmental, intellectual property, competition, consumer protection and taxation laws and regulations. The following is a summary of the key Uzbek laws and regulations with which the Group and its operations are required to comply.

Automotive Regulations

The automotive industry is subject to extensive government regulation. These regulations primarily include vehicle and engine requirements governing safety, emissions and fuel economy. As described below, regulations in Uzbekistan impose substantial testing, certification and verification requirements with respect to vehicle emissions, fuel economy and safety. The costs of complying with these requirements can be significant, and violations with respect to these requirements can result in fines, penalties, vehicle recalls and claims for personal injury or property damage.

Development of the automotive industry

In June 2019, the President of the Republic of Uzbekistan adopted a resolution “On measures for further improvement of governance and accelerated development of the automotive industry for 2017-2021” No. PP-3028 dated 1 June 2019 (**Resolution PP-3028**), which aims to further improve the corporate governance system of the automotive industry, ensure its sustainable development in the face of strong competition in foreign markets and liberalise foreign exchange policy, increase the production of competitive products and deepen the localisation of production of organisations in which JSC “Uzavtosanoat” is a participant (shareholder). In particular, Resolution PP-3028 determines the following most significant tasks and areas of activity of JSC “Uzavtosanoat” for 2017 to 2021:

- a) ensuring an increase in production volumes of automotive products that are competitive in the external and internal markets through the implementation, with the involvement of foreign investors, of investment projects aimed at the development of new modern types and brands of products;
- b) ensuring further diversification of sales markets and the range of exported products, strengthening positions in foreign markets;
- c) reducing the share of imports and reducing the cost of products due to the deepening of the localisation of the production of components and assemblies, the expansion of inter-industry cooperation in the development and increase in the production of basic raw materials and materials necessary for the development of the automotive industry, optimisation of production and operating costs;
- d) ensuring sustainable development of the industry in conditions of tough competition and liberalisation of foreign exchange policy, increasing profitability and financial support for the organisations of JSC “Uzavtosanoat”;
- e) improving the corporate governance of the organisations of JSC “Uzavtosanoat” by introducing modern international standards;
- f) strengthening the personnel potential of the industry, strengthening the cooperation of production organisations of JSC “Uzavtosanoat” with higher and secondary specialised, professional educational and scientific institutions, attracting young and talented specialists to the industry;
- g) cardinal improvement of the system of retail trade in domestically produced cars and service of the population, increasing the efficiency and transparency of sales by organisations of JSC “Uzavtosanoat” in accordance with modern requirements; and

- h) development and implementation of scientific and applied research and innovative developments in the processes of modernisation, technical and technological renewal of production, ensuring a closer connection between science and production.

In July 2019, the President of the Republic of Uzbekistan also adopted a resolution “On additional measures for accelerated development of the automotive industry of the Republic of Uzbekistan” No. PP-4397 dated 18 July 2019 (**Resolution PP-4397**), which aims to ensure the accelerated development and increase the investment attractiveness of the automotive industry, introduce modern market mechanisms and management methods based on international best practices, as well as create production that is competitive in the domestic and foreign markets. In particular, Resolution PP-4397 prescribes, among other things, to establish the following main indicators of the development of the automotive industry of Uzbekistan from 2019 to 2023:

- a) increasing the annual production of passenger cars to 350,000 units;
- b) bringing the level of localisation of passenger cars to an average of 60 per cent.;
- c) increasing the annual production of trucks and buses up to 10,000 units;
- d) bringing the annual export volume of cars to 100,000 units;
- e) introducing modern methods of corporate governance, as well as an automated accounting system (ERP);
- f) updating the model range of cars, including the production of a new modern model of a passenger car, available to the general population; and
- g) attracting investors through an initial public offering on the domestic and international stock markets of shares of at least two joint-stock companies that are part of JSC “Uzavtosanoat”.

Resolution PP-4397 further exempted the Group from payment of the excise tax on cars produced under contracts concluded after 1 October 2019 and provided that, from 1 October 2019, the fee for the purchase of new vehicles of domestic production is paid by manufacturers of vehicles.

Vehicle emissions

The Law of the Republic of Uzbekistan on Nature Protection No.754-XII dated 9 December 1992 (**Law on Nature Protection**) and the Law of the Republic of Uzbekistan on Atmospheric Air Protection No.353-I dated 27 December 1996 (**Law on Air Protection**) directed the State Committee of the Republic of Uzbekistan on Ecology and Nature Protection (**State Committee on Ecology**) to establish and enforce air quality standards, including emission control standards on transport vehicles. The Law on Air Protection further establishes certain criteria to assess air quality standards, including:

- the maximum permissible concentration of pollutants and biological organisms in the air for humans and objects of the surrounding natural environment; and
- the maximum permissible levels of acoustic, electromagnetic, ionising and other harmful effects of physical factors on air for humans and objects of the surrounding natural environment.

Furthermore, in accordance with Resolution of Agency of Uzbekistan on Standardization, Metrology and Certification and the State Committee of the Republic of Uzbekistan on Nature Protection No.1670 dated 7 April 2007 (**Resolution 1670**), vehicles of categories “M2”, “M3” and “N2” equipped with gasoline and diesel engines and meeting the environmental class standards not lower than “EURO-3” are imported by corporations and individuals into Uzbekistan on the basis of an ecological certificate under Annex 2 of Resolution 1670.

Disposal charge

The Law of the Republic of Uzbekistan on Wastes No.362-II dated 5 April 2002 and the Law on Nature Protection establish a requirement on payment of a disposal charge in order to ensure environmental safety, protect the health of citizens and the environment from the harmful effects of waste generated after the loss of consumer characteristics of wheeled vehicles, self-propelled vehicles and trailers to them. In accordance with the Resolution of the Cabinet of Ministers of the Republic of Uzbekistan No.347 dated 2 June 2020, the disposal charge is applicable to certain types and categories of wheeled vehicles, self-propelled vehicles and trailers, in respect of which the utilisation fee is paid by:

- individuals and companies when importing (releasing for free circulation) vehicles into Uzbekistan; and
- companies in the production (including assembly and manufacture) of wheeled vehicles, self-propelled vehicles and trailers sold in Uzbekistan.

The approved rates were effective from 1 August 2020 and vary depending on the type, category and technical characteristics of the vehicle.

Fuel economy

The Cabinet of Ministers adopted a resolution “On improving the system of ecological certification of wheeled vehicles”. According to this resolution, from 1 January 2022, it will be prohibited to import into Uzbekistan wheeled vehicles of categories “M” and “N”, both used and new, equipped with gasoline and diesel engines, the toxicity level of which does not meet the requirements of the ecological class “EURO-4”. EURO-4 is an environmental standard that regulates the content of harmful substances in exhaust gases.

In 2017, the Government introduced the “General Technical Regulation on the Requirements for Automobile and Aviation Gasoline, Diesel and Marine Fuel, Jet Fuel and Fuel Oil”, approved by Resolution of the Cabinet of Ministers No. 931 dated 21 November 2017. According to the resolution, only clean fuel without impurities can be considered safe and therefore fuel must comply with the following requirements:

- motor gasoline must not contain metal-containing additives (such as manganese, lead and iron) and water. It is permitted to use a dye (except for green and red, which are used in aviation gasoline) and label substances; and
- in diesel fuel, the use of metal-containing additives (except for antistatic ones) is not permitted.

Vehicle safety

In 2017, the Government approved the “General Technical Regulation on the safety of wheeled vehicles” put into circulation by Resolution of the Cabinet of Ministers No. 237 dated 25 April 2017 (**Technical Regulation No.237**), which the Government continues to update.

Under this regulation, vehicles (except for single vehicles where such vehicles are (a) manufactured in the Uzbekistan under mass production, the design of which was individually modified before release into circulation, (b) manufactured in the Uzbekistan individually from an assembly kit or as a result of individual technical creativity, or (c) imported into the territory of Uzbekistan by (i) national car manufacturers for research and development or (ii) an individual or legal entity for their own needs no more than once per calendar year) must comply with the climatic conditions of Uzbekistan with a temperate and cold, dry tropical climate. In addition, a ban was introduced on the use of ozone-depleting substances in the production of vehicles (a list of such substances was approved by the Cabinet of Ministers), as well as manufacturing using used components, with the exception of vehicles manufactured for personal use. The release into circulation of vehicles with right-hand drive is also prohibited. Technical Regulation No.237 also establishes a requirement on vehicle production in relation to internal noise and the content of harmful substances in the air of the driver’s cab and passenger compartment. Furthermore, the Group is also fully responsible for ensuring the vehicles

comply with the technical regulations on safety requirements of export markets such as Kazakhstan and Russia.

Environmental and Safety Regulations

The Group is also subject to rules and regulations that regulate the environmental impact and the safety of the Group's manufacturing operations. The costs of complying with these requirements can also be significant, and violations with respect to these requirements can result in fines, penalties, cleanup costs and reconfiguration of the Group's facilities.

Maximum permissible emissions

The Instruction No. 1533 dated 3 January 2006 (the **Instruction**), approved by Order of the Deputy Chairman of the State Committee for Nature Protection in accordance with the Law on Air Protection, establishes the procedure and rules for conducting an inventory of sources of air pollution and normalizing emissions of pollutants into the atmosphere from stationary sources of enterprises of Uzbekistan.

Uzbek environmental legislation does not establish fixed emission standards. It depends on types of activity and its environmental impact. The steps to be taken to establish a maximum permissible emission (**MPE**) are as follows:

1. Undertaking an inventory of emissions, which is a systematization of information on the distribution of stationary sources of emissions of pollutants and emission sources across the enterprise, the amount and composition of emissions of pollutants.

Inventory work should include the following steps:

- a) preparatory;
 - b) carrying out measurements and calculations;
 - c) processing the results of the inventory and processing of the materials received; and
 - d) coordination and approval of inventory materials.
2. Based on the results of the inventory, the development of MPE standards is carried out by the Group. Structuring of draft MPE standards is carried out in accordance with the Instruction.

Approval of draft MPE standards is carried out by the head of the Group. After receiving a positive conclusion from the state environmental expert review on the Environmental Consequences Statement (**ECS**), the Deputy Chairman of the State Committee for Nature Protection will issue a permit for air pollutant emissions. The MPE standards approved in the ECS are valid for three years. After this period, if necessary, an inventory of the existing enterprise is carried out and new MPE standards are developed.

Environmental impact assessments

The Law on Nature Protection specifically provides for environmental management, prevention and control of pollution and environmental degradation. It further supports the protection and conservation of the environment and sustainable management and use of natural resources and mandates strategic environmental assessments of proposed policies, government plans and programs which are likely to have an impact on the environment.

In pursuance of the aims and provisions of the Law on Nature Protection, the Government has adopted the Law of the Republic of Uzbekistan on Ecological Expertise No. 73-II dated 25 May 2000, which, inter alia, requires that any documentation regarding land plot allotment and construction design documentation undergo environmental analysis. The Law on Nature Protection further sets out the criteria for environmental experts, the procedures conducted in the course of analysis, the duration of

such analysis and the financial obligations of applicants. Any such environmental analysis must first verify the compliance of the contemplated project with the applicable environmental legislation.

The Government adopted a Resolution of the Cabinet of Ministers of the Republic of Uzbekistan “On further development of mechanism for environmental impact assessment” No.541 dated 7 September 2020 (**Resolution No.541**), which sets out the regulation on state environmental impact assessment and categorises activities that require environmental impact assessments. In particular, Resolution No.541 determines that, depending on the complexity and potential level of pollution caused by the project, it can be classified under 4 separate categories (I - high risk; II - medium risk; III - low risk; and IV - local impact). Machine-building industry is classified as a category I - high risk activity.

Compensation payments for environmental pollution

The Law on Nature Protection also provides for payments for special exploitation of natural resources and environmental pollution. Payments are charged for environmental pollution (such as emissions, discharge of pollutants and waste disposal) and other activities that have a harmful impact on the environment. Companies that produce emissions, discharge pollutants into the environment and dispose of waste in Uzbekistan are therefore subject to such compensation payments.

Pursuant to the Resolution of the Cabinet of Ministers “On measures for further improvement of economic mechanisms to ensure the protection of nature” No. 820 dated 11 October 2018 (Regulation No. 820), the following factors are taken into account in the calculation of compensation payments:

- mass of emissions of pollutants into the atmosphere from stationary and mobile sources;
- mass of discharges of pollutants into bodies of water, as well as on the terrain;
- mass of toxic and non-toxic wastes disposed in Uzbekistan; and
- mass of excessive discharges of pollutants into the municipal sewerage systems of cities and other settlements.

Regulation No. 820 provides that the entities falling under the “I – High Risk” category shall make an advance compensation payment to the State Committee on Ecology on a quarterly basis. Therewith, the amount of the compensation payments is calculated on the basis of the actual average monthly mass of the normative and excessive.

Environmental safety standards

On 18 February 2020, the Cabinet of Ministers approved the General Technical Regulations on Environmental Safety (**Technical Regulations**) which came into force on 18 August 2020. The Technical Regulations established mandatory requirements for ensuring environmental safety in the process of production, storage, transportation and disposal of products. The primary objects of the Technical Regulations are the processes used in the production, storage, transportation and disposal of products at economic and other operating facilities. Government control over compliance with the requirements of the Technical Regulations is carried out by the State Committee for Ecology and other authorised state bodies.

For economic and other operating stationary facilities, the Technical Regulations established environmental standards for (i) the maximum permissible emissions of pollutants into the atmosphere, (ii) the maximum permissible runoffs of pollutants into surface water bodies and local reliefs, and (iii) the occurrence and disposal of waste.

In order to apply the Technical Regulations in the assessment of products, services, production processes, storage, transportation, disposal of products and the following forms of conformity assessment are conducted:

- state ecological analysis; and

- environmental certification (for environmentally hazardous products and waste).

Upon receipt of justified appeals from the public alleging violation of environmental safety and non-compliance with the requirements of the Technical Regulations, a public environmental review may be carried out.

Furthermore, part of the Group’s operational business involves the production and processing of synthetic polymeric materials, and such activity must comply with the sanitary rules of the Ministry of Health of the Republic of Uzbekistan on “Hygienic requirements for the production and processing of synthetic polymeric materials” SanPin No. 0273-09 dated 16 November 2009. These rules, among other things, prescribe requirements with respect to the noise, vibration and the permissible level of the electromagnetic fields at the workplace.

Industrial safety

Industrial safety is regulated by the Law “On Industrial Safety of Hazardous Production Facilities” No. ZRU-57 dated 28 September 2006 (**Law on Industrial Safety**) and other legislation.

As defined by the Law on Industrial Safety, hazardous production facilities are any facilities at which the following dangerous substances are used, produced, processed, generated, stored, transported, destroyed:

- harmful substances relating to class I, II and III of danger as per the level of effect on living organisms (extremely dangerous, highly dangerous and moderately dangerous) in accordance with approved standards;
- equipment operating under the pressure exceeding 0.07 megapascals or at temperatures exceeding the boiling point of the operating (treating) fluid at normal pressure; and
- permanently installed load-lifting mechanisms.

Industrial safety declaration

In accordance with the Law on Industrial Safety, companies which are using hazardous production facilities must develop and maintain what is called an “industrial safety declaration” (**ISD**).

The ISD is a document prepared internally by the Group which sets forth the following information:

- an evaluation of known risk factors;
- the identification of hazards;
- descriptions of the circumstances by which the harm could arise (i.e., scenarios);
- descriptions of the company's emergency response and prevention system; and
- plans of remedial actions.

The ISD is subject to approval by the the Group’s management and must be updated in case of changes in operational processes or due to safety regulation changes.

The ISD is provided to the state authorities and must be available to the public.

Industrial safety expertise

Examinations (referred to as “**expert reviews**”) are conducted to assess the facility’s compliance with safety regulations when building, enhancement, reconstruction, technical upgrading, conservation and liquidation of hazardous production facilities.

The following are subject to state expert review:

- project documentation of hazardous production facilities;
- technical devices used at hazardous production facilities;
- buildings and facilities at hazardous production facilities;
- the industrial safety declaration; and
- other documents related to operation of hazardous production facilities.

An expert review is performed by accredited companies. The accredited companies will issue opinions following their examinations.

MANAGEMENT

The Issuer is wholly owned by "UzAuto Passenger Vehicles Management" LLC which in turn is wholly owned by JSC "Uzavtosanoat" (the **Parent Company**). The Parent Company is wholly owned by the government of the Republic of Uzbekistan, the Ministry of Finance being the sole shareholder as at the date of this Prospectus. The Parent Company is the dominant controlling body of the automotive industry within the Republic of Uzbekistan. The corporate governance structure of the Issuer comprises the following:

The General Meeting of Shareholders

The General Meeting of Shareholders, attended by the sole shareholder of the Issuer, "UzAuto Passenger Vehicles Management" LLC, is responsible for issues which are beyond the competence of the Supervisory Board, as determined by law or by the Issuer's charter. At the annual meeting of shareholders, the sole shareholder of the Issuer approves the Issuer's annual report, the Issuer's Business Plan, the report of the Audit Commission and the report of the Supervisory Board. Additionally, the distribution of the Issuer's net profit is confirmed, the service provider for conducting the statutory audit is selected and the powers of the Executive Body are reviewed, and can be extended or terminated. A decision regarding the distribution of the Issuer's net profit is made at a General Meeting of the sole shareholder within six months of the end of each financial year of the Issuer.

The Supervisory Board

The Supervisory Board is a key body in the Issuer's management structure and is formed of five members elected from the Parent Company, including the First Deputy Minister of Finance and four other members representing the Government, the State Assets Management Agency and the Tashkent State University of Economics. The Supervisory Board carries out general management of the Issuer's activities, with the exception of matters which are attributed by law and by the Issuer's charter to be within the competence of the General Meeting of Shareholders. It is accountable to the General Meeting of Shareholders. The Supervisory Board reviews quarterly reports from various groups and commissions, including reports regarding:

- progress on the implementation of the Issuer's business plan for the current year;
- procurement;
- localisation (being the process of substituting imports for local products and increasing the volume of local offerings through either implementation of investment projects or sourcing from local manufacturers);
- expansion of cooperation ties in the industry; and
- information technology.

The Supervisory Board also reviews reports from the Internal Audit Service and from the Audit Commission with respect to proposed transactions with affiliated persons and major transactions.

Further functions of the Supervisory Board include the approval of pricing of the Issuer's products, major transactions and transactions with affiliated persons.

Scheduled meetings of the Supervisory Board are held every quarter, with *ad hoc* meetings held as when necessary. The current members of the Supervisory Board are set forth in the table below.

Name	Position
Shavkat Umurzakov	Chairman of the Board of the Parent Company
Abduvakkos Rafikov	First Vice-Chairman of the Parent Company
Azizbek Shukurov	Vice-Chairman of the Parent Company
Sardor Tadjiev	Vice-Chairman of the Parent Company
Farkhod Turaev	Vice-Chairman of the Parent Company

The Audit Commission

The Audit Commission produces reports for the consideration of the Supervisory Board to assist it in the everyday management of the Issuer. It is accountable to the General Meeting of Shareholders. The Audit Commission assesses the reliability of the data contained in the reports and other financial documents of the Issuer, identifies breaches of adherence to accounting standards, assesses the faithful presentation of financial statements and monitors compliance with applicable legislation of the Issuer's financial and economic activities. It submits a quarterly report to the Supervisory Board noting any major transactions entered into by the Issuer and compliance with any legislative requirements and/or internal regulations in respect of such transactions.

The Internal Audit Service

The Internal Audit Service submits reports to the Supervisory Board on a quarterly basis to assist it in the everyday management of the Issuer. It is accountable to the Supervisory Board. The Internal Audit Service examines the business contracts entered into by the Issuer to ensure compliance with legislation, assists the structural divisions of the Issuer in the maintenance of accounting records and preparation of financial statements and advises these divisions on issues of tax, finances and internal control optimisation, amongst other areas. It provides the senior management team with the tools necessary to attain operational efficiency by identifying problems and correcting lapses before they are discovered in an external audit. The Internal Audit Service also provides a degree of risk management and safeguards against potential fraud, waste, or abuse. The results of internal audits provide the senior management team with suggestions for improvements to current processes not functioning as intended, which may include information technology systems as well as supply-chain management.

The Internal Audit Service also assists the Supervisory Board in developing their Terms of Reference (being the list of activities aimed at internal control optimisation, assistance in the preparation of financial reports and in carrying out other on-request projects) and assessing audit proposals from external audit organisations, as well as preparing recommendations for the selection by the General Meeting of Shareholders of which external audit organisation will conduct the audit. It also performs other functions as required by legislation and the internal regulations of the Issuer.

The Security Service

The Security Service identifies and mitigates, or manages, at an early stage any developments that may threaten the resilience and continued survival of the Issuer. It is a corporate body that oversees and manages the close coordination of all functions of the company concerned with security, continuity and safety. It is accountable to the Supervisory Board and the Executive Body represented by the General Director.

The Compliance Service

The Compliance Service is accountable to the Supervisory Board. It implements a compliance programme for the Issuer, with applicable laws and regulations, and controls adherence to this

throughout the divisions of the Issuer. It is responsible for developing an internal culture of compliance and creating conditions within which all employees of the Issuer can act honestly, in good faith, and comply with ethical standards when dealing with fellow employees, customers, business partners, suppliers, dealers, distributors and other contractors with the Issuer. The Compliance Service is further responsible for establishing, developing and strengthening relationships with the Issuer's stakeholders. It also ensures that Issuer's operations are carried out in accordance with all applicable rules, norms and instructions in respect of labour protection, traffic, safety and ecology.

The Executive Body

The Executive Body is established by the charter of the Issuer, and is comprised solely of the General Director of the Issuer. It is accountable to the Supervisory Board. In its capacity as the Executive Body, the General Director is responsible for the general management of corporate affairs, including but not limited to:

- acting on behalf of the Company without a power of attorney by representing the Company's interests before third parties, other organisations and government bodies;
- issuing of power of attorney on behalf of the Company;
- opening bank accounts;
- appointing or removing (as appropriate) members of the senior management team, with the approval of the Supervisory Board;
- approving the charter of branches and subsidiaries, establishing their remuneration structures and appointing individuals to (or removing them from) management positions in such branches and subsidiaries, with the approval of the Supervisory Board;
- signing, amending the terms of and terminating labour contracts with employees; and
- establishing charters regarding employee rewards, remuneration and salary increments and approving various additional payments and schemes for the social protection and compensation of employees;

Senior Management of the Issuer

The General Director, in its role as sole member of the Executive Body, and the two Deputy Directors head the operating structure of the Issuer. Each of the members of the senior management team is accountable to the General Director in their role as the Executive Body.

The General Director oversees the other members of the Issuer's senior management team, in addition to managing the following divisions of the Issuer:

- The Legal Department
- The Internal Communication Division
- The Executive Secretary
- The Public Utilities and Capital Construction Department
- The "UzAuto Motors" branches in Tashkent and in Pitnak City, Khorezm region

- The Strategic Development and Investment Directorate

The First Deputy General Director is responsible for (i) the Department for Global Purchase, (ii) the Department for Localisation and Purchasing of Direct Materials, (iii) the Supply Chain Department, (iv) the Superior Qualities Department, (v) expansion of cooperation in the industry and (vi) the Information Technologies Department.

The Deputy General Director is responsible for (i) the Human Resources Directorate, (ii) the Transportation Department and Shipping Centre, (iii) the Quality and Standards Compliance Department, (iv) Labour Protection, Industrial Safety and Ecology Service and (v) the Department of Corporate and Property Relations.

The Chief Financial Officer is responsible for (i) the Finance and Accounting Department and (ii) the Economic Planning Directorate.

The Managing Director for Marketing, Sales and Aftersales Service is responsible for (i) the Marketing, Monitoring and Sales Development Directorate, (ii) the After-Sales Service Directorate and (iii) the Directorate for the Purchase and Sale of Spare Parts.

The Managing Director for Production and Technology Development is responsible for (i) the Production Department, (ii) the Technology and Maintenance Directorate and (iii) the Department of "Engineering Products".

The name, position and year of appointment of the Issuer's senior management team are set forth in the table below.

Name	Position	Year of Appointment to the Position
Rustam Rajabov	General Director	2016 ⁽¹⁾
Asadulla Rustamov	First Deputy General Director	2019
Sheramat Obidov	Deputy General Director	2019
Kamoliddin Umurzakov	Chief Financial Officer	2020
Aleksandr Sakhapov	Managing Director for Marketing, Sales and Aftersales Service	2020
Nodirbek Kosimov	Managing Director for Production and Technology Development	2020

(1) Mr. Rajabov was appointed as Acting General Director in 2016 and was appointed as General Director with effect from 26 April 2021.

In September 2020, Mr. Kamoliddin Umurzakov was appointed as Chief Financial Officer. The role of Managing Director for Marketing, Sales and Aftersales Service was created through changes to the organisational structure of the Issuer approved on 24 September 2020, and Mr. Aleksandr Sakhapov was appointed to the role.

Rustam Rajabov began his career at UzAutoMotors in 2001 as leading engineer and gained experience in several positions in the auto industry over 15 years. He was appointed as Acting General Director of UzAutoMotors in 2016 and was appointed as General Director with effect from 26 April 2021. He graduated from Tashkent Automobile and Road Construction Institute, and he holds a master's degree from Tashkent State University of Economics.

Asadulla Rustamov began his career as an engineer-technologist at UzDaewooAuto in 2004. He was appointed as the First Deputy General Director of the Issuer in 2019. He graduated from the Institute of Engineering and Economics in Andijan and holds a master's degree from Trier University, Germany.

Sheramat Obidov began his career as a sales executive in 2000, then an accountant and economist from 2000 to 2004 at a private enterprise. He became a clerk at a district court in 2004, going on to hold various positions at the Prosecutor's office from the Associate level to the Deputy Head of the Regional Prosecutor from 2007 to 2018. He joined the Issuer in 2018 as Acting Executive Director of Marketing, Sales and Aftersales Service and, since 2019, has held the position of Deputy General Director. He holds bachelor's degrees from both the Tashkent State Agrarian University, earned in 2003, and Tashkent State University of Law, earned in 2008.

Kamoliddin Umurzakov began his career as an accounting specialist at Accenture Services, Prague, Czech Republic in 2010 and started his career in the automotive industry in 2012. He was appointed as the Chief Financial Officer of the Issuer in 2020. He graduated from World Economy and Diplomacy University and holds a master's degree from Tashkent State University of Economics.

Aleksandr Sakhapov began his career at the Issuer as a sales agent in one of its auto dealerships in 2003. Since then, he has held several management positions at Issuer, and in 2020 he was appointed as Managing Director for Marketing, Sales and Aftersales Service. He holds both a bachelor's and master's degree from Tashkent Automobile and Road Construction Institute.

Nodirbek Kosimov began his career at "UzDaewoo Auto" JSC in 2000 as a driver and began his tenure with the Issuer in the position of Procurement Agent in the KD parts Department in 2005. He became an Engineer of the Procurement and Business Process Support section in 2011 and has risen through various roles within the Issuer, becoming head of this department in 2013, Deputy Director of Procurement in 2016, Acting Director of Procurement in 2018 and Managing Director for Production and Technology Development in 2019. He graduated with a bachelor's degree in Management from the Andijan University of Engineering Economics in 2004.

Conflicts

None of the members of the Issuer's senior management team has any existing or potential conflicts of interest with respect to his duties to the Issuer and his private interests or other duties.

TERMS AND CONDITIONS OF THE NOTES

The following is the text of the terms and conditions of the Notes, which, subject to amendment, will be endorsed on each Definitive Note and will (subject to the provisions thereof) apply to the Global Note.

The U.S.\$300,000,000 4.85 per cent. notes due 2026 (the “**Notes**”) which expression includes any further Notes issued pursuant to Condition 16 and forming a single series therewith of JSC “UzAuto Motors” (the “**Issuer**”) were authorised by a written resolution of the sole shareholder of the Issuer dated 13 April 2021 No.2-2021 and the Supervisory Council of the Issuer’s Parent Company dated 15 April 2021 No.3-2021. The Notes are constituted by a trust deed to be dated 4 May 2021 (the “**Trust Deed**”) made between the Issuer and Citibank, N.A., London Branch (the “**Trustee**”, which expression shall include all persons for the time being who are the trustee or trustees under the Trust Deed) as trustee for the holders of the Notes.

These terms and conditions (the “**Conditions**”) include summaries of, and are subject to, the detailed provisions of the Trust Deed. The Issuer will enter into a paying agency agreement, to be dated 4 May 2021 (the “**Agency Agreement**”) with the Trustee, Citibank, N.A., London Branch as principal paying agent and transfer agent (the “**Principal Paying Agent**” and the “**Transfer Agent**” and, together with any other paying agents appointed under the Paying Agency Agreement, the “**Paying Agents**”) and Citigroup Global Markets Europe AG as registrar (the “**Registrar**”). The Registrar, Paying Agents and Transfer Agent are together referred to herein as the “**Agents**”, which expression includes any successor or additional paying and transfer agents or registrars appointed from time to time in connection with the Notes.

Copies of the Trust Deed and the Agency Agreement are available for inspection during normal business hours on any weekday (i) at the specified office of the Principal Paying Agent in London or (ii) electronically from the Issuer or the Principal Paying Agent. The Noteholders (as defined below) are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and are deemed to have notice of those provisions of the Agency Agreement applicable to them. Capitalised terms used but not defined in these Conditions shall have the respective meanings given to them in the Trust Deed.

1 Form and Denomination

The Notes are issued in fully registered form, without interest coupons attached, in denominations of U.S.\$200,000 or integral multiples of U.S.\$1,000 in excess thereof (“**authorised denominations**”). Title to the Notes shall pass by registration in the register (the “**Register**”) which the Issuer shall procure to be kept by the Registrar. The Notes are represented by registered definitive Notes (“**Definitive Notes**”) and, save as provided in Condition 3.3, each Definitive Note shall represent the entire holding of Notes by the same holder.

2 Guarantees and Status

2.1 Guarantees

The Issuer may from time to time elect or be obliged to designate a Subsidiary of the Issuer as a Guarantor of the Notes pursuant to Condition 5.1.1(iii) and Condition 5.10. The Issuer will cause each Guarantor, on a joint and several basis with each other Guarantor, to unconditionally and irrevocably guarantee, the due payment of all moneys payable by the Issuer and any other Guarantor under the Notes and the Trust Deed. The Guarantee of each Guarantor will constitute direct, unsecured, unsubordinated and unconditional obligations of such Guarantor. The payment obligations of each Guarantor under its Guarantee shall at all times rank *pari passu* and without any preference among themselves and with all outstanding unsecured and unsubordinated obligations of such Guarantor, present and future.

The Trustee shall, without the consent of the Noteholders, agree to the accession of a Guarantor pursuant to this Condition 2.1 provided that:

- 2.1.1 (i) a duly executed deed of accession to this Trust Deed in or substantially in the form of Schedule 6 to the Trust Deed (a “**Deed of Accession**”) containing a Guarantee; and (ii) a duly executed agency agreement supplemental to the Agency Agreement in or substantially in the form of Schedule 5 to the Agency Agreement (a “**Supplemental Agency Agreement**”) pursuant to which such Subsidiary of the Issuer agrees to be bound by the provisions of the Agency Agreement as fully as if such Subsidiary of the Issuer had been named in the Agency Agreement as a Guarantor;
- 2.1.2 an Opinion of Counsel as to the enforceability under English law of the Guarantee in accordance with its terms, the enforceability of the Deed of Accession and the Supplemental Agency Agreement and as to the capacity and authority of such Guarantor to enter into such documents is delivered to the Trustee;
- 2.1.3 the Issuer and such Guarantor provide the Trustee with such other documents or certificates as the Trustee may reasonably require.

The Trustee shall be entitled to accept and rely on the Opinion of Counsel referred to above without further enquiry or liability to any Person as sufficient evidence of the matters certified therein.

The Issuer shall give notice to the Trustee and the Noteholders in accordance with Condition 17 (Notices) of the accession of each Guarantor.

2.2 Release of the Guarantees

The Guarantee of any Guarantor shall be released, automatically and without further action on the part of any Noteholder or the Trustee

- 2.2.1 if such Guarantor is disposed of in a manner which is permitted by these Conditions (*provided that*, in any event, the disposal is not made to a Subsidiary of the Issuer);
- 2.2.2 on the liquidation of such Guarantor in accordance with these Conditions.

At the Issuer’s request (and at its cost and expense), the Trustee shall, in its sole discretion and upon delivery of any documentation that the Trustee shall require (including an Officer’s Certificate), execute evidence of such release in accordance with these provisions.

The Issuer shall give notice to the Trustee and the Noteholders in accordance with Condition 17 of the release of the Guarantee of any Guarantor pursuant to this Condition 2.2.

This Condition 2.2 shall not limit the Issuer’s obligation to provide Guarantees under Condition 5.1.1(iii) and/or Condition 5.10.

- 2.3 **Status:** the Notes constitute direct, general, unsubordinated and (subject to Condition 4) unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Issuer under the Notes shall, save for such exceptions as may arise by mandatory operation of law and subject to Condition 4, at all times rank at least equally with all its other present and future unsecured and unsubordinated obligations.

3 Register, Title and Transfers

- 3.1 **Register:** The Registrar shall maintain the Register in respect of the Notes in accordance with the provisions of the Agency Agreement. The Register shall be kept at the specified office for the time being of the Registrar and shall record the names and addresses of the holders of the Notes, particulars of the Notes and all transfers and redemptions thereof. In these Conditions, the “**holder**” of a Note means the person in whose name such Note is for the time being registered in the Register (or, in the case of a joint holding, the first named thereof) and “**Noteholder**” shall be construed accordingly.

- 3.2 Title:** Title to the Notes will pass by and upon registration in the Register. The holder of each Note shall (except as otherwise required by a court of competent jurisdiction or applicable law) be treated as the absolute owner of such Note for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any other interest therein, any writing on the Definitive Note relating thereto (other than the endorsed form of transfer) or any notice of any previous loss or theft of such Definitive Note) and no person shall be liable for so treating such holder.
- 3.3 Transfers:** Subject to Conditions 3.6 and 3.7 below, a holding of Notes may be transferred in whole or in part in an authorised denomination upon surrender (at the specified office of the Registrar or the Transfer Agent) of the relevant Definitive Note representing that Note, together with the form of transfer (including any certification as to compliance with restrictions on transfer included in such form of transfer endorsed thereon) (the “**Transfer Form**”), duly completed and executed, at the specified office of the Transfer Agent or of the Registrar, together with such evidence as the Transfer Agent or the Registrar may reasonably require to prove the title of the transferor and the authority of the persons who have executed the Transfer Form. In the case of a transfer of part only of a holding of Notes represented by one Definitive Note, a new Definitive Note shall be issued to the transferee in respect of the part transferred and a further new Definitive Note in respect of the balance of the holding not transferred shall be issued to the transferor. Neither the part transferred nor the balance not transferred may be less than the minimum authorised denomination. In the case of a transfer of Notes to a person who is already a holder of Notes, a new Definitive Note representing the enlarged holding shall only be issued against surrender of the Definitive Note representing the existing holding. No transfer of a Note will be valid unless and until entered on the Register.
- 3.4 Exercise of Option and Partial Redemption in Respect of Notes:** In the case of an exercise of the Issuer’s or a Noteholders’ option in respect of, and a partial redemption of, a holding of Notes represented by a single Definitive Note, a new Definitive Note shall be issued to the holder to reflect the exercise of such option or in respect of the balance of the holding not redeemed. In the case of a partial exercise of an option resulting in Notes of the same holding having different terms, separate Definitive Notes shall be issued in respect of those Notes of that holding that have the same terms. New Definitive Notes shall only be issued against surrender of the existing Definitive Notes to the Registrar or the Transfer Agent.
- 3.5 Delivery of New Definitive Notes:** Each new Definitive Note to be issued pursuant to Condition 3.3 or 3.4 shall be available for delivery within three business days of receipt of a duly completed form of transfer or Change of Status Put Option Notice (as defined in Condition 7.7) and surrender of the existing Definitive Note(s). Delivery of the new Definitive Note(s) shall be made at the specified office of the Transfer Agent or of the Registrar (as the case may be) to whom delivery or surrender of such form of transfer, Change of Status Put Option Notice or Definitive Note shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the relevant form of transfer or Change of Status Put Option Notice or otherwise in writing, be mailed by uninsured post at the risk of the holder entitled to the new Definitive Note to such address as may be so specified, unless such holder requests otherwise and pays in advance to the Transfer Agent or the Registrar (as the case may be) the costs of such other method of delivery and/ or such insurance as it may specify. In this Condition 3.5, “**business day**” means a day, other than a Saturday or Sunday, on which banks are open for business in the place of the specified office of the Transfer Agent or the Registrar (as the case may be).
- 3.6 Transfer or Exercise Free of Charge:** Definitive Notes, on transfer or exercise of an option and partial redemption, shall be issued and registered without charge by or on behalf of the Issuer, the Registrar or the Transfer Agent, but upon payment by the person making such application for transfer or exercise of an option of any tax or other governmental charges that may be imposed in relation to it (or the giving of such indemnity as the Registrar or the Transfer Agent may require).

3.7 Closed Periods: No Noteholder may require the transfer of a Note to be registered (i) during the period of 15 days ending on (and including) the due date for redemption of that Note, (ii) after any such Note has been called for redemption, or (iii) during the period of seven days ending on (and including) any Record Date (as defined in Condition 8).

3.8 Regulations concerning Transfer and Registration: All transfers of Notes and entries on the Register are subject to the detailed regulations concerning the transfer and registration of Notes set out in Schedule 1 to the Agency Agreement. The regulations may be changed by the Issuer with the prior written approval of the Trustee and the Agents (such approval not to be unreasonably withheld or delayed). A copy of the current regulations will be sent by the Registrar free of charge to any person who so requests and will be available at the specified offices of the Registrar and at the specified office of the Transfer Agent.

4 Negative Pledge

So long as any Note remains outstanding (as defined in the Trust Deed), the Issuer will not, and will ensure that none of its Subsidiaries will create, or permit to arise or subsist any mortgage, charge, pledge, lien or other form of encumbrance or security interest including, without limitation, anything analogous to the foregoing under the laws of any jurisdiction (a “**Lien**”) other than a Permitted Lien upon the whole or any part of its property, assets or revenues, present or future, to secure any Indebtedness, unless in any such case at the same time or prior thereto, the Notes and the Guarantees are secured equally and rateably with such other Indebtedness or have the benefit of such other arrangement as (i) the Trustee shall in its absolute discretion deem not materially less beneficial to the interest of the Noteholders or (ii) shall be approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders.

5 Covenants

5.1 Incurrence of Indebtedness

5.1.1 So long as any Note remains outstanding, the Issuer will not, and will not permit any of its Subsidiaries to, Incur any Indebtedness, except that if on the date of such Incurrence and after giving effect thereto on a *pro forma* basis (a) no Potential Event of Default nor Event of Default shall have occurred and be continuing at the time, or would occur as a consequence, of the Incurrence of such Indebtedness and (b) the Consolidated Net Leverage Ratio would have been no more than 3.75 to 1:

- (i) The Issuer and the Guarantor(s) (if any) may Incur Indebtedness;
- (ii) any Non-Guarantor Subsidiary may Incur Indebtedness without having to comply with paragraph (iii) below if, after giving pro forma effect to such Incurrence, the aggregate principal amount of outstanding Indebtedness Incurred by Non-Guarantor Subsidiaries under this Condition 5.1.1 does not exceed 3.5 per cent. of the Consolidated Total Assets; and
- (iii) a Non-Guarantor Subsidiary may Incur Indebtedness if, within 30 days after such Incurrence, such Non-Guarantor Subsidiary becomes a Guarantor.

5.1.2 Notwithstanding the foregoing Condition 5.1.1, the following shall be permitted:

- (i) The Incurrence by the Issuer or any of its Subsidiaries of Indebtedness outstanding on the Issue Date (other than Indebtedness described in paragraph (ii) of this Condition 5.1.2);
- (ii) the Incurrence by the Issuer and the Guarantor(s) (if any) of Indebtedness represented by the Notes and the related Guarantees (for the avoidance of doubt, no Additional Notes may be issued in reliance on this paragraph (ii));

- (iii) the Incurrence by the Issuer or any of its Subsidiaries of Refinancing Indebtedness in exchange, replacement or renewal for, or the net proceeds of which are used to refund, refinance, replace, defease or discharge Indebtedness (other than intercompany Indebtedness) that was permitted to be Incurred under Condition 5.1.1 or under paragraphs (i), (ii), (iii) of this Condition 5.1.2;
- (iv) the Incurrence by the Issuer or any of its Subsidiaries of Indebtedness between or among the Issuer and any of its Subsidiaries; provided, however, that: (i) any subsequent issuance or transfer of Capital Stock that results in any such Indebtedness being held by a Person other than the Issuer or a Subsidiary of the Issuer and (ii) any sale or other transfer of any such Indebtedness to a Person that is neither the Issuer nor a Subsidiary of the Issuer will be deemed, in each case, to constitute an Incurrence of such Indebtedness by the Issuer or such Subsidiary, as the case may be, that was not permitted by this paragraph (iv);
- (v) the Incurrence by the Issuer or any of its Subsidiaries of Hedging Obligations in the ordinary course of business and are not entered into for speculative purposes (as determined in good faith by a responsible financial or accounting officer of the Issuer);
- (vi) the guarantee by the Issuer or any of its Subsidiaries of Indebtedness of the Issuer or a Subsidiary of the Issuer that was permitted to be Incurred by another provision of this Condition 5.1; provided that if the Indebtedness being guaranteed is subordinated in right of payment to the Notes or the Guarantees thereof (if any), then such guarantee shall be subordinated to the same extent as the Indebtedness guaranteed;
- (vii) the Incurrence by the Issuer or any of its Subsidiaries of Indebtedness in respect of workers' compensation claims, self-insurance obligations, bankers' acceptances, bank guarantees, performance, bid, appeal, surety and similar bonds or letters of credit, completion guarantees, judgment, advance payment, customs, VAT, or other similar instruments issued for the for the account of the Issuer or any of its Subsidiaries or other similar obligations incurred in the ordinary course of business (including guarantees or indemnities related thereto);
- (viii) the Incurrence by the Issuer or any of its Subsidiaries of Indebtedness in respect of any customary cash management, cash pooling or netting or setting off arrangements in the ordinary course of business;
- (ix) the Incurrence by the Issuer or any of its Subsidiaries of Indebtedness arising from the honouring by a bank or other financial institution of a check, draft or similar instrument inadvertently drawn against insufficient funds, so long as such Indebtedness is extinguished within five business days of Incurrence;
- (x) the incurrence by the Issuer or any of its Subsidiaries of Indebtedness in the form of customer deposits and advance payments received in the ordinary course of business from customers for purchases in the ordinary course of business;
- (xi) the Incurrence by the Issuer or any of its Subsidiaries of Indebtedness arising from agreements of the Issuer or a Subsidiary of the Issuer providing for guarantees, indemnification, adjustment of purchase price, earn outs or similar obligations, in each case, Incurred or assumed in connection with the disposition of any business, assets or Capital Stock of a Subsidiary of the Issuer, other than guarantees of Indebtedness of the Subsidiary of the Issuer disposed of, or Incurred or assumed by any Person acquiring all or any portion of such business, assets or Capital Stock for the purpose of financing such acquisition; provided

that the maximum liability of the Issuer and its Subsidiaries in respect of all such Indebtedness shall at no time exceed the gross proceeds in cash and Cash Equivalents actually received by the Issuer and its Subsidiaries in connection with such disposition;

- (xii) the Incurrence by a Project Subsidiary of Project Finance Debt;
 - (xiii) the Incurrence by the Issuer or any of its Subsidiaries of additional Indebtedness in an aggregate principal amount (or accreted value, as applicable) at any time outstanding, including all Refinancing Indebtedness Incurred to refund, refinance, replace, defease or discharge any Indebtedness Incurred pursuant to this paragraph (xiii), not to exceed U.S.\$50.0 million at any time outstanding.
- 5.1.3 For the purposes of determining compliance with any U.S. dollar denominated restriction on the Incurrence of Indebtedness where the Indebtedness Incurred is denominated in a different currency, the amount of such Indebtedness will be the U.S. Dollar Equivalent determined on the date of the Incurrence of such Indebtedness; provided, however, that if any such Indebtedness denominated in a different currency is subject to a Currency Agreement with respect to U.S. dollars covering all principal, premium, if any, and interest payable on such Indebtedness, the amount of such Indebtedness expressed in U.S. dollars will be as provided in such Currency Agreement. The principal amount of any Refinancing Indebtedness Incurred in the same currency as the Indebtedness being Refinanced will be the U.S. Dollar Equivalent, as appropriate, of the Indebtedness Refinanced, except to the extent that (i) such U.S. Dollar Equivalent was determined based on a Currency Agreement, in which case the principal amount of such Refinancing Indebtedness will be determined in accordance with the preceding sentence, and (ii) the principal amount of the Refinancing Indebtedness exceeds the principal amount of the Indebtedness being Refinanced, in which case the U.S. Dollar Equivalent of such excess, as appropriate, will be determined on the date such Refinancing Indebtedness is Incurred. Notwithstanding any other provision of this Condition 5.1, the maximum amount that the Issuer, or its Subsidiaries may Incur pursuant to this Condition 5.1 shall not be deemed to be exceeded, with respect to outstanding Indebtedness, due solely as a result of fluctuations in the exchange rates of currencies.
- 5.1.4 Notwithstanding the foregoing, neither the Issuer nor any Guarantor will Incur any Indebtedness pursuant to Condition 5.1.2 if the proceeds thereof are used, directly or indirectly, to Refinance any Subordinated Obligations of the Issuer or any Guarantor unless such Indebtedness shall be subordinated to the Notes or the applicable Guarantee to at least the same extent as such Subordinated Obligations.
- 5.1.5 The Issuer will not Incur, and will not permit, any Guarantor to Incur, any Indebtedness (including permitted Indebtedness in accordance with Conditions 5.1.1 and 5.1.2 above) that is contractually subordinated in right of payment to any other Indebtedness of the Issuer or such Guarantor unless such Indebtedness is also contractually subordinated in right of payment to the Notes or the applicable Guarantee on substantially identical terms; *provided, however*, that no Indebtedness will be deemed to be contractually subordinated in right of payment to any other Indebtedness of the Issuer or such Guarantor solely by virtue of being unsecured or by virtue of being secured on a junior Lien basis or by virtue of not being guaranteed.
- 5.1.6 For the purposes of determining compliance with this Condition 5.1, if an item of Indebtedness (or any portion thereof) meets the criteria of more than one of the types of Indebtedness described above, or is entitled to be Incurred pursuant to Condition 5.1.1, the Issuer, in its sole discretion, will be permitted to classify and from time to time, to

reclassify such item of Indebtedness (or any portion thereof) in any manner that complies with this Condition 5.1.

5.1.7 The accrual of interest, the accretion or amortisation of original issue discount, the payment of interest on any Indebtedness in the form of additional Indebtedness with the same terms, and the payment of dividends on Disqualified Stock in the form of additional shares of the same class of Disqualified Stock will not be deemed to be an Incurrence of Indebtedness or an issuance of Disqualified Stock for the purposes of this Condition 5.1.

5.1.8 The amount of any Indebtedness outstanding as of any date will be:

- (i) the accreted value of the Indebtedness, in the case of any Indebtedness issued with original issue discount;
- (ii) the greater of the liquidation preference or the maximum fixed redemption or repurchase price of the Disqualified Stock, in the case of Disqualified Stock; and
- (iii) the principal amount of the Indebtedness, in the case of any other Indebtedness.

For the purposes of the foregoing, the “maximum fixed repurchase price” of any Disqualified Stock that do not have a fixed redemption or repurchase price shall be calculated in accordance with the terms of such Disqualified Stock as if such Disqualified Stock were redeemed or repurchased on any date of determination.

5.2 Restricted Payments: So long as any Note remains outstanding, the Issuer will not, and will not permit any of its Subsidiaries, directly or indirectly, to make a Restricted Payment, unless at the time of and after giving *pro forma* effect to, such Restricted Payment:

5.2.1 no Event of Default or Potential Event of Default shall have occurred and be continuing; and

5.2.2 the Issuer would have been permitted to Incur at least U.S.\$1.00 of additional Indebtedness pursuant to Condition 5.1.1; and

5.2.3 together with the aggregate amount of all other Restricted Payments made by the Issuer and its Subsidiaries since the Issue Date does not exceed the sum, without duplication, of:

- (i) 50 per cent. of the Consolidated Net Profit accrued during the period (treated as one accounting period) from the beginning of the first fiscal semi-annual period during which the Issue Date falls to the end of the most recent fiscal semi-annual period for which consolidated financial statements of the Issuer have been delivered to the Trustee pursuant to Condition 5.3 prior to the date of such Restricted Payment (or, in case such Consolidated Net Profit shall be a deficit, minus 100 per cent. of such deficit); *plus*
- (ii) 100 per cent. of the aggregate net cash proceeds received by the Issuer subsequent to the Issue Date (i) as a contribution to its ordinary equity capital, (ii) from the issue or sale or exercise of Capital Stock of the Issuer (other than Disqualified Stock), (iii) from the issue or sale of convertible or exchangeable Disqualified Stock or convertible or exchangeable debt securities of the Issuer that have been converted into or exchanged for such Capital Stock (other than Capital Stock (or Disqualified Stock or debt securities) sold to a Subsidiary of the Issuer) or (iv) from the issue of Indebtedness of the Issuer or a Subsidiary of the Issuer for cash subsequent to the Issue Date that has been converted into or exchanged for such Capital Stock (other than Disqualified Stock),

provided, however, that in any financial year where the Issuer or any of its Subsidiaries is required under the Law on the State Budget, the Presidential Decree dated 29 June 2018 No. UP-5468, as amended or superseded from time to time (the “**Decree**”), the Presidential Resolution dated 15 April 2020 No. PP-4679 (the “**Resolution**”) or any law, Presidential or Governmental resolution having similar effect, to make any Restricted Payments to its shareholders or, a Person holding Capital Stock in the Issuer or any other Parent Entity is required pursuant to any such law, Presidential or Governmental resolution as referred to above to make a payment that, if made by the Issuer or a Subsidiary would be deemed a Restricted Payment and subsequently assigns such payment obligation to the Issuer and, in each case, the mandatory amount of such Restricted Payments exceeds the threshold set out in paragraph (ii) above, such higher threshold as specified in the Law on the State Budget, the Decree, the Resolution or any law, Presidential or Governmental resolution having similar effect shall apply for the purposes of this Condition 5.2.

5.2.4 The preceding provisions will not prohibit:

- (i) the payment of any dividend within 60 days after the date of declaration of the dividend, if at the date of declaration the dividend payment would have complied with the provisions of these Conditions;
- (ii) the making of any Restricted Payment in exchange for, or out of the net cash proceeds of the substantially concurrent sale or issuance (other than to a Subsidiary of the Issuer) of, Capital Stock of the Issuer or any of its Subsidiaries (other than Disqualified Stock) or from the substantially concurrent contribution of ordinary equity capital to the Issuer or any of its Subsidiaries; *provided that* the amount of any such net cash proceeds that are utilised for any such Restricted Payment will be excluded from paragraph (ii) of Condition 5.2.3;
- (iii) the defeasance, redemption, repurchase or other acquisition of Subordinated Obligations of the Issuer or any of its Subsidiaries with the net cash proceeds from a substantially concurrent Incurrence of Refinancing Indebtedness in respect of such Subordinated Obligations;
- (iv) the repurchase of Capital Stock deemed to occur upon the exercise of stock options or warrants to the extent such Capital Stock represent a portion of the exercise price of such stock options or warrants;
- (v) the repurchase, redemption, or other acquisition for value of Capital Stock of the Issuer or any Subsidiary of the Issuer representing fractional shares of such Capital Stock in connection with a share dividend, distribution, share split, reverse share split, merger, consolidation, amalgamation or other business combination of the Issuer or such Subsidiary of the Issuer, in each case, permitted under these Conditions;
- (vi) so long as no Potential Event of Default or Event of Default has occurred and is continuing and no Potential Event of Default or Event of Default would be caused thereby, the declaration and payment of regularly scheduled or accrued dividends to holders of any class or series of Disqualified Stock of the Issuer or any of its Subsidiaries issued on or after the Issue Date in accordance with the Consolidated Net Leverage Ratio described under Condition 5.1.1;
- (vii) payments of cash, dividends, distributions, advance or other Restricted Payments by the Issuer or any of its Subsidiaries to allow the payment of cash in lieu of the issuance of fractional shares upon (x) the exercise of options or warrants or (y) the conversion or exchange of Capital Stock of the issuer or is

Subsidiaries; provided, however, that any such cash payment shall not be for the purpose of evading the limitation of the covenant described in Condition 5.2;

- (viii) payments or distributions to dissenting shareholders pursuant to applicable law in connection with or contemplation of a merger, consolidation or transfer of assets;
- (ix) so long as no Potential Event of Default or Event of Default has occurred and is continuing and no Potential Event of Default or Event of Default would be caused thereby, the payment of dividends to holders of Capital Stock of the Issuer not exceeding U.S.\$10 million in any financial year; or
- (x) so long as no Potential Event of Default or Event of Default has occurred and is continuing, other Restricted Payments in an aggregate amount not to exceed U.S.\$25.0 million (or, to the extent non-U.S. Dollar denominated, the U.S. Dollar Equivalent of such amount) since the Issue Date.

5.2.5 The amount of all Restricted Payments (other than cash) will be the Fair Market Value on the date of the Restricted Payment of the asset(s) or securities proposed to be transferred or issued by the Issuer or such Subsidiary of the Issuer, as the case may be, pursuant to the Restricted Payment. The Fair Market Value of any assets or securities that are required to be valued by this Condition 5.2 will be determined in good faith by the Supervisory Board whose resolution with respect thereto will be delivered to the Trustee along with an Officer's Certificate setting out the Fair Market Value. The Trustee may rely on such resolution and such Officer's Certificate without further enquiry and will not be responsible or liable to any Person for so doing.

5.3 Financial Statements etc.: So long as any Note remains outstanding, the Issuer shall deliver to the Trustee:

5.3.1 not later than 180 days after the end of the Issuer's financial year, copies (in English) of the Issuer's audited consolidated financial statements for such financial year, prepared in accordance with IFRS consistently applied, together with the corresponding financial statements for the preceding period, and all such annual financial statements of the Issuer shall be accompanied by the audit report (in English) of the Auditors thereon and supplemented with information as to the EBITDA of the Issuer, the Consolidated Indebtedness and Consolidated Net Leverage Ratio for and as of the end of such financial year; and

5.3.2 not later than 120 days after the end of the first six months of each of the Issuer's financial years, copies (in English) of the Issuer's unaudited consolidated financial statements for such six-month period, prepared in accordance with IFRS consistently applied, together with the corresponding financial statements for the preceding period and all such financial statements of the Issuer shall be accompanied by the review report (in English) of the Auditors thereon and supplemented with information as to the EBITDA of the Issuer, the Consolidated Indebtedness for and as of the end of such period and Consolidated Net Leverage Ratio for the twelve months then ended,

in the case of each of 5.3.1 and 5.3.2 above, together with a written notice in the form of an Officer's Certificate in the form set out in the Trust Deed stating whether since the date of the last certificate or, if none, the Issue Date an Event of Default or a Potential Event of Default shall have occurred and be continuing, describing all such Events of Default or Potential Events of Default and what action the Issuer is taking or proposes to take with respect thereto;

5.3.3 the Issuer shall also post such financial statements on its website within the time periods referred to in Condition 5.3.1 and Condition 5.3.2 above, as the case may be; and

5.3.4 so long as any of the Notes are restricted securities (as defined in Rule 144 under the Securities Act) and during any period during which the Issuer is not subject to the reporting requirements of the Exchange Act or exempt therefrom pursuant to Rule 12g3-2(b), the Issuer will furnish to any holder or beneficial owner of Notes initially offered and sold in the United States to Qualified Institutional Buyers pursuant to Rule 144A under the Securities Act, and to prospective purchasers in the United States designated by such holder or beneficial owners, upon request, the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act.

5.4 Limitation on Mergers:

5.4.1 So long as any Note remains outstanding, the Issuer shall not (x) enter into any reorganisation (whether by way of a merger, accession, division, separation or transformation, as these terms may be construed under applicable Uzbek law) or undergo any other type of corporate reconstruction, or (y) in a single transaction or a series of related transactions, directly or indirectly, merge, consolidate, amalgamate or otherwise combine with or into another Person or sell, assign, lease, transfer, convey or otherwise dispose of all or substantially all of the properties or assets of the Issuer or the Group, to another Person, unless:

- (i) (A) the surviving or resulting entity or the transferee (the “**Issuer Successor Company**”) is the Issuer or, (B) if not the Issuer, the Issuer Successor Company (x) assumes all the obligations (if any) of the Issuer under the Notes and the Trust Deed, and (y) retains or succeeds to all of the rights and obligations of the Issuer under all of its material government permits, licenses, consents and authorisations; and
- (ii) such transaction(s) would not, individually or in the aggregate, have a Material Adverse Effect; and
- (iii) the Issuer Successor Company will, on the date of such transaction after giving *pro forma* effect thereto and any related financing transactions as if the same had occurred at the beginning of the applicable four-quarter period, be permitted to Incur at least U.S.\$1.00 of additional Indebtedness pursuant to Condition 5.1.1; and
- (iv) promptly after such transaction(s), the Issuer Successor Company certifies to the Trustee that the transaction complies with these Conditions (upon which certification the Trustee shall be entitled to rely without further enquiry and without liability to any person).

5.4.2 So long as any Note remains outstanding, a Guarantor shall not (x) enter into any reorganisation (whether by way of a merger, accession, division, separation or transformation, as these terms may be construed under applicable Uzbek law) or undergo any other type of corporate reconstruction, or (y) in a single transaction or a series of related transactions, directly or indirectly, merge, consolidate, amalgamate or otherwise combine with or into another Person or sell, assign, lease, transfer, convey or otherwise dispose of all or substantially all of its properties or assets, to another Person, unless:

- (i) (A) the surviving or resulting entity or the transferee (the “**Successor Guarantor**”) is the Guarantor or (B) if not the Guarantor, the Successor Guarantor (x) assumes all the obligations of the Guarantor under the Guarantees and the Trust Deed, and (y) retains or succeeds to all of the rights and obligations of the Guarantor under all of its material government permits, licenses, consents and authorisations; and

- (ii) such transaction(s) would not, individually or in the aggregate, have a Material Adverse Effect; and
- (iii) promptly after such transaction(s), the Successor Guarantor certifies to the Trustee that the transaction complies with these Conditions (upon which certification the Trustee shall be entitled to rely without further enquiry and without liability to any person).

5.4.3 Notwithstanding the foregoing:

- (i) A Guarantor may perform acts set out in Condition 5.4.2 if required to do so by statute or a Government resolution applicable to the Guarantor, provided that (i) such Guarantor is the Successor Guarantor or (ii) if not such Guarantor, the Successor Guarantor (x) assumes all the obligations of the Guarantor under the Guarantees and the Trust Deed, and (y) retains or succeeds to all of the rights and obligations of the Guarantor under all of its material government permits, licenses, consents and authorisations; and
- (ii) Any Subsidiary of the Issuer may consolidate with, merge with or into, amalgamate or otherwise combine with or sell, assign, transfer, convey or otherwise dispose of all of its assets to the Issuer or another Subsidiary of the Issuer.

5.5 Asset Sales

5.5.1 So long as any Note remains outstanding, the Issuer shall not, and shall ensure that none of its Subsidiaries shall, directly or indirectly, consummate an Asset Sale, unless:

- (i) the Issuer (or the Subsidiary of the Issuer, as the case may be) receives consideration at the time of the Asset Sale at least equal to the Fair Market Value (measured as at the date of the definitive agreement with respect to such Asset Sale) of the assets or Capital Stock issued or sold or otherwise disposed of; and
- (ii) the Net Proceeds from such Asset Sale are:
 - A. applied to repay permanently any Consolidated Indebtedness (other than Indebtedness subordinated to the Notes);
 - B. applied to acquire or invest in all or substantially all of the assets of, or any Capital Stock of, a Permitted Business if, after giving effect to any such acquisition of Capital Stock, the Permitted Business is or becomes a Subsidiary of the Issuer;
 - C. retained as cash deposited with a bank or invested in Cash Equivalents; and/or
 - D. applied to acquire or invest in other assets that are not classified as current assets under IFRS and that are used or useful in a Permitted Business or applied to acquire or invest in the Capital Stock of any Person holding such property or assets, which is primarily engaged in a Permitted Business and will upon the acquisition by the Issuer or any of its Subsidiaries of such Capital Stock become a Subsidiary of the Issuer or any of its Subsidiaries,

in each case, within 360 days of the date when such proceeds are received; provided that, if the Net Proceeds are applied pursuant to Condition 5.5.1(ii)(C), the Issuer or such Subsidiary of the Issuer, as the case may be, shall apply or invest the Net Proceeds on or prior to the date falling 540 days after the date

when such proceeds are received either to (i) repay permanently any Consolidated Indebtedness (other than Indebtedness subordinated to the Notes and/or the Guarantees), (ii) acquire or invest in all or substantially all of the assets of, or any Capital Stock of, a Permitted Business if, after giving effect to any such acquisition of Capital Stock, the Permitted Business is or becomes a Subsidiary of the Issuer or (iii) applied to acquire or invest in other assets that are not classified as current assets under IFRS and that are used or useful in a Permitted Business;

- (iii) the Issuer delivers to the Trustee, in each case not later than 10 days after the consummation of such Asset Sale, a resolution (or an extract therefrom) of the appropriate decision-making body of the Issuer or the relevant Subsidiary of the Issuer (in the English language), if applicable, along with an Officer's Certificate certifying that such Asset Sale complies with this Condition 5.4; and

5.5.2 The Trustee may rely on such resolution and such Officer's Certificate referred to in this Condition 5.5 without further enquiry and will not be responsible or liable to any person for so doing.

5.6 Affiliate Transactions: So long as any Note remains outstanding, the Issuer will not, and will not permit any of its Subsidiaries to, enter into or permit to exist any transaction or series of related transactions (including the purchase, sale, lease or exchange of any property or the rendering of any service) with, or for the benefit of, any Affiliate of the Issuer or such Subsidiary (an "**Affiliate Transaction**") unless:

5.6.1 the terms of the Affiliate Transaction are no less favourable to the Issuer or such Subsidiary of the Issuer than those that could be obtained at the time of the Affiliate Transaction in a comparable arm's-length transaction with a Person who is not an Affiliate of the Issuer or such Subsidiary of the Issuer; and

5.6.2 the Issuer delivers to the Trustee with respect to any Affiliate Transaction, or series of related Affiliate Transactions involving aggregate consideration in excess of U.S.\$35,000,000 (or, to the extent non-U.S. Dollar denominated, the U.S. Dollar Equivalent of such amount), a resolution of the Issuer's Supervisory Board (in the English language) along with an Officer's Certificate certifying that such Affiliate Transaction complies with this Condition 5.6 and that such Affiliate Transaction has been approved by the Issuer's meeting of shareholders, a majority of the disinterested members of the Issuer's Supervisory Board or such Subsidiary's Supervisory Board, or another competent body of such Subsidiary authorised to approve such Affiliate Transaction, (or, in the event there is only one disinterested member of the Issuer's or Subsidiary's Supervisory Board or another competent body of such Subsidiary, approved by such disinterested member); provided, however, that the provisions of these Conditions 5.6.1 and 5.6.2 shall not apply to:

- (i) any employment agreement, employee compensation arrangements, consulting agreement, employee benefit plan, officer and director indemnification agreement, including any stock option, stock appreciation rights, stock incentive or similar plans or any similar arrangement entered into by the Issuer or any of its Subsidiaries in the ordinary course of business and compensation (including bonuses and equity compensation) paid to and other benefits (including retirement, health and other benefit plans) and indemnification arrangements provided on behalf of directors, officers, consultants and employees of the Issuer or any of its Subsidiaries;
- (ii) transactions (including a merger) between or among or solely for the benefit of the Issuer and/or its Subsidiaries;

- (iii) payment of reasonable fees to, reimbursements of expenses and indemnity provided on behalf of, officers, directors, supervisory board members, employees or consultants of the Issuer or any of its Subsidiaries;
- (iv) any issuance of Capital Stock of the Issuer to Affiliates of the Issuer or to any director, supervisory board member, officer, employee or consultant of the Issuer or the receipt of capital contributions by the Issuer from Affiliates of the Issuer;
- (v) Restricted Payments permitted to be made pursuant to Condition 5.2;
- (vi) transactions with customers, clients, suppliers, joint venture partners or purchasers or sellers or other providers of goods or services, or lessors or lessees of property, in each case in the ordinary course of business and otherwise in compliance with these Conditions which are fair to the Issuer or its Subsidiaries or on terms at least as favourable to the Issuer or its Material Subsidiaries as might reasonably have been obtained at such time from an unaffiliated party;
- (vii) transactions effected pursuant to or contemplated by agreements or arrangements between any Person and an Affiliate of such Person existing at the time such Person is acquired by, merged into or amalgamated, arranged or consolidated with the Issuer or any of its Subsidiaries; provided that such agreements or arrangements were not entered into in contemplation of such acquisition, merger, amalgamation, arrangement or consolidation, and any amendments, modifications or replacements of such agreements or arrangements (so long as such amendments, modifications or replacements are not materially more disadvantageous to the Noteholders, taken as a whole, than the original agreements or arrangements as in effect on the date of such acquisition, merger, amalgamation, arrangement or consolidation);
- (viii) Hedging Obligations entered into from time to time for bona fide hedging purposes and not for speculative purposes of the Issuer and the Subsidiaries and the unwinding of any Hedging Obligations;
- (ix) execution, delivery and performance of any consolidated group arrangements for tax or accounting purposes, provided that any payments to be made pursuant to such arrangements are made in compliance with the covenant as set forth in Condition 5.2;
- (x) agreements and arrangements, and transactions pursuant thereto, existing on the Issue Date and any amendment, extension, renewal, refinancing, modification or supplement thereof; provided that following such amendment, extension, renewal, refinancing, modification or supplement, the terms of any such agreement or arrangement so amended, modified or supplemented are, on the whole, no less favourable to the Issuer and its Subsidiaries, as applicable, than the original agreement or arrangement as in effect on the Issue Date.

The Trustee may rely on such resolution and such Officer's Certificate referred to in this Condition 5.6 without further enquiry and will not be responsible or liable to any person for so doing.

5.7 Maintenance of Authorisations: So long as any Note remains outstanding:

- 5.7.1 the Issuer shall, and shall procure that each of its Subsidiaries shall, take all necessary action to obtain and do or cause to be done all things necessary, in the opinion of the Issuer or the relevant Subsidiary, to ensure the continuance of its corporate existence, its business and intellectual property relating to its business; and

5.7.2 the Issuer and the Guarantor(s) (if any) shall obtain or make, and procure the continuance or maintenance of, all registrations, recordings, filings, consents, licences, approvals and authorisations, which may at any time be required to be obtained or made in the Republic of Uzbekistan for the purposes of the execution, delivery or performance of the Notes, Guarantees, the Paying Agency Agreement, the Trust Deed and for the validity and enforceability thereof.

5.8 Change of Business: So long as any Note remains outstanding, the Issuer shall not make any material change to the Permitted Business.

5.9 Environmental Compliance: The Issuer shall, and shall ensure that its Subsidiaries shall, comply with all Environmental Laws applicable to it and obtain and maintain all Environmental Licences required by law or regulation to be maintained by it, except where a failure to do so would not, or would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

5.10 Further Guarantors: The Issuer will not permit any Non-Guarantor Subsidiary, directly or indirectly, to guarantee any Indebtedness of the Issuer, a Guarantor or any of their respective Subsidiaries, unless, within 90 days following the date on which any such guarantee is given, such Subsidiary becomes a Guarantor and its Guarantee shall be senior to or *pari passu* with such Subsidiary's guarantee of such other Indebtedness.

6 Interest

The Notes bear interest on their outstanding principal amount from and including the Issue Date at the rate of 4.85 per cent. per annum, payable semi-annually in arrear on 4 May and 4 November in each year (each an “**Interest Payment Date**”), commencing on 4 November 2021 and will amount to U.S.\$24.25 per Calculation Amount (as defined below). Each Note will cease to bear interest from the due date for redemption unless, upon surrender of the Definitive Note representing such Note, payment of principal is improperly withheld or refused. In such event it shall continue to bear interest at such rate (both before and after judgment) until whichever is the earlier of (a) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant holder, and (b) the day seven days after the Trustee or the Principal Paying Agent has notified Noteholders of receipt of all sums due in respect of all the Notes up to that seventh day (except to the extent that there is failure in the subsequent payment to the relevant holders under these Conditions).

If interest is required to be calculated for a period of less than a complete Interest Period (as defined below), the relevant day-count fraction will be determined on the basis of a 360-day year consisting of 12 months of 30 days each and, in the case of an incomplete month, the number of days elapsed.

In these Conditions, the period beginning on and including the Issue Date and ending on but excluding the first Interest Payment Date and each successive period beginning on and including an Interest Payment Date and ending on but excluding the next succeeding Interest Payment Date is called an “**Interest Period**”.

Interest in respect of any Note shall be calculated per U.S.\$1,000 in principal amount of the Notes (the “**Calculation Amount**”). The amount of interest payable per Calculation Amount for any period shall be equal to the product of the rate of interest specified above, the Calculation Amount and the day-count fraction for the relevant period, rounding the resulting figure to the nearest cent (half a cent being rounded upwards).

7 Redemption and Purchase

7.1 Final redemption: Unless previously redeemed, or purchased and cancelled as provided below, the Notes will be redeemed at their principal amount on 4 May 2026 (the “**Maturity Date**”). The

Notes may not be redeemed at the option of the Issuer other than in accordance with this Condition 7.

7.2 Redemption for tax reasons: The Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice to the Noteholders in accordance with Condition 17 and to the Trustee and Agents (which notice shall be irrevocable) at the principal amount thereof, together with interest accrued to (but excluding) the date fixed for redemption, if (i) immediately prior to the giving of such notice that the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 9 as a result of any change in, or amendment to, the laws or regulations of the Republic of Uzbekistan or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment has become or becomes effective on or after the Issue Date and (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it; provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Notes then due. Prior to the publication of any notice of redemption pursuant to this Condition, the Issuer shall deliver to the Trustee (x) an Officer's Certificate of the Issuer stating that the Issuer is entitled to effect such redemption and that the conditions precedent to the right of the Issuer to so redeem set out in (i) and (ii) above have occurred and (y) an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment. The Trustee shall be entitled to accept and rely absolutely, without further enquiry and without liability to any person, upon such opinion and certificate as sufficient evidence of the satisfaction of the conditions precedent set out in (i) and (ii) above, in which event it shall be conclusive and binding on the Noteholders. All Notes in respect of which any such notice of redemption is given under this Condition shall be redeemed on the date specified in such notice in accordance with this Condition.

7.3 Redemption at Make Whole: At any time prior to the date falling three months prior to the Maturity Date the Issuer may, at its option, on giving not less than 30 nor more than 60 days' irrevocable notice to the Noteholders (the "**Call Option Notice**") in accordance with Condition 17 and to the Trustee and the Agents redeem the Notes in whole but not in part, at the price which shall be the following (as calculated by the Issuer):

7.3.1 the aggregate principal amount of the outstanding Notes; plus

7.3.2 interest and other amounts that may be due pursuant to these Conditions (if any) accrued but unpaid to but excluding the date on which the call option is to be settled (the "**Call Settlement Date**"); plus

7.3.3 the Make Whole Premium.

The Call Option Notice shall specify the Call Settlement Date.

For the purposes of this Condition 7.3:

"Comparable Treasury Issue" means the United States Treasury Security selected by the Determination Agent as having a maturity comparable to the remaining term of the Notes from the Call Settlement Date to the Maturity Date, that would be utilised, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of a maturity most nearly equal to the Maturity Date;

"Comparable Treasury Price" means, with respect to any Call Settlement Date, the average of three, or such lesser number as is obtained by the Determination Agent, Reference Treasury Dealer Quotations for the Call Settlement Date;

“Determination Agent” means a financial adviser or bank being a reputable financial institution which is independent of the Issuer, appointed by the Issuer and at the Issuer’s expense for the purpose of determining the Make Whole Premium;

“H.15” means the weekly statistical release designated as H.15, or any successor publication, published by the board of governors of the Federal Reserve System at <http://www.federalreserve.gov/releases/H15> or any successor site or publication;

“Make Whole Premium” means, with respect to a Note at any time, the excess of (a) the amount equal to the sum of the present value of the principal amount of the Notes at the Call Settlement Date, plus the present value of any required interest payments that would otherwise accrue and be payable on such Notes from the Call Settlement Date through to the Maturity Date (not including any portion of such interest payments accrued to the Call Settlement Date), in each case discounted to the Call Settlement Date on a semi-annual compounded basis (assuming a year of 360 days consisting of 12 months of 30 days each) at the Treasury Rate plus 0.50 per cent., all as determined by the Determination Agent, over (b) the outstanding aggregate principal amount of the Notes at the Call Settlement Date, provided that if the value of the Make Whole Premium at any time would otherwise be less than zero, then in such circumstances, the value of the Make Whole Premium will be equal to zero;

“Reference Treasury Dealer” means each of the three nationally recognised firms selected by the Determination Agent that are primary U.S. Government securities dealers;

“Reference Treasury Dealer Quotations” means with respect to each Reference Treasury Dealer and any Call Settlement Date, the average, as determined by the Determination Agent, of the bid and asked prices for the Comparable Treasury Issue, expressed in each case as a percentage of its principal amount, quoted in writing to the Determination Agent by such Reference Treasury Dealer at 5:00 p.m., New York City time on the third business day (in New York City) immediately preceding such Call Settlement Date;

“Treasury Rate” means either (i) the rate per annum equal to the yield, under the heading that represents the average for the week immediately preceding the third business day (in New York City) prior to the Call Settlement Date, appearing in the most recently published “H.15” under the caption “Treasury Constant Maturities” for the maturity corresponding to the Comparable Treasury Issue (if no maturity is within three months before or after the Maturity Date, yields for the two published maturities most closely corresponding to the Comparable Treasury Issue shall be determined by the Determination Agent and the Treasury Rate shall be interpolated or extrapolated from such yields on a straight line basis, rounding to the nearest month) or (ii) if such release (or any successor release) is not published during the week preceding the third business day (in New York City) prior to the relevant date or does not contain such yields, the rate per annum equal to the semi-annual equivalent yield to maturity of the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for the Call Settlement Date, in each case calculated by the Determination Agent on the third business day (in New York City) immediately preceding the Call Settlement Date; and

“United States Treasury Security” means a security that is a direct obligation of the United States Treasury, issued other than on a discount rate basis.

7.4 Optional Redemption at Par: the Issuer may, at any time on or after the date falling three months prior to the Maturity Date, on giving not less than 30 nor more than 60 days’ irrevocable notice to the Noteholders (which notice shall specify the date fixed for redemption (the **“Par Optional Redemption Date”**)) in accordance with Condition 17 and to the Trustee and Agents, redeem the Notes in whole or in part, at the principal amount thereof, together with interest and additional amounts (if any) accrued but unpaid to but excluding the Par Optional Redemption Date.

In the case of a partial redemption the notice to Noteholders shall also specify the nominal amount of Definitive Notes drawn and the serial numbers of the Definitive Notes to be redeemed, which shall have been drawn individually by lot in such place as the Trustee may approve and in such manner as the Issuer deems appropriate, subject to compliance with any applicable laws and stock exchange or other relevant authority requirements.

- 7.5 Purchase:** the Issuer and its Subsidiaries may at any time purchase or procure others to purchase for its account Notes in the open market or otherwise at any price. The Notes so purchased, while held by or on behalf of the Issuer or any such Subsidiary, shall not entitle the holder to vote at any meetings of the Noteholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Noteholders or for the purposes of Condition 13.1.
- 7.6 Cancellation:** All Definitive Notes representing Notes purchased pursuant to this Condition 7 shall be either cancelled forthwith, held or, to the extent permitted by law, resold. Any Definitive Notes so cancelled may not be reissued or resold and the obligations of the Issuer in respect of any such Notes shall be discharged.
- 7.7 Redemption at the option of Noteholders upon a Change of Status:** If at any time while any Note remains outstanding a Change of Status occurs, the Issuer shall, at the option of the holder of any such Note (the “**Change of Status Put Option**”), redeem or purchase such Note on the Change of Status Put Date (as defined below) at 100 per cent. of its principal amount together with (or, where purchased, together with an amount equal to) interest accrued to but excluding the Change of Status Put Date.

If a Change of Status occurs then, within 14 days of the occurrence of the Change of Status, the Issuer shall give notice (a “**Change of Status Notice**”) to the Noteholders in accordance with Condition 17 specifying the nature of the Change of Status and the procedure for exercising the Change of Status Put Option.

To exercise the Change of Status Put Option, a holder of Notes must deliver at the specified office of any Paying Agent, on any business day (being a day on which commercial banks are open for business in the city where such Paying Agent has its specified office) falling within the period commencing on the date on which the Change of Status Notice is given to Noteholders as required by this Condition 7.7 and ending 60 days after such date (the “**Change of Status Put Period**”), a duly signed and completed notice of exercise in the form obtainable from any specified office of any Paying Agent (a “**Change of Status Put Option Notice**”) and in which the holder must specify a bank account to which payment is to be made under this paragraph accompanied by the applicable Definitive Note or Notes or evidence satisfactory to the Paying Agent concerned that the certificate for such Notes will, following the delivery of the Change of Status Put Option Notice, be held to its order or under its control.

The Issuer shall redeem or purchase (or procure the purchase of) the Notes the subject of each Change of Status Put Option Notice on the date (the “**Change of Status Put Date**”) 14 days after the expiration of the Change of Status Put Period unless previously redeemed or purchased and cancelled. A Change of Status Put Option Notice given by a holder of any Note shall be irrevocable except where, prior to the due date of redemption, an Event of Default has occurred and is continuing, in which event such holder, at its option, may elect by notice to the Issuer to withdraw the Change of Status Put Option Notice and require the applicable Definitive Note or Notes to be returned.

For the purposes of this Condition 7.7:

- 7.7.1 “Change of Status”** means the occurrence of both (x) a Change of Control and (y) an Adverse Ratings Event;

- 7.7.2 a “**Change of Control**” will occur upon the date of the consummation of any transaction (including, without limitation, any merger or consolidation) the result of which is that the Republic of Uzbekistan ceases to beneficially own (directly or indirectly) at least 50 per cent. plus one share of the issued and outstanding Voting Stock of, or otherwise to control, the Issuer; and
- 7.7.3 an “**Adverse Ratings Event**” will occur if on, or within six months after, the date, or the announcement of the occurrence of the Change of Control (which period shall be extended so long as the rating of the Issuer or any Rated Security is under publicly announced consideration for possible downgrade by reason of such Change of Control by any of the Rating Agencies), the rating of the Issuer or any Rated Security is withdrawn or downgraded by any Rating Agency by reason of such Change of Control.

8 Payments

8.1 Method of Payment

- 8.1.1 Payments of principal shall be made (subject to surrender of the relevant Definitive Notes at the specified office of any Transfer Agent or of the Registrar if no further payment falls to be made in respect of the Notes represented by such Definitive Notes) in the manner provided in paragraph (ii) below.
- 8.1.2 Interest on each Note shall be paid to the person shown on the Register at the close of business on the business day before the due date for payment thereof (the “**Record Date**”). Payments of interest on each Note shall be made by transfer to an account in U.S. Dollars maintained by the payee with a bank.
- 8.1.3 If the amount of principal being paid upon surrender of the relevant Definitive Note is less than the outstanding principal amount of such Definitive Note, the Registrar will annotate the Register with the amount of principal so paid and will (if so requested by the Issuer or a Noteholder) issue a new Definitive Note with a principal amount equal to the remaining unpaid outstanding principal amount. If the amount of interest being paid is less than the amount then due, the Registrar will annotate the Register with the amount of interest so paid.

8.2 Payments subject to fiscal laws: All payments in respect of the Notes are subject in all cases to (i) any applicable fiscal or other laws and regulations, but without prejudice to the provisions of Condition 9 and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the Code, or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 9) any law implementing an intergovernmental approach thereto. No commissions or expenses shall be charged to the Noteholders in respect of such payments.

8.3 Agents: The initial Agents and their initial specified offices are listed below. The Issuer reserves the right (subject to prior written approval of the Trustee (such approval not to be unreasonably withheld or delayed)) to vary or terminate the appointment of all or any of the Agents at any time (provided that no Agent shall be responsible for any costs or liabilities occasioned by any such termination) and appoint additional or other payment or transfer agents, provided that they will maintain (i) a Principal Paying Agent, (ii) a Registrar, (iii) a Transfer Agent, and (iv) such other agents as may be required by any other stock exchange on which the Notes may be listed, in each case, as approved by the Trustee (such approval not to be unreasonably withheld or delayed). Notice of any such change will be provided as described in Condition 17 below.

8.4 Delay in Payment: Noteholders will not be entitled to any interest or other payment for any delay after the due date in receiving the amount due on a Note if the due date is not a business

day, or if the Noteholder is late in surrendering or cannot surrender its Definitive Note (if required to do so).

- 8.5 Non-Business Days:** If any date for payment in respect of any Note is not a business day, the holder shall not be entitled to payment until the next following business day nor to any interest or other sum in respect of such postponed payment. In this Condition 8, “**business day**” means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in the place in which the specified office of the Principal Paying Agent is located and on which foreign exchange transactions may be carried on in U.S. Dollars in New York City.

9 Taxation

All payments of principal, interest and other amounts in respect of the Notes or under the Guarantee(s) by the Guarantor(s) (if any) shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatsoever nature imposed, levied, collected, withheld or assessed by or within the Republic of Uzbekistan or any political subdivision or any authority thereof or therein having power to tax, unless such withholding or deduction is required by law. In that event, the Issuer and/or the Guarantors (if any) shall pay such additional amounts as will result in receipt by the Noteholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable in respect of any Note:

- (i) held by a holder which is liable to such taxes, duties, assessments or governmental charges in respect of such Note by reason of its having some connection with the Republic of Uzbekistan other than the mere holding of such Note; or
- (ii) where (in the case of a payment of principal or interest on redemption) the relevant Definitive Note is surrendered for payment more than 30 days after the Relevant Date except to the extent that the relevant holder would have been entitled to such additional amounts if it had surrendered the relevant Definitive Note on the last day of such period of 30 days.

Notwithstanding any other provision of the Conditions, any amounts to be paid on the Notes by or on behalf of the Issuer will be paid net of any deduction or withholding imposed or required pursuant to an agreement described in Section 1471(b) of the Code, or otherwise imposed pursuant to Sections 1471 through 1474 of the Code (or any regulations thereunder or official interpretations thereof) or an intergovernmental agreement between the United States and another jurisdiction facilitating the implementation thereof (or any fiscal or regulatory legislation, rules or practices implementing such an intergovernmental agreement) (any such withholding or deduction, a “**FATCA Withholding**”). Neither the Issuer nor any other person will be required to pay any additional amounts in respect of FATCA Withholding.

“**Relevant Date**” in respect of any Note means the date on which payment in respect of it first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date seven days after that on which notice is duly given to the Noteholders in accordance with Condition 17 that, upon further surrender of the Definitive Note representing such Note being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon such surrender.

Any reference in these Conditions to principal or interest shall be deemed to include any additional amounts in respect of principal or interest (as the case may be) which may be payable under this Condition. If the Issuer becomes subject in respect of payments of principal or interest on the Notes to any taxing jurisdiction other than (or in addition to) the Republic of Uzbekistan, references in these Conditions to the Republic of Uzbekistan shall be construed as references to such other jurisdiction.

10 Events of Default

The Trustee at its discretion may, and if so requested in writing by the holders of not less than one-quarter in principal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution shall, (subject in each case to being indemnified and/or secured and/or prefunded to its satisfaction) give notice to the Issuer that the Notes are, and they shall immediately become, due and repayable at their principal amount together with accrued interest if any of the following events occurs and is continuing (each, an “**Event of Default**”):

- 10.1.1 the Issuer fails to pay any amounts payable on any of the Notes when due and such failure continues for a period of seven days in relation to principal and fourteen days in relation to interest; or
- 10.1.2 the Issuer or any Guarantor does not perform or comply with any of its other obligations in the Notes, the Guarantees or the Trust Deed which default (i) is (in the opinion of the Trustee) incapable of remedy and, in the case of a breach of an obligation under the Trust Deed, (in the opinion of the Trustee) materially prejudicial to the interests of the Noteholders or (ii) if in the opinion of the Trustee capable of remedy is not remedied within 30 days or such longer period as the Trustee may agree after notice of such default having been given to the Issuer by the Trustee in writing requesting the same to be remedied; or
- 10.1.3 (i) any other present or future Indebtedness of the Issuer or any of its Subsidiaries becomes due and payable prior to its stated maturity by reason of any default (howsoever described), or (ii) any such Indebtedness is not paid when due or, as the case may be, within any originally applicable grace period, or (iii) the Issuer or any of its Subsidiaries fails to pay when due or, as the case may be, within any originally applicable grace period, any amount payable by it under any present or future guarantee for, or indemnity in respect of, any Indebtedness, provided that the aggregate amount of the relevant Indebtedness, guarantees and indemnities in respect of which one or more of the events mentioned above in this paragraph 10.1.3 have occurred equals or exceeds U.S.\$25,000,000 (or, to the extent non-U.S. Dollar denominated, the U.S. Dollar Equivalent of such amount); or
- 10.1.4 the occurrence of any of the following events:
 - (i) (A) the Issuer or any Material Subsidiary seeking, consenting or acquiescing in the introduction of proceedings for its liquidation or bankruptcy or the appointment to it of a liquidator or a similar officer; (B) the presentation or filing of a petition in respect of the Issuer or any Material Subsidiary in any court or before any agency for its bankruptcy, insolvency, dissolution or liquidation which, in the case of a petition presented or filed by a Person other than the Issuer, or such Material Subsidiary, as the case may be, is not dismissed or discharged within 60 days from the date of presentation or filing; (C) the institution of supervision, external management, examinership or bankruptcy management to the Issuer or any Material Subsidiary; (D) the convening of a meeting of creditors generally of the Issuer or any Material Subsidiary for the purposes of considering an amicable settlement with its creditors generally; and/or (E) any extra judicial liquidation or analogous act in respect of the Issuer or any Material Subsidiary by any Agency in the Republic of Uzbekistan (otherwise than for the purposes of or pursuant to an amalgamation, reorganisation or restructuring permitted by Condition 5.4); or
 - (ii) the Issuer or any of its Material Subsidiaries: (A) fails or is unable or admits its inability to pay its debts generally as they become due; (B) consents by answer or otherwise to the commencement against it of an involuntary case in

bankruptcy or to the appointment of a custodian of it or of a substantial part of its property;

- (iii) a court of competent jurisdiction enters an order for relief or a decree in an involuntary case in bankruptcy or for the appointment of a custodian in respect of the Issuer or any Material Subsidiary or a substantial part of their respective property and such order or decree remains undischarged for a period of 30 days; or
- (iv) the shareholders of the Issuer approve any plan for the liquidation or dissolution of the Issuer (otherwise than for the purposes of or pursuant to an amalgamation, reorganisation or restructuring permitted by Condition 5.4);

10.1.5 a judgment, order, decree of a court or other appropriate law enforcement body from which no further appeal or judicial review is permissible under applicable law (in each case other than Existing Judgments) for the payment of any amount in excess of U.S.\$25,000,000 (or, to the extent non-U.S. Dollar denominated, the U.S. Dollar Equivalent of such amount) is rendered against the Issuer or any of its Subsidiaries and continues unsatisfied and unstayed for a period of 30 days after the date thereof or, if later, the date therein specified for payment or on which such judgment or order otherwise becomes enforceable; or

10.1.6 an order of a court of competent jurisdiction is made or an effective resolution is passed for the winding-up, liquidation or dissolution of the Issuer or any of its Material Subsidiaries (otherwise than for the purposes of or pursuant to an amalgamation, reorganisation or restructuring permitted by Condition 5.4) which event in the case of a Material Subsidiary is in the opinion of the Trustee materially prejudicial to the interests of the Noteholders; or

10.1.7 any action, condition or thing (including the obtaining or effecting of any necessary consent, approval, authorisation, exemption, filing, licence, order, recording or registration) at any time required to be taken, fulfilled or done in order (i) to enable the Issuer or the Guarantor(s) (if any) lawfully to enter into, exercise its rights and perform and comply with its obligations under the Notes, the Guarantees and the Trust Deed, (ii) to ensure that those obligations are legally binding and enforceable and (iii) to make the Notes, the Guarantees and the Trust Deed admissible in evidence in the courts of the Republic of Uzbekistan, is not taken, fulfilled or done; or

10.1.8 the validity of the Notes, the Guarantees or the Trust Deed, as the case may be, is contested by the Issuer or a Guarantor or the Issuer or a Guarantor shall deny any of its obligations thereunder or it is, or will become, unlawful for the Issuer to perform or comply with any of its obligations under or in respect of the Notes, the Guarantees or the Trust Deed or any of such obligations shall become unenforceable or cease to be legal, valid and binding; or

10.1.9 any event occurs which under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in paragraphs 10.1.4 and 10.1.6 above.

11 Prescription

Claims for the payment of principal and interest in respect of any Note shall be prescribed unless made within 10 years (for claims for the payment of principal) or five years (for claims for the payment of interest) from the appropriate Relevant Date in respect of them.

12 Replacement of Definitive Notes

If any Definitive Note is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Registrar, subject to all applicable laws and stock exchange requirements,

upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer may reasonably require. Mutilated or defaced Definitive Notes must be surrendered before replacements will be issued.

13 Meetings of Noteholders, Modification and Waiver

13.1 Meetings of Noteholders: The Trust Deed contains provisions for convening meetings of Noteholders to consider matters affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of any of these Conditions or any provisions of the Trust Deed. Such meetings shall be held in accordance with the provisions set out in the Trust Deed. Such a meeting may be convened by the Trustee upon receipt of a written request by Noteholders holding not less than 10 per cent. in principal amount of the Notes for the time being outstanding (subject to the Trustee being indemnified and/or secured and/or prefunded to its satisfaction against all costs and expenses). The quorum at any meeting convened to vote on an Extraordinary Resolution will be two or more persons holding or representing a clear majority in principal amount of the Notes for the time being outstanding, or at any adjourned meeting two or more persons being or representing Noteholders whatever the principal amount of the Notes held or represented, unless the business of such meeting includes consideration of proposals, *inter alia*, (i) to modify the maturity of the Notes or the dates on which interest is payable in respect of the Notes, (ii) to reduce or cancel the principal amount of, or interest on, the Notes, (iii) to alter the method of calculating the amount of any payment in respect of the Notes, (iv) to change the currency of payment of the Notes or (v) to modify the provisions concerning the quorum required at any meeting of Noteholders or the majority required to pass an Extraordinary Resolution, in which case the necessary quorum will be two or more persons holding or representing not less than two-thirds, or at any adjourned meeting not less than 25 per cent., in principal amount of the Notes for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on Noteholders (whether or not they were present at the meeting at which such resolution was passed).

The Trust Deed provides that a resolution in writing signed by or on behalf of the holders of not less than two-thirds in principal amount of the Notes outstanding shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Noteholders duly convened and held. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders.

13.2 Modification and Waiver: The Trustee may agree, without the consent of the Noteholders, to (i) any modification of any of the provisions of the Trust Deed or the Notes which is, in the opinion of the Trustee, of a formal, minor or technical nature or is made to correct a manifest error, and (ii) any other modification (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach of any of the provisions of the Notes or the Trust Deed, which is in the opinion of the Trustee not materially prejudicial to the interests of the Noteholders. Any such modification, authorisation or waiver shall be binding on the Noteholders and shall be notified to the Noteholders as soon as practicable thereafter.

13.3 Entitlement of the Trustee: In connection with the exercise of its functions (including but not limited to those referred to in this Condition) the Trustee shall have regard to the interests of the Noteholders as a class and shall not have regard to the consequences of such exercise for individual Noteholders and the Trustee shall not be entitled to require, nor shall any Noteholder be entitled to claim, from the Issuer, the Trustee or any other Person, any indemnification or payment in respect of any tax consequences of any such exercise upon individual Noteholders.

14 Enforcement

At any time after the Notes become due and payable, the Trustee may, at its discretion and without further notice, institute such steps, actions and/or proceedings against the Issuer as it

may think fit to enforce the terms of the Trust Deed and the Notes, but it need not take, nor shall the Trustee be bound to take or omit to take, any such steps, actions and/or proceedings unless (i) it shall have been so directed by an Extraordinary Resolution or so requested in writing by Noteholders holding at least one-quarter in principal amount of the Notes outstanding and (ii) it shall have been indemnified and/or provided with security and/or prefunded in each case to its satisfaction. No Noteholder may proceed directly against the Issuer unless the Trustee, having become bound so to proceed, fails to do so within a reasonable time and such failure is continuing.

15 Indemnification of the Trustee

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility including provisions relieving it from taking action unless indemnified and/or secured and/or prefunded to its satisfaction. The Trustee is entitled to enter into business transactions with the Issuer and any entity related to the Issuer without accounting for any profit.

The Trust Deed also contains a provision permitting the Trustee to request a compliance certificate from the Issuer related to compliance with the Conditions in the circumstances described in the Trust Deed. The Trustee may rely without liability to Noteholders on a report, confirmation or certificate or any advice of any accountants, financial advisers, financial institution or any other expert, whether or not addressed to it and whether their liability in relation thereto is limited (by its terms or by any engagement letter relating thereto entered into by the Trustee or in any other manner) by reference to a monetary cap, methodology or otherwise. The Trustee may accept and shall be entitled to rely on any such report, confirmation or certificate or advice and such report, confirmation or certificate or advice shall be binding on the Issuer and the Noteholders.

16 Further Issues

The Issuer may from time to time, without the consent of the Noteholders, create and issue further securities having the same terms and conditions as the Notes in all respects (or in all respects except for the first payment of interest on them) and so that such further issue shall be consolidated and form a single series with the outstanding Notes. Any further securities forming a single series with the outstanding securities of any series (including the Notes) constituted by the Trust Deed or any deed supplemental to it shall be constituted by a deed supplemental to the Trust Deed.

17 Notices

Notices to the Noteholders shall be valid if sent to them by first class mail (airmail if overseas) at their respective addresses on the Register. Any such notice shall be deemed to have been given on the fourth day after the date of mailing. In addition, so long as the Notes are listed on the Stock Exchange, notices will be published in a manner which complies with the rules and regulations of the Stock Exchange. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which publication is made.

18 Currency Indemnity

If any sum due from the Issuer in respect of the Notes or any order or judgment given or made in relation thereto has to be converted from the currency (the “**first currency**”) in which the same is payable under these Conditions or such order or judgment into another currency (the “**second currency**”) for the purpose of (a) making or filing a claim or proof against the Issuer, (b) obtaining an order or judgment in any court or other tribunal or (c) enforcing any order or judgment given or made in relation to the Notes, the Issuer, shall indemnify each Noteholder on the written demand of such Noteholder, addressed and delivered to the Issuer, against any loss

suffered as a result of any discrepancy between (i) the rate of exchange used for such purpose to convert the sum in question from the first currency into the second currency and (ii) the rate or rates of exchange at which such Noteholder may in the ordinary course of business purchase the first currency with the second currency upon receipt of a sum paid to it in satisfaction, in whole or in part, of any such order, judgment, claim or proof. This indemnity constitutes a separate and independent obligation of the Issuer and shall give rise to a separate and independent cause of action.

19 Contracts (Rights of Third Parties) Act 1999

Save in respect of Condition 5.3.4 (with respect to holders of Notes which are “restricted securities” within the meaning of Rule 144(a)(3) of the Securities Act), no person shall have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act 1999.

20 Governing Law

The Notes and the Trust Deed and any non-contractual obligations arising out of or in connection with any of them are governed by, and shall be construed in accordance with, English law.

21 Arbitration, Consent to Enforcement and Waiver of Immunity

- 21.1 Arbitration:** Any dispute arising out of or connected with the Notes and the Trust Deed, including a dispute as to the validity or existence of the Notes and the Trust Deed and/or this Condition 21 or any non-contractual obligation arising out of or in connection with the Notes and the Trust Deed (a “**Dispute**”), shall be resolved by arbitration whose seat shall be in London, England, conducted in the English language by three arbitrators, pursuant to the rules of the London Court of International Arbitration (“**LCIA**”) (the “**Rules**”) (such arbitration to also be administered by the LCIA in accordance with those Rules), which Rules are deemed to be incorporated by reference into this Condition with the exception that any provision of such rules relating to the nationality of an arbitrator shall, to that extent, not apply.

Capitalised terms used in this Condition 21.1 which are not otherwise defined in Condition 21.1. shall have the meaning given to them in the LCIA rules.

The Claimant (or Claimants jointly) shall nominate one arbitrator for appointment by the LCIA Court. The Respondent (or Respondents jointly) shall nominate one arbitrator for appointment by the LCIA Court. The third arbitrator, who shall act as presiding arbitrator of the tribunal, shall be nominated by the two arbitrators nominated by or on behalf of the parties. If the third arbitrator is not so nominated within 30 days of the date of nomination of the later of the two party-nominated arbitrators to be nominated, the third arbitrator shall be chosen by the LCIA. Sections 45 and 69 of the Arbitration Act 1996 shall not apply.

- 21.2 Agent for Service of Process:** The Issuer has appointed Law Debenture Corporate Services Limited as its agent in England to receive service of process in any Proceedings in England in connection with the Notes and the Trust Deed.
- 21.3 Consent to enforcement etc.:** The Issuer consents generally in respect of any Disputes to the giving of any relief or the issue of any process in connection with such Disputes including (without limitation) the making, enforcement or execution against any property whatsoever (irrespective of its use or intended use) of any judgment or award which may be made or given in such Disputes.
- 21.4 Waiver of immunity:** To the extent that the Issuer may in any jurisdiction claim for itself or its assets or revenues immunity from suit, execution, attachment (whether in aid of execution, before the making of a judgment or an award or otherwise) or other legal process including in relation to the enforcement of a judgment or award and to the extent that such immunity

(whether or not claimed) may be attributed in any such jurisdiction to the Issuer or its respective assets or revenues, the Issuer agrees not to claim and irrevocably waives such immunity.

22 Definitions

In these Conditions, the following terms shall have the following meanings:

“**Affiliate**” of any specified Person means any other Person, directly or indirectly controlling, controlled by, or under direct or indirect common control with, such specified Person. For the purposes of this definition, “**control**” (including, with correlative meanings, the terms “**controlling**”, “**controlled by**” and “**under common control with**”), as applied to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by contract or otherwise, *provided that* exclusively for the purposes of Condition 5.6 ownership of 10 per cent. of the voting securities of any Person shall be deemed to be control. “**Affiliate**” shall include funds advised by the specific Person.

“**Agency**” means any agency, authority, central bank, department, committee, government, legislature, ministry, minister, official or public or statutory person (whether autonomous or not) of, or of the government of, any state or supra-national body.

“**Asset Sale**” means

- (a) the sale, lease, conveyance or other disposition of any tangible or intangible assets (other than cash) or rights or revenues of the Issuer or a Subsidiary of the Issuer in one or more transactions or series of transactions (whether related or not) provided that the sale, conveyance or other disposition of all or substantially all of the assets of the Issuer and its Subsidiaries taken as a whole will be governed by the provisions of Condition 5.4 and not by the provisions of Condition 5.5;
- (b) the issuance of Capital Stock in any Subsidiary of the Issuer or the sale of Capital Stock in any of its Subsidiaries.

Notwithstanding the foregoing, none of the following items will be deemed to be an Asset Sale:

- (a) any single transaction or series of related transactions that involves assets having a Fair Market Value of less than U.S.\$15 million (or, to the extent non-U.S. Dollar denominated, the U.S. Dollar Equivalent of such amount);
- (b) a transfer of assets between or among the Issuer and its Subsidiaries;
- (c) an issuance of Capital Stock by a Subsidiary of the Issuer to the Issuer or to a Wholly-Owned Subsidiary of the Issuer;
- (d) the sale, lease, conveyance or disposition of assets (including, for the avoidance of doubt, inventory or stock-in-trade, products, services or accounts receivable and licensing of rights) in the ordinary course of business and any sale or other disposition of damaged, worn-out or obsolete assets in the ordinary course of business;
- (e) the sale or other disposition of cash or Cash Equivalents;
- (f) the creation of a Lien and any disposition in connection with any Permitted Lien;
- (g) a payment that does not violate Condition 5.2;
- (h) the lease, assignment or sublease of any real or personal property in the ordinary course of business;
- (i) the licensing or sublicensing of rights to intellectual property or other intangibles in the ordinary course of business;

- (j) sales or other dispositions of assets or property received by the Issuer or any Subsidiary of the Issuer upon the foreclosure of a Lien granted in favour of the Issuer or any Subsidiary of the Issuer or any other transfer of title with respect to any ordinary course secured investment in default.

“**Auditors**” means the auditors for the time being of the Issuer or, if they are unable or unwilling promptly to carry out any action requested of them under these Conditions, such other firm of accountants of international standing as may be selected by the Issuer for the purpose and notified in writing to the Trustee.

“**business day**” means (except where expressly defined otherwise) a day which banks and foreign exchange markets are open for business in the place in which the specified office of the Principal Paying Agent is located and on which foreign exchange transactions may be carried on in U.S. Dollars in New York City.

“**Capital Stock**” means, with respect to any Person, any and all shares, interests (including partnership interests), rights to purchase, warrants, options, participations or other equivalents (however designated, whether voting or non-voting) of such Person's equity, including any Preferred Stock of such Person, whether now outstanding or issued after the Issue Date, including without limitation, all series and classes of such Capital Stock but excluding any debt securities convertible into or exchangeable for such Capital Stock.

“**Cash Equivalents**” means:

- (a) securities (i) issued by, or directly and fully guaranteed or insured by, the U.S. government or any agency or instrumentality of the U.S. government (provided that the full faith and credit of the United States is pledged in support of those securities), or (ii) which are denominated in U.S. dollars, euro, Uzbekistan soum or the currency of a member state of the European Union and are issued by, or directly and fully guaranteed or insured by, a member of the European Union or the Republic of Uzbekistan on the Issue Date, or any agency or instrumentality thereof, in each case having maturities of not more than six months from the date of acquisition;
- (b) certificates of deposit, time deposits and other bank deposits in U.S. dollars or euro with maturities of 12 months or less from the date of acquisition, bankers' acceptances with maturities not exceeding 12 months and overnight bank deposits, in each case, with any commercial bank (i) having capital and surplus in excess of U.S.\$500.0 million (or its equivalent in any other currency) and a rating of A-1/P-1 (or such similar equivalent rating) or better from at least one internationally recognised statistical rating organisation, (ii) licensed or organised in the Republic of Uzbekistan and having a rating from at least one internationally recognised statistical rating organisation that is no less than “BB-” on “Ba3” (or such similar equivalent rating) (iii) licensed or organised in the Republic of Uzbekistan and controlled by another bank organised in the United States, United Kingdom or any European Union jurisdiction that meets the requirements of clause (i) of this paragraph; provided, that Cash Equivalents will also include such certificates of deposit, time deposits and other bank deposits in Uzbekistan soum if, at the time of deposit or acquisition, the Issuer or any of its Subsidiaries has one or more euro or U.S. dollar deposits or bankers' acceptances with one or more of the institutions referred to in (i) to (iii) above at least equal in value (at then current exchange rates) to the amount of interest payable on the Notes on the next Interest Payment Date;
- (c) repurchase obligations with a term of not more than seven days for underlying securities of the types described in paragraph (b) above entered into with any financial institution meeting the qualifications specified in paragraph (b) above;
- (d) investments in commercial paper with a maturity of one year or less from the date of acquisition, issued by a corporation (other than an Affiliate of the Issuer) organised and

in existence under the laws of a member of the European Union, the United Kingdom or the United States with a rating at the time as of which any investment therein is made of "P1" (or higher) according to Moody's, "A1" (or higher) according to S&P or "F1" by Fitch from at least two Rating Agencies;

- (e) investments in securities with maturities of six months or less from the date of acquisition issued or guaranteed by any state, commonwealth or territory of a member of the European Union, the United States or the United Kingdom or by any political subdivision or authority thereof; and
- (f) interests in any money market fund which invests 95 per cent. or more of its assets in instruments of the type specified in paragraphs (a) to (e) above.

“Cash and Cash Equivalent Amounts” means with respect to any specified Person and as at any date of determination, the total amount of cash and cash equivalents that would have been included in a balance sheet of such person prepared in accordance with IFRS if prepared as at such date.

“Code” means the United States Internal Revenue Code of 1986, as amended.

“control” shall have the meaning provided in the definition of “Affiliate” and **“controlled”** shall be construed accordingly.

“Consolidated Indebtedness” means, at any date of determination (and without duplication), the aggregate of the Indebtedness of the Issuer and its Subsidiaries, on a consolidated basis, determined in accordance with the IFRS.

“Consolidated Net Indebtedness” means, at any date of determination (and without duplication), (i) the Consolidated Indebtedness less (ii) any Cash and Cash Equivalent Amounts of the Issuer and its Subsidiaries, in the case of each (i) and (ii), as of the end of the period for which the then most recent consolidated financial statements of the Issuer were delivered to the Trustee pursuant to Condition 5.3.

“Consolidated Net Leverage Ratio” as of any date of determination (the **“Determination Date”**), means the ratio of (x) the Consolidated Net Indebtedness to (y) the EBITDA of the Issuer for the period of the two most recent consecutive semi-annual periods immediately preceding the date of such determination for which the Issuer’s consolidated financial statements prepared in accordance with the IFRS are available (the **“EBITDA Calculation Period”**); provided, however, that:

- (a) if (i) the Issuer or any of its Subsidiaries has Incurred any Indebtedness since the end of the EBITDA Calculation Period (the **“Relevant Date”**) which remains outstanding on the Determination Date or (ii) the transaction giving rise to the need to calculate the Consolidated Net Leverage Ratio is an Incurrence of Indebtedness, or both, the Consolidated Net Leverage Ratio shall be calculated by adjusting the Consolidated Net Indebtedness for such period to give effect to the Incurrence of any Indebtedness mentioned in (i) or (ii) above, or both, as if such Indebtedness had been Incurred on the Relevant Date; provided that no effect shall be given to any Cash and Cash Equivalent Amounts received by the Issuer or any of its Subsidiaries as proceeds of such Indebtedness that gave rise to the need to calculate the Consolidated Leverage Ratio;
- (b) if (i) the Issuer or any of its Subsidiaries has repaid, repurchased, defeased or otherwise discharged any Indebtedness since the Relevant Date or (ii) if any Indebtedness is to be repaid, repurchased, defeased or otherwise discharged (in each case other than Indebtedness Incurred under any revolving credit facility unless such Indebtedness has been permanently repaid and has not been replaced) on the date of the transaction giving rise to the need to calculate the Consolidated Net Leverage Ratio, or both, the Consolidated Net Leverage Ratio shall be calculated by adjusting the Consolidated Net

Indebtedness for such period to give effect to such repayment, repurchase, defeasement or discharge mentioned in (i) or (ii) above, as if such repayment, repurchase, defeasement or discharge had occurred on the Relevant Date;

- (c) if since the beginning of the EBITDA Calculation Period the Issuer or any Subsidiary of the Issuer (by merger or otherwise) shall have made an Investment in any Person which as a result of such Investment becomes a Subsidiary of the Issuer or an acquisition of assets which constitutes all or substantially all of an operating unit of a business (including any acquisition of assets occurring in connection with a transaction requiring a calculation to be made hereunder), the Consolidated Net Leverage Ratio shall be calculated by adjusting the Consolidated EBITDA of the Issuer for such EBITDA Calculation Period as if such Investment or acquisition had occurred on the first day of such EBITDA Calculation Period; and
- (d) if since the beginning of the EBITDA Calculation Period the Issuer or any of its Subsidiaries shall have made an Asset Sale, the Consolidated Net Leverage Ratio shall be calculated by reducing the EBITDA of the Issuer for such EBITDA Calculation Period by an amount equal to the EBITDA of the Issuer (if positive) directly attributable to the assets which are the subject of such Asset Sale, or increased by an amount equal to the EBITDA of the Issuer (if negative), directly attributable thereto for such period as if such Asset Sale had occurred on the first day of such EBITDA Calculation Period.

For the purposes of this definition, pro forma calculations shall be determined in good faith by a responsible financial or accounting officer of the Issuer.

“Consolidated Net Profit” means, for any period, the net profit of the Issuer and its Subsidiaries for such period, on a consolidated basis, determined in accordance with IFRS.

“Consolidated Total Assets” means, as of any date of determination, the total assets of the Issuer and its Subsidiaries, on a consolidated basis, as shown in the then most recent consolidated IFRS financial statements of the Issuer delivered to the Trustee pursuant to Condition 5.3.

“Currency Agreement” means any foreign exchange contract, currency swap agreement or other similar agreement with respect to currency values, entered into in the ordinary course of business.

“Deferred Capital Stock” means a dividend or distribution declared by the Issuer and which a shareholder of the Issuer has irrevocably instructed the Issuer to retain and apply towards consideration for any future Capital Stock to be issued by the Issuer to such shareholder.

“Disqualified Stock” means, with respect to any Person, any Capital Stock which by its terms (or by the terms of any security into which it is convertible or for which it is exchangeable at the option of the holder) or upon the happening of any event:

- (a) matures or is mandatorily redeemable (other than redeemable only for Capital Stock of such Person which is not itself Disqualified Stock) pursuant to a sinking fund obligation or otherwise;
- (b) is convertible or exchangeable at the option of the holder for Indebtedness or Disqualified Stock; or
- (c) is mandatorily redeemable or must be purchased upon the occurrence of certain events or otherwise, in whole or in part;

in each case on or prior to the first anniversary of the Stated Maturity of the Notes; *provided, however,* that any Capital Stock that would not constitute Disqualified Stock but for provisions thereof giving holders thereof the right to require such Person to purchase or redeem such

Capital Stock upon the occurrence of a “change of status” occurring prior to the first anniversary of the Stated Maturity of the Notes shall not constitute Disqualified Stock if (i) the “change of status” provisions applicable to such Capital Stock are not more favourable to the holders of such Capital Stock than the terms applicable to the Notes and set forth in Condition 7.7, and (iii) any such requirement only becomes operative after compliance with such terms applicable to the Notes.

The amount of any Disqualified Stock that does not have a fixed redemption, repayment or repurchase price will be calculated in accordance with the terms of such Disqualified Stock as if such Disqualified Stock were redeemed, repaid or repurchased on any date on which the amount of such Disqualified Stock is to be determined pursuant to these Conditions; *provided, however*, that if such Disqualified Stock could not be required to be redeemed, repaid or repurchased at the time of such determination, the redemption, repayment or repurchase price will be the book value of such Disqualified Stock as reflected in the most recent financial statements of such Person.

“**EBITDA**” means, for any period:

- (a) with respect to the Issuer, the sum of the profit of the Issuer and its Subsidiaries before income tax for such period; plus depreciation and amortisation; plus finance costs; plus, to the extent they decrease the profit before income tax, non-cash foreign exchange losses; minus, to the extent they increase the profit before income tax, non-cash foreign exchange gains; minus finance income, each as determined by reference to the Issuer’s most recent consolidated financial statements delivered in accordance with Condition 5.3; in each case for such period; and
- (b) with respect to any Subsidiary of the Issuer, the sum of the profit of such Subsidiary before income tax for such period as determined in accordance with the IFRS plus depreciation and amortisation; plus finance costs; plus, to the extent they decrease the profit before income tax, non-cash foreign exchange losses; minus, to the extent they increase the profit before income tax, non-cash foreign exchange gains; minus finance income of such Subsidiary determined in accordance with the IFRS; in each case for such period (excluding intra-group items and investments in other Subsidiaries of the Issuer).

“**Environmental Laws**” means all statutes, laws, regulations, ordinances, codes, policies or other rules of law or any official judicial or administrative interpretation thereof, including all judicial or administrative orders, consents, decrees or judgments of the Republic of Uzbekistan or any other jurisdiction in which any member of the Group operates which:

- (a) have as a purpose or effect the protection of, and/or prevention of harm or damage to, the Environment;
- (b) provide remedies or compensation for harm or damage to the Environment;
- (c) relate to health or safety matters; and/or
- (d) relate to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of Hazardous Materials.

“**Environmental Licence**” means any authorisation, consent, approval, resolution, licence, exemption, filing or registration required at any time under Environmental Law;

“**Environment**” means living organisms including the ecological systems of which they form part and the following media:

- (a) air (including air within natural or man-made structures, whether above or below ground);

- (b) water (including territorial, coastal and inland waters, water under or within land and water in drains and sewers); and/or
- (c) land (including land under water);

“**Exchange Act**” means the U.S. Securities Exchange Act of 1934.

“**Executive Body**”, means with respect to the Issuer, the management board or the general director of the Issuer; with respect to a Subsidiary, the management board, or other equivalent executive body (including, without limitation, a general director) or any duly authorised committee thereof.

“**Existing Judgments**” means:

- (1) any current and future judgments in respect of the bankruptcy case of UzDaewooauto Voronezh ruling on the claims of the bankruptcy trustee against the Issuer in the amount of approximately U.S.\$140 million;
- (2) any current and future judgments in respect of the bankruptcy case of UzDaewooauto Ufa ruling on the claims of the bankruptcy trustee against the Issuer in the amount of approximately U.S.\$1.4 million;
- (3) any current and future judgments in respect of the bankruptcy case of UzAuto Rus ruling on the claims of the bankruptcy trustee against the Issuer in the amount of approximately U.S.\$41 million; and
- (4) any current and future judgments in respect of an attachment order awarded to Sberbank of Russia PJSC against the Issuer in the amount of U.S.\$12 million.

“**Fair Market Value**” means the price that would be paid in an arm's length transaction between an informed and willing seller under no compulsion to sell and an informed and willing buyer under no compulsion to buy, as determined in good faith by an Independent Appraiser (should one be engaged without any obligation to do so) and/or the Supervisory Board of the Issuer or the relevant Subsidiary of the Issuer (or the relevant competent management body or officer of such Subsidiary) whose determination shall be conclusive.

“**Group**” means the Issuer and its consolidated Subsidiaries taken as a whole.

“**guarantee**” means any obligation, contingent or otherwise, of any Person directly or indirectly guaranteeing any Indebtedness of any Person and any obligation, direct or indirect, contingent or otherwise, of such Person:

- (a) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness of such Person (whether arising by virtue of partnership arrangements, or by agreements to keep-well, to purchase assets, goods, securities or services, to take-or-pay or to maintain financial statement conditions or otherwise); or
- (b) entered into for the purpose of assuring in any other manner the obligee of such Indebtedness of the payment thereof or to protect such obligee against loss in respect thereof (in whole or in part).

The term “guarantee” used as a verb has a corresponding meaning. The term “guarantor” shall mean any Person guaranteeing any obligation.

“**Guarantees**” means guarantees, provided by way of a deed of accession to the Trust Deed substantially in the form set out in the schedule to the Trust Deed or any other documentation to such effect executed by the Guarantors as a result of the application of the requirements of Conditions 2.1, 5.1.1(iii) or 5.10 and “**Guarantee**” means any of them.

“Guarantors” means at any time the Persons who become guarantors pursuant to Conditions 2.1, 5.1.1(iii) or 5.10 and have not been released from their obligations in accordance with these Conditions, and **“Guarantor”** means any of them.

“Hazardous Materials” means chemicals, pollutants, contaminants, wastes, toxic substances, hazardous substances, petroleum or petroleum products, asbestos-containing materials or mould;

“Hedging Obligations” means, with respect to any Person, the obligations of such Person under:

- (a) interest rate swap agreements, interest rate cap agreements and interest rate collar agreements;
- (b) other agreements or arrangements designed to protect such Person against fluctuations in interest rates; and
- (c) any foreign currency futures contract, option or similar agreement or arrangement designed to protect such Person against fluctuations in foreign currency rates.

“IFRS” means International Financial Reporting Standards (formerly International Accounting Standards), issued by the International Accounting Standards Board (“IASB”) and interpretations issued by the International Financial Reporting Interpretations Committee of the IASB (as amended, supplemented or re-issued from time to time).

“Incur” means, with respect to any Indebtedness or other obligation of any Person, to create, issue, incur (including by conversion, exchange or otherwise), assume, guarantee or otherwise become liable in respect of such Indebtedness or other obligation of such Person (and **“Incurrence”**, **“Incurred”** and **“Incurring”** shall have meanings correlative to the preceding). Indebtedness of any acquired Person or any of its Subsidiaries existing at the time such acquired Person becomes a Subsidiary of the Issuer (or is merged into or consolidated with the Issuer or any Subsidiary of the Issuer), whether or not such Indebtedness was Incurred in connection with, as a result of, or in contemplation of, such acquired Person becoming a Subsidiary of the Issuer (or being merged into or consolidated with the Issuer or any Subsidiary of the Issuer), shall be deemed Incurred at the time any such acquired Person becomes a Subsidiary of the Issuer (or merges into or consolidates with the Issuer or any Subsidiary of the Issuer); provided, that, solely for the purposes of determining compliance with Condition 5.1 (Limitation on Incurrence of Indebtedness) the following will not be deemed to be an Incurrence:

- (a) the amortisation of debt discount or the accretion of principal with respect to a non-interest bearing or other discount security;
- (b) the payment of regularly scheduled interest in the form of additional Indebtedness of the same instrument or the payment of regularly scheduled dividends on Capital Stock in the form of additional Capital Stock of the same class and with the same terms; and
- (c) the obligation to pay a premium in respect of Indebtedness arising in connection with the issuance of the notice of redemption or the making of a mandatory offer to purchase such Indebtedness.

“Indebtedness” means, with respect to any Person at any date of determination (without duplication):

- (a) the principal in respect of (i) indebtedness of such Person for money borrowed and (ii) indebtedness evidenced by notes, debentures, bonds or other similar instruments for the payment of which such Person is responsible or liable, including, in each case, any premium on such indebtedness to the extent such premium has become due and payable;

- (b) all Lease Obligations of such Person;
- (c) obligations to pay for assets acquired or services supplied deferred for a period of over 180 days after the relevant assets were or are to be acquired or the relevant services were or are to be supplied, to the extent that these would be accounted for as indebtedness under IFRS;
- (d) all obligations of such Person for the reimbursement of any obligor on any letter of credit, bankers' acceptance or similar credit transaction (the amount of such obligations being equal at any time to the aggregate then undrawn and unexpired amount of such letters of credit or other instruments plus the aggregate amount of drawings thereunder that have not been reimbursed), in each case only to the extent that the underlying obligation in respect of which the instrument was issued would be treated as Indebtedness;
- (e) the amount of all obligations of such Person with respect to the redemption, repayment or other repurchase of any Disqualified Stock of such Person or, with respect to any Preferred Stock of any Subsidiary of such Person, the principal amount of such Preferred Stock to be determined in accordance with these Conditions (but excluding, in each case, any accrued dividends);
- (f) to the extent not otherwise included in this definition, all Hedging Obligations of such Person, provided, however, that if and to the extent that netting is permitted by applicable laws (including the laws of the Republic of Uzbekistan), the amount of any such Hedging Obligations for the purposes of this paragraph (f) shall be equal at any time to the net payments under such agreement or arrangement giving rise to such Hedging Obligation that would be payable by such Person at the termination of such agreement or arrangement;
- (g) all obligations of the type referred to in paragraphs (a) through (f) of other Persons and all dividends of other Persons for the payment of which, in either case, such Person is responsible or liable, directly or indirectly, as obligor, guarantor or otherwise, including by means of any guarantee;
- (h) all obligations of the type referred to in paragraphs (a) through (g) of other Persons secured by any Lien on any property or asset of such Person (whether or not such obligation is assumed by such Person), the amount of such obligation being deemed to be the lesser of the Fair Market Value of such property or assets and the amount of the obligation so secured; and

and the amount of Indebtedness of any Person at any date shall equal the amount thereof that would appear on a balance sheet of such Person (excluding any notes thereto) prepared on the basis of IFRS at such date of all unconditional obligations, as described above, and with respect to contingent obligations, as described above, the maximum liability which would arise upon the occurrence of the contingency giving rise to the obligation.

Notwithstanding the foregoing, the term "Indebtedness" will exclude Trade L/C Obligations.

"Independent Appraiser" means any of PricewaterhouseCoopers, KPMG, Deloitte & Touche, Ernst & Young or such investment banking, accountancy or appraisal firm generally recognised in the relevant jurisdiction selected by the competent management body of the Issuer or the relevant Subsidiary of the Issuer, *provided* it is not an Affiliate of the Issuer, or any Subsidiary of the Issuer.

"Investment" in any Person means any direct or indirect advance, loan (other than advances to customers in the ordinary course of business that are recorded as accounts receivable on the balance sheet of the lender) or other extensions of credit (including by way of guarantee or similar arrangement) or capital contribution (by means of any transfer of cash or other property

to others or any payment for property or services for the account or use of others), or any purchase or acquisition of Capital Stock, Indebtedness or other similar instruments issued by such Person, together with all items that are or would be classified as investments on a balance sheet prepared in accordance with IFRS. If the Issuer or any of its Subsidiaries issues, sells or otherwise disposes of any Capital Stock of a Person that is a Subsidiary of the Issuer such that, after giving effect thereto, such Person is no longer a Subsidiary of the Issuer, any Investment by the Issuer or any of its Subsidiaries of such Person remaining after giving effect thereto will be deemed to be a new Investment at such time. The acquisition by the Issuer or any of its Subsidiaries of a Person that holds an Investment in a third Person will be deemed to be an Investment by the Issuer or such Subsidiary in such third Person at such time. Except as otherwise provided for herein, the amount of an Investment shall be its Fair Market Value at the time the Investment is made and without giving effect to subsequent changes in value.

“**Issue Date**” means 4 May 2021.

“**Lease Obligation**” means, at the time any determination thereof is to be made, the amount of the liability under any lease or hire purchase contract that would at that time be required to be treated as a balance sheet liability in accordance with IFRS.

“**Material Adverse Effect**” means a material adverse effect on (a) the business, condition (financial or otherwise), results of operations or prospects of the Issuer, any Guarantor or the Group, (b) the ability of the Issuer or a Guarantor to perform its obligations under the Trust Deed, the Notes and/or the respective Guarantee or (c) the validity or enforceability of the Trust Deed, the Notes and/or the respective Guarantee.

“**Material Subsidiary**” means a Guarantor and any Subsidiary of the Issuer:

- (a) whose total assets or EBITDA represent not less than 10 per cent. of the Consolidated Total Assets or the Issuer’s EBITDA, determined by reference to the most recent annual or interim financial statements of the Issuer delivered to the Trustee pursuant to Condition 5.3 and the latest financial statements of such Subsidiary, determined on an unconsolidated basis in accordance with IFRS; or
- (b) to which are transferred substantially all of the assets and undertakings of a Subsidiary of the Issuer which immediately prior to such transfer was a Material Subsidiary (with effect from the date of such transaction).

The Issuer does not have any Material Subsidiaries as of the Issue Date.

“**Net Proceeds**” means the aggregate cash proceeds received by the Issuer or any of its Subsidiaries in respect of any Asset Sale (including, without limitation, any cash received upon the sale or other disposition of any non-cash consideration received in any Asset Sale, but only as and when received), net of the direct costs relating to such Asset Sale, including, without limitation, legal, accounting and investment banking fees, sales commission and any relocation expenses incurred as a result of the Asset Sale, and taxes paid or payable as a result of the Asset Sale, in each case, after taking into account any available tax credits or deductions, any tax sharing arrangements and any amounts required to be applied to the repayment of Indebtedness secured by a Lien on the asset or assets that were the subject of such Asset Sale and any reserve for adjustment in respect of the sale price of such asset or assets established in accordance with IFRS.

“**Non-Guarantor Subsidiary**” means any Subsidiary of the Issuer that is not a Guarantor.

“**Obligations**” means any principal, interest, penalties, fees, indemnifications, reimbursements, damages and other liabilities payable under the documentation governing any Indebtedness.

“**Officer**” means the Executive Body, the chief financial officer, or any other person holding a corresponding or similar managerial position of responsibility.

“Officer’s Certificate” means a certificate executed on behalf of the Issuer or any Guarantor by one Officer thereof.

“Opinion of Counsel” means a written opinion from legal counsel of international standing who is acceptable to the Trustee.

“Parent Entity” means any direct or indirect parent company or entity of the Issuer.

“Permitted Business” means any businesses, services or activities conducted or proposed to be conducted by the Group as at the Issue Date and as described in the prospectus dated 29 April 2021 prepared in connection with the issue of the Notes and any businesses, services and activities engaged in by the Group that are related, complementary, incidental, ancillary or similar thereto or are extensions or developments of any thereof and any other business conducted or proposed to be conducted by the Group that is not prohibited by law.

“Permitted Liens” means:

- (a) Liens on property of a Person existing at the time such Person is merged, consolidated, amalgamated or otherwise combined with or into the Issuer or any Subsidiary of the Issuer or becomes a Subsidiary of the Issuer or any Subsidiary of a Subsidiary; provided that such Liens were in existence prior to the contemplation of such merger, consolidation, amalgamation or other combination, were not incurred in contemplation thereof and do not extend to any assets other than those of the Person merged, consolidated, amalgamated or combined with the Issuer or such Subsidiary;
- (b) Liens on property (including Capital Stock) existing at the time of acquisition of the property or of a Person which owns the property by the Issuer or any Subsidiary of the Issuer, provided that such Liens were in existence prior to, such acquisition, and not incurred in contemplation of, such acquisition, provided further, however, that such Liens do not extend to any other property owned by the Issuer or such Subsidiary;
- (c) Liens granted upon or with regard to any property acquired after the Issue Date by the Issuer or any of its Subsidiaries to secure the purchase price of such property or the cost of construction, improvement or repair of all or any part of such property or to secure Indebtedness incurred solely for the purpose of financing the acquisition, construction, improvement or repair of such property and transactional expenses related thereto (other than a Lien created in contemplation thereof), provided that (i) no such Lien shall extend to any other property or assets of the Issuer or any of its Subsidiaries, (ii) the aggregate principal amount of all Indebtedness secured by Liens under this paragraph on such property or assets does not exceed the cost of the assets or property so acquired, constructed, repaired or improved (including customs duties, transport, insurance, construction and installation costs and other incidental costs and expenses of purchase and any VAT or similar taxes thereon) and (iii) such Liens are created within 180 days of construction, acquisition, improvement or repair of such assets or property;
- (d) Liens for taxes, assessments or governmental charges or claims that are not yet delinquent or that are being contested in good faith by appropriate proceedings instituted within a reasonable period of time and diligently pursued, provided that any reserve or other appropriate provision as is required in conformity with IFRS has been made therefor;
- (e) Liens arising by operation of or imposed by law, such as carriers’, warehousemen’s, landlord’s and mechanics’ Liens or other similar Liens, in each case, incurred in the ordinary course of business;
- (f) Liens created for the benefit of (or to secure) the Notes or any Guarantees;

- (g) Liens securing Hedging Obligations permitted by Condition 5.1.2(v) and any Lien the principle purpose of which is to allow the setting off or netting of obligations under or in connection with any Hedging Obligation, in either case, so long as such Lien is over only (a) the assets that secure the Indebtedness that is the subject of the relevant Hedging Obligations or (b) cash or Cash Equivalents securing such Hedging Obligations;
- (h) Liens incurred or deposits made in connection with workers' compensation, unemployment insurance, other types of social security and other types of related statutory obligations;
- (i) Liens in favour of customs or revenue authorities to secure payment of customs duties in connection with the importation of goods in the ordinary course of business;
- (j) any retention of title reserved by any seller of goods or any Lien imposed, reserved or granted over goods supplied by such seller;
- (k) Liens arising out of or in connection with pre-judgment legal process or a judgement or a judicial awarded relating to security for costs;
- (l) Liens to secure any Refinancing Indebtedness Incurred to refinance, replace, extend or modify in whole or in part, Indebtedness which was previously so secured pursuant to paragraphs (a), (b), (f), (n) and this paragraph (l) of this definition of "Permitted Liens" as a whole, or in part, in respect of any Indebtedness secured by any Lien prior to the incurrence of such Refinancing Indebtedness; provided, however, that:
 - (i) such new Lien shall be limited to (A) all or part of the same property and assets that secured or, under the written agreements pursuant to which the original Lien arose, could secure the original Lien (plus improvements and accessions to, such property or proceeds or distributions thereof) or (B) property and/or assets the market value of which does not in aggregate exceed the market value of the property and/or assets that secured the original Lien (plus improvements and accessions to, such property or proceeds or distributions thereof); and
 - (ii) the Indebtedness secured by such Lien at such time is not increased to any amount greater than the sum of (1) the outstanding principal amount or, if greater, committed amount of the Indebtedness at the time the original Lien became a Permitted Lien and (2) an amount necessary to pay any fees and expenses, including premiums, related to such refinancing, refunding, extension, renewal or replacement;
- (m) Liens to secure (A) the performance of statutory obligations surety or appeal bonds, performance bonds or other obligations of a like nature and (B) liabilities under letters of credit, guarantees and other financial instruments issued in connection with the acquisition and disposal of inventory, stock in trade, goods, services and other current assets (and the proceeds thereof), in each case incurred in the ordinary course of business;
- (n) Liens existing on the Issue Date;
- (o) survey exceptions, easements or reservations of, or rights of others for, licenses, rights-of-way, sewers, electric lines, telegraph and telephone lines and other similar purposes, or zoning or other restrictions as to the use of real property that were not incurred in connection with Indebtedness and that do not in the aggregate materially adversely affect the value of said properties or materially impair their use in the operation of the business of such Person;
- (p) rights of set-off under contracts that do not relate to Indebtedness for borrowed money;

- (q) any Liens in respect of, in support of or in connection with Project Finance Debt;
- (r) leases and subleases of property which do not materially interfere with the ordinary conduct of the business of the Issuer or any of its Subsidiaries;
- (s) any right of refusal, right of first offer, option or other agreement to sell or otherwise dispose of an asset of the Issuer or any of its Subsidiaries;
- (t) Liens on the deposit accounts of the Issuer or any of its Subsidiaries arising by reason of any right of netting or set-off as such accounts in the ordinary course of the Group's banking operations;
- (u) any other netting or set-off arrangement entered into by the Issuer or any of its Subsidiaries in the ordinary course of its banking arrangements for the purpose of netting debit and credit balances;
- (v) Permitted Trade L/C Liens;
- (w) Liens on property or assets under construction (and related rights) in favour of a contractor or developer or arising from progress or partial payment by a third party relating to such property or assets; and
- (x) other Liens securing Indebtedness (other than Subordinated Obligations) incurred in an aggregate principal amount at any one time outstanding not to exceed 15 per cent. of the Consolidated Total Assets.

“Permitted Trade L/C Liens” means Liens securing Trade L/C Obligations.

“Person” means any individual, corporation, partnership, joint venture, association, joint stock company, trust, fund, unincorporated organisation, limited liability company or government or other entity.

“Potential Event of Default” means an event or circumstance which, with the giving of notice, lapse of time, issue of a certificate and/or fulfilment of any other requirement provided for in Condition 10, would constitute an Event of Default.

“Preferred Stock”, as applied to the Capital Stock of any Person, means Capital Stock of any class or classes (however designated) which is preferred as to the payment of dividends or distributions, or as to the distribution of assets upon any voluntary or involuntary liquidation or dissolution of such Person, over shares of Capital Stock of any other class of such Person.

“Project Finance Debt” means any Indebtedness issued, raised or borrowed by a Project Subsidiary to finance all or part of the costs of the acquisition, construction or development of any project if a Person or Persons providing such financing expressly agree to limit their recourse to the project financed (and related assets), the Project Subsidiary, the shares in the Project Subsidiary and the revenues derived from such project as the principal source of repayment for moneys advanced, provided that:

- (a) equity contribution agreements, subordinated debt and similar shareholder funding arrangements (and related guarantees) with respect to the Project Subsidiary entered into by the Issuer or any Subsidiary of the Issuer;
- (b) arm's length commercial agreements between the Project Subsidiary and the Issuer or any Subsidiary of the Issuer, or performance guarantees given by the Issuer or any Subsidiary of the Issuer with respect to commercial agreements relating to the project;
- (c) any share purchase agreement entered into by the Issuer or any Subsidiary of the Issuer with respect to the shares in the Project Subsidiary; or

- (d) any other assurance, undertaking or support provided by the Issuer or any Subsidiary in the Issuer in relation to the project that is not by way of guarantee, indemnity or other assurance against financial loss,

including, in each case, any assignment by the Project Subsidiary of its rights thereunder to the Persons providing such financing, shall not result in such financing being considered recourse to the Issuer or any Subsidiary of the Issuer.

“Project Subsidiary” means any Person in which the Issuer holds a direct or indirect interest or which is a special purpose vehicle, where such person is established or used for the purposes of undertaking the acquisition, construction or development of any project whose sole purpose of finance is the Project Finance Debt and which has not guaranteed or otherwise directly or indirectly provided credit support for any Indebtedness of any member of the Group (other than another Project Subsidiary).

“Rating Agency” means each of S&P Global Ratings Europe Limited (**“S&P”**), Moody’s Investors Service Limited (**“Moody’s”**), Fitch Ratings Limited (**“Fitch”**), any of their affiliates or successors.

“Refinance” means, in respect of any Indebtedness, to refinance, extend, renew, refund, repay, prepay, redeem, defease, discharge or retire, or to issue Indebtedness in exchange or replacement for, such Indebtedness in whole or in part, and **“Refinanced”** and **“Refinancing”** shall have correlative meanings.

“Refinancing Indebtedness” means Indebtedness of the Issuer or any Subsidiary of the Issuer that Refinances any Indebtedness of the Issuer or any Subsidiary of the Issuer existing on the Issue Date or Incurred in compliance with these Conditions, including Indebtedness that Refinances Refinancing Indebtedness; *provided, however*, that:

- (a) such Refinancing Indebtedness has a Stated Maturity no earlier than the Stated Maturity of the Indebtedness being Refinanced;
- (b) such Refinancing Indebtedness has a Weighted Average Life to Maturity at the time such Refinancing Indebtedness is Incurred that is equal to or greater than the Weighted Average Life to Maturity of the Indebtedness being Refinanced;
- (c) such Refinancing Indebtedness has an aggregate principal amount (or if Incurred with original issue discount, an aggregate issue price) that is equal to or less than the aggregate principal amount (or if Incurred with original issue discount, the aggregate accreted value) then outstanding (plus accrued interest, fees and expenses, including any premium and defeasance costs) under the Indebtedness being Refinanced;
- (d) the proceeds of the Refinancing Indebtedness shall be used substantially concurrently with the Incurrence thereof to refinance the Indebtedness being Refinanced; and
- (e) if the Indebtedness being Refinanced is subordinated in right of payment to the Notes or any Guarantee, such Refinancing Indebtedness is subordinated in right of payment to the Notes and such Guarantee at least to the same extent as the Indebtedness being Refinanced,

provided further, however, that Refinancing Indebtedness shall not include Indebtedness of a Subsidiary of the Issuer that is not a Guarantor that refinances Indebtedness of the Issuer or a Guarantor.

“Restricted Payment” with respect to the Issuer or any of its Subsidiaries means:

- (a) the declaration or payment of any dividends or any other distributions of any sort in respect of its Capital Stock (including any payment in connection with any merger or

consolidation involving such Person) or similar payment to the direct or indirect holders of its Capital Stock (other than (A) dividends or distributions payable solely in its Capital Stock, Deferred Capital Stock or in options, warrants or other rights to purchase such stock, (B) dividends or distributions by a Subsidiary of the Issuer, so long as, in the case of any dividend or distribution payable on or in respect of any Capital Stock issued by a Subsidiary of the Issuer that is not a Wholly-Owned Subsidiary, the Issuer or a Subsidiary of the Issuer holding such Capital Stock receives at least its pro rata share of such dividend or contribution;

- (b) the purchase, repurchase, redemption, defeasance or other acquisition or retirement for value of any Capital Stock of the Issuer held by any Person (other than by a Subsidiary) or of any Capital Stock of a Subsidiary of the Issuer held by any Affiliate of the Issuer (other than by a member of the Group), including in connection with any merger or consolidation and including the exercise of any option to exchange any Capital Stock (other than into Capital Stock of the Issuer that is not Capital Stock that, by its terms (or by the terms of any security into which it is convertible, or for which it is exchangeable, in each case at the option of the holder of Indebtedness of such Capital Stock), or upon the happening of any event, matures or is mandatorily redeemable, pursuant to a sinking fund obligation or otherwise, or redeemable at the option of the holder thereof, in whole or in part, on or prior to the first anniversary of the Maturity Date);
- (c) the purchase, repurchase, redemption, defeasance or other acquisition or retirement for value, prior to scheduled maturity or scheduled repayment of any Subordinated Obligations of the Issuer or any Subsidiary of the Issuer (except for the repayment of inter-company debt owed by any member of the Group to any other member of the Group from time to time).

“**Securities Act**” means the U.S. Securities Act of 1933.

“**Stated Maturity**” means:

- (a) with respect to any Indebtedness, the date specified in such Indebtedness as the fixed date on which the final instalment of principal of such Indebtedness is due and payable; and
- (b) with respect to any scheduled instalment of principal of or interest on any Indebtedness, the date specified in such Indebtedness as the fixed date on which such instalment is due and payable.

“**Stock Exchange**” means the London Stock Exchange plc.

“**Subordinated Obligations**” means, with respect to any Person, any Indebtedness of such Person (whether outstanding on the Issue Date or thereafter Incurred) which is subordinate or junior in right of payment to the Notes or a Guarantee pursuant to a written agreement to that effect.

“**Subsidiary**” means, in relation to any Person (the “**first person**”), at any particular time, any other Person (the “**second person**”) (i) which the first person controls or has the power to control and (ii) which is (or is required under IFRS to be) consolidated in or with the financial statements of the first person.

“**Supervisory Board**” means, with respect to the Issuer, a supervisory board elected by the general meeting of shareholders or appointed by the decision of a sole shareholder of the Issuer; with respect to a Subsidiary, the Executive Body of the Issuer or a supervisory board of such Subsidiary elected by the general meeting of shareholders or appointed by the decision of the Issuer, as applicable.

“Taxes” means any taxes, levies, duties, imports or other charges or withholding of a similar nature no matter where arising (including interest and penalties thereon and additions thereto).

“Trade L/C Obligations” means reimbursement obligations of the Issuer or the Subsidiaries in respect of any letter of credit, bankers’ acceptance or similar credit transaction that relate to trade payables or other obligations not constituting Indebtedness and such obligations are satisfied within 180 days of Incurrence.

“U.S. Dollars”, **“dollars”** or the sign **“\$”** means such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts.

“U.S. Dollar Equivalent” means with respect to any amount denominated in a currency other than U.S. Dollars, at any time for the determination thereof, the amount of U.S. Dollars obtained by converting such other currency involved into U.S. Dollars at the spot rate for the purchase of U.S. Dollars with the applicable foreign currency as quoted by Reuters at approximately 11:00 am (New York time) on the date not more than two Business Days prior to the date of determination.

“Voting Stock” of a Person means all classes of Capital Stock of such Person then outstanding and normally entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof; and

“Wholly-Owned Subsidiary” of any specified Person means a Subsidiary of such Person all of the outstanding Capital Stock or other ownership interests of which shall at the time be owned by such Person or by one or more Wholly-Owned Subsidiaries of such Person.

“Weighted Average Life to Maturity” means, when applied to any Indebtedness at any date, the number of years obtained by dividing:

- (a) the sum of the products obtained by multiplying:
 - (i) the amount of each then remaining instalment, sinking fund, serial maturity or other required payment of principal or liquidation preference, as the case may be, including payment at final maturity, in respect thereof, by
 - (ii) the number of years (calculated to the nearest one-twelfth) which will elapse between such date and the making of such payment, by
- (b) the then outstanding aggregate principal amount or liquidation preference, as the case may be, or such Indebtedness.

SUMMARY OF THE PROVISIONS RELATING TO THE NOTES WHEN IN GLOBAL FORM

The Notes will be evidenced on issue by (i) in the case of Regulation S Notes, a Regulation S Global Note deposited with, and registered in the name of a nominee for, a common depository for Euroclear and Clearstream, Luxembourg and (ii) in the case of Rule 144A Notes, a Rule 144A Global Note deposited with a custodian for, and registered in the name of Cede & Co. as nominee of DTC.

Beneficial interests in the Regulation S Global Note may be held only through Euroclear or Clearstream, Luxembourg at any time. See "*—Book-entry Procedures for the Global Notes*". By acquisition of a beneficial interest in the Regulation S Global Note, the purchaser thereof will be deemed to represent, among other things, that if it determines to transfer such beneficial interest, it will transfer such interest only to a person whom the seller reasonably believes (a) to be purchasing outside of the United States in accordance with Regulation S or (b) to be a person who takes delivery in the form of an interest in a Rule 144A Global Note (if applicable). See "*Transfer Restrictions*".

Beneficial interests in the Rule 144A Global Note may be held only through DTC at any time. See "*—Book-entry Procedures for the Global Notes*". By acquisition of a beneficial interest in the Rule 144A Global Note, the purchaser thereof will be deemed to represent, among other things, that it is a QIB and that, if in the future it determines to transfer such beneficial interest, it will transfer such interest in accordance with the procedures and restrictions contained in the agency agreement. See "*Transfer Restrictions*".

Beneficial interests in each Global Note will be subject to certain restrictions on transfer set forth therein and in the Paying Agency Agreement and the Global Notes will bear applicable legends regarding such restrictions set forth under "*Transfer Restrictions*". A beneficial interest in the Regulation S Global Note may be transferred to a person who takes delivery in the form of an interest in the Rule 144A Global Note and only upon receipt by the Registrar of a written certification (in the form provided in the Paying Agency Agreement) to the effect that the transferor reasonably believes that the transferee is a QIB and that such transaction is in accordance with any applicable securities laws of any state of the United States or any other jurisdiction. Beneficial interests in the Rule 144A Global Note may be transferred to a person who takes delivery in the form of an interest in the Regulation S Global Note only upon receipt by the Registrar of a written certification (in the form provided in the Paying Agency Agreement) from the transferor to the effect that the transfer is being made in accordance with Regulation S.

Save in the case of the issue of replacement Notes pursuant to Condition 12, the Issuer, the Transfer Agents and the Registrar shall make no charge to the holders for the registration of any holding of Notes or any transfer thereof or for the issue of any Notes or for the delivery thereof at the specified office of a Transfer Agent or the Registrar or by uninsured post to the address specified by the holder, but such registration, transfer, issue or delivery shall be effected against such indemnity from the holder or the transferee thereof as the Registrar or the relevant Transfer Agent may require in respect of any tax or other duty of whatever nature which may be levied or imposed in connection with such registration, transfer, issue or delivery. Except in the limited circumstances described below, owners of beneficial interests in the Global Notes will not be entitled to receive physical delivery of Note certificates in definitive form (the "**Definitive Notes**"). The Notes are not issuable in bearer form.

Amendments to Conditions

The Global Note contains provisions that apply to the Notes that it represents, some of which modify the effect of the above Conditions. The following is a summary of those provisions:

Payments

Payments of principal and interest in respect of Notes evidenced by a Global Note will be made to the person who appears on the register of Noteholders at the close of business on the Record Date as holder of the relevant Global Note against presentation and (if no further payment falls to be made in respect

of the relevant Notes) surrender of such Global Note to or to the order of the Principal Paying Agent (or to or to the order of such other Paying Agent as shall have been notified to the Noteholders for this purpose), which shall endorse such payment or cause such payment to be endorsed in the appropriate schedule to such Global Note (such endorsement being prima facie evidence that the payment in question has been made). Interest in respect of the Notes represented by a Global Note will be paid from the Interest Commencement Date in arrear at the rates, on the dates for payment, and in accordance with the method of calculation provided for in the Conditions, save that the calculation is made in respect of the total aggregate amount of the Notes represented by such Global Note, together with such other sums and additional amounts (if any) as may be payable under the Conditions, in accordance with the Conditions.

Notices

So long as the Notes are evidenced by a Global Note and such Global Note is held by or on behalf of a clearing system, notices to Noteholders may be given by delivery of the relevant notice to that clearing system for communication to entitled account holders rather than in the manner specified in the Conditions and shall be deemed to be given to holders of interests in such Global Note with the same effect as if they had been given to such Noteholder in accordance with the Conditions; provided, however, that as long as the Notes are listed on the London Stock Exchange, all notices will also be given in accordance with the rules of the London Stock Exchange. Any such notice will be deemed to have been given on the day the same has been delivered to the relevant clearing systems.

Record Date

Notwithstanding Condition 8.1.2 "Record Date" shall mean the Clearing System Business Day before the relevant due date for payment, where "Clearing System Business Day" means Monday to Friday inclusive, except 25 December and 1 January.

Meetings

The holder of a Global Note will be treated as being two persons for the purposes of any quorum requirements of, or the right to demand a poll at, a meeting of Noteholders and in any such meeting as having one vote in respect of each Note for which such Global Note may be exchangeable.

Trustee's Powers

Notwithstanding anything contained in the Trust Deed, in considering the interests of Noteholders while a Global Note is held on behalf of a clearing system, the Trustee may, to the extent it considers it appropriate to do so in the circumstances, have regard to any information provided to it by such clearing system or its operator as to the identity (either individually or by category) of its accountholders with entitlements to such Global Note and may consider such interests, and treat such accountholders, as if such accountholders were the holders of such Global Note.

Issuer's Option

So long as the Notes are evidenced by a Global Note and such Global Note is held by or on behalf of a clearing system, any option of the Issuer provided for in the Conditions shall be exercised by the Issuer giving notice to the Noteholders and the relevant clearing systems (or procuring that such notice is given on its behalf) within the time limits set out in and containing the information required by the Conditions, except that the notice shall not be required to contain the serial numbers of Notes drawn in the case of a partial exercise of an option and, accordingly, no drawing of Notes shall be required and instead the Notes to be redeemed shall be selected (i) in the case of the Regulation S Global Note, in accordance with the rules and procedures of Euroclear and/or Clearstream, Luxembourg or (ii) in the case of the Rule 144A Global Note, on a pro rata pass-through distribution of principal basis.

Noteholder's Option

So long as the Notes are evidenced by a Global Note and such Global Note is held by or on behalf of a

clearing system, the exercise of the option of Noteholders provided for in Condition 7.7 will be subject to the normal rules and operating procedures of such clearing system.

Electronic Consent and Written Resolution

While a Global Note is registered in the name of any nominee for a clearing system, then:

- (a) approval of a resolution proposed by the Issuer, a Guarantor or the Trustee (as the case may be) given by way of electronic consents communicated through the electronic communications systems of the relevant clearing system(s) in accordance with their operating rules and procedures by or on behalf of the holders of not less than 75 per cent. in principal amount of the Notes outstanding (an "**Electronic Consent**" as defined in the Trust Deed) shall, for all purposes (including matters that would otherwise require an Extraordinary Resolution to be passed at a meeting in respect of which the special quorum provisions specified in the Notes apply), take effect as an Extraordinary Resolution passed at a meeting of Noteholders duly convened and held, and shall be binding on all Noteholders whether or not they participated in such Electronic Consent; and
- (b) where Electronic Consent is not being sought, for the purpose of determining whether a Written Resolution (as defined in the Trust Deed) has been validly passed, each of the Issuer, the Guarantors and the Trustee shall be entitled to rely on consent or instructions given in writing directly to the Issuer, the Guarantors and/or the Trustee, as the case may be, by (a) accountholders in the clearing system with entitlements to a Global Note and/or, (b) where the accountholders hold any such entitlement on behalf of another person, on written consent from or written instruction by the person for whom such entitlement is ultimately beneficially held, whether such beneficiary holds directly with the accountholder or via one or more intermediaries. For the purpose of establishing the entitlement to give any such consent or instruction, the Issuer, the Guarantors and the Trustee shall be entitled to rely on any certificate or other document issued by, in the case of (a) above, Euroclear, Clearstream, Luxembourg or any other relevant alternative clearing system (the "**relevant clearing system**") and in the case of (b) above, the relevant clearing system and the accountholder identified by the relevant clearing system for the purposes of (b) above. Any resolution passed in such manner shall be binding on all Noteholders, even if the relevant consent or instruction proves to be defective. Any such certificate or other document shall be conclusive and binding for all purposes. Any such certificate or other document may comprise any form of statement or print out of electronic records provided by the relevant clearing system (including Euroclear's EUCLID or Clearstream, Luxembourg's CreationOnline system) in accordance with its usual procedures and in which the accountholder of a particular principal or nominal amount of the Notes is clearly identified together with the amount of such holding. None of the Issuer, the Guarantors or the Trustee shall be liable to any person by reason of having accepted as valid or not having rejected any certificate or other document to such effect purporting to be issued by any such person and subsequently found to be forged or not authentic.

Exchange for Definitive Notes

Exchange

Each Global Note will be exchangeable, free of charge to the holder, in whole but not in part, for Notes in definitive, registered form if: (i) in the case of a Rule 144A Global Note, DTC notifies the Issuer that it is no longer willing or able to discharge properly its responsibilities as depositary with respect to the Rule 144A Global Note or ceases to be a "clearing agency" registered under the Exchange Act or if at any time it is no longer eligible to act as such, and the Issuer is unable to locate a qualified successor within 90 days of receiving notice or becoming aware of such ineligibility on the part of DTC or (ii) in the case of a Regulation S Global Note, Euroclear or Clearstream, Luxembourg, as the case may be, is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so, by the holder giving notice to the Registrar or any Transfer Agent.

The Registrar will not register the transfer of, or exchange of interests in, a Global Note for Definitive Notes for a period of 15 calendar days ending on the date for any payment of principal or interest or on the date of optional redemption in respect of the Notes.

"Exchange Date" means a day falling not later than 90 days after that on which the notice requiring exchange is given and on which banks are open for business in the city in which the specified office of the Registrar or the Transfer Agent is located.

Delivery

In such circumstances, the relevant Global Note shall be exchanged in full for Definitive Notes and the Issuer will, at the cost of the Issuer (but against such indemnity as the Registrar or the Transfer Agent may require in respect of any tax or other duty of whatever nature which may be levied or imposed in connection with such exchange), cause sufficient Definitive Notes to be executed and delivered to the Registrar for completion, authentication and dispatch to the relevant Noteholders. A person having an interest in a Global Note must provide the Registrar with (a) a written order containing instructions and such other information as the Issuer and the Registrar may require to complete, execute and deliver such Notes and (b) in the case of a Rule 144A Global Note only, a fully completed, signed certification substantially to the effect that the exchanging holder is not transferring its interest at the time of such exchange or, in the case of simultaneous sale pursuant to Rule 144A, a certification that the transfer is being made in compliance with the provisions of Rule 144A to a QIB. Definitive Notes issued in exchange for a beneficial interest in a Rule 144A Global Note shall bear the legend applicable to transfers pursuant to Rule 144A, as set out under "*Transfer Restrictions*".

Legends

The holder of a Definitive Note may transfer the Notes evidenced thereby in whole or in part in the applicable minimum denomination by surrendering it at the specified office of the Registrar or the Transfer Agent, together with the completed form of transfer thereon.

Book-entry Procedures for the Global Note

Custodial and depository links are to be established between DTC, Euroclear and Clearstream, Luxembourg to facilitate the initial issue of the Notes and cross-market transfers of the Notes associated with secondary market trading. See "*Settlement and Transfer of Notes*".

Euroclear and Clearstream, Luxembourg

The Regulation S Global Note will have an ISIN and Common Code. The Regulation S Global Note will be deposited with a common depository for Euroclear and Clearstream, Luxembourg and registered in the name of a nominee of such common depository. The address of Euroclear is 1 Boulevard du Roi Albert II, 1210 Brussels, Belgium, and the address of Clearstream, Luxembourg is 42 Avenue JF Kennedy, L-1855, Luxembourg.

DTC

The Rule 144A Global Note will have a CUSIP number and will be deposited with a custodian (the "**Custodian**") for, and registered in the name of Cede & Co. as nominee of, DTC. The Custodian and DTC will electronically record the principal amount of the Notes held within the DTC System.

Euroclear and Clearstream, Luxembourg

Euroclear and Clearstream, Luxembourg each hold securities for their customers and facilitate the clearance and settlement of securities transactions through electronic book-entry transfer between their respective accountholders. Indirect access to Euroclear and Clearstream, Luxembourg is available to other institutions that clear through or maintain a custodial relationship with an accountholder of either system. Euroclear and Clearstream, Luxembourg provide various services including safekeeping, administration, clearance and settlement of internationally-traded securities and securities lending and

borrowing. Euroclear and Clearstream, Luxembourg also deal with domestic securities markets in several countries through established depository and custodial relationships. Euroclear and Clearstream, Luxembourg have established an electronic bridge between their two systems across which their respective customers may settle trades with each other. Their customers are worldwide financial institutions including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Investors may hold their interests in the Regulation S Global Note directly through Euroclear or Clearstream, Luxembourg if they are accountholders ("**Direct Participants**") or indirectly ("**Indirect Participants**" and, together with Direct Participants, "**Participants**") through organisations that are accountholders therein.

DTC

The information set out below in connection with DTC is subject to any change in or reinterpretation of the rules, regulations and procedures of DTC currently in effect. The information about DTC set forth below has been obtained from sources that the Issuer believes to be reliable, including DTC, but neither the Issuer nor any of the Joint Bookrunners takes any responsibility for the accuracy of the information. If investors wish to use the facilities of any clearing system they should confirm the applicability of the rules, regulations and procedures of the relevant clearing system. None of the Issuer, the Trustee or any of the Joint Bookrunners will have any responsibility or liability for any aspect of the records relating to, or payments made on account of interests in, Notes held through the facilities of any clearing system, or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

DTC has advised the Issuer as follows: DTC is a limited-purpose trust company organised under the laws of the State of New York, a "banking organisation" under the laws of the State of New York, a member of the U.S. Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial code and a "clearing agency" registered pursuant to the provisions of Section 17A of the Exchange Act. DTC was created to hold securities for its Participants and facilitate the clearance and settlement of securities transactions between Participants through electronic computerised book-entry changes in accounts of its Participants, thereby eliminating the need for physical movement of certificates. Participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations. Indirect access to DTC is available to others, such as banks, securities brokers, dealers and trust companies, which clear through or maintain a custodial relationship with a DTC Direct Participant, either directly or indirectly.

Investors may hold their interests in the Rule 144A Global Note directly through DTC if they are Direct Participants in the DTC system, or as Indirect Participants through organisations that are Direct Participants in such system. DTC has advised the Issuer that it will take any action permitted to be taken by a holder of Notes only at the direction of one or more Direct Participants and only in respect of such portion of the aggregate principal amount of the Rule 144A Global Note as to which such Participant or Participants has or have given such direction. However, in the circumstances described under "*Exchange for Definitive Notes*" DTC will surrender the Rule 144A Global Note for exchange for individual Rule 144A Definitive Notes (which will bear the legend applicable to transfers pursuant to Rule 144A).

Relationship of Participants with Clearing Systems

Each of the persons shown in the records of Euroclear or Clearstream, Luxembourg or DTC as the holder of a Note evidenced by a Global Note must look solely to Euroclear or Clearstream, Luxembourg or DTC (as the case may be) for his share of each payment made by the Issuer to the holder of such Global Note and in relation to all other rights arising under such Global Note, subject to and in accordance with the respective rules and procedures of Euroclear and Clearstream, Luxembourg or DTC (as the case may be). The Issuer expects that, upon receipt of any payment in respect of Notes evidenced by a Global Note, the common depository by whom such note is held, or nominee in whose name it is registered, will immediately credit the relevant participants' or holders' accounts in the relevant clearing system with payments in amounts proportionate to their respective beneficial interests in the principal

amount of such Global Note as shown on the records of the relevant clearing system or its nominee. The Issuer also expects that payments by Direct Participants in any clearing system to owners of beneficial interests in a Global Note held through such Direct Participants in any clearing system will be governed by standing instructions and customary practices. Save as aforesaid, such persons shall have no claim directly against the Issuer in respect of payments due on the Notes for so long as the Notes are evidenced by a Global Note and the obligations of the Issuer will be discharged by payment to the registered holder, as the case may be, of such Global Note in respect of each amount so paid. None of the Issuer, the Trustee or any Agent will have any responsibility or liability for any aspect of the records relating to or payments made on account of ownership interests in any Global Note or for maintaining, supervising or reviewing any records relating to such ownership interests.

Settlement and Transfer of Notes

Subject to the rules and procedures of each applicable clearing system, purchases of Notes held within a clearing system must be made by or through Direct Participants, which will receive a credit for such Notes on the clearing system's records. The ownership interest of each actual purchaser of each such note (the "**Beneficial Owner**") will in turn be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from any clearing system of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which such Beneficial Owner entered into the transaction.

Transfers of ownership interests in Notes held within the clearing system will be affected by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in such Notes unless and until interests in the relevant Global Note held within a clearing system are exchanged for Definitive Notes.

No clearing system has knowledge of the actual Beneficial Owners of the Notes held within such clearing system and their records will reflect only the identity of the Direct Participants to whose accounts such Notes are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers. Conveyance of notices and other communications by the clearing systems to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

The laws of some jurisdictions may require that certain persons take physical delivery in definitive form of securities. Consequently, the ability to transfer interests in a Global Note to such persons may be limited. In particular, because DTC can only act on behalf of Direct Participants the ability of a person having an interest in the Rule 144A Global Note to pledge such interest to persons or entities that do not participate in DTC, or otherwise take actions in respect of such interest, may be affected by the lack of a physical certificate in respect of such interest.

Trading between Euroclear and/or Clearstream, Luxembourg Participants

Secondary market sales of book-entry interests in the Notes held through Euroclear or Clearstream, Luxembourg to purchasers of book-entry interests in the Notes held through Euroclear or Clearstream, Luxembourg will be conducted in accordance with the normal rules and operating procedures of Euroclear and Clearstream, Luxembourg and will be settled using the procedures applicable to conventional eurobonds.

Trading between DTC Participants

Secondary market sales of book-entry interests in the Notes between DTC participants will occur in the ordinary way in accordance with DTC rules and will be settled using the procedures applicable to United States corporate debt obligations in DTC's Same-Day Funds Settlement system in same-day funds, if payment is effected in U.S. Dollars, or free of payment, if payment is not effected in U.S. Dollars.

Where payment is not effected in U.S. Dollars, separate payment arrangements outside DTC are required to be made between the DTC participants.

Trading between DTC Seller and Euroclear/Clearstream, Luxembourg Purchaser

When book-entry interests in Notes are to be transferred from the account of a DTC participant holding a beneficial interest in the Rule 144A Global Note to the account of a Euroclear or Clearstream, Luxembourg accountholder wishing to purchase a beneficial interest in the Regulation S Global Note, as the case may be (subject to the certification procedures provided in the Paying Agency Agreement), the DTC participant will deliver instructions for delivery to the relevant Euroclear or Clearstream, Luxembourg accountholder to DTC by 12 noon, New York time, on the settlement date. Separate payment arrangements are required to be made between the DTC participant and the relevant Euroclear or Clearstream, Luxembourg participant. On the settlement date, the custodian of the Rule 144A Global Note will instruct the Registrar to (i) decrease the amount of Notes registered in the name of Cede & Co. and evidenced by the Rule 144A Global Note of the relevant class and (ii) increase the amount of Notes registered in the name of the nominee of the common depository for Euroclear and Clearstream, Luxembourg and evidenced by the Regulation S Global Note. Book-entry interests will be delivered free of payment to Euroclear or Clearstream, Luxembourg, as the case may be, for credit to the relevant accountholder on the first business day following the settlement date.

Trading between Euroclear/Clearstream, Luxembourg Seller and DTC Purchaser

When book-entry interests in the Notes are to be transferred from the account of a Euroclear or Clearstream, Luxembourg accountholder to the account of a DTC participant wishing to purchase a beneficial interest in the Rule 144A Global Note (subject to the certification procedures provided in the Paying Agency Agreement), the Euroclear or Clearstream, Luxembourg participant must send to Euroclear or Clearstream, Luxembourg delivery free of payment instructions by 7:45 p.m., Brussels or Luxembourg time, one business day prior to the settlement date. Euroclear or Clearstream, Luxembourg, as the case may be, will in turn transmit appropriate instructions to the common depository for Euroclear and Clearstream, Luxembourg and the Registrar to arrange delivery to the DTC participant on the settlement date. Separate payment arrangements are required to be made between the DTC participant and the relevant Euroclear or Clearstream, Luxembourg accountholder, as the case may be. On the settlement date, the common depository for Euroclear and Clearstream, Luxembourg will (a) transmit appropriate instructions to the custodian of the Rule 144A Global Note who will in turn deliver such book-entry interests in the Notes free of payment to the relevant account of the DTC participant and (b) instruct the Registrar to (i) decrease the amount of Notes registered in the name of the nominee of the common depository for Euroclear and Clearstream, Luxembourg and evidenced by the Regulation S Global Note; and (ii) increase the amount of Notes registered in the name of Cede & Co. and evidenced by the Rule 144A Global Note. Although Euroclear, Clearstream, Luxembourg and DTC have agreed to the foregoing procedures in order to facilitate transfers of beneficial interest in Global Notes among participants and accountholders of Euroclear, Clearstream, Luxembourg and DTC, they are under no obligation to perform or continue to perform such procedure, and such procedures may be discontinued at any time. None of the Issuer, the Trustee nor any Agent will have the responsibility for the performance by Euroclear, Clearstream, Luxembourg or DTC or their respective Direct or Indirect Participants of their respective obligations under the rules and procedures governing then-operations.

Pre-issue Trades Settlement

It is expected that delivery of Notes will be made against payment therefor on the Closing Date thereof, which could be more than two business days following the date of pricing. Under Rule 15c6-1 under the Exchange Act, trades in the United States secondary market are generally required to settle within two business days (T+2), unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade Notes in the United States on the date of pricing or the next succeeding business days until three days prior to the Closing Date will be required, by virtue of the fact the Notes initially will settle beyond T+2, to specify an alternate settlement cycle at the time of any such trade to prevent a failed settlement. Settlement procedures in other countries will vary. Purchasers of Notes may

be affected by such local settlement practices, and purchasers of Notes between the relevant date of pricing and the Closing Date should consult their own advisors.

TRANSFER RESTRICTIONS

Because of the following restrictions, you are advised to consult legal counsel prior to making any offer, resale or other transfer of the Notes offered hereby.

In connection with its purchase of the Notes, any prospective purchaser thereof (an "**Investor**"), by virtue of its acceptance of this Prospectus, will be deemed to represent, acknowledge and agree as follows:

1. It is either (i) a QIB, acquiring such Notes for its own account or for the account of a QIB, and it is aware, and each beneficial owner of such Notes has been advised, that the sale of such Notes to it is being made in reliance on Rule 144A or (ii) it is outside the United States.
2. It understands that the Notes have not been and will not be registered under the Securities Act and are "restricted securities" within the meaning of Rule 144 under the Securities Act and may not be offered, sold, pledged or otherwise transferred except (a) in accordance with Rule 144A to a person that it and any person acting on its behalf reasonably believe is a QIB purchasing for its own account or for the account of a QIB, (b) in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S or (c) pursuant to an exemption from registration under the Securities Act provided by Rule 144 thereunder (if available), in each case in accordance with any applicable securities laws of any State of the United States.
3. It will, and will require each subsequent holder to, notify any purchaser or transferee, as applicable, of the Notes from it of the resale and transfer restrictions referred to in paragraph (2) above, if then applicable.
4. It understands that the Rule 144A Global Notes, unless otherwise agreed between the Issuer and the Trustee in accordance with applicable law, will bear a legend to the following effect:

THIS NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (1) IN ACCORDANCE WITH RULE 144A UNDER THE SECURITIES ACT ("**RULE 144A**") TO A PERSON THAT THE HOLDER AND ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVE IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER, (2) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT OR (3) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER (IF AVAILABLE), IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES. NO REPRESENTATION CAN BE MADE AS TO THE AVAILABILITY OF THE EXEMPTION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT FOR REALES OF THIS NOTE.

5. If it is outside the United States, that if it should resell or otherwise transfer the Notes, it shall do so in accordance with all applicable securities laws of any state or other jurisdiction of the United States; and it acknowledges that the Regulation S Global Notes will bear a legend to the following effect unless otherwise agreed to by the Issuer and the Trustee:

THIS NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES EXCEPT IN ACCORDANCE WITH THE AGENCY AGREEMENT

AND PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT.

6. The Issuer, the Registrar, the Joint Bookrunners and their affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgments, representations and agreements. It agrees that if any of the acknowledgments, representations or agreements deemed to have been made by it by virtue of its purchase of the Notes is no longer accurate, it shall promptly notify the Issuer, the Registrar and the Joint Bookrunners. If it is acquiring any Notes for the account of one or more QIBs or accounts, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgments, representations and agreements on behalf of each such account.
7. It understands that the Notes offered in reliance on Rule 144A will be represented by the Rule 144A Global Note and that the Notes offered and sold outside of the United States in reliance on Regulation S will be represented by the Regulation S Global Note. Before any interest in the Rule 144A Global Note may be offered, sold, pledged or otherwise transferred to a person who takes delivery in the form of an interest in the Rule 144A Global Note, it will be required to provide a Transfer Agent with a written certification (in the form provided in the Agency Agreement) as to compliance with applicable securities laws. Prospective purchasers are hereby notified that sellers of the Notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A.

TAXATION

The following is a general description of certain tax considerations relating to the Notes and does not purport to be a comprehensive discussion of the tax treatment of the Notes. Prospective investors in the Notes should consult their own tax advisers as to the tax consequences of the purchase, ownership and disposition of the Notes in light of their particular circumstances, including but not limited to the consequences of receipt of interest and sale or redemption of the Notes.

Certain Uzbekistan Tax Considerations

According to the Tax Code of the Republic of Uzbekistan (Articles 304, 351 and Article 369), both legal entities and individuals shall not be subject to taxation in the Republic of Uzbekistan with respect to any interest or other income received from the Notes.

Certain United States Federal Income Tax Considerations

The following is a summary of certain United States federal income tax consequences relevant to U.S. holders and non-U.S. holders (each as defined below) of the purchase, ownership and disposition of the Notes. This summary deals only with Notes held as capital assets (within the meaning of Section 1221 of the Internal Revenue Code of 1986, as amended (the “Code”)) by holders who purchase the Notes for cash pursuant to this offering at their “issue price” (the first price at which a substantial amount of the Notes of the applicable series is sold for money to investors, excluding sales to bond houses, brokers or similar persons or organizations acting in the capacity of underwriter, placement agent or wholesaler).

As used herein, a “**U.S. holder**” means a beneficial owner of the Notes that is, for United States federal income tax purposes, any of the following:

- an individual who is a citizen or resident of the United States;
- a corporation that is created or organized in or under the laws of the United States, any state thereof or the District of Columbia;
- an estate the income of which is subject to United States federal income taxation regardless of its source; or
- a trust if it (i) is subject to the primary supervision of a court within the United States and one or more United States persons have the authority to control all substantial decisions of the trust or (ii) has a valid election in effect under applicable United States Treasury regulations to be treated as a United States person.

A “**non-U.S. holder**” is a beneficial owner of the Notes that is neither a U.S. holder nor a partnership.

If any entity or arrangement classified as a partnership for United States federal income tax purposes holds Notes, the tax treatment of a partner will generally depend upon the status of the partner and the activities of the partnership. An entity or arrangement classified as a partnership or a partner in such a partnership considering an investment in the Notes should consult their own tax advisors regarding the tax consequences of the purchase, ownership and disposition of the Notes.

This summary does not represent a detailed description of all of the United States federal income tax consequences applicable to a holder’s particular circumstances, including the impact of the Medicare contribution tax on net investment income or the effects of any state, local or non-United States tax laws, or the impact to holders subject to special tax treatment under the United States federal income tax laws, including, without limitation:

- a dealer in securities or currencies;

- a financial institution;
- a regulated investment company;
- a real estate investment trust;
- a tax-exempt organization;
- an insurance company;
- a person holding the Notes as part of a hedging, integrated, conversion or constructive sale transaction or a straddle;
- a trader in securities that has elected the mark-to-market method of accounting for your securities;
- a person liable for alternative minimum tax;
- a partnership or other pass-through entity (or an investor in such an entity);
- U.S. holders whose “functional currency” is not the U.S. dollar;
- a person required to accelerate the recognition of any item of gross income with respect to the Notes as a result of such income being recognized on an applicable financial statement; or
- a United States expatriate.

This summary is based on the Code, United States Treasury regulations, administrative rulings and judicial decisions, each as of the date hereof. Those authorities may be changed, possibly on a retroactive basis, so as to result in United States federal income tax consequences different from those summarized below. The Issuer has not and will not seek any rulings from the Internal Revenue Service (“**IRS**”) regarding the matters discussed below. There can be no assurance that the IRS will not take positions concerning the tax consequences of the purchase, ownership or disposition of the Notes that are different from those discussed below.

If you are considering the purchase of Notes, you should consult your own tax advisors concerning the particular United States federal income tax consequences to you of the purchase, ownership and disposition of the Notes, as well as the consequences to you arising under other United States federal tax laws and the laws of any other taxing jurisdiction.

U.S. Holders

Characterization of the Notes

In certain circumstances (e.g., as described in “*Terms and Conditions of the Notes—Redemption at Make Whole*”), the Issuer may be obligated to make certain other additional payments on the Notes in excess of stated principal and interest. The Issuer believes (and the rest of this discussion assumes) that there is only a remote possibility that it will be obligated to make such additional payments. Accordingly, the Issuer believes that the Notes should not be treated as contingent payment debt instruments. Our position is binding on a holder, unless the holder discloses in the proper manner to the IRS that it is taking a different position. If the IRS successfully challenged this position, and the Notes were treated as contingent payment debt instruments, U.S. holders could be required to accrue interest income at a rate higher than their yield to maturity and to treat as ordinary income, rather than capital gain, any gain recognized on a sale, exchange, retirement, redemption or other taxable disposition of a Note. This disclosure assumes that the Notes will not be considered contingent payment debt instruments. U.S. holders are urged to consult their own tax advisers regarding the potential application to the Notes of the contingent payment debt instrument rules and the consequences thereof.

Payments of Stated Interest

Payments of stated interest on a Note will be includible in the gross income of a U.S. holder as ordinary interest income at the time such payment is received or accrued, in accordance with the U.S. holder’s method of accounting for U.S. federal income tax purposes. Interest paid by the Issuer on the Notes constitutes income from sources outside the United States. U.S. holders should consult their tax advisers concerning the applicability of the foreign tax credit and source of income rules to income attributable to the Notes.

Sale, Exchange, Retirement, Redemption or Other Taxable Disposition of Notes

Upon the sale or other taxable disposition of a Note, a U.S. holder generally will recognize gain or loss in an amount equal to the difference between the U.S. dollar value of the amount realized on the date of sale or other taxable disposition (other than amounts attributable to accrued and unpaid interest, which will generally be taxable to the extent not previously included in income as described above under “*Payments of Stated Interest*”) and the U.S. holder’s adjusted tax basis in the Note. A U.S. holder’s adjusted tax basis in a Note generally will equal the U.S. dollar value of the purchase price of the Notes on the date of purchase.

Any gain or loss recognized by a U.S. holder on the sale or other taxable disposition of a Note will generally be U.S. source capital gain or loss and will be long-term capital gain or loss if the U.S. holder has held the Note for more than one year at the time of the sale or other taxable disposition. Net long-term capital gain recognized by a non-corporate U.S. holder generally is eligible for reduced U.S. federal income tax rates. The deductibility of capital losses is subject to significant limitations. U.S. holders should consult their tax advisers as to the foreign tax credit implications of the sale or retirement of Notes.

Further Issues

The Issuer may from time to time without the consent of the Noteholders, create and issue additional securities having the same terms and conditions as the Notes in all respects (or in all respects except for the first payment of interest on them). The Issuer may consolidate such additional securities with the outstanding Notes to form a single series and the Issuer may offer additional securities with original issue discount for U.S. federal income tax purposes (“**OID**”) as part of a further issue. Purchasers of securities after the date of any further issue may not be able to differentiate between debt securities sold as part of the further issue and previously issued Notes. If the Issuer were to issue additional securities with OID, purchasers of securities after such further issue may be required to accrue OID (or greater

amounts of OID than they would have otherwise accrued) with respect to their securities. This may affect the price of outstanding Notes following a further issuance if the additional securities are otherwise indistinguishable from the outstanding Notes.

Non-U.S. Holders

Subject to the discussion on “*Information Reporting and Backup Withholding*” below, a non-U.S. holder generally should not be subject to U.S. federal income or withholding tax on any payments on the Notes or gain from the sale, redemption or other disposition of the Notes unless: (i) that payment or gain is effectively connected with the conduct by that non-U.S. holder of a trade or business within the United States or (ii) in the case of any gain realized on the sale or other taxable disposition of a Note by an individual non-U.S. holder, that non-U.S. holder is present in the United States for 183 days or more in the taxable year of the sale or other taxable disposition and certain other conditions are met.

Disclosure Requirements

Individuals that own “specified foreign financial assets” with an aggregate value in excess of certain thresholds are generally required to file an information report (IRS Form 8938) with respect to such assets with their tax returns. The Notes generally will constitute specified foreign financial assets subject to these reporting requirements, unless the Notes are held in an account at certain financial institutions. Under certain circumstances, an entity may be treated as an individual for purposes of these rules.

U.S. holders are urged to consult their tax advisors regarding the application of the foregoing disclosure requirements to their ownership of the Notes, including the significant penalties for non-compliance.

Information Reporting and Backup Withholding

In general, information reporting requirements will apply to payments of interest on the Notes and to the proceeds of the sale or other disposition (including a retirement or redemption) of a Note paid to a U.S. holder by a U.S. paying agent or other U.S. intermediary unless such U.S. holder is an exempt recipient, and, when required, provides evidence of such exemption. Backup withholding may also apply to such payments if the U.S. holder is not otherwise exempt and fails to comply with the applicable backup withholding requirements, including the provision of IRS Form W-9, if required.

Backup withholding is not an additional tax and any amounts withheld under the backup withholding rules may be allowed as a refund or a credit against a U.S. holder’s U.S. federal income tax liability provided the required information is timely furnished to the IRS. U.S. holders should consult their tax advisors regarding their qualification for an exemption from backup withholding and the procedures for obtaining such an exemption.

Non-U.S. holders may be required to comply with applicable certification procedures (usually on IRS Form W-8BEN or W-8BEN-E) to establish that they are not U.S. holders in order to avoid the application of such information reporting requirements and backup withholding.

The proposed financial transactions tax (FTT)

On 14 February 2013, the European Commission published a proposal (the **Commission's Proposal**) for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the **participating Member States**). However, Estonia has since stated that it will not participate.

The Commission's Proposal has very broad scope and could, if introduced, apply to certain dealings in Notes (including secondary market transactions) in certain circumstances. The issuance and subscription of Notes should, however, be exempt.

Under the Commission's Proposal the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

However, the FTT proposal remains subject to negotiation between participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate.

Prospective holders of the Notes are advised to seek their own professional advice in relation to the FTT.

SUBSCRIPTION AND SALE

Each of Citigroup Global Markets Limited, MUFG Securities EMEA plc, Natixis, Raiffeisen Bank International AG and PJSC Sovcombank (the "**Joint Lead Managers**") has, pursuant to a Subscription Agreement dated 29 April 2021 (the "**Subscription Agreement**"), severally agreed with the Issuer, subject to the satisfaction of certain conditions, to subscribe and pay for the principal amount of Notes set out opposite its name in the table below at the issue price of 100 per cent. of the principal amount of Notes:

<u>Joint Lead Manager</u>	<u>Principal Amount of Notes (U.S.\$)</u>
Citigroup Global Markets Limited.....	U.S.\$62,800,000
MUFG Securities EMEA plc.....	U.S.\$62,400,000
Natixis.....	U.S.\$62,400,000
Raiffeisen Bank International AG.....	U.S.\$62,400,000
PJSC Sovcombank.....	U.S.\$50,000,000

The Issuer has agreed to pay to the Joint Bookrunners a combined management, underwriting and selling commission in respect of the Notes. The Subscription Agreement entitles the Joint Bookrunners to terminate it in certain circumstances prior to payment being made to the Issuer. The Issuer has in the Subscription Agreement agreed to indemnify the Joint Bookrunners against certain liabilities incurred in connection with the issue of the Notes.

Each of the Joint Bookrunners and its respective affiliates may, from time to time in the ordinary course of their respective businesses, engage in further transactions with, and perform services for, the Issuer and its affiliates. In particular, the Joint Bookrunners and their respective affiliates have performed and expect to perform in the future various financial advisory, investment banking and commercial banking services for, and may arrange loans and other non public market financing for, and enter into derivative transactions with, the Issuer or its affiliates (including their respective shareholders) and for which they will receive customary fees.

United States

The Notes and the Guarantees (if any) have not been and will not be registered under the Securities Act and, subject to certain exceptions, may not be offered or sold within the United States.

The Notes are being offered and sold outside of the United States in reliance on Regulation S. The Subscription Agreement provides that Joint Bookrunners may directly or through their respective U.S. broker-dealer affiliates arrange for the offer and resale of Notes within the United States only to qualified institutional buyers in reliance on Rule 144A.

In addition, until 40 days after the later of the commencement of the offering of the Notes and the closing date of the offering of the Notes, an offer or sale of Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A.

United Kingdom

Prohibition of Sales to UK Retail Investors

Each Joint Bookrunner has severally represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes to any retail investor in the UK. For the purposes of this provision the expression "retail investor" means a person who is one (or more) of the following:

- (a) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA; or
- (b) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA.

Other Regulatory Restrictions

Each Joint Bookrunner has severally represented, warranted and agreed that:

- (a) **Financial promotion:** it has only communicated or caused to be communicated, and will only communicate or cause to be communicated, any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and
- (b) **General compliance:** it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

Prohibition of Sales to EEA Retail Investors

Each Joint Bookrunner has severally represented, warranted and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes to any retail investor in the EEA. For the purposes of this provision the expression "retail investor" means a person who is one (or more) of the following:

- (a) a retail client as defined in point (11) of Article 4(1) of MiFID II; or
- (b) a customer within the meaning of the IDD, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

Republic of Uzbekistan

Each Joint Bookrunner has severally represented, warranted and undertaken with the Issuer and each other Joint Bookrunner that it has not offered and will not offer the Notes for circulation, distribution, placement, sale or purchase on the territory of the Republic of Uzbekistan.

Singapore

Each Joint Bookrunner has acknowledged that this Prospectus has not been registered as a prospectus with the MAS. Accordingly, each Joint Bookrunner has severally represented, warranted and undertaken with the Issuer that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, the Prospectus or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act (Chapter 289) of Singapore, as modified or amended from time to time (the "SFA")) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor, securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:
 - (i) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
 - (ii) where no consideration is or will be given for the transfer;
 - (iii) where the transfer is by operation of law;
 - (iv) as specified in Section 276(7) of the SFA; or
 - (v) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

General

Neither the Issuer nor any Joint Bookrunner has made any representation that any action has been or will be taken in any jurisdiction by the Joint Bookrunners or the Issuer that would permit a public offering of the Notes, or possession or distribution of this Prospectus (in preliminary, proof or final form) or any other offering or publicity material relating to the Notes (including roadshow materials and investor presentations), in any country or jurisdiction where action for that purpose is required. Each Joint Bookrunner will comply to the best of its knowledge and belief in all material respects with all applicable laws and regulations in each jurisdiction in which it acquires, offers, sells or delivers Notes or has in its possession or distributes this Prospectus (in preliminary, proof or final form) or any such other material, in all cases at its own expense.

INDEPENDENT AUDITORS

The Financial Statements included elsewhere in this Prospectus have been audited by Audit Organization "PricewaterhouseCoopers" LLC of 88A, Mustqillik prospect, Mirzo-Ulukbek District, Tashkent 1000, Republic of Uzbekistan, independent accountants, as stated in their reports appearing herein.

Audit Organization "PricewaterhouseCoopers" LLC has a licence authorising audit of companies registered by the Ministry of Finance of the Republic of Uzbekistan under registration number 00780 dated 5 April 2019 and a certificate authorising audit of banks registered by the CBU under registration number 9 dated 14 February 2014.

GENERAL INFORMATION

- (1) The listing of the Notes on the Official List will be expressed as a percentage of their nominal amount (exclusive of accrued interest). It is expected that listing of the Notes on the Official List and admission of the Notes to trading on the Market will be granted on or before 5 May 2021, subject only to the issue of the Global Notes. Prior to official listing and admission to trading, however, dealings will be permitted by the London Stock Exchange in accordance with its rules. Transactions will normally be effected for delivery on the third working day after the day of the transaction. The expenses related to the admission to trading of the Notes are expected to be approximately £2,000.
- (2) The issue of the Notes was authorised by a written resolution of the sole shareholder of the Issuer dated 13 April 2021 No.2-2021 and the Supervisory Council of the Issuer's Parent Company dated 15 April 2021 No.3-2021.
- (3) The Notes have been accepted for clearance through DTC, Euroclear and Clearstream, Luxembourg.
- (4) The indication of yield in relation to the Notes is 4.85 per cent. per annum. This yield is calculated at the Closing Date on the basis of the Issue Price. It is not an indication of future yield.
- (5) The ISIN of the Regulation S Global Note is XS2330272944 and the Common Code of the Regulation S Global Note is 233027294. The ISIN of the Rule 144A Global Note is US46653NAA00, the Common Code of the Rule 144A Global Note is 233128953 and the CUSIP of the Rule 144A Global Note is 46653NAA0.
- (6) The Legal Entity Identifier is 25490082QA3E2MKBZI88.
- (7) There has been no material adverse change in the prospects of the Issuer and no significant change in the financial performance of the Issuer or the Group since 31 December 2020 and to the date of this Prospectus.
- (8) There has been no significant change in the financial position of the Issuer or the Group since 31 December 2020.
- (9) Save as disclosed in this Prospectus under "*Description of the Group—Litigation*", as at the date of this Prospectus, there are no, and have not been any, governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware), during the 12 months prior to the date of this Prospectus which may have, or have had in the recent past, a significant effect on the financial position or profitability of the Issuer or the Group.
- (10) For so long as any Notes are outstanding, copies of the following will be available for inspection on the Issuer's website (<https://www.uzautomotors.com/investors>):
 - a copy of this Prospectus along with any supplement to this Prospectus;
 - the charter documents of the Issuer; and
 - the Financial Statements, including the related independent auditor's reports in respect thereof.
- (11) For so long as any Notes are outstanding, copies of the following will be available for inspection, and may be obtained free of charge, during normal business hours on any weekday, (i) at the specified office of the Principal Paying Agent in London or (ii) electronically from the Issuer or the Principal Paying Agent:
 - the Trust Deed to be entered into with the Trustee; and

- the Paying Agency Agreement to be entered into with the paying agents and the Trustee.

This Prospectus will also be published on the website of the Regulatory News Service operated by the London Stock Exchange at <https://www.londonstockexchange.com/news?tab=news-explorer> and <https://data.fca.org.uk/#/nsm/nationalstoragemechanism>.

- (12) No natural or legal person has an interest that is material to the issue of the Notes.
- (13) The Issuer has obtained all necessary consents, approvals and authorisations in Uzbekistan in connection with its entry into, and performance of its obligations under, the Trust Deed and the Agency Agreement.
- (14) There are no material contracts entered into other than in the ordinary course of the Issuer's business, which could result in any member of the Group being under an obligation or entitlement that is material to the Issuer's ability to meet its obligations to Noteholders under the Notes.
- (15) Where information in this Prospectus has been sourced from third parties, this information has been accurately reproduced and, as far as the Issuer is aware and is able to ascertain from the information published by such third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading. The source of third-party information is identified where used.
- (16) The language of this Prospectus is English. Certain legislative references and technical terms have been cited in their original language in order that the correct technical meaning may be ascribed to them under applicable law.
- (17) The Issuer does not intend to provide any post-issuance transaction information regarding the Notes.
- (18) Citigroup Global Markets Europe AG will act as Registrar in relation to the Notes.
- (19) There are no potential conflicts of interest between any duties of the members of the administrative, management or supervisory bodies of the Issuer towards the Issuer and their private interests and/or other duties.
- (20) The Joint Bookrunners and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with and may perform services of the Issuer in the ordinary course of business. In the ordinary course of their business activities, the Joint Bookrunners and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investments and securities activities may involve securities and instruments of the Issuer.

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**JSC “UZAUTO MOTORS” (formerly known as
JSC “ GENERAL MOTORS UZBEKISTAN”)**

**International Financial Reporting Standards
Consolidated Financial Statements and
Independent Auditor’s Report**

31 December 2020

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Independent Auditor's Report

To the Shareholders and Supervisory Board of Joint Stock Company "UzAuto Motors":

Our opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Joint Stock Company "UzAuto Motors" and its subsidiaries (together – the "Group") as at 31 December 2020 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

What we have audited

The Group's consolidated financial statements comprise:

- the consolidated statement of financial position as at 31 December 2020;
- the consolidated statement of profit or loss and other comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) together with the ethical requirements of the Code of Professional Ethics for Auditors of Uzbekistan and auditor's independence requirements that are relevant to our audit of the consolidated financial statements in the Republic of Uzbekistan. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the ethical requirements of the Code of Professional Ethics for Auditors of Uzbekistan.

Responsibilities of management and those charged with governance for the consolidated financial statements

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



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

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

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

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

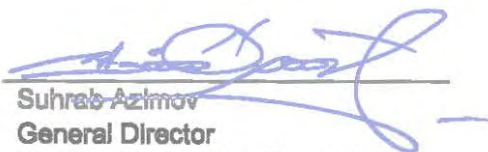
As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- 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 auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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



Suhrob Azimov
General Director
Certificate of auditor No. 05338
dated 7 November 2015

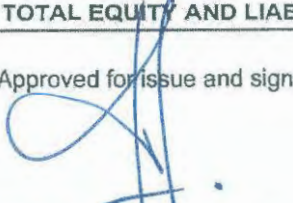
Audit Organization "PricewaterhouseCoopers" LLC

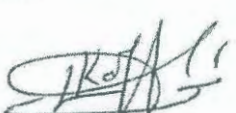
Audit Organization "PricewaterhouseCoopers" LLC
Tashkent, Uzbekistan
15 April 2021


JSC "UZAUTO MOTORS"
Consolidated Statement of Financial Position

<i>In thousands of US Dollars</i>	Notes	31 December 2020	31 December 2019
ASSETS			
Non-current assets			
Property, plant and equipment	9	325,757	306,979
Intangible assets	10	60,774	71,462
Restricted deposits	12	7,742	31,419
Bank deposits	11	86,566	5,154
Loans issued		4,162	-
Other non-current assets		1,556	3,762
Total non-current assets		486,557	418,776
Current assets			
Cash and cash equivalents	16	28,965	45,724
Restricted cash	17	88,244	111,331
Bank deposits	11	4,136	45,208
Restricted deposits	12	23,597	-
Loans issued		4,553	4,593
Trade and other receivables	14	271,172	196,186
Advances paid to suppliers	15	113,020	52,635
Inventories	13	335,905	489,637
Total current assets		869,592	945,314
TOTAL ASSETS		1,356,149	1,364,090
EQUITY			
Share capital	18	266,667	266,667
Additional paid in capital	18	131,611	131,611
Other reserves	18	88,443	88,443
Retained earnings / (Accumulated deficit)		50,040	(92,102)
Cumulative translation differences		(77,143)	(38,689)
Equity attributable to the Company's owners		459,618	355,930
Non-controlling interest		536	-
TOTAL EQUITY		460,154	355,930
LIABILITIES			
Non-current liabilities			
Borrowings	19	5,825	-
Deferred income tax liability	29	29,205	32,034
Total non-current liabilities		35,030	32,034
Current liabilities			
Borrowings	19	238,966	11,681
Trade and other payables	20	366,245	445,540
Income tax payable		6,708	-
Other taxes payables		1,252	17,169
Contract liabilities	21	234,255	500,411
Dividends payable		11,820	-
Other liabilities		1,719	1,325
Total current liabilities		860,965	976,126
TOTAL LIABILITIES		895,995	1,008,160
TOTAL EQUITY AND LIABILITIES		1,356,149	1,364,090

Approved for issue and signed on 15 April 2021.


 R. B. Rajabov
 Acting General Director
 Tashkent, Uzbekistan


 K. J. Umurzakov
 Chief Financial Officer
 Tashkent, Uzbekistan


 A. I. Yakubov
 Chief Accountant
 Tashkent, Uzbekistan

JSC "UZAUTO MOTORS"**Consolidated Statement of Profit or Loss and Other Comprehensive Income**

<i>In thousands of US Dollars</i>	Notes	2020	2019
Revenue from contracts with customers	22	2,623,554	2,798,926
Cost of sales	23	(2,255,577)	(2,291,686)
Gross profit		367,977	507,240
General and administrative expenses	24	(86,116)	(94,526)
Selling expenses	25	(56,612)	(62,275)
Net impairment losses on financial assets		(7,279)	(7,799)
Other operating income		7,361	4,609
Operating profit		225,331	347,249
Finance income	26	29,039	8,832
Finance costs	27	(18,296)	(14,466)
Net foreign exchange loss	28	(41,477)	(49,820)
Profit before income tax		194,597	291,795
Income tax expense	29	(39,920)	(35,222)
Profit for the year		154,677	256,573
Other comprehensive loss:			
<i>Items that will not be reclassified to profit or loss:</i>			
Exchange differences on translation to presentation currency		(38,454)	(34,486)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		116,223	222,087
Profit is attributable to:			
- Owners of the Company		154,141	256,573
- Non-controlling interest		536	-
Profit for the year		154,677	256,573
Total comprehensive income is attributable to:			
- Owners of the Company		115,687	222,087
- Non-controlling interest		536	-
Total comprehensive income for the year		116,223	222,087

The accompanying notes on pages 5 to 43 are an integral part of these financial statements

JSC "UZAUTO MOTORS"
Consolidated Statement of Changes in Equity

	Attributable to owners of the Company					Non-con- trolling interest	Total
	Share capital	Additional paid in capital	Other reserves	Cumulative translation differences	Retained earnings / (Accumulated deficit)		
<i>In thousands of US Dollars</i>							
Balance at 1 January 2019	266,667	131,611	88,443	(4,203)	(348,675)	-	133,843
Profit for the year	-	-	-	-	256,573	-	256,573
Other comprehensive loss for the year	-	-	-	(34,486)	-	-	(34,486)
Total comprehensive income for the year	-	-	-	(34,486)	256,573	-	222,087
Balance at 31 December 2019	266,667	131,611	88,443	(38,689)	(92,102)	-	355,930
Profit for the year	-	-	-	-	154,141	536	154,677
Other comprehensive loss for the year	-	-	-	(38,454)	-	-	(38,454)
Total comprehensive income for the year	-	-	-	(38,454)	154,141	536	116,223
Dividends declared	-	-	-	-	(11,999)	-	(11,999)
Balance at 31 December 2020	266,667	131,611	88,443	(77,143)	50,040	536	460,154

The accompanying notes on pages 5 to 43 are an integral part of these financial statements

JSC "UZAUTO MOTORS"
Consolidated Statement of Cash Flows

<i>In thousands of US Dollars</i>	Notes	2020	2019
Cash flows from operating activities			
Profit before income tax		194,597	291,795
<i>Adjustments for:</i>			
Depreciation of property, plant and equipment	9	37,363	48,618
Amortisation of intangible assets	10	5,641	6,118
Losses from disposal of property, plant and equipment and intangibles		430	11,855
Allowances for bad and doubtful accounts		7,279	7,862
Net foreign exchange loss	28	41,477	49,820
Finance income	26	(29,039)	(8,832)
Finance costs	27	18,296	14,466
Other non-cash operating income		(775)	(485)
Other non-cash operating costs		140	2,376
Operating cash flows before working capital changes		275,409	423,593
Net (increase)/decrease in:			
- Trade and other receivables		(77,127)	(182,114)
- Advances paid to suppliers		(60,385)	(29,343)
- Inventories		154,367	(58,595)
- Restricted deposits		126	(13,202)
- Restricted cash		30,373	(45,177)
- Other non-current assets		2,206	(1,985)
Net increase/(decrease) in:			
- Trade and other payables		(132,519)	(66,186)
- Contract liabilities		(266,156)	280,780
- Taxes and related charges payable		(15,917)	10,106
- Other liabilities		(302)	815
Operating cash flows after working capital changes		(89,925)	318,692
Interest paid on borrowings	19	(5,786)	(10,816)
Interest paid on trade payables		(9,398)	(3,192)
Interest received		14,037	3,359
Income tax paid		(33,071)	(49,133)
Net cash (used in)/from operating activities		(124,143)	258,910
Cash flows from investing activities			
Purchase of property, plant and equipment		(88,189)	(18,717)
Proceeds from sale of property, plant and equipment		1,486	1,748
Purchase of intangible assets		(1,394)	-
Loans issued		(4,489)	-
Repayment of loans issued		-	1,894
Bank deposits placements		(90,034)	(32,703)
Proceeds from bank deposits matures		65,895	20,490
Net cash used in investing activities		(116,725)	(27,288)
Cash flows from financing activities			
Proceeds from borrowings	19	345,057	-
Repayment of borrowings	19	(112,405)	(212,282)
Net cash from/ (used) in financing activities		232,652	(212,282)
Effect of exchange rate changes on cash and cash equivalents	28	5,537	(1,085)
The effect of translation to presentation currency		(14,080)	1,307
Net (decrease)/increase in cash and cash equivalents		(16,759)	19,562
Cash and cash equivalents at the beginning of the year		45,724	26,162
Cash and cash equivalents at the end of the year		28,965	45,724

The accompanying notes on pages 5 to 43 are an integral part of these financial statements

1 JSC “UzAuto Motors” and its Operations

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards for the year ended 31 December 2020 for JSC “UzAuto Motors” (the “Company”) and its subsidiaries (collectively the “Group”).

The Company was established on 21 February 2008, based on Decree of President of the Republic of Uzbekistan № PP-800 in the form of joint stock company (the “JSC”) and is domiciled in Uzbekistan. The Company changed its name from JSC “General Motors Uzbekistan” to JSC “UzAuto Motors” effective from 1 July 2019.

In October 2017, JSC “Uzavtosanoat” (the “Parent Company”) and General Motors Company, USA (“GM”) agreed to create the GM Uzbekistan Alliance, which is a new cooperation platform that meets the needs of the growing Uzbekistan automotive industry. GM Uzbekistan Alliance will also provide an access to GM’s automotive technologies and know-how. Within the GM Uzbekistan Alliance, the Parent Company will assume full control over operating activity in the production of cars and car engines, including the promotion of automobiles under Ravon brand, which are also sold in export markets. On 25 August 2020, the Parent Company agreed to create “UzAuto Passenger Vehicles Management” LLC which is an immediate Parent Company of the Group (the “Immediate Parent Company”). The Immediate Parent Company is the sole shareholder of the Company.

The Parent Company is the state-owned company, which is the dominant controlling body (equivalent of a government Ministry) of the automotive industry within the Republic of Uzbekistan.

Principal activity

The Company’s principal business activity is the manufacture of vehicles and starting from 2019 sale of imported automobiles. The Company sells vehicles and spare parts under the brands of Chevrolet and Ravon in Uzbekistan and certain CIS countries, particularly Kazakhstan.

Registered address and place of business

The Company’s registered address is 81 Xumo Street, Asaka, Andijan region, Republic of Uzbekistan. The Company’s manufacturing facilities are primarily based in Asaka (Andijan Region), Pitnak (Khorezm Region) and Tashkent, Uzbekistan. Ten automobile models under the Chevrolet and Ravon brands were produced in these facilities during 2020 and 2019. The maximum production capacity of the Company is approximately 370 thousand vehicles annually (i.e. Asaka - 300 thousand, Pitnak - 60 thousand and Tashkent - 10 thousand units).

As at 31 December 2020 and 2019, the Company had in total 11,225 and 10,904 employees, respectively.

Presentation currency

These consolidated financial statements are presented in US Dollars, unless otherwise stated.

2 Operating Environment of the Group

The Republic of Uzbekistan

The Uzbekistan economy continues to display characteristics of an emerging market, including but not limited to, a currency that is not freely convertible outside of the country and a low level of liquidity in debt and equity markets.

Economic stability in Uzbekistan is largely dependent upon the effectiveness of economic measures undertaken by the Government of Uzbekistan, together with other legal, regulatory and political developments, all of which are beyond the Group’s control.

The Group’s financial position and operating results will continue to be affected by future political and economic developments in Uzbekistan including the application and interpretation of existing and future legislation and tax regulations, which greatly impact Uzbek automotive markets and the economy overall.

Management is taking necessary measures to ensure sustainability of the Group’s operations, however the management is unable to predict the effectiveness and continuity of such political and economic developments and their impact, if any, on the consolidated financial statements of the Group.

2 Operating Environment of the Group (Continued)

Uzbekistan experienced the following key economic indicators in 2020:

- Official exchange rate as at 31 December 2020: US Dollar 1 per Uzbek Soums 10,476.92 (31 December 2019: US Dollar 1 per Uzbek Soums 9,507.56).
- Inflation: 11.1% (2019: 14.4%).
- GDP growth: 1.6% (2019: 5.1%).
- Refinancing rate of the Central Bank of Uzbekistan: 14-15% (2019: 16%).

On 12 March 2020, the World Health Organisation declared the outbreak of COVID-19 a global pandemic. In response to the pandemic, the Uzbek authorities implemented numerous measures attempting to contain the spreading and impact of COVID-19, such as travel bans and restrictions, quarantines, shelter-in-place orders and limitations on business activity, including closures. These measures have, among other things, severely restricted economic activity in Uzbekistan and have negatively impacted, and could continue to negatively impact businesses, market participants, clients of the Group, as well as the Uzbek and global economy for an unknown period of time.

The Government of Uzbekistan has been taking steps in order to minimize the negative impact of the outbreak on the economy, particularly initiating tax incentives from fixed income tax and social insurance payments for business owners throughout the lockdown period, tax inspection moratorium until the end of 2020, anti-crisis fund in the amount of 10 trillion Uzbekistani Soum (more than 1 billion US Dollars) were formed in order to ease the negative impact of coronavirus. Starting from September certain lockdown restrictions have been eased. Despite the easing of lockdown restrictions, certain measures have been taken to limit the spread of coronavirus, such as mandatory wearing of masks and maintaining social distance.

On 14 December 2020 a new COVID-19 strain was announced in the United Kingdom. Since the first detection of VOC-202012/01 (a variation of coronavirus), British strain of coronavirus has been identified in more than 60 countries worldwide and it was noted that the virus was spreading faster than the previously known strains according to the World Health Organization. On 23 January 2021 the first case of British variant of coronavirus was detected in Uzbekistan. The Uzbek authorities in an attempt to contain the spread and impact of VOC-202012/01 began to impose travel bans to countries where the number of new cases of coronavirus has sharply increased.

Persistent COVID-19 disruptions at the local and international levels have tempered prospects for a quick recovery in 2021 as stated by the World Bank. The international rating agency's Moody's 2021 outlooks for global automotive manufacturers are stable, driven by the expectations that global car sales will rebound from the trough of 2020. The recovery will be uneven and will take until mid-decade to reach the previous cyclical peak achieved in 2018. Nevertheless, Uzbekistan's outlook remains positive as reforms continue to shift the economy toward greater resource efficiency and private sector growth. GDP growth is projected to be 4.3% in 2021. Uzbekistan is the only country in Central Asia expected to have positive economic growth according to USAID's Future Growth Initiative project.

These events have impacted all businesses in Uzbekistan, however, this is still an evolving situation at the time of issuing these consolidated financial statements, to date the pandemic has not had significant impact on the Group's sales or supply chain, liquidity, solvency and other financial performance indicators, however the future effects cannot be predicted. The main impact on the Group's performance was the increased cost of imported inventory due to weakening of Uzbek Soum and decrease in revenue upon translation the results to the presentation currency, as the Group's revenue is principally generated by sales in the domestic market, which are made in Soum. Second, the Group obtained new tranches under a credit line issued by JSCB “Asaka” with a purpose of settling current trade payables primarily with the Group's foreign suppliers. One other COVID-19-related factor that may impact the Group is that there has been a sharp increase in demand for computer and medical equipment as a result of the pandemic. Accordingly, manufacturers of semiconductor chips used in the production of passenger cars have reoriented their supply chains to the consumer electronics and medical sectors. As a result, a shortage of semiconductor chips is affecting car manufactures and decreasing the volume of cars they are able to produce. To date, the impact on the Group has been limited and its production retains a six-week supply of microchips. The Group continues to work closely with GM in order to resolve this issue and believes that microchips can be transported quickly via air shipments with low cost once they become more generally available.

After all, the volume of vehicle sales increased by almost fourteen thousand vehicles in 2020 compared to 2019, given the Group's strong position in the local market, demand for new vehicles despite the Covid-19 pandemic and temporary limited special offers on a number of its models.

2 Operating Environment of the Group (Continued)

To address the impact of COVID-19, management has taken a number of measures to ensure the sustainability of the Group's operations and to support its customers and employees. In particular:

- part of the Group's administrative function worked from home while production employees worked on a rotational basis during the quarantine regime and the Asaka plant moved to single shift production from April to August 2020, although the loss of production was subsequently recovered;
- the Group expanded its digital services through online sales and on-line queue tracking options through application; and
- in accordance with government policy, the Group introduced strict quarantine rules for its plants, including a temperature checking regime.

The car dealers used by the Group also introduced new sales methods to support sales volumes, including by establishing special retail locations in large shopping malls and making door-to-door delivery of purchased vehicles rather than requiring them to be collected.

Further, the Group introduced additional purchase options to stimulate demand during and after the quarantine, including advancing car loans in cooperation with commercial banks and permitting payment by instalments.

The future effects of the current economic situation and the above measures are difficult to predict, and management's current expectations and estimates could differ from actual results. Management will continue to monitor the potential impact and will take all steps possible to mitigate any effects.

3 Significant Accounting Policies

Basis of preparation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") under the historical cost convention, except for the initial recognition of financial instruments based on fair value. The principal accounting policies applied in the preparation of these consolidated financial statements are set out below and these policies have been consistently applied to all the periods presented, unless otherwise stated.

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

Consolidated financial statements

The Group consists of the Company and its six subsidiaries: "Kurgontepa Tibbiyot Diagnostika Markazi" LLC, "Khonobod Sihatgohi" LLC, "Grand Auto Palace" LLC, "Uzlogistic" LLC, "Research and Development Center" LLC and "Avtosanoat Injiniring" LLC.

Subsidiaries are those investees that the Group controls because the Group (i) has power to direct the relevant activities of the investees that significantly affect their returns, (ii) has exposure, or rights, to variable returns from its involvement with the investees, and (iii) has the ability to use its power over the investees to affect the amount of the investor's returns.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated; unrealised losses are also eliminated unless the cost cannot be recovered. The Company and all of its subsidiaries use uniform accounting policies consistent with the Group's policies.

Foreign currency translation

The functional currency of each of the Group's consolidated entities is the currency of the primary economic environment in which the entity operates. The functional currency of the Company and its subsidiaries is the national currency of the Republic of Uzbekistan, Uzbek Soums ("UZS"). However, the Group presents these consolidated financial statements in US dollars (the presentation currency) as management believes the majority of users of these consolidated financial statements are foreign suppliers of raw materials and overall financial condition of the Group is better presented in a hard currency (USD) rather than Uzbek Soums for these users.

3 Significant Accounting Policies (Continued)

Transactions and balances

Monetary assets and liabilities in foreign currencies are translated into the Group's functional currency at the official exchange rate of the Central Bank of Uzbekistan ("CBU") at the respective end of the reporting period. Foreign exchange gains and losses resulting from the settlement of the transactions and from the translation of monetary assets and liabilities into the Group's functional currency at year-end official exchange rates of the CBU are recognised in profit or loss and presented as a separate line - 'Net foreign exchange gain/(loss)' below operating profit.

The results and financial position of each Group entity for the current reporting period are translated into the presentation currency as follows:

- (i) assets and liabilities in each statement of financial position are translated at the closing rate at the end of the respective reporting period;
- (ii) income and expenses are translated at the average exchange rates which was 1 US Dollar per Uzbek Soums 10,055.78 for the reporting period (2019: 1 US Dollar per Uzbek Soums 8,839.03);
- (iii) components of equity are translated at the historic rate; and
- (iv) all resulting exchange differences are recognised in other comprehensive income.

Property, plant and equipment

Property, plant and equipment are stated at cost, less accumulated depreciation and provision for impairment, where required. Property, plant and equipment includes assets under construction for future use as property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Costs of minor repairs and day-to-day maintenance are expensed when incurred. Cost of replacing major parts or components of property, plant and equipment items are capitalised and the replaced part is retired. At the end of each reporting period, management assesses whether there is any indication of impairment or reversal of impairment of property, plant and equipment. If any such indication exists, management estimates the recoverable amount, which is determined as the higher of an asset's fair value less costs of disposal and its value in use. The carrying amount is reduced to the recoverable amount and the impairment loss is recognised in profit or loss for the year. An impairment loss recognised for an asset in prior years is reversed where appropriate if there has been a change in the estimates used to determine the asset's value in use or fair value less costs of disposal.

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

Depreciation

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives:

	Useful lives in years
Buildings and improvements	7 - 30
Machinery and equipment	5 - 25
Motor vehicles	5
Computer and office equipment	5 - 7

The residual value of an asset is the estimated amount that the Group would currently obtain from the disposal of the asset less the estimated costs of disposal, if the asset was already of the age and in the condition expected at the end of its useful life. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

3 Significant Accounting Policies (Continued)

Intangible assets

The Group's intangible assets have definite useful lives and are subsequently carried at cost less accumulated amortisation and impairment losses and primarily include capitalised trademarks (rights and know-how) and computer software licences. Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring them to use. They have a finite useful life and are subsequently carried at cost less accumulated amortisation and impairment losses.

Rights and know-how were granted by GM in accordance with the Trademark License Agreement entered by the Group. They mainly consist of the following:

- A non-exclusive, non-transferable and royalty free license to manufacture car models designed by GM and its affiliates and distribute them in Uzbekistan and some other export territories;
- Right to use GM's certain trademarks such as "General Motors", "GM", "Chevrolet", Chevrolet emblem, Captiva;
- Know-how in relation with access to GM's certain internal systems and processes such as purchasing, manufacturing quality control, distribution and others.

Intangible assets are amortised using the straight-line method over their useful lives:

	Useful lives in years
Rights and know-how	25
Software and others	3 - 5

If impaired, the carrying amount of intangible assets is written down to the higher of value in use and fair value less costs of disposal.

Impairment of non-financial assets

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

Financial instruments – key measurement terms

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

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

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

3 Significant Accounting Policies (Continued)

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

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

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

Financial instruments – initial recognition

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

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

Financial assets – classification and subsequent measurement – measurement categories

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

Financial assets – classification and subsequent measurement – business model

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

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

3 Significant Accounting Policies (Continued)

Financial assets – classification and subsequent measurement – cash flow characteristics

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

Where the contractual terms introduce exposure to risk or volatility that is inconsistent with a basic lending arrangement, the financial asset is classified and measured at FVTPL. The SPPI assessment is performed on initial recognition of an asset and it is not subsequently reassessed.

Financial assets – reclassification

Financial instruments are reclassified only when the business model for managing the portfolio as a whole changes. The reclassification has a prospective effect and takes place from the beginning of the first reporting period that follows after the change in the business model.

Financial assets impairment – credit loss allowance for ECL

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

Debt instruments measured at AC, trade receivables and loans issued are presented in the consolidated statement of financial position net of the allowance for ECL. For loan commitments and financial guarantees, a separate provision for ECL is recognised as a liability in the consolidated statement of financial position. For debt instruments at FVOCI, movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses, which are recognised in profit or loss.

The Group applies the IFRS 9 simplified model of recognising lifetime expected credit losses for trade and other receivables. For other financial assets the Group applies a three stage model for impairment, based on changes in credit quality since initial recognition. A financial instrument that is not credit-impaired on initial recognition is classified in Stage 1. Financial assets in Stage 1 have their ECL measured at an amount equal to the portion of lifetime ECL that results from default events possible within the next 12 months or until contractual maturity, if shorter (“12-Months ECL”). If the Group identifies a significant increase in credit risk (“SICR”) since initial recognition, the asset is transferred to Stage 2 and its ECL is measured based on ECL on a lifetime basis, that is, up until contractual maturity but considering expected prepayments, if any (“Lifetime ECL”). If the Group determines that a financial asset is credit-impaired, the asset is transferred to Stage 3 and its ECL is measured as a Lifetime ECL. For financial assets that are purchased or originated credit-impaired (“POCI Assets”), the ECL is always measured as a Lifetime ECL.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of financial assets, except for:

- a) POCI financial assets, for which the original credit-adjusted effective interest rate is applied to the amortised cost of the financial asset.
- b) Financial assets that are not ‘POCI’ but have subsequently become credit-impaired (or ‘Stage 3’), for which interest revenue is calculated by applying the effective interest rate to their amortised cost (i.e. net of the expected credit loss provision).

Note 14 provide information about inputs, assumptions and estimation techniques used in measuring ECL, including an explanation of how the Group incorporates forward-looking information in the ECL models.

3 Significant Accounting Policies (Continued)

Financial assets – write-off

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

Financial assets – derecognition

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

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

Financial liabilities – measurement categories

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

Financial liabilities – derecognition

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

An exchange between the Group and its original lenders of debt instruments with substantially different terms, as well as substantial modifications of the terms and conditions of existing financial liabilities, are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability. In addition, other qualitative factors, such as the currency that the instrument is denominated in, changes in the type of interest rate, new conversion features attached to the instrument and change in loan covenants are also considered. If an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are amortised over the remaining term of the modified liability.

Modifications of liabilities that do not result in extinguishment are accounted for as a change in estimate using a cumulative catch up method, with any gain or loss recognised in profit or loss, unless the economic substance of the difference in carrying values is attributed to a capital transaction with owners.

Offsetting financial instruments

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

3 Significant Accounting Policies (Continued)

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less. Cash and cash equivalents are carried at AC because: (i) they are held for collection of contractual cash flows and those cash flows represent SPPI, and (ii) they are not designated at FVTPL. Features mandated solely by legislation, such as the bail-in legislation in certain countries, do not have an impact on the SPPI test, unless they are included in contractual terms such that the feature would apply even if the legislation is subsequently changed. Restricted balances are excluded from cash and cash equivalents for the purposes of the cash flow statement. Balances restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period are included in other non-current assets.

Restricted deposits

Restricted deposits include deposits held with banks and highly liquid investments with original maturities of more than three months that are restricted from being exchanged or used to settle a liability. Balances restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period are included in ‘Restricted deposits’ in non-current assets.

Trade and other receivables

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

Trade and other payables

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

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred and are subsequently carried at AC using the effective interest method.

Financial guarantees

Financial guarantees require the Group to make specified payments to reimburse the holder of the guarantee for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. Financial guarantees are initially recognised at their fair value, which is normally evidenced by the amount of fees received. This amount is amortised on a straight line basis over the life of the guarantee. At the end of each reporting period, the guarantees are measured at the higher of (i) the amount of the loss allowance for the guaranteed exposure determined based on the expected loss model and (ii) the remaining unamortised balance of the amount at initial recognition. In addition, an ECL loss allowance is recognised for fees receivable that are recognised in the consolidated statement of financial position as an asset.

Taxation

Per Presidential Decree No. 800 dated 21 February 2008, the Company was exempt from the following taxes and mandatory contributions up until 31 December 2018:

- Corporate income tax;
- Value added tax;
- Property tax;
- Land tax;
- Water tax (on the ground);
- Contributions to state funds for social infrastructure; and
- Contributions to the Republican Road Fund.

3 Significant Accounting Policies (Continued)

With effect from 1 January 2019, certain tax exemptions that had been granted to the Company were withdrawn and, on 1 October 2019, the Company's exemption from VAT was also withdrawn.

Income taxes

Income taxes have been provided for in the consolidated financial statements in accordance with legislation enacted or substantively enacted by the end of the reporting period. The income tax (expense) credit comprises current tax and deferred tax and is recognised in profit or loss for the year.

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

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

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

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

Value added tax

Output value added tax related to sales is payable to tax authorities on the earlier of (a) collection of receivables from customers or (b) delivery of goods or services to customers. Input VAT is generally recoverable against output VAT upon receipt of the VAT invoice. The tax authorities permit the settlement of VAT on a net basis. VAT related to sales and purchases is recognised in the consolidated statement of financial position on a gross basis and disclosed separately as an asset and a liability.

Where provision has been made for ECL of receivables, the impairment loss is recorded for the gross amount of the debtor, including VAT.

Inventories

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

Advances paid to suppliers

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

3 Significant Accounting Policies (Continued)

Share capital

Ordinary shares are classified as equity. Contributions made to share capital in the form of tangible and intangible assets are recognised at their fair value at the time of contribution. Any excess of the fair value of consideration received over the par value of shares issued is recorded as additional paid-in capital in equity.

Dividends

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

Other reserves

Other reserves comprise the amount that the Company used to retain (annually 5% of net profits) until the size of such reserves reached as a minimum 15% of the amount of the Share Capital in accordance with article № 9 of the charter of the Group that could be used only to cover losses for a period, to pay corporate bonds and to repurchase its own shares.

Provisions for liabilities and charges

Provisions for liabilities and charges are non-financial liabilities of uncertain timing or amount. They are accrued when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as an interest expense within finance costs.

Levies and charges, such as taxes other than income tax or regulatory fees based on information related to a period before the obligation to pay arises, are recognised as liabilities when the obligating event that gives rise to pay a levy occurs, as identified by the legislation that triggers the obligation to pay the levy. If a levy is paid before the obligating event, it is recognised as a prepayment.

Contract liabilities

Contract liabilities are recognised when cash is received on goods that are to be delivered in the future periods. Contract liabilities are recorded as liability on a consolidated statement of financial position, and as the goods are delivered to customers over time, they are recognised as revenue on the consolidated statement of profit or loss.

Product warranty

The estimated costs related to product warranties are accrued at the time the products are sold. These estimates are established using historical information on the nature, frequency and average cost of claims of each model. The product warranty is available within 3 year or 100,000 km after the sale (whichever comes first). Revisions are made when necessary based on changes in these factors. Under terms of export contracts, warranty liability for export sales are born by foreign distributors.

Revenue recognition

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

Revenue is recognised net of discounts, returns, excise tax and value added taxes.

3 Significant Accounting Policies (Continued)

Sales of goods

Sales are recognised when control of the goods has transferred, being when the goods are delivered to the customer, the customer has full discretion over the goods, and there is no unfulfilled obligation that could affect the customer's acceptance of the goods. For domestic car sales, delivery occurs at dealers' offices once cars are released to the final customers and the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the goods in accordance with the contract or the acceptance provisions have lapsed. For domestic spare parts sales, this occurs when the goods are dispatched at the Group's warehouses whereas, for all export sales, this occurs at the customs declaration at Uzbekistan's borders.

Revenue from sales is recognised based on the price specified in the contract.

Mainly, there is no element of financing deemed present as the sales are made with full prepayment terms in accordance with local legislation. However, during 2020 and 2019, certain domestic sales have been carried out on instalment terms. On these sales, revenue has been recognised at fair value of sales proceeds which is the net present value of future consideration.

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

Interest income

Interest income is recorded for all debt instruments on an accrual basis using the effective interest method. This method defers, as part of interest income, all fees received between the parties to the contract that are an integral part of the effective interest rate, all other premiums or discounts.

Employee benefits

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

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Group's chief operating decision maker. The chief operating decision-maker is responsible for allocating resources and assessing performance of the operating segments. Reportable segments whose revenue, result or assets are ten percent or more of all the segments are reported separately.

4 Critical Accounting Estimates and Judgements in Applying Accounting Policies

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

Going concern

Management prepared these consolidated financial statements on a going concern basis. In making this judgement management considered the Group's financial position, current intentions, profitability of operations and access to financial resources, and analysed the impact of macro-economic developments on the operations of the Group.

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

In late 2019 and 2020, the COVID-19 (Coronavirus) has spread globally which has forced the countries to implement strong quarantine measures during the first half of 2020 and its negative impact has gained momentum in many industries including automotive industry. Accordingly, as per the international rating agency Moody's the coronavirus-driven downturn in global unit sales was significantly worse than the 2009 decline. Although the management considers that the spread of the virus has not had direct significant negative impact to the Group's operational activities during the reporting period, there is still risk that the spread could have negative impact on the operational activities of the Group's suppliers and customers which might eventually have an indirect negative impact on the Group's going concern issue.

The above-mentioned events, nevertheless, do not preclude the management to prepare these consolidated financial statements on a going concern basis, as the management identifies the following events that allow management to use the going concern assumption when preparing these consolidated financial statements:

- The Group mainly generates its revenue from sales to domestic market (93-96% of total revenue) which has not been significantly affected by the pandemic. The spread of the virus in the Republic of Uzbekistan has been moderately regulated and managed by the government, therefore, it is not expected to lead to significant decreases of demand in the domestic market;
- The Group is strategically important for the government as it employs more than ten thousand employees. Therefore, the government continuously supports the Group by preventing other manufacturers entering the domestic market with high custom duties on import cars and other means. Certain tax exemptions applicable for the Group in 2019 and 2020 are another contributing factor in favour of the government support of the Group's operations. This allows the Group to significantly benefit from its monopolist position in domestic market.
- Due to the Group's strategic importance for the state, the Group has access to low cost financing from the Parent Company as disclosed in Note 19.
- Furthermore, the volume of vehicle sales increased by almost fourteen thousand vehicles in 2020 compared to 2019, driven by robust underlying demand from a relatively under-realised automobile market in Uzbekistan.

Thus, the Group sees its activities as going concern and continuing to be in the foreseeable future. The Group has neither the intention nor the need to liquidate or significantly reduce the scale of its operations. The directors believe that there are no material uncertainties that may cast significant doubt on the Group's ability to continue as a going concern, and, as a result, these consolidated financial statements have been prepared under the going concern basis of accounting.

Useful lives of property, plant and equipment

The estimation of the useful lives of items of property, plant and equipment is a matter of judgment based on the experience with similar assets. The future economic benefits embodied in the assets are consumed principally through use. However, other factors, such as technical or commercial obsolescence and wear and tear, often result in the diminution of the economic benefits embodied in the assets. Management assesses the remaining useful lives in accordance with the current technical conditions of the assets and estimated period during which the assets are expected to earn benefits for the Group. The following primary factors are considered: (a) the expected usage of the assets; (b) the expected physical wear and tear, which depends on operational factors and maintenance programme; and (c) the technical or commercial obsolescence arising from changes in market conditions.

ECL measurement

Measurement of ECLs is a significant estimate that involves determination methodology, models and data inputs. Details of ECL measurement methodology are disclosed in Note 14. The following components have a major impact on credit loss allowance: definition of default, significant increase in credit risk ("SICR"), probability of default ("PD"), exposure at default ("EAD"), and loss given default ("LGD"), as well as models of macro-economic scenarios. The Group regularly reviews and validates the models and inputs to the models to reduce any differences between expected credit loss estimates and actual credit loss experience.

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

Despite significant and rapid changes in the economic environment, the Group did not experience any severe impact on Trade Receivables, Loans Issued and Cash and Cash Equivalents due to the following reasons:

- Sales are mainly carried out under the terms of full and partial payment in advance that reduces exposure to credit risk. The outstanding balance of Trade Receivables is mainly represented by the sales made on instalment basis where 50% or 75% of the contract amount is received by the Group upon receiving the customer's order and 50% or 25% during 12-24 months. These sales contracts are secured by the insurance company which bears the risk of customer default for the total amount of outstanding payments under the instalment agreement.
- Cash and Cash Equivalents are mainly held in a local bank JSCB "Asaka" which has a minimum risk of default, as the bank has obtained B2 rating (Moody's).
- The amounts of Loans issued balances represent corporate loans issued mainly to domestic spare part suppliers represented by the Group's related parties with no history of default.

5 Adoption of New or Revised Standards and Interpretations

COVID-19-Related Rent Concessions Amendment to IFRS 16 issued on 28 May 2020 and effective for annual periods beginning on or after 1 June 2020

The amendment provides lessees with relief in the form of an optional exemption from assessing whether a rent concession related to COVID-19 is a lease modification. Lessees can elect to account for rent concessions in the same way as if they were not lease modifications. The practical expedient only applies to rent concessions occurring as a direct consequence of the COVID-19 pandemic and only if all of the following conditions are met: the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change; any reduction in lease payments affects only payments due on or before 30 June 2021; and there is no substantive change to other terms and conditions of the lease.

The following amended standards became effective from 1 January 2020, but did not have any material impact on the Group:

- Amendments to the Conceptual Framework for Financial Reporting (issued on 29 March 2018 and effective for annual periods beginning on or after 1 January 2020).
- Definition of a business – Amendments to IFRS 3 (issued on 22 October 2018 and effective for acquisitions from the beginning of annual reporting period that starts on or after 1 January 2020).
- Definition of materiality – Amendments to IAS 1 and IAS 8 (issued on 31 October 2018 and effective for annual periods beginning on or after 1 January 2020).
- Interest rate benchmark reform - Amendments to IFRS 9, IAS 39 and IFRS 7 (issued on 26 September 2019 and effective for annual periods beginning on or after 1 January 2020).

6 New Accounting Pronouncements

Certain new standards and interpretations have been issued that are mandatory for the annual periods beginning on or after 1 January 2021 or later, and which the Group has not early adopted.

- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28 (issued on 11 September 2014 and effective for annual periods beginning on or after a date to be determined by the IASB).
- IFRS 17 "Insurance Contracts"(issued on 18 May 2017 and effective for annual periods beginning on or after 1 January 2021).
- Classification of liabilities as current or non-current – Amendments to IAS 1 (issued on 23 January 2020 and effective for annual periods beginning on or after 1 January 2022).
- Classification of liabilities as current or non-current, deferral of effective date – Amendments to IAS 1 (issued on 15 July 2020 and effective for annual periods beginning on or after 1 January 2023).
- Proceeds before intended use, Onerous contracts – cost of fulfilling a contract, Reference to the Conceptual Framework – narrow scope amendments to IAS 16, IAS 37 and IFRS 3, and Annual Improvements to IFRSs 2018-2020 – amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41 (issued on 14 May 2020 and effective for annual periods beginning on or after 1 January 2022).
- Amendments to IFRS 17 and an amendment to IFRS 4 (issued on 25 June 2020 and effective for annual periods beginning on or after 1 January 2023).
- Interest rate benchmark (IBOR) reform – phase 2 amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 (issued on 27 August 2020 and effective for annual periods beginning on or after 1 January 2021).

The Group is currently assessing the impact of the above amendments on its consolidated financial statements. Unless otherwise described above, the new standards and interpretations are not expected to affect significantly the Group's consolidated financial statements.

7 Segment Information

(a) Description of segments and principal activities

The Group's Executive Board examines the Group's performance from a product and geographic perspective and has identified three reportable segments of its business:

- Local production – this part of the business manufactures and sells automobiles in Uzbekistan and certain CIS countries. The Board monitors the performance in those two regions separately.
- Single Unit Pack (SUP basis) – since late 2019, the Group started to sell imported automobiles on a local market. The assortment includes following Chevrolet models: Trailblazer, Equinox, Malibu, Traverse, Tahoe and Tracker which are imported from Thailand, China, Republic of Korea and USA.
- Semi-Knocked Down (SKD basis) – import of sets of partly put together parts with a final assembling on the Group's production facilities for sale to customers. The Group ended the SKD basis of production at the end of 2019.
- All other segments – manufacturing and sale of spare parts in Uzbekistan and certain CIS countries and subsidiaries activities are not reportable operating segments, as they are not separately included in the reports provided to the Executive Board. The results of these operations are included in the 'other' column.

The Executive Board primarily uses a measure of profit before tax to assess the performance of the operating segments. However, the Executive Board also receives information about the segments' revenue and assets on a monthly basis. Information about segment revenue is disclosed in Note 22.

7 Segment Information (Continued)

The Board reviews financial information prepared based on local accounting standards adjusted to meet the requirements of internal reporting. Such financial information differs in certain aspects from International Financial Reporting Standards:

- Deferred income taxes liabilities are not recognized;
- Future instalment consideration is not discounted;
- Capitalization of certain expenses i.e., engineering services;
- Receivables provisions are recognized based on the Board judgment and availability of information rather than based on ECL model prescribed in IFRS 9.

(b) Factors that management used to identify the reportable segments

The Group's segments focus on different customers. They are managed separately because each business unit requires different marketing strategies and service levels.

(c) Segment assets and liabilities

Assets and liabilities are allocated based on the operations of the segment.

Segment information for the reportable segments as of 31 December 2020 is set out below:

<i>In thousands of US Dollars</i>	Local car production	SUP	SKD	Other	Eliminations	Total
Property, plant and equipment	229,990	9,221	3,146	43,800	-	286,157
Intangible assets	60,549	105	120	-	-	60,774
Restricted deposits	93,920	1,692	-	-	-	95,612
Loans issued	34,369	-	-	-	-	34,369
Other non-current assets	36,769	-	-	19,307	(142)	55,934
Cash and cash equivalents	25,921	1,218	189	781	-	28,109
Restricted cash	88,244	-	-	-	-	88,244
Trade and other receivables	49,640	137,309	109,360	3,934	(6,350)	293,893
Advances paid to suppliers	108,955	13,654	48	34,336	(32,626)	124,367
Inventories	188,016	49,284	65,540	4,847	-	307,687
Interbranch receivables	261,449	-	-	-	(261,449)	-
Total reportable segment assets	1,177,822	212,483	178,403	107,005	(300,567)	1,375,146
Borrowings	242,893	-	-	3,980	-	246,873
Trade and other payables	311,023	1,187	12,024	-	(6,350)	317,884
Income tax payable	6,185	523	-	-	-	6,708
Other taxes payables	1,252	-	-	-	-	1,252
Advances received	208,119	11,451	1	54,386	(32,626)	241,331
Other liabilities	11,829	-	-	-	-	11,829
Interbranch payables	261,449	-	-	-	(261,449)	-
Total reportable segment liabilities	1,042,750	13,161	12,025	58,366	(300,425)	825,877

7 Segment Information (Continued)

Segment information for the reportable segments as of 31 December 2019 is set out below:

<i>In thousands of US Dollars</i>	Local car production	SUP	SKD	Other	Elimina- tions	Total
Property, plant and equipment	292,616	-	3,043	7,279	-	302,938
Intangible assets	71,282	-	180	-	-	71,462
Restricted deposits	67,792	-	-	-	-	67,792
Loans issued	17,595	-	-	-	-	17,595
Other non-current assets	6,723	-	9,906	-	(7,546)	9,083
Cash and cash equivalents	45,645	-	61	18	-	45,724
Restricted cash	111,331	-	-	-	-	111,331
Trade and other receivables	59,119	-	161,098	-	(39)	220,178
Advances paid to suppliers	56,256	-	420	-	-	56,676
Inventories	421,147	14,332	55,340	153	-	490,972
Interbranch receivables	248,864	-	-	-	(248,864)	-
Total reportable segment assets	1,398,370	14,332	230,048	7,450	(256,449)	1,393,751
Borrowings	13,322	-	-	-	-	13,322
Trade and other payables	689,702	-	5,148	276	(39)	695,087
Other taxes payables	17,169	-	-	-	-	17,169
Advances received	244,934	-	6,612	-	-	251,546
Other liabilities	12	-	-	-	-	12
Interbranch payables	248,864	-	-	-	(248,864)	-
Total reportable segment liabilities	1,214,003	-	11,760	276	(248,903)	977,136

7 Segment Information (Continued)

(d) Profit or loss

Segment information for the reportable segment profit and loss for the year ended 31 December 2020 is set out below:

<i>In thousands of US Dollars</i>	Local car production	SUP	SKD	Other	Eliminations	Total
Revenue from contracts with customers	2,274,954	303,716	36,484	26,809	(5,450)	2,636,513
Cost of sales	(1,881,672)	(236,686)	(29,267)	(17,321)	-	(2,164,946)
Selling expenses	(58,658)	(3,404)	-	-	-	(62,062)
Administrative expenses	(29,823)	(1,019)	-	(662)	-	(31,504)
Other operating expenses	(169,953)	(741)	-	-	5,450	(165,244)
Other operating income	10,604	2,912	-	112	-	13,628
Finance income	11,758	1,570	189	-	-	13,517
Finance costs	(14,362)	(1,917)	(230)	-	-	(16,509)
Net foreign exchange loss	(1,209)	(161)	(19)	-	-	(1,389)
Segment profit before income tax	141,639	64,270	7,157	8,938	-	222,004

Segment information for the reportable segment profit and loss for the year ended 31 December 2019 is set out below:

<i>In thousands of US Dollars</i>	Local car production	SUP	SKD	Other	Eliminations	Total
Revenue from contracts with customers	2,352,550	13,462	392,759	24,135	-	2,782,906
Cost of sales	(1,811,791)	(11,848)	(292,659)	(15,594)	-	(2,131,892)
Selling expenses	(26,477)	(152)	(2,936)	-	-	(29,565)
Administrative expenses	(28,920)	(166)	(2,273)	-	-	(31,359)
Other operating expenses	(231,629)	(1,328)	(6,071)	-	-	(239,028)
Other operating income	8,171	47	1,364	-	-	9,582
Finance income	4,753	27	794	-	-	5,574
Finance costs	(10,584)	(61)	(1,767)	-	-	(12,412)
Net foreign exchange loss	(3,479)	(20)	(581)	-	-	(4,080)
Segment profit before income tax	252,594	(39)	88,630	8,541	-	349,726

Local accounting standards profit before income tax reconciles to IFRS profit before income tax as follows:

<i>In thousands of US Dollars</i>	2020	2019
Profit before income tax	222,004	349,726
Discounting installment consideration	(6,868)	(13,378)
Net impairment losses on financial assets	(7,279)	(7,727)
Depreciation and amortisation	(1,472)	(7,530)
Other gains/(losses)	(11,788)	(29,296)
Profit before income tax	194,597	291,795

7 Segment Information (Continued)

Local accounting standards assets reconcile to IFRS total assets as follows:

<i>In thousands of US Dollars</i>	31 December 2020	31 December 2019
Total reportable segment assets	1,375,145	1,393,751
Depreciation and amortisation	(26,848)	(25,376)
Allowances for expected credit loss	(14,045)	(7,184)
Discounting installment consideration	(8,983)	(12,437)
Engineering services write-off	(7,022)	(8,584)
Other	37,902	23,920
Total assets	1,356,149	1,364,090

Local accounting standards liabilities reconcile to IFRS total liabilities as follows:

<i>In thousands of US Dollars</i>	31 December 2020	31 December 2019
Total reportable segment liabilities	825,877	977,137
Deferred income tax liability	30,428	32,034
Other	39,690	(1,011)
Total liabilities	895,995	1,008,160

8 Balances and Transactions with Related Parties

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

Related parties may enter into transactions, which unrelated parties might not, and transactions between related parties may not be effected on the same terms, conditions and amounts as transactions between unrelated parties.

The Company is a government related entity, as it is ultimately controlled by the Government of Uzbekistan. The Company 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 in the tables below along with other related party balances and transactions. Other government related balances and transactions that are collectively, but not individually, significant are represented by tax, customs, utility and similar charges.

At 31 December 2020, the outstanding balances with related parties were as follows:

<i>In thousands of US Dollars</i>	Parent company	Immediate Parent company	Other related parties	Total
Cash and cash equivalents	-	-	13,974	13,974
Restricted cash	-	-	87,963	87,963
Restricted deposits	-	-	4,281	4,281
Bank deposits	-	-	88,628	88,628
Loans issued	-	-	3,348	3,348
Trade and other receivables	28	-	55,011	55,039
Advances paid to suppliers	-	-	39,448	39,448
Borrowings	6,118	-	110,901	117,019
Trade and other payables	5,261	-	49,085	54,346
Financial guarantees	-	-	668	668
Dividends payable	11,820	-	-	11,820

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Notes to the Consolidated Financial Statements – 31 December 2020

8 Balances and Transactions with Related Parties (Continued)

The income and expense items with related parties for the year ended 31 December 2020 were as follows:

<i>In thousands of US Dollars</i>	Parent company	Immediate Parent company	Other related parties	Total
Sales of goods	-	-	3,003	3,003
Other income	-	-	3,602	3,602
Purchases of raw materials and consumables	-	-	756,781	756,781
Purchases of services	8,070	-	149,795	157,865
Dealer's commission	-	-	31,516	31,516
Finance income	-	-	9,293	9,293
Finance costs	-	-	16,447	16,447

At 31 December 2019, the outstanding balances with related parties were as follows:

<i>In thousands of US Dollars</i>	Parent company	Other related parties	Total
Cash and cash equivalents	-	44,834	44,834
Restricted cash	-	111,207	111,207
Restricted deposits	-	25,481	25,481
Bank deposits	-	5,154	5,154
Loans issued	-	2,968	2,968
Trade and other receivables	-	31,003	31,003
Advances paid to suppliers	-	46,263	46,263
Borrowings	10,537	1,145	11,682
Trade and other payables	-	40,874	40,874

The income and expense items with related parties for the year ended 31 December 2019 were as follows:

<i>In thousands of US Dollars</i>	Parent company	Other related parties	Total
Sales of goods	-	195	195
Other income	-	930	930
Purchases of raw materials and consumables	-	704,692	704,692
Purchases of services	3,563	58,744	62,307
Dealer's commission	-	38,281	38,281
Finance income	-	2,397	2,397
Finance costs	1,632	9,895	11,527

Key management compensation

Key management includes the General Director, twenty-one other members of the Executive Board, the Chief Accountant, the Head and the Deputy Head of Internal Audit.

Key management compensation is presented below:

<i>In thousands of US Dollars</i>	2020	2019
Short-term benefits:		
- Salaries	751	712
- Short-term bonuses	321	333
- State pension and social security costs	267	277
Total key management compensation	1,339	1,322

9 Property, Plant and Equipment

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

	Buildings and improvements	Machinery and equipment	Machinery and equipment (under operating lease)	Motor vehicles	Computer and office equipment	Advances, construction in progress and equipment for installment	Total
<i>In thousands of US Dollars</i>							
Cost at 1 January 2019	161,219	812,676	168,268	45,727	19,210	22,322	1,229,422
Accumulated depreciation	(76,861)	(588,267)	(120,732)	(41,953)	(16,005)	-	(843,818)
Carrying amount at 1 January 2019	84,358	224,409	47,536	3,774	3,205	22,322	385,604
Additions	-	-	-	-	-	29,265	29,265
Disposals	(10,509)	(601)	(47)	-	(50)	(3,327)	(14,534)
Transfers	17,238	(5,105)	724	5,158	264	(18,279)	-
Depreciation charge	(6,030)	(24,623)	(14,129)	(2,625)	(1,211)	-	(48,618)
The effect of translation to presentation currency	(10,384)	(25,437)	(4,923)	(461)	(252)	(3,281)	(44,738)
Carrying amount at 31 December 2019	74,673	168,643	29,161	5,846	1,956	26,700	306,979
Cost at 31 December 2019	147,855	696,161	143,970	40,809	16,611	26,700	1,072,106
Accumulated depreciation	(73,182)	(527,518)	(114,809)	(34,963)	(14,655)	-	(765,127)
Carrying amount at 31 December 2019	74,673	168,643	29,161	5,846	1,956	26,700	306,979
Additions	-	-	-	-	-	88,436	88,436
Disposals	(30)	(322)	-	(16)	-	(1,547)	(1,915)
Transfers	1,292	905	1,472	573	300	(4,542)	-
Depreciation charge	(5,050)	(21,351)	(8,348)	(1,692)	(922)	-	(37,363)
The effect of translation to presentation currency	(6,784)	(14,768)	(2,395)	(494)	(157)	(5,782)	(30,380)
Carrying amount at 31 December 2020	64,101	133,107	19,890	4,217	1,177	103,265	325,757
Cost at 31 December 2020	135,322	596,961	133,408	37,525	15,106	103,265	1,021,587
Accumulated depreciation	(71,221)	(463,854)	(113,518)	(33,308)	(13,929)	-	(695,830)
Carrying amount at 31 December 2020	64,101	133,107	19,890	4,217	1,177	103,265	325,757

At 31 December 2020 machinery and equipment carried at US Dollars 97,733 (2019: US Dollars Nil) have been pledged to third parties as collateral for a credit line from JSCB “Asaka”.

Machinery and equipment includes assets, such as production accessories and stamping tools leased (under operating leases) to local suppliers of spare parts in the amount of US Dollars 19,890 thousand (2019: US Dollars 29,191 thousand). As at period end, the gross carrying amount of fully depreciated property, plant and equipment still in use is US Dollars 449,366 thousand (2019: US Dollars 501,519 thousand).

9 Property, Plant and Equipment (Continued)

Where the Group is the lessor, the future minimum lease payments receivable under operating leases of property, plant and equipment are as follows:

<i>In thousands of US Dollars</i>	2020	2019
1 year	1,317	209
2 year	-	1,452
3 year	1,018	-
4 year	1,018	1,122
5 year	1,018	1,122
Later than 5 years	-	1,122
Total undiscontinued operating lease payments receivable at 31 December	4,371	5,027

10 Intangible Assets

Intangible assets are comprised of the followings:

<i>In thousands of US Dollars</i>	Rights and know-how	Software and others	Total
Cost at 1 January 2019	152,202	3,134	155,336
Accumulated amortisation	(65,296)	(2,075)	(67,371)
Carrying amount at 1 January 2019	86,906	1,059	87,965
Additions	-	-	-
Disposals	-	(9)	(9)
Transfers	(307)	307	-
Amortisation	(5,732)	(386)	(6,118)
The effect of translation to presentation currency	(10,253)	(123)	(10,376)
Carrying amount at 31 December 2019	70,614	848	71,462
Cost at 31 December 2019	133,234	3,010	136,244
Accumulated amortisation	(62,620)	(2,162)	(64,782)
Carrying amount at 31 December 2019	70,614	848	71,462
Additions	-	1,394	1,394
Disposals	-	-	-
Transfers	-	-	-
Amortisation	(5,039)	(602)	(5,641)
The effect of translation to presentation currency	(6,330)	(111)	(6,441)
Carrying amount at 31 December 2020	59,245	1,529	60,774
Cost at 31 December 2020	120,907	4,069	124,976
Accumulated amortisation	(61,662)	(2,540)	(64,202)
Carrying amount at 31 December 2020	59,245	1,529	60,774

10 Intangible Assets (Continued)

Rights and know-how consist of a group of intangible assets granted by GM in accordance with the Trademark License Agreement ("TLA") entered by the Group. These intangible assets are mainly comprised of the followings:

- A non-exclusive, non-transferable and royalty free license to manufacture car models designed by GM and its affiliates and distribute them in Uzbekistan and some other export territories;
- Right to use GM's trademarks such as "General Motors", "GM", "Chevrolet", Chevrolet emblem, Captiva;
- Know-how in relation with access to GM's certain internal systems and processes such as purchasing, manufacturing quality control, distribution and others.

As of 20 March 2008, the Group has valued its group of intangible assets based on valuation performed by an independent professionally qualified appraiser. There were no comparable transactions on automotive trademarks in Uzbekistan's market over the past period. The Group used the relief from royalty method, a variation of income valuation approach. Net book value of these assets as at 31 December 2020 was US Dollars 59,245 thousand (2019: US Dollars 70,614 thousand).

11 Bank Deposits

Bank deposits balances are mainly saving deposits with local banks. The credit quality of bank deposits balances at period end is summarised based on Moody's and S&P's ratings as follows:

<i>In thousands of US Dollars</i>	31 December 2020	31 December 2019
<i>Neither past due nor impaired</i>		
- B2 rating (Moody's)	90,702	-
- B1 rating (Moody's)		36,373
- BB- rating (S&P's)	-	13,989
Total bank deposits	90,702	50,362

12 Restricted Deposits

Restricted deposits consist mainly of a deposit with JSCB "Asaka" (B2 - Moody's) at 7.5% per annum, which are held as collateral in Uzbek Soums for the issuance of car loans by the bank to customers at a rate of no more than 5%. The deposits mature in 2023.

13 Inventories

Inventories are comprised of the followings:

<i>In thousands of US Dollars</i>	31 December 2020	31 December 2019
Goods in transit	141,836	278,501
Raw materials and spare parts	99,204	104,760
Finished goods	93,113	104,666
Work in progress	1,752	1,710
Total inventories	335,905	489,637

The cost of inventories recognised as expense during the period representing cost of sales amounted to US Dollars 2,046,381 thousand (2019: US Dollars 2,011,824 thousand).

14 Trade and Other Receivables

<i>In thousands of US Dollars</i>	31 December 2020	31 December 2019
Trade receivables	227,381	182,397
Other financial receivables	24,887	13,690
Less credit loss allowance	(13,377)	(8,931)
Total financial assets within trade and other receivables	238,891	187,156
Prepayments	32,281	9,030
Total trade and other receivables	271,172	196,186

Trade receivables mainly includes receivables from domestic individuals instalment sales in the amount of US Dollars 128,585 thousand (2019: US Dollars 96,965 thousand) and receivables from foreign distributors in the amount of US Dollars 71,941 thousand (2019: US Dollars 67,107).

Trade receivables of US Dollars 71,941 thousand (2019: US Dollars 67,110 thousand) net of impairment loss provisions are denominated in foreign currencies. Other financial receivables consist of receivables derived from activities other than the core business of the Group, such as lease of property, plant and equipment. No impairment provision was made to these balances.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on the payment profiles of foreign dealers over a period of 36 months before each balance sheet date and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the GDP and the unemployment rate of the countries in which it sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors. Sales to domestic customers are mainly carried out under the terms of full and partial payment in advance that reduces exposure to credit risk. Regarding domestic sales made on instalment basis, these sales contracts are secured by the insurance company which bears the risk of customer default for the total amount of outstanding payments under the instalment agreement. Therefore, the Group does not expect credit losses in relation to domestic sales to be material to the consolidated financial statements.

The credit loss allowance for trade and other receivables is determined according to the provision matrix presented in the table below. The provision matrix is based on the number of days that an asset is past due, adjusted for prognosed information.

<i>In thousands of US Dollars</i>	31 December 2020			31 December 2019		
	Loss rate	Gross carrying amount	Lifetime ECL	Loss rate	Gross carrying amount	Lifetime ECL
Financial assets within trade and other receivables						
- Current	0.2%	186,716	(373)	0.0%	155,258	-
- less than 90 days overdue	1.6%	18,341	(293)	-	-	-
- 91 to 180 days overdue	18.5%	42,333	(7,832)	18.7%	39,234	(7,336)
- 181 to 360 days overdue	100.0%	2,252	(2,253)	100.0%	-	-
- over 360 days overdue	100.0%	2,626	(2,626)	100.0%	1,595	(1,595)
Total		252,268	(13,377)		196,087	(8,931)
Credit loss allowance		(13,377)			(8,931)	
Total financial assets within trade and other receivables		238,891			187,156	

14 Trade and Other Receivables (Continued)

Movements in the impairment provision for trade and other receivables are as follows:

<i>In thousands of US Dollars</i>	2020	2019
Allowances for credit losses on financial assets within trade and other receivables at 1 January	8,931	174,673
New originated or purchased	8,444	7,431
Financial assets derecognised during the period	-	(29)
Changes in estimates and assumptions	(1,586)	431
Total credit loss allowance charge in profit or loss for the period	6,858	7,833
Write offs	-	(163,028)
Effect of translation to presentation currency	(2,412)	(10,547)
Allowances for credit losses on financial assets within trade and other receivables at 31 December	13,377	8,931

Write-offs mainly include fully impaired trade receivables from Russian distributors upon sale of vehicles during 2013-2015 years.

15 Advances Paid to Suppliers

Advances paid to suppliers mainly include advances paid to local suppliers of spare parts.

16 Cash and Cash Equivalents

<i>In thousands of US Dollars</i>	31 December 2020	31 December 2019
Bank balances payable on demand in foreign currencies	23,238	39,427
Bank balances payable on demand in UZS	5,677	6,217
Other cash equivalents	50	80
Total cash and cash equivalents	28,965	45,724

The credit quality of cash and cash equivalents balances is summarised based on Moody's and S&P's ratings as follows:

<i>In thousands of US Dollars</i>	31 December 2020	31 December 2019
<i>Neither past due nor impaired</i>		
- B2 rating (Moody's)	26,613	-
- BB- rating (S&P's)	2,352	3
- B1 rating (Moody's)	-	45,629
- B- rating (S&P's)	-	92
Total cash and cash equivalents	28,965	45,724

17 Restricted Cash

Restricted cash mainly includes cash resources in the amount of US Dollars 87,239 thousand (2019: US Dollars 110,426 thousand) in JSCB “Asaka” (B2 rate by Moody's), of which US Dollars 74,816 thousand is US Dollar denominated (2019: US Dollars 52,514 thousand) that are subject to restrictions stipulated by the regulations of the letter of credit transaction with JSCB “Asaka”. Therefore, they are not available for immediate or general business use by the Group until the full execution of these contracts.

18 Share Capital and Other Reserves

Share capital

The nominal registered amount of the Company's issued share capital as at 31 December 2020 was US Dollars 266,667 thousand (2019: US Dollars 266,667 thousand). The Immediate Parent Company is the sole shareholder of the Company. The total authorised number of ordinary shares is 344,000,017 thousand shares (2019: 344,000,017 thousand shares) with a par value of Uzbek Soum 1 per share (2019: Uzbek Soum 1 per share). All authorised ordinary shares have been issued and fully paid and each ordinary share carries one vote. They entitle the holder to participate in dividends, and to share in the proceeds of winding up the Company in proportion to the number of and amounts paid on the shares held.

Additional paid in capital

Additional paid in capital mainly comprises Trademark License Agreement contributed by GM (Note 10), gains on low-yield borrowings from Parent Company and other financing obtained from shareholders in the total amount of US Dollars 131,611 thousand (2019: US Dollars 131,611 thousand).

Other reserves

Other reserves include additional reserve funds formed on net profit of prior years in accordance with local legislation for US Dollars 88,443 thousand (2019: US Dollars 88,443 thousand).

Other reserves comprise the amount that the Company used to retain (annually 5% of net profits) until the size of such reserves reached as a minimum 15% of the amount of the Share Capital in accordance with the article № 9 of the charter of the Group that could be used only to cover losses for a period, to pay corporate bonds and to repurchase its own shares.

Dividends in the amount of US Dollars 11,999 thousand were declared in 2020 (2019: US Dollars nil) and paid in January 2021.

Cumulative translation differences

Cumulative translation differences represent exchange differences which arose as a result of translating consolidated financial statements from the functional currency (Uzbek Soum) to the presentation currency (US Dollar) which is then accumulated in other comprehensive loss. The Company has no foreign subsidiaries.

19 Borrowings

<i>In thousands of US Dollars</i>	Carrying amounts	
	31 December 2020	31 December 2019
Borrowings from banks	238,615	-
Other borrowings	5,825	10,536
Finance lease liabilities	351	1,145
Total borrowings	244,791	11,681

The Group's borrowings received from the Parent are denominated in UZS and borrowings from banks are denominated in USD (JSCB "Asaka") and Euro (Credit Suisse AG).

Credit line from JSCB "Asaka"

This domestic bank entered into a collateralized agreement with the Group under the terms of a letter of credit, whereby, the bank assumes the credit risk of the Group paying the foreign supplier for goods and spare parts. The Group paid interest at 8.5% per annum until June 2020 and at 7.5% per annum thereafter. Drawings under the agreement are typically for short-term periods of up to six months. The credit line is collateralized by property, plant and equipment (Note 9) and cash resources (Note 17).

19 Borrowings (Continued)*Euro-denominated term loan facility made by Credit Suisse AG*

The Group's term loan facility is a euro-denominated term loan facility made by Credit Suisse AG in an aggregate amount not exceeding Euro 150 million for the purchase of capital goods in the amount of Euro 100 million, working capital in the amount of Euro 20 million and to on-lend to a related party to finance its capital expenditure in the amount of Euro 30 million. The facility agreement, which has a maturity of one year, was entered into in December 2020, is guaranteed by the Parent and the related party. As at 31 December 2020, Euro 106 million (equivalent of US Dollars 129,362 thousand) was drawn in December 2020. The facility agreement contains following covenants:

- a leverage ratio under which the Group's net debt must not exceed three times its EBITDA (as determined in accordance with the facility agreement); and
- an interest coverage ratio, under which the Group's EBITDA (as determined in accordance with the facility agreement) must not exceed five times its interest expense.

Interest free loans made by the Parent

Other borrowings are unsecured borrowings received from the Parent Company in 2014-2016 years with interest rates of 0% per annum. These borrowings were initially recognised at fair value using the effective interest method (11% p.a.) and subsequently carried at amortised cost. The gain at initial recognition was recognised as additional paid in capital. The borrowings are due to be fully repaid by March 2022.

The fair value of borrowings approximates their carrying amount due to their maturity and effective interest rate being close to market interest rate. The fair values are based on cash flows discounted using a market borrowing rate as at the reporting date and are within level 3 of the fair value hierarchy.

Reconciliation of liabilities arising from financing activities

The table below sets out an analysis of liabilities from financing activities and the movements in the Group's liabilities from financing activities for each of the periods presented. The items of these liabilities are those that are reported as financing in the consolidated statement of cash flows:

<i>In thousands of US Dollars</i>	Borrowings
Liabilities from financing activities at 1 January 2019	237,242
Cash flows from other than interest paid	(212,282)
Interest accrual	11,526
Interest payments	(10,816)
Foreign exchange adjustments	302
The effect of translation to presentation currency	(14,291)
Liabilities from financing activities at 31 December 2019	11,681
Cash flows from other than interest paid	232,652
Interest accrual	7,957
Interest payments	(5,786)
Interest capitalized	247
Foreign exchange adjustments	7,883
The effect of translation to presentation currency	(9,843)
Liabilities from financing activities at 31 December 2020	244,791

20 Trade and Other Payables

<i>In thousands of US Dollars</i>	31 December 2020	31 December 2019
Trade payables	350,265	436,071
Other trade payables	15,980	9,469
Total trade and other payables	366,245	445,540

All trade and other payables are financial liabilities carried at amortised cost.

Trade payables mainly comprise short-term payables to the Group's main foreign supplier – GM Korea Company and other local suppliers of spare parts. Other trade payables include mainly commission fees payable to domestic distributors.

21 Contract Liabilities

<i>In thousands of US Dollars</i>	31 December 2020	31 December 2019
Contract liabilities - advances received for sale of cars	211,497	500,163
Contract liabilities - advances received for construction services	21,760	-
Contract liabilities - advances received for sale of spare parts	802	170
Contract liabilities - other	196	78
Total current contract liabilities	234,255	500,411

Revenue recognised in relation to contract liabilities

Contract liabilities for advances were lower at December 2020 by US Dollars 266,274 thousand mainly due to special deals offered by the Group to customers at the end of 2019.

US Dollars 500,411 thousand of revenue was recognised in the current reporting period related to the contract liabilities in the form of advances received from customers as at 31 December 2019 (2019: US Dollars 219,631 thousand), of which US Dollars 248 thousand (2019: US Dollars 103 thousand) related to advances for sales of spare parts.

22 Revenue from Contracts with Customers

The Group derives revenue mainly from the transfer of goods in the following major product lines and geographical regions:

<i>In thousands of US Dollars</i>	2020	2019
Domestic sales		
Cars	2,421,584	2,663,413
Spare parts	22,420	22,457
Other	2,874	999
Total domestic sales	2,446,878	2,686,869
Export sales		
Cars	174,952	111,334
Spare parts	1,724	723
Total export sales	176,676	112,057
Total revenue from contracts with customers	2,623,554	2,798,926

The Group's export sales mainly represent sales to Kazakhstan in the amount of US Dollars 153,290 (2019: US Dollars 89,168) while the rest are sales to other CIS countries.

22 Revenue from Contracts with Customers (continued)

Timing of revenue recognition is as follows:

<i>In thousands of US Dollars</i>	2020	2019
At a point in time	2,622,210	2,798,926
Over time	1,344	-
Total revenue from contracts with customers	2,623,554	2,798,926

The Group sells vehicles and spare parts under the following brands:

<i>In thousands of US Dollars</i>	2020	2019
Chevrolet	2,541,367	2,664,526
Ravon	55,382	110,221
Other	26,805	24,179
Total revenue from contracts with customers	2,623,554	2,798,926

The Group's vehicles assortment consists of ten automobile models produced locally, two semi-knocked down models and six automobile models imported on SUP basis:

<i>In thousands of US Dollars</i>	2020	2019
Local production	2,283,354	2,392,671
Sales of imported cars	303,716	13,463
Semi-Knocked Down (SKD)	36,484	392,792
Total revenue from contracts with customers	2,623,554	2,798,926

The Group's sales are mainly carried out under the terms of full and partial payment in advance and some domestic sales on instalment basis:

<i>In thousands of US Dollars</i>	2020	2019
Prepayment basis	2,274,254	2,524,266
Instalment payments	349,300	274,660
Total revenue from contracts with customers	2,623,554	2,798,926

Sales prices are fixed and approved by the Supervisory Board for both domestic and export markets. Domestic and export sales are carried out mainly through domestic and foreign dealers respectively.

23 Cost of Sales

<i>In thousands of US Dollars</i>	2020	2019
Raw materials and spare parts	2,046,381	2,011,824
Royalty fees	90,398	96,839
Payroll costs including social charges	48,275	47,883
Depreciation and amortisation	37,825	49,609
Other	21,187	15,356
Change in inventories of finished goods and work in progress	11,511	70,175
Total cost of sales	2,255,577	2,291,686

24 General and Administrative Expenses

<i>In thousands of US Dollars</i>	2020	2019
Payroll costs	31,484	34,377
Fees and other charges	27,084	27,192
Charity	5,950	6,256
Services	5,909	1,261
Depreciation and amortisation	3,835	4,358
Taxes other than income tax	2,168	1,210
Loss from disposal of assets	430	12,795
Other	9,256	7,077
Total general and administrative expenses	86,116	94,526

25 Selling Expenses

<i>In thousands of US Dollars</i>	2020	2019
Dealers' commission	31,516	38,281
Transportation costs	12,106	11,647
Payroll costs	8,066	7,559
Depreciation and amortisation	1,344	769
Fees and other charges	419	786
Other	3,161	3,233
Total selling expenses	56,612	62,275

26 Finance Income

<i>In thousands of US Dollars</i>	2020	2019
Interest income from unwinding of the discount on installment sales	19,674	3,258
<i>Interest income from financial assets held for cash management purposes:</i>		
- Financial assets carried at amortised cost	9,365	5,574
Finance income recognised in profit or loss	29,039	8,832

27 Finance Costs

<i>In thousands of US Dollars</i>	2020	2019
Interest expenses on trade payables	9,398	1,998
Interest expenses on borrowings	7,957	11,526
Provision for financial guarantees	696	-
Other	245	942
Total finance costs recognised in profit or loss	18,296	14,466

Interest expenses on borrowings mainly include interests accrued on borrowings from banks and the Parent Company using the effective interest rate method.

Interest expense on trade payables consists of interest accrued on credit purchases of spare parts from GM Korea Company.

28 Net Foreign Exchange Loss

Foreign exchange gains and (losses) relate to following financial assets and liabilities:

<i>In thousands of US Dollars</i>	2020	2019
Cash and cash equivalents	5,537	(1,085)
Restricted cash	7,464	(5,977)
Trade and other receivables	6,440	1,919
Trade and other payables	(53,035)	(44,375)
Borrowings	(7,883)	(302)
Net foreign exchange loss	(41,477)	(49,820)

29 Income Taxes**(a) Components of income tax expense**

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

<i>In thousands of US Dollars</i>	2020	2019
Current tax	39,779	49,133
Deferred tax	141	(13,911)
Income tax expense for the year	39,920	35,222

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

The income tax rate applicable to the Group's 2020 and 2019 income is 15% and 12% respectively. A reconciliation between the expected and the actual taxation charge is provided below.

<i>In thousands of US Dollars</i>	2020	2019
Profit before income tax	194,597	291,795
Theoretical tax expense at statutory rate of 15% (2019:12%)	29,190	35,015
Tax effect of items which are not deductible or assessable for taxation purposes:		
- Non-deductible expenses	7,425	7,166
- Income which is exempt from taxation	(403)	-
- The effect of change in statutory tax rate	-	(6,910)
- Other	3,708	(49)
Income tax expense for the year	39,920	35,222

29 Income Taxes (Continued)

(c) *Deferred taxes analysed by type of temporary difference*

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

<i>In thousands of US Dollars</i>	1 January 2019	(Charged) / credited to profit or loss	31 December 2019	(Charged) / credited to profit or loss	31 December 2020
Tax effect of deductible / (taxable) temporary differences					
Property, plant and equipment (revaluation, different tax depreciation)	(48,266)	15,484	(32,782)	(2,233)	(35,015)
Intangible assets (different tax, amortisation)	(4,433)	1,716	(2,717)	25	(2,692)
Other	1,435	2,030	3,465	5,037	8,502
Net deferred tax liability	(51,264)	19,230	(32,034)	2,829	(29,205)
Recognised deferred tax asset	1,435	2,030	3,465	5,037	8,502
Recognised deferred tax liability	(52,699)	17,200	(35,499)	(2,208)	(37,707)
The effect of translation to presentation currency	-	(5,319)	-	(2,970)	-
Net deferred tax liability	(51,264)	13,911	(32,034)	(141)	(29,205)

30 Contingencies and Commitments

Taxation

The tax environment in the Republic of Uzbekistan is subject to change and inconsistent application, interpretation and enforcement. Non-compliance with Uzbekistan law and regulations can lead to the imposition of penalties and interest. The management believes that it has adequately provided for all tax liabilities in accordance with its interpretations of laws and regulations. However, the risk remains that relevant authorities could interpret tax laws and regulations differently and take differing positions with regard to interpretative issues, and as such, the effect could be significant. Consequently, additional taxes may be assessed including penalties and interest, which could be significant. No provision has been made for these contingencies.

The Group is liable for social tax and payroll related taxes and contributions. Laws related to these contributions have not been in force for significant periods, in contrast to more developed market economies. Therefore, regulations are often unclear or non-existent and few precedents with regards to many issues have been established.

Legal proceedings

In all cases listed below, the Group's management assessed potential risks based on its own estimates, external professional advice, the positions of the parties, known factual circumstances, current court practice, expiration of the statute of limitations and other factors.

Compliance with covenants

The Group is subject to certain covenants related primarily to its borrowings from Credit Suisse AG. Non-compliance with such covenants may result in negative consequences for the Group including declaration of default. The Group was in compliance with covenants at 31 December 2020.

30 Contingencies and Commitments (Continued)***Claims to hold the Company and some other parties jointly liable under the subsidiary liability for obligations of CJSC PII "UzDaewoo-Voronezh", LLC "UzDaewoo Avto-Ufa" and LLC "UzavtoRus"***

Before 2018, the Company had guaranteed obligations of debts of certain related parties (dealers) operating in Russia under loan agreements with the Russian banks. During the course of the bankruptcy cases of these dealers, some creditors filed a lawsuit demanding to hold the Company and some other parties liable under the subsidiary liability for obligations of these entities. The amount of the claims attributable to the Company might range within Russian Roubles 2,777 million – Russian Roubles 14,023 million (equivalent of US Dollars 37,448 thousand – US Dollars 189,088 thousand) per Russian regulations. The Moscow Arbitration Court ruling dated 23 March 2021 found there were grounds for bringing the Company to subsidiary liability for the obligations of LLC "UzavtoRus". On 6 April 2021 the Company and the Parent Company submitted relevant appeals – as at the date of these consolidated financial statements appeals have not been accepted for production, court hearings for their consideration have not been scheduled yet. Preliminary court hearings concerning CJSC PII "UzDaewoo-Voronezh" and LLC "UzDaewoo Avto-Ufa" cases have not been held as of the date of these consolidated financial statements.

It is assessed that the risk of unfavourable outcome for the Company in respect of holding the Company liable under the subsidiary liability as low (ranging within 20% - 40%/50%) due to the following: (i) the Company does not have share in two of the three debtor-companies and in accordance with applicable earlier section of the Russian Bankruptcy Law cannot be presumed a controlling person as beneficiary from the illegal/bad faith behavior of the debtors management, which makes it difficult to establish its controlling status over the certain debtors and bring the Company to subsidiary liability; (ii) the debtors' bankruptcy occurred during the crisis of the automotive market and (iii) statute of limitation for holding liable under certain lawsuits has expired. The conclusion on the risks of holding the Company liable under the above-mentioned lawsuits in Russia was supported by an external legal advisor of the Company. The Company assessed that it is not probable that the lawsuits will result in holding the Company liable for obligations of the Russian entities thus the Company did not accrue the provision in accordance with IAS 37 - *Provisions, Contingent Liabilities and Contingent Assets*. Moreover, one should bear in mind that filing applications for bringing to subsidiary liability is a common practice in Russia, where creditors file such applications almost in every bankruptcy case and very often these applications are groundless.

From time to time, in the normal course of business, the Group is named as a defendant in various other legal actions, including arbitrations and other litigations that arise in connection with the business. Concerning matters for which the Group believes that losses are probable and can be reasonably estimated, the Group has established respective reserves. In many proceedings, however, it is inherently difficult to determine whether any losses are probably or even reasonably possible or to estimate the size or range of the possible losses. Accordingly, it is possible that an adverse outcome from such proceedings could exceed the amounts accrued in an amount that could be material to the consolidated financial statements of the Group, and its results of operations or cash flows in any particular reporting year.

Antimonopoly case

Several customer complaints were submitted to the Antimonopoly Committee ("AMC") against the Company following the increase in vehicle sales prices in March 2020. On 27 July 2020 the AMC started inspecting the activities of the Company and on 19 August 2020 made a decision according to which the Company violated the rules of taxation, pricing, and sales. According to AMC, the Company caused damage to consumers in the amount of Uzbekistani Soums 942,891 million (equivalent of US Dollars 89,997 thousand) due to the increase in sales prices starting from March 2020. On 17 September 2020 the Company filed a claim against AMC in the Tashkent City Administrative Court. On 30 October 2020, a decision of the City Administrative Court was issued, which annulled the AMC decision in favour of the Company. AMC filed an appeal regarding the decision of the City Administrative Court. The court hearing was held on 18 December 2020 where the Appeal Panel heard the explanations of the parties, the opinion of the prosecutor and summed up the results of the consideration of the case. According to the decision, the ruling and special ruling of the first instance of 30 October 2020 remained unchanged, and the AMC's appeal was not satisfied. The AMC may decide to appeal to the Supreme Court regarding the decision of the Appeal Board.

The management assesses the risk of unfavourable outcome for the Company in respect of holding the Company liable as low due to absence of legal grounds on which the decision of AMC was made thus the Company did not accrue the provision in accordance with IAS 37 - *Provisions, Contingent Liabilities and Contingent Assets*.

Capital expenditure commitments

At 31 December 2020 the Group has contractual capital expenditure commitments in respect of development of new SUV-B and B-segment models under the GEM platform totaling US Dollars 64,071 thousand. The Group has already allocated the necessary resources in respect of these commitments. The Group believes that future net income and funding will be sufficient to cover these and any similar commitments.

30 Contingencies and Commitments (Continued)

Guarantees

Guarantees are irrevocable assurances that the Group will make payments in the event that another party cannot meet its obligations. At 31 December 2020, the Group has guaranteed obligations of debts of local suppliers under loan agreements with JSCB "Asaka", totaling US Dollars 38,167 thousand.

The fair value of guarantees was US Dollars 668 thousand at 31 December 2020. Fair value of guarantees represents unamortised balance of fair value at initial recognition. As guarantees were issued to related parties free of charge their fair value at initial recognition was determined with reference to market price of similar instruments. Fair value at initial recognition is amortised on a straight-line basis over useful lives of guarantees.

31 Principal Subsidiaries

	Nature of business	Percentage of voting rights	Percentage of ownership	Country of registration
Subsidiaries as of 31 December 2020				
"Kurgontepa Tibbiyot Diagnostika Markazi" LLC	Service	100%	100%	Uzbekistan
"Khonobod Sihatgohi" LLC	Service	100%	100%	Uzbekistan
"Grand Auto Palace" LLC	Service	100%	100%	Uzbekistan
"UzLogistic" LLC	Service	100%	100%	Uzbekistan
"Research and Development Center" LLC	Service	100%	100%	Uzbekistan
"Avtosanoat-Injiniroving" LLC	Service	95%	95%	Uzbekistan
Subsidiaries as of 31 December 2019				
"Kurgontepa Tibbiyot Diagnostika Markazi" LLC	Service	100%	100%	Uzbekistan
"Khonobod Sihatgohi" LLC	Service	100%	100%	Uzbekistan
"Grand Auto Palace" LLC	Service	100%	100%	Uzbekistan
"Asaka Automotive Plant" LLC	Service	100%	100%	Uzbekistan

32 Financial Risk Management

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

Credit risk

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

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

Cash and cash equivalents

The Group is exposed to credit risk in respect of cash balances mainly held with one local bank (JSCB "Asaka"), specifically, more than 92% of cash and cash equivalent balances are held with this bank. However, the bank has a minimum risk of default, as the bank has obtained B2 rating (Moody's).

Sales

Local sales are mainly carried out under the terms of full and partial payment in advance that reduces exposure to credit risk. The Group does not have any limits, customer credit history or credit profiles in respect of domestic customers. The Group's customer base is very diverse including a significant number of individuals and legal entities, therefore, concentration of credit risk is very low.

32 Financial Risk Management (Continued)

During 2019 and 2020, the Group started to sell cars on the domestic market on credit terms whereby customers could pay in instalments: 50% or 75% on placing the order and 50% or 25% during 12-24 months. On these sales, revenue has been recognised at fair value of sales proceeds which is the net present value of future consideration.

The Group applies the IFRS 9 simplified model of recognising lifetime expected credit losses.

The expected loss rate is based on the payment profile starting from the Group's foundation date. The historical rates are adjusted to reflect current and forward-looking macroeconomic factors affecting the debtors' ability to settle the outstanding amount.

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

The Group's management reviews ageing analysis of outstanding loans issued and trade receivables and follows up on past due balances. Management therefore considers it appropriate to provide ageing and other information about credit risk which are disclosed in Note 14.

The Group has identified gross domestic product (GDP) and unemployment rates of the country where the borrower is domiciled to be the most relevant factors and accordingly adjusts historical loss rates for expected changes in these factors. However, given the short period exposed to credit risk, the impact of these macroeconomic factors has not been considered significant within the reporting period.

Market risk

The Group takes on exposure to market risks. Market risks arise from open positions in (a) currency, (b) interest rates and (c) equity products, all of which are exposed to general and specific market movements.

Currency risk

The Group undertakes transactions denominated in foreign currencies mainly in relation to the import of goods and spare parts from foreign suppliers. At the same time, only around up to 7% of total Group's revenues are denominated in foreign currencies. Furthermore, in 2020 the Group obtained Euro-denominated loan from Credit Suisse AG. Consequently, the Group is exposed to exchange rate fluctuations with an impact on the Group's expenses and net results.

In addition, shifts in exchange rates also have an impact on the Group's consolidated financial statements on the translation of the results from Uzbek Soums to US Dollars.

In respect of currency risk, management does not set limits on the level of exposure and the Group does not hedge its risk exposure. The table below summarises the Group's exposure to foreign currency exchange rate risk at the end of the reporting period:

<i>In thousands of US Dollars</i>	Monetary financial assets	Monetary financial liabilities	Net position
31 December 2020			
US dollars	192,142	(378,992)	(186,850)
Russian roubles	22,880	(587)	22,293
Euro	67,901	(123,293)	(55,392)
Total	282,923	(502,872)	(219,949)
31 December 2019			
US dollars	144,982	(396,169)	(251,187)
Russian roubles	17,937	(5,036)	12,901
Euro	6	(7,254)	(7,248)
Total	162,925	(408,459)	(245,534)

The above analysis includes only monetary assets and liabilities.

32 Financial Risk Management (Continued)

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

<i>In thousands of US Dollars</i>	31 December 2020	31 December 2019
Impact on profit or loss:		
US dollar strengthening by 15% (2019: strengthening by 15%)	(23,824)	(33,157)
US dollar weakening by 15% (2019: weakening by 15%)	23,824	33,157
Russian rouble strengthening by 20% (2019: strengthening by 20%)	3,790	2,270
Russian rouble weakening by 20% (2019: weakening by 20%)	(3,790)	(2,270)
Euro strengthening by 5% (2019: strengthening by 5%)	(2,355)	(319)
Euro weakening by 5% (2019: weakening by 5%)	2,355	319

The exposure was calculated only for monetary balances denominated in currencies other than the functional currency of the Group.

Interest rate risk

The Group takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows with connection to its borrowings from Credit Suisse AG which are subject to the effect of fluctuation of Euribor rates. Interest margins may increase as a result of such changes but may reduce or create losses in the event that unexpected movements arise.

The Group does not have formal policies and procedures in place for the management of interest rate risks as management considers this risk as insignificant to the Group's business.

The table below summarises the Group's exposure to interest rate risks. The table presents the aggregated amounts of the Group's financial assets and liabilities at carrying amounts, categorised by the earlier of contractual interest repricing or maturity dates:

<i>In thousands of US Dollars</i>	Less than 6 months	From 6 to 12 months	From 12 months to 5 years	Over 5 years	Total
31 December 2020					
Total financial assets	386,113	2,277	98,467	-	486,857
Total financial liabilities	(606,930)	-	(5,825)	-	(612,755)
Net interest sensitivity gap at 31 December 2020	(220,817)	2,277	92,642	-	(125,898)
31 December 2019					
Total financial assets	346,599	2,205	30,407	1,012	380,223
Total financial liabilities	(455,177)	(3,369)	-	-	(458,546)
Net interest sensitivity gap at 31 December 2019	(108,578)	(1,164)	30,407	1,012	(78,323)

32 Financial Risk Management (Continued)

The Group monitors interest rates for its financial instruments. The table below summarises effective interest rates at the respective end of the reporting period:

<i>in % p.a.</i>	2020			2019	
	UZS	USD	EUR	UZS	USD
ASSETS					
Cash and cash equivalents	0%	0%	-	0%	0%
Restricted cash	0%	0%	-	4%-5%	0%
Restricted deposits	0%-16%	-	-	0%-12%	-
Bank deposits	0%-12%	1.5%	-	0%-12%	-
Loans issued	0%-16%	-	-	0%-18%	-
LIABILITIES					
Borrowings			Euribor +		
	0%-6%	7.5%	3.25%	0%-6%	8.5%
Trade and other payables	-	3.3%	-	-	3.3%
Financial guarantees	-	3.6%	-	-	-

The sign "-" in the table above means that the Group does not have the respective assets or liabilities in the corresponding currency.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Group is exposed to daily calls on its available cash resources. Liquidity risk is managed by the management of the Group. Management monitors monthly rolling forecasts of the Group's cash flows. The Group receives payments for most of cars sold in advance. The Group is strategically important for the state; therefore, the Group has access to low cost financing from the Parent company. The Group is one of the biggest car producers in Central Asia, and is strategically important for GM suppliers, therefore, the Group managed to agree favorable credit terms for payment for spare parts.

The table below shows liabilities at 31 December 2020 by their remaining contractual maturity. The amounts disclosed in the maturity table are the contractual undiscounted cash flows, including gross finance lease obligations (before deducting future finance charges). Such undiscounted cash flows differ from the amount included in the consolidated statement of financial position because the consolidated statement of financial position amount is based on discounted cash flows.

When the amount payable is not fixed, the amount disclosed is determined by reference to the conditions existing at the end of the reporting period. Foreign currency payments are translated using the spot exchange rate at the end of the reporting period.

32 Financial Risk Management (Continued)

The undiscounted maturity analysis of financial liabilities at 31 December 2020 and 31 December 2019 is as follows:

<i>In thousands of US Dollars</i>	Less than 6 months	From 6 to 12 months	From 12 months to 5 years	Over 5 years	Total
LIABILITIES					
Borrowings	243,129	4,163	5,825	-	253,117
Trade and other payables	370,050	1,268	-	-	371,318
Financial guarantees	38,167	-	-	-	38,167
Total future payments, including future principal and interest payments as at 31 December 2020	651,346	5,431	5,825	-	662,602
LIABILITIES					
Borrowings	12,863	-	-	-	12,863
Trade and other payables	449,223	-	-	-	449,223
Total future payments, including future principal and interest payments as at 31 December 2019	462,086	-	-	-	462,086

33 Management of Capital

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets.

The Group considers total capital under management to be equity as shown in the consolidated statement of financial position. The Group has complied with all externally imposed capital requirements in 2020 (2019: no externally imposed capital requirements). These are set out in the Group's loan agreements with Credit Suisse AG based on which the Group is required to maintain a leverage ratio under which the Group's net debt must not exceed three times its EBITDA (Note 19).

The amount of capital that the Group managed as of 31 December 2020 was US Dollars 459,618 thousand (31 December 2019: US Dollars 355,930 thousand).

34 Fair Value Disclosures

Management applies judgement in categorising financial instruments using the fair value hierarchy. If a fair value measurement uses observable inputs that require significant adjustment, that measurement is a Level 3 measurement. The significance of a valuation input is assessed against the fair value measurement in its entirety.

<i>In thousands of US Dollars</i>	31 December 2020			31 December 2019		
	Level 2 Fair value	Level 3 Fair value	Carrying value	Level 2 Fair value	Level 3 Fair value	Carrying value
Financial assets						
Cash and cash equivalents	28,965	-	28,965	45,724	-	45,724
Restricted cash	-	88,244	88,244	-	111,331	111,331
Restricted deposits	-	31,339	31,339	-	31,419	31,419
Bank deposits	-	90,702	90,702	-	50,362	50,362
Loans issued	-	8,715	8,715	-	4,593	4,593
Trade and other receivables	-	238,891	238,891	-	187,156	187,156
Total financial assets	28,965	457,891	486,856	45,724	384,861	430,585
Financial liabilities						
Borrowings	-	244,791	244,791	-	11,681	11,681
Trade and other payables	-	366,245	366,245	-	445,540	445,540
Financial guarantees	-	668	668	-	-	-
Total financial liabilities	-	611,704	611,704	-	457,221	457,221

All financial instruments of the Group are initially measured at fair value and subsequently carried at amortised cost.

The fair values in level 2 and level 3 of the fair value hierarchy were estimated using the discounted cash flows valuation technique. The fair value of unquoted fixed interest rate instruments was estimated based on estimated future cash flows expected to be received discounted at current interest rates for new instruments with similar credit risks and remaining maturities. At both periods end, the fair value of financial assets and liabilities approximate their carrying amount due to their short maturity and effective interest rate being close to market interest rate.

35 Events after the Reporting Period**Obtaining a credit rating**

On 25 January 2021 S&P Global Ratings assigned the Company 'B+/B' long- and short-term issuer credit ratings. The stable outlook reflects the expectation that the Company will secure financing for its capital expenditure project in first-half 2021, and maintain moderate leverage, with funds from operations to debt of 40%-60%.

On 23 March 2021 Fitch Ratings assigned the Company a Long-Term Issuer Default Rating (IDR) of 'B+' with Stable Outlook. Fitch has applied its 'Government-Related Entities Rating' Criteria and assessed the linkage between the Company and its ultimate shareholder, the Republic of Uzbekistan (BB-/Stable), to be moderate-to-strong. This has led to a one-notch discount from Uzbekistan's rating. Fitch has assessed the Company's Standalone Credit Profile (SCP) at 'b'.

**JSC “UZAUTO MOTORS” (formerly known as
JSC “GENERAL MOTORS UZBEKISTAN”)**

**International Financial Reporting Standards
Consolidated Financial Statements and
Independent Auditor’s Report**

31 December 2019 and 31 December 2018

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Independent Auditor's Report

To the Shareholders and Supervisory Board of Joint Stock Company "UzAuto Motors":

Our opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Joint Stock Company "UzAuto Motors" and its subsidiaries (together – the "Group") as at 31 December 2019 and 31 December 2018, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS).

What we have audited

The Group's consolidated financial statements comprise:

- the consolidated statement of financial position as at 31 December 2019 and 31 December 2018;
- the consolidated statement of profit or loss and other comprehensive income for the years then ended;
- the consolidated statement of changes in equity for the years then ended;
- the consolidated statement of cash flows for the years then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements of the Code of Professional Ethics for Auditors of Uzbekistan and auditor's independence requirements that are relevant to our audit of the consolidated financial statements in the Republic of Uzbekistan. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the ethical requirements of the Code of Professional Ethics for Auditors of Uzbekistan.



Other matter – reissuance of the consolidated financial statements

The accompanying consolidated financial statements replace the Group's previous consolidated financial statements originally issued on 23 September 2020. The Group reissued its consolidated financial statements for reasons stated in Note 1 of the consolidated financial statements. Our opinion is not qualified in respect of this matter.

Responsibilities of management and those charged with governance for the consolidated financial statements

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

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

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

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

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

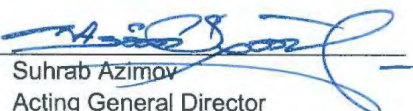
As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- 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 auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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


Suhrab Azimov
Acting General Director
Certificate of auditor No. 05338
dated 7 November 2015

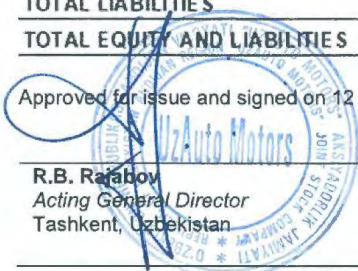

Izzatjon Otakuziyev
Auditor
Certificate of auditor No. 05680
dated 8 July 2020

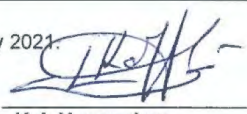
Audit Organization "PricewaterhouseCoopers" LLC
Audit Organization "PricewaterhouseCoopers" LLC
Tashkent, Uzbekistan
12 January 2021

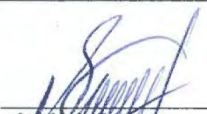
JSC "UZAUTO MOTORS"
Consolidated Statement of Financial Position

<i>In thousands of US Dollars</i>	Notes	31 December 2019	31 December 2018
ASSETS			
Non-current assets			
Property, plant and equipment	9	306,979	385,892
Intangible assets	10	71,462	87,965
Restricted deposits	12	31,419	12,669
Bank deposits	11	5,154	38,149
Loans issued		-	1,345
Other non-current assets		3,762	1,777
Total non-current assets		418,776	527,797
Current assets			
Cash and cash equivalents	16	45,724	26,162
Restricted cash	17	111,331	72,132
Bank deposits	11	45,208	-
Restricted deposits	12	-	290
Loans issued		4,593	6,260
Trade and other receivables	14	196,186	18,618
Advances paid to suppliers	15	52,635	23,292
Inventories	13	489,637	447,299
Total current assets		945,314	594,053
TOTAL ASSETS		1,364,090	1,121,850
EQUITY			
Share capital	18	266,667	266,667
Additional paid in capital	18	131,611	131,611
Other reserves	18	88,443	88,443
Accumulated deficit		(92,102)	(348,675)
Cumulative translation differences		(38,689)	(4,203)
TOTAL EQUITY		355,930	133,843
LIABILITIES			
Non-current liabilities			
Borrowings	19	-	18,345
Deferred income tax liability	27	32,034	51,264
Deferred income		-	4,694
Total non-current liabilities		32,034	74,303
Current liabilities			
Borrowings	19	11,681	218,897
Trade and other payables	20	445,540	467,596
Other taxes payables		17,169	7,063
Contract liabilities	21	500,411	219,631
Other liabilities		1,325	517
Total current liabilities		976,126	913,704
TOTAL LIABILITIES		1,008,160	988,007
TOTAL EQUITY AND LIABILITIES		1,364,090	1,121,850

Approved for issue and signed on 12 January 2021.


R.B. Rajabov
 Acting General Director
 Tashkent, Uzbekistan


K.J. Umurzakov
 Chief Financial Officer
 Tashkent, Uzbekistan


A.J. Yuldashev
 Chief Accountant
 Tashkent, Uzbekistan

The accompanying notes on pages 5 to 42 are an integral part of these consolidated financial statements.

JSC "UZAUTO MOTORS"**Consolidated Statement of Profit or Loss and Other Comprehensive Income**

<i>In thousands of US Dollars</i>	Notes	2019	2018
Revenue from contracts with customers	22	2,798,926	2,155,530
Cost of sales	23	(2,291,686)	(1,872,674)
Gross profit		507,240	282,856
Administrative expenses	24	(94,526)	(103,160)
Selling expenses	25	(62,275)	(64,429)
Net impairment losses on financial assets		(7,799)	(4,136)
Other operating income		4,609	4,657
Operating profit		347,249	115,788
Finance income		8,832	5,172
Finance costs	26	(14,466)	(34,958)
Net foreign exchange loss		(49,820)	(6,559)
Profit before income tax		291,795	79,443
Income tax (expense) / credit	27	(35,222)	13,587
Profit for the year		256,573	93,030
Other comprehensive loss:			
Items that will not be reclassified to profit or loss:			
Exchange differences on translation to presentation currency		(34,486)	(4,203)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		222,087	88,827

The accompanying notes on pages 5 to 42 are an integral part of these consolidated financial statements.

JSC "UZAUTO MOTORS"
Consolidated Statement of Changes in Equity

	Share capital	Additional paid in capital	Other reserves	Cumulative translation differences	Accumulated deficit	Total
<i>In thousands of US Dollars</i>						
Balance at 1 January 2018	266,667	131,611	88,443	-	(441,705)	45,016
Profit for the year	-	-	-	-	93,030	93,030
Other comprehensive loss for the year	-	-	-	(4,203)	-	(4,203)
Balance at 31 December 2018	266,667	131,611	88,443	(4,203)	(348,675)	133,843
Profit for the year	-	-	-	-	256,573	256,573
Other comprehensive loss for the year	-	-	-	(34,486)	-	(34,486)
Balance at 31 December 2019	266,667	131,611	88,443	(38,689)	(92,102)	355,930

The accompanying notes on pages 5 to 42 are an integral part of these consolidated financial statements.

JSC "UZAUTO MOTORS"
Consolidated Statement of Cash Flows

<i>In thousands of US Dollars</i>	Notes	2019	2018
Cash flows from operating activities			
Profit before income tax		291,795	79,443
<i>Adjustments for:</i>			
Depreciation of property, plant and equipment	9	48,618	80,021
Amortisation of intangible assets	10	6,118	6,673
Losses from disposal of property, plant and equipment and intangibles		11,855	1,899
Allowances for bad and doubtful accounts		7,862	6,411
Recovery of allowances on doubtful accounts		(63)	(2,275)
Net foreign exchange loss		49,820	6,559
Finance income		(8,832)	(5,172)
Finance costs	26	14,466	34,958
Other non-cash operating income		(422)	(2,517)
Other non-cash operating costs		2,376	3,286
Operating cash flows before working capital changes		423,593	209,286
(Increase) / decrease in trade and other receivables		(182,114)	9,696
(Increase) / decrease in advances paid to suppliers		(29,343)	3,101
Increase in inventories		(58,595)	(173,320)
Investment in restricted deposits		(13,202)	(3,967)
Net movement in restricted cash		(45,177)	19,305
Increase in other non-current assets		(1,985)	(558)
(Decrease) / increase in trade and other payables		(66,186)	76,095
Increase in contract liabilities		280,780	56,763
Increase in taxes and related charges payable		10,106	3,428
Increase / (decrease) in other liabilities		815	(30,428)
Changes in working capital		318,692	169,401
Interest paid		(14,008)	(34,648)
Interest received		3,359	3,041
Income tax paid		(49,133)	-
Net cash from operating activities		258,910	137,794
Cash flows from investing activities			
Purchase of property, plant and equipment		(18,717)	(26,072)
Proceeds from sale of property, plant and equipment		1,748	3,619
Purchase of intangible assets		-	(1,032)
Loans issued		-	(4,337)
Repayment of loans issued		1,894	20,878
Bank deposits placements		(32,703)	(38,149)
Proceeds from bank deposits matures		20,490	-
Net cash used in investing activities		(27,288)	(45,093)
Cash flows from financing activities			
Proceeds from borrowings	19	-	1,576
Repayment of borrowings	19	(212,282)	(97,149)
Net cash used in financing activities		(212,282)	(95,573)
Effect of exchange rates on cash and cash equivalents		(1,085)	(2,935)
The effect of translation to presentation currency		1,307	2,453
Cash and cash equivalents at the beginning of the year		26,162	29,516
Cash and cash equivalents at the end of the year		45,724	26,162

The accompanying notes on pages 5 to 42 are an integral part of these consolidated financial statements.

1. Reporting Entity and its Operations

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards for the years ended 31 December 2019 and 31 December 2018 for JSC "UzAuto Motors" (the "Company") and its subsidiaries (the "Group").

The Company was established on 21 February 2008, based on Decree of President of the Republic of Uzbekistan № PP-800 in the form of joint stock company (the "JSC") and is domiciled in Uzbekistan. The Company changed its name from JSC "General Motors Uzbekistan" to JSC "UzAuto Motors" effective from 1 July 2019. In October 2017, JSC "Uzavtosanoat" (the "Parent Company") and General Motors Company, USA ("GM") agreed to create the GM Uzbekistan Alliance, which is a new cooperation platform that meets the needs of the Uzbekistan growing automotive industry. GM Uzbekistan Alliance will also provide access to GM's automotive technologies and know-how. Within the GM Uzbekistan Alliance, the Parent Company will assume full control over operating activity in the production of cars and car engines, including the promotion of automobiles under the Ravon brand, which are also sold in export markets. The Parent Company is a state owned company that is the dominant controlling body (equivalent of a government Ministry) of the automotive industry within the Republic of Uzbekistan. The Parent Company is the sole shareholder of the Company.

Principal activity

The Company's principal business activity is the manufacture of vehicles and starting from 2019 sale of imported automobiles (Single Unit Pack – SUP basis). The Company sells vehicles and spare parts under the brands of Chevrolet and Ravon to dealers and distributors in Uzbekistan and certain CIS countries.

Registered address and place of business

The Company's registered address is 81 Xumo Street, Asaka, Andijan region, Republic of Uzbekistan. The Company's manufacturing facilities are primarily based in Asaka (Andijan Region), Pitnak city (Khorezm Region) and Tashkent, Uzbekistan. Six automobile models were produced in these facilities, and six automobile models were imported on SUP basis under the Chevrolet and Ravon brands during 2019. The maximum production capacity of the Company is approximately 370 thousand vehicles annually (i.e. Asaka 300 thousand, Khorezm branch 60 thousand and Tashkent branch 10 thousand units). The Company had 10,904 employees at 31 December 2019 (2018: 10,513 employees).

Presentation currency

These consolidated financial statements are presented in US Dollars, unless otherwise stated.

Reissuance of the consolidated financial statements

The Company has issued consolidated financial statements prepared in accordance with International Financial Reporting Standards for the year ended 31 December 2019 on 23 September 2020 and for the year ended 31 December 2018 on 23 December 2019. In light of a potential Eurobonds issuance the consolidated financial statements for the years ended 31 December 2019 and 31 December 2018 will be included into a prospectus. Accordingly, management decided to re-issue the consolidated financial statements for the years ended 31 December 2019 and 31 December 2018 to make certain enhancements, in particular:

- Segment reporting disclosures were added (Note 7);
- Revenue disaggregation disclosures were added (Note 22);
- Certain classifications of balances and transactions were revised (refer to Revisions note below).

Revisions

Previously the Company recognised the revenue net of dealers' (acting as agents) commissions. As part of the preparation of these re-issued consolidated financial statements management concluded that in accordance with IFRS 15 such commissions should be presented as selling expenses. As a result, revenue and selling expenses in these consolidated financial statements were increased by US Dollars 38,281 thousand and US Dollars 47,440 thousand for the years 2019 and 2018 respectively.

1. Reporting Entity and its Operations (Continued)

The Group had bank deposit arrangements as of 31 December 2019. Certain portions of these arrangements were previously classified as Non-Current Loans Issued of US Dollars 36,373 thousand and Current Loans Issued of US Dollars 13,988 thousand on the face of the consolidated statement of financial position as of 31 December 2019. Upon consideration of IAS 1, *Presentation of Financial Statements*, the Management has determined that the consolidated financial statements for the year ended 31 December 2019 should have reflected these bank arrangements within Non-Current Bank Deposits of US Dollars 5,154 thousand and Current Bank Deposits of US Dollars 45,208 thousand and revised this financial information for the year ended 31 December 2019. There was no impact from this revision on the total assets as of 31 December 2019.

Cash and Cash equivalents of US Dollars 4,606 thousand were previously classified as Current Restricted Cash on the face of the consolidated statement of financial position as of 31 December 2019. Upon consideration of IAS 1, *Presentation of Financial Statements*, management has determined that the consolidated financial statements for the year ended 31 December 2019 should have reflected these bank arrangements within Cash and Cash equivalents and revised this financial information for the year ended 31 December 2019. There was no impact from this revision on the total assets as of 31 December 2019.

2. Operating Environment of the Group

The Uzbekistan economy continues to display characteristics of an emerging market, including but not limited to, a currency that is not freely convertible outside of the country and a low level of liquidity in debt and equity markets. Economic stability in Uzbekistan is largely dependent upon the effectiveness of economic measures undertaken by the Government of Uzbekistan, together with other legal, regulatory and political developments, all of which are beyond the Group's control. The Group's financial position and operating results will continue to be affected by future political and economic developments in Uzbekistan including the application and interpretation of existing and future legislation and tax regulations, which greatly impact Uzbek automotive markets and the economy overall. Management is taking necessary measures to ensure sustainability of the Group's operations, however the management is unable to predict the effectiveness and continuity of such political and economic developments and their impact, if any, on the consolidated financial statements of the Group.

Uzbekistan experienced the following key economic indicators in 2019:

- Official exchange rate as at 31 December 2019 was US Dollar 1 per Uzbek Soums 9,507.56 (31 December 2018: US Dollars 1 per Uzbek Soums 8,339.55)
- Inflation: 14.4% (2018: 14.3%);
- GDP growth: 5.1% (2018: 5.1%);
- Refinancing rate of the Central Bank of Uzbekistan – 16% (2018: 16%).

3. Significant Accounting Policies

Basis of preparation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") under the historical cost convention, as modified by the initial recognition of financial instruments based on fair value. The principal accounting policies applied in the preparation of these consolidated financial statements are set out below and these policies have been consistently applied to all the periods presented, unless otherwise stated.

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

Going concern

Management prepared these consolidated financial statements on a going concern basis.

3. Significant Accounting Policies (Continued)

Consolidated financial statements

The Group consists of the Company and its four subsidiaries: "Kurgontepa Tibbiyot Diagnostika Markazi" LLC, "Khonobod Sihatgohi" LLC, "Grand Auto Palace" LLC and "Asaka Automotive Plant" LLC. Subsidiaries are those investees, that the Group controls because the Group (i) has power to direct the relevant activities of the investees that significantly affect their returns, (ii) has exposure, or rights, to variable returns from its involvement with the investees, and (iii) has the ability to use its power over the investees to affect the amount of the investor's returns. Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated; unrealised losses are also eliminated unless the cost cannot be recovered. The Company and all its subsidiaries use uniform accounting policies consistent with the Group's policies.

No control over LLC "UzavtoRus"

From November 2009, the Company owns 51% in the charter capital of LLC "UzavtoRus". LLC "UzavtoRus" was declared bankrupt by decision of the Arbitrazh Court of the city of Moscow in July 2017. This court decision appointed a bankruptcy administrator, and the powers of the general meeting of participants were terminated. The Company is authorized to participate in the bankruptcy case of LLC "UzavtoRus" solely by electing its representative, who, in turn, is only entitled to file disagreements, statements, petitions and complaints against the actions of the bankruptcy administrator, decisions of the creditors' meeting or committee of creditors violating the rights and legitimate interests of the debtor's founders. As control over LLC "UzavtoRus" was lost from July 2017 due to its bankruptcy and respective consequences for insolvent entities corporate governance provided for by Russian bankruptcy regulation, the Company did not consolidate LLC "UzavtoRus" in these consolidated financial statements. The Company did not account for its investment in LLC "UzavtoRus" either, as the amount of equity investment is clearly trivial to the Group's consolidated financial statements.

Foreign currency translation

The functional currency of each of the Group's consolidated entities is the currency of the primary economic environment in which the entity operates. The functional currency of the Company and its subsidiaries is the national currency of the Republic of Uzbekistan, Uzbek Soums ("UZS"). However, the Group continues to present these consolidated financial statements in US dollars (the presentation currency) as the management believes majority of users of these consolidated financial statements are foreign suppliers of raw materials and the overall financial condition of the Group is better presented in a hard currency (US Dollars) rather than Uzbek Soums for these users.

Transactions and balances

Monetary assets and liabilities in foreign currencies are translated into the Group's functional currency at the official exchange rate of the Central Bank of Uzbekistan ("CBU") at the respective end of the reporting period. Foreign exchange gains and losses resulting from the settlement of the transactions and from the translation of monetary assets and liabilities into the Group's functional currency at year-end official exchange rates of the CBU are recognised in profit or loss as Net foreign exchange gain/(loss).

The results and financial position of each Group entity for the current reporting period are translated into the presentation currency as follows:

- assets and liabilities in each statement of financial position are translated at the closing rate at the end of the respective reporting period;
- income and expenses are translated at the average exchange rates which was 1 US Dollar per Uzbek Soums 8,839.03 for the reporting period (2018: 1 US Dollar per Uzbek Soums 8,068.87);
- components of equity are translated at the historic rate; and
- all resulting exchange differences are recognised in other comprehensive income.

3. Significant Accounting Policies (Continued)

Property, plant and equipment

Property, plant and equipment are stated at cost, less accumulated depreciation and provision for impairment, where required. Property, plant and equipment includes assets under construction for future use as property, plant and equipment.

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

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

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

Depreciation

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives:

	Useful lives in years
Buildings and improvements	7 - 30
Machinery and equipment	5 - 25
Motor vehicles	5
Computer and office equipment	5 - 7

The residual value of an asset is the estimated amount that the Group would currently obtain from the disposal of the asset less the estimated costs of disposal, if the asset was already of the age and in the condition expected at the end of its useful life. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Intangible assets

The Group's intangible assets have definite useful lives and are subsequently carried at cost less accumulated amortisation and impairment losses. They primarily include capitalised trademarks (rights and know-how) and computer software licences. Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring them to use.

Rights and know-how were granted by GM in accordance with the Trademark License Agreement entered by the Group. They mainly consist of the followings:

- A non-exclusive, non-transferable and royalty free license to manufacture certain car models designed by GM and its affiliates and distribute them in Uzbekistan and some other export territories;
- Right to use GM's certain trademarks such as "General Motors", "GM", "Chevrolet", Chevrolet emblem, Captiva;
- Know-how in relation with access to GM's certain internal systems and processes such as purchasing, manufacturing quality control, distribution and others.

3. Significant Accounting Policies (Continued)

Intangible assets are amortised using the straight-line method over their useful lives:

	Useful lives in years
Rights and know-how	25
Software and others	3 - 5

If impaired, the carrying amount of intangible assets is written down to the higher of value in use and fair value less costs of disposal.

Impairment of non-financial assets

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

Financial instruments – key measurement terms

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

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

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

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

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

The effective interest method is a method of allocating interest income or interest expense over the relevant period, so as to achieve a constant periodic rate of interest (effective interest rate) on the carrying amount. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts (excluding future credit losses) through the expected life of the financial instrument or a shorter period, if appropriate, to the gross carrying amount of the financial instrument. The effective interest rate discounts cash flows of variable interest instruments to the next interest repricing date, except for the premium or discount which reflects the credit spread over the floating rate specified in the instrument, or other variables that are not reset to market rates.

3. Significant Accounting Policies (Continued)

Such premiums or discounts are amortised over the whole expected life of the instrument. The present value calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate. For assets that are purchased or originated credit impaired ("POCI") at initial recognition, the effective interest rate is adjusted for credit risk, i.e. it is calculated based on the expected cash flows on initial recognition instead of contractual payments.

Financial instruments – initial recognition

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

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

Financial assets – classification and subsequent measurement – measurement categories

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

Financial assets – classification and subsequent measurement – business model

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

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

Financial assets – classification and subsequent measurement – cash flow characteristics

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

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

3. Significant Accounting Policies (Continued)

Financial assets – reclassification

Financial instruments are reclassified only when the business model for managing the portfolio as a whole changes. The reclassification has a prospective effect and takes place from the beginning of the first reporting period that follows after the change in the business model.

Financial assets impairment – credit loss allowance for ECL

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

Debt instruments measured at AC, trade receivables and loans issued are presented in the consolidated statement of financial position net of the allowance for ECL. For loan commitments and financial guarantees, a separate provision for ECL is recognised as a liability in the consolidated statement of financial position. For debt instruments at FVOCI, movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses, which are recognised in profit or loss.

The Group applies the simplified approach for impairment of trade and other receivable. For other financial assets the Group applies a three stage model for impairment, based on changes in credit quality since initial recognition. A financial instrument that is not credit-impaired on initial recognition is classified in Stage 1. Financial assets in Stage 1 have their ECL measured at an amount equal to the portion of lifetime ECL that results from default events possible within the next 12 months or until contractual maturity, if shorter ("12-Months ECL"). If the Group identifies a significant increase in credit risk ("SICR") since initial recognition, the asset is transferred to Stage 2 and its ECL is measured based on ECL on a lifetime basis, that is, up until contractual maturity but considering expected prepayments, if any ("Lifetime ECL"). If the Group determines that a financial asset is credit-impaired, the asset is transferred to Stage 3 and its ECL is measured as a Lifetime ECL. For financial assets that are purchased or originated credit-impaired ("POCI Assets"), the ECL is always measured as a Lifetime ECL.

The Group applies the IFRS 9 simplified model of recognising lifetime expected credit losses for trade and other receivables. Note 14 provide information about inputs, assumptions and estimation techniques used in measuring ECL, including an explanation of how the Group incorporates forward-looking information in the ECL models.

Financial assets – write-off

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

3. Significant Accounting Policies (Continued)

Financial assets – derecognition

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

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

Financial liabilities – measurement categories

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

Financial liabilities – derecognition

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

An exchange between the Group and its original lenders of debt instruments with substantially different terms, as well as substantial modifications of the terms and conditions of existing financial liabilities, are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability.

In addition, other qualitative factors, such as the currency that the instrument is denominated in, changes in the type of interest rate, new conversion features attached to the instrument and change in loan covenants are also considered. If an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are amortised over the remaining term of the modified liability.

Modifications of liabilities that do not result in extinguishment are accounted for as a change in estimate using a cumulative catch up method, with any gain or loss recognised in profit or loss, unless the economic substance of the difference in carrying values is attributed to a capital transaction with owners.

Offsetting financial instruments

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

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less.

Cash and cash equivalents are carried at AC because: (i) they are held for collection of contractual cash flows and those cash flows represent SPPI, and (ii) they are not designated at FVTPL. Features mandated solely by legislation, such as the bail-in legislation in certain countries, do not have an impact on the SPPI test, unless they are included in contractual terms such that the feature would apply even if the legislation is subsequently changed. Restricted balances are excluded from cash and cash equivalents for the purposes of the cash flow statement. Balances restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period are included in other non-current assets.

3. Significant Accounting Policies (Continued)

Restricted deposits

Restricted deposits include deposits held with banks and highly liquid investments with original maturities of more than three months that are restricted from being exchanged or used to settle a liability. Balances restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period are included in 'Restricted deposits' in non-current assets.

Trade and other receivables

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

Trade and other payables

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

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred and are subsequently carried at AC using the effective interest method.

Financial guarantees

Financial guarantees require the Group to make specified payments to reimburse the holder of the guarantee for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. Financial guarantees are initially recognised at their fair value, which is normally evidenced by the amount of fees received. This amount is amortised on a straight line basis over the life of the guarantee. At the end of each reporting period, the guarantees are measured at the higher of (i) the amount of the loss allowance for the guaranteed exposure determined based on the expected loss model and (ii) the remaining unamortised balance of the amount at initial recognition. In addition, an ECL loss allowance is recognised for fees receivable that are recognised in the consolidated statement of financial position as an asset.

Taxation

Per Presidential Decree No. 800 dated 21 February 2008, the Company was exempt from the following taxes and mandatory contributions up until 31 December 2018:

- Corporate income tax;
- Value added tax;
- Property tax;
- Land tax;
- Water tax (on the ground);
- Contributions to state funds for social infrastructure; and
- Contributions to the Republican Road Fund.

In accordance with Presidential Decree No. 4086 dated 26 December 2018, tax exemptions of the Company was eliminated effective from 1 January 2019, except for exemption from VAT and customs. The exemption from VAT also has been eliminated since 1 October 2019.

Income taxes

Income taxes have been provided for in the consolidated financial statements in accordance with legislation enacted or substantively enacted by the end of the reporting period. The income tax (expense) credit comprises current tax and deferred tax and is recognised in profit or loss for the year.

3. Significant Accounting Policies (Continued)

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

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

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

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

Inventories

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

Advances paid to suppliers

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

Share capital

Ordinary shares are classified as equity. Contributions made to share capital in the form of tangible and intangible assets are recognised at their fair value at the time of contribution. Any excess of the fair value of consideration received over the par value of shares issued is recorded as additional paid-in capital in equity.

Dividends

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

Other reserves

Other reserves comprises the amount formed retaining annually 5% of the earnings for the prior years in accordance with article № 9 of the charter of the Group that could be used only to cover losses for a period, to pay the corporate bonds and to repurchase its own shares.

3. Significant Accounting Policies (Continued)

Provisions for liabilities and charges

Provisions for liabilities and charges are non-financial liabilities of uncertain timing or amount. They are accrued when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as an interest expense within finance costs.

Levies and charges, such as taxes other than income tax or regulatory fees based on information related to a period before the obligation to pay arises, are recognised as liabilities when the obligating event that gives rise to pay a levy occurs, as identified by the legislation that triggers the obligation to pay the levy. If a levy is paid before the obligating event, it is recognised as a prepayment.

Contract liabilities

Contract liabilities are recognised when cash is received on goods that are to be delivered in the future periods. Contract liabilities are recorded as liability on a consolidated statement of financial position, and as the goods are delivered to customers over time, they are recognised as revenue on the consolidated statement of profit or loss.

Product warranty

The estimated costs related to product warranties are accrued at the time the products are sold. These estimates are established using historical information on the nature, frequency and average cost of claims of each model. The product warranty is available within 3 year or 100,000 km (2018: 1 year and 20,000 km) after the sale (whichever comes first). Revisions are made when necessary based on changes in these factors. Under terms of export contracts, warranty liability for export sales are born by foreign distributors.

Revenue recognition

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

Revenue is recognised net of discounts, returns, excise tax and VAT.

Sales of goods

Sales are recognised when control of the goods has transferred, being when the goods are delivered to the customer, the customer has full discretion over the goods, and there is no unfulfilled obligation that could affect the customer's acceptance of the goods. For domestic car sales, delivery occurs at dealers' premises once cars are released to the final customers and the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the goods in accordance with the contract or the acceptance provisions have lapsed. For domestic spare parts sales, this occurs when the goods are dispatched at the Group's warehouses whereas, for all export sales, this occurs at the customs declaration at Uzbekistan's borders.

Revenue from the sales is recognised based on the price specified in the contract.

Mainly, there is no element of financing deemed present as the sales are made with full prepayment terms in accordance with local legislation. However, during 2019, certain domestic sales have been carried out on instalment terms. On these sales, revenue has been recognised at the fair value of sales proceeds which is the net present value of future consideration.

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

3. Significant Accounting Policies (Continued)

Employee benefits

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

4. Critical Accounting Estimates and Judgements in Applying Accounting Policies

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

Going concern

Management prepared these consolidated financial statements on a going concern basis. In making this judgement management considered the Group's financial position, current intentions, profitability of operations and access to financial resources, and analysed the impact of macro-economic developments on the operations of the Group.

As of 31 December 2019, the Group's current liabilities exceeds its current assets for US Dollars 30,812 thousand (31 December 2018: US Dollars 319,651 thousand) as per current consolidated financial statements.

Furthermore, in late 2019 and early 2020, the COVID-19 (Coronavirus) had spread globally which has forced the countries to imply strong quarantine measures during the first half of 2020 and its negative impact has gained momentum in many industries including automotive industry. Accordingly, the international rating agency Moody's reduced the forecast for the decline in the volume of the automotive industry in the global market in 2020 to 14% due to the increasing negative impact of COVID-19. Although the management considers that the spread of the virus has not had direct significant negative impact to the Group's operational activities during the reporting period, there is still risk that the spread could have negative impact on the operational activities of the Group's suppliers and customers which might eventually have an indirect negative impact on the Group's going concern issue.

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

The above-mentioned events, nevertheless, do not preclude the management to prepare these consolidated financial statements on a going concern basis, as the management identifies the following events that allow management to use the going concern assumption when preparing these consolidated financial statements:

- The Group generates its main revenue from its domestic market (94-95% of total revenue) which has not been significantly affected by the pandemic. The spread of the virus in the Republic of Uzbekistan has been moderately regulated and managed by the government, therefore, it is not expected to lead to significant decreases of demand in the domestic market;
- The Group is strategically important for the government as it employs more than ten thousand employees. Therefore, the government continuously supports the Group by preventing other manufacturers entering the domestic market with high custom duties on import cars and other means. This allows the Group to significantly benefit from its monopolist position in domestic market;
- The Group's financial performance has been improved significantly over the last three years with total comprehensive income for US Dollars 222,087 thousand (2018: US Dollars 88,827 thousand) per the consolidated financial statements. Accordingly, the Group's financing structure of working capital shifted from external borrowings to the Group's own cash resources and advances received from customers, which is considered a positive indicator of improved financial position of the Group;
- Furthermore, based on unaudited accounting records during nine-month period ended 30 September 2020 the volume of vehicles sales increased by more than twenty thousand vehicles compared to the nine-months ended 30 September 2019, given the Company's strong position in the local market and demand for new vehicles despite of the Covid-19 pandemic.

Thus, the Group sees its activities as a going concern and continuing to be in the foreseeable future. The Group has neither the intention nor the need to liquidate or significantly reduce the scale of its operations.

Useful lives of property, plant and equipment

The estimation of the useful lives of items of property, plant and equipment is a matter of judgment based on the experience with similar assets. The future economic benefits embodied in the assets are consumed principally through use. However, other factors, such as technical or commercial obsolescence and wear and tear, often result in the diminution of the economic benefits embodied in the assets. Management assesses the remaining useful lives in accordance with the current technical conditions of the assets and estimated period during which the assets are expected to earn benefits for the Group. The following primary factors are considered: (a) the expected usage of the assets; (b) the expected physical wear and tear, which depends on operational factors and maintenance programme; and (c) the technical or commercial obsolescence arising from changes in market conditions.

Were the estimated useful lives to differ by 10% from management's estimates, the impact on depreciation for the year ended 31 December 2019 would be to increase it by US Dollars 4,861 thousand or decrease it by US Dollars 4,861 thousand (2018: increase by US Dollars 7,999 thousand or decrease by US Dollars 7,999 thousand).

ECL measurement

Measurement of ECLs is a significant estimate that involves determination methodology, models and data inputs. Details of ECL measurement methodology are disclosed in Note 14. The following components have a major impact on credit loss allowance: definition of default, significant increase in credit risk ("SICR"), probability of default ("PD"), exposure at default ("EAD"), and loss given default ("LGD"), as well as models of macro-economic scenarios. The Group regularly reviews and validates the models and inputs to the models to reduce any differences between expected credit loss estimates and actual credit loss experience.

5. Adoption of New or Revised Standards and Interpretations

IFRS 16, Leases (issued on 13 January 2016 and effective for annual periods beginning on or after 1 January 2019)

The Group decided to apply the standard from its mandatory adoption date of 1 January 2019 using the modified retrospective method, without restatement of comparatives and using certain simplifications allowed by the standard. Right-of-use assets for property leases are measured on transition as if the new rules had always applied. All other right-of-use assets are measured at the amount of the lease liability on adoption (adjusted for any prepaid or accrued expenses). The adoption of the new standard did not significantly impact the Group's financial statements.

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

The following amended standards became effective from 1 January 2019, but did not have any material impact on the Group:

- IFRIC 23 "Uncertainty over Income Tax Treatments" (issued on 7 June 2017 and effective for annual periods beginning on or after 1 January 2019).
- Prepayment Features with Negative Compensation – Amendments to IFRS 9 (issued on 12 October 2017 and effective for annual periods beginning on or after 1 January 2019).
- Amendments to IAS 28 "Long-term Interests in Associates and Joint Ventures" (issued on 12 October 2017 and effective for annual periods beginning on or after 1 January 2019).
- Annual Improvements to IFRSs 2015-2017 cycle – amendments to IFRS 3, IFRS 11, IAS 12 and IAS 23 (issued on 12 December 2017 and effective for annual periods beginning on or after 1 January 2019).
- Amendments to IAS 19 "Plan Amendment, Curtailment or Settlement" (issued on 7 February 2018 and effective for annual periods beginning on or after 1 January 2019).

6. New Accounting Pronouncements

Certain new standards and interpretations have been issued that are mandatory for the annual periods beginning on or after 1 January 2019 or later, and which the Group has not early adopted.

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28 (issued on 11 September 2014 and effective for annual periods beginning on or after a date to be determined by the IASB)

These amendments address an inconsistency between the requirements in IFRS 10 and those in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are held by a subsidiary. The Group is currently assessing the impact of the amendments on its consolidated financial statements.

IFRS 17 "Insurance Contracts" (issued on 18 May 2017 and effective for annual periods beginning on or after 1 January 2021)

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

Amendments to the Conceptual Framework for Financial Reporting (issued on 29 March 2018 and effective for annual periods beginning on or after 1 January 2020)

The revised Conceptual Framework includes a new chapter on measurement; guidance on reporting financial performance; improved definitions and guidance – in particular the definition of a liability; and clarifications in important areas, such as the roles of stewardship, prudence and measurement uncertainty in financial reporting.

6. New Accounting Pronouncements (Continued)

Definition of a business – Amendments to IFRS 3 (issued on 22 October 2018 and effective for acquisitions from the beginning of annual reporting period that starts on or after 1 January 2020)

The amendments revise definition of a business. A business must have inputs and a substantive process that together significantly contribute to the ability to create outputs. The new guidance provides a framework to evaluate when an input and a substantive process are present, including for early stage companies that have not generated outputs. An organised workforce should be present as a condition for classification as a business if there are no outputs. The definition of the term 'outputs' is narrowed to focus on goods and services provided to customers, generating investment income and other income, and it excludes returns in the form of lower costs and other economic benefits. It is also no longer necessary to assess whether market participants are capable of replacing missing elements or integrating the acquired activities and assets. An entity can apply a 'concentration test'. The assets acquired would not represent a business if substantially all of the fair value of gross assets acquired is concentrated in a single asset (or a group of similar assets). The amendments are prospective and the Group will apply them and assess their impact from 1 January 2020.

Definition of materiality – Amendments to IAS 1 and IAS 8 (issued on 31 October 2018 and effective for annual periods beginning on or after 1 January 2020)

The amendments clarify the definition of material and how it should be applied by including in the definition guidance that until now has featured elsewhere in IFRS. In addition, the explanations accompanying the definition have been improved. Finally, the amendments ensure that the definition of material is consistent across all IFRS Standards. Information is material if omitting, misstating or obscuring it could reasonably be expected to influence the decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity. The Group is currently assessing the impact of the amendments on its consolidated financial statements.

Interest rate benchmark reform - Amendments to IFRS 9, IAS 39 and IFRS 7 (issued on 26 September 2019 and effective for annual periods beginning on or after 1 January 2020)

The amendments were triggered by replacement of benchmark interest rates such as LIBOR and other interbank offered rates ('IBORs'). The amendments provide temporary relief from applying specific hedge accounting requirements to hedging relationships directly affected by the IBOR reform. The Group is currently assessing the impact of the amendments on its consolidated financial statements.

Unless otherwise described above, the new standards and interpretations are not expected to affect significantly the Group's consolidated financial statements.

7. Segment Information

(a) Description of segments and principal activities

The Group's Executive Board examines the Group's performance from a product and geographic perspective and has identified three reportable segments of its business:

- Local production – this part of the business manufactures and sells automobiles in Uzbekistan and certain CIS countries. The Board monitors the performance in those two regions separately.
- Single Unit Pack (SUP basis) – since late 2019, the Group started to sell imported automobiles on the local market. The assortment includes the Chevrolet models: Trailblazer, Equinox, Malibu, Traverse and Tracker which are imported from Thailand, China, Republic of Korea and USA.
- Semi-Knocked Down (SKD basis) – import of sets of partly put together parts with a final assembling on the Group's production facilities for sale to customers.
- All other segments – manufacturing and sale of spare parts in Uzbekistan and certain CIS countries and subsidiaries activities are not reportable operating segments, as they are not separately included in the reports provided to the Executive Board. The results of these operations are included in the 'other' column.

The Executive Board primarily uses a measure of profit before tax to assess the performance of the operating segments. However, the Executive Board also receives information about the segments' revenue and assets on a monthly basis. Information about segment revenue is disclosed in Note 16.

7. Segment Information (Continued)

The Board reviews financial information prepared based on local accounting standards adjusted to meet the requirements of internal reporting. Such financial information differs in certain aspects from International Financial Reporting Standards:

- Deferred income taxes liabilities are not recognized;
- Future installment consideration is not discounted;
- Liabilities for the dividend declared are not recognized;
- Capitalization certain expenses i.e., engineering services;
- Receivables provisions are recognized based on the Board judgment and availability of information rather than based on ECL model prescribed in IFRS 9.

(b) Factors that management used to identify the reportable segments

The Group's segments focus on different customers. They are managed separately because each business unit requires different marketing strategies and service levels.

(c) Segment assets and liabilities

Assets and liabilities are allocated based on the operations of the segment.

Segment information for the reportable segments as of 31 December 2019 is set out below:

<i>In thousands of US Dollars</i>	Local car production	SUP	SKD	Other	Elimina- tions	Total
Property, plant and equipment	292,616	-	3,043	7,279	-	302,938
Intangible assets	71,282	-	180	-	-	71,462
Restricted deposits	67,792	-	-	-	-	67,792
Loans issued	17,595	-	-	-	-	17,595
Other non-current assets	6,723	-	9,906	-	(7,546)	9,083
Cash and cash equivalents	45,645	-	61	18	-	45,724
Restricted cash	111,331	-	-	-	-	111,331
Trade and other receivables	59,119	-	161,098	-	(39)	220,178
Advances paid to suppliers	56,256	-	420	-	-	56,676
Inventories	421,147	14,332	55,340	153	-	490,972
Interbranch receivables	248,864	-	-	-	(248,864)	-
Total reportable segment assets	1,398,370	14,332	230,048	7,450	(256,449)	1,393,751
Borrowings	13,322	-	-	-	-	13,322
Trade and other payables	689,702	-	5,148	276	(39)	695,087
Other taxes payables	17,169	-	-	-	-	17,169
Advances received	244,934	-	6,612	-	-	251,546
Other liabilities	12	-	-	-	-	12
Interbranch payables	248,864	-	-	-	(248,864)	-
Total reportable segment liabilities	1,214,003	-	11,760	276	(248,903)	977,136

7. Segment Information (Continued)

Segment information for the reportable segments as of 31 December 2018 is set out below:

<i>In thousands of US Dollars</i>	Local car production	SUP	SKD	Other	Eliminations	Total
Property, plant and equipment	315,826	-	3,292	641	-	319,759
Intangible assets	40,535	-	258	-	-	40,793
Restricted deposits	-	-	-	12,960	-	12,960
Loans issued	44,084	-	-	-	-	44,084
Other non-current assets	12,907	-	-	-	(758)	12,149
Cash and cash equivalents	26,151	-	8	-	-	26,159
Restricted cash	72,132	-	-	-	-	72,132
Trade and other receivables	22,579	-	26	-	-	22,605
Advances paid to suppliers	23,380	-	5	-	-	23,385
Inventories	310,452	-	133,486	-	-	443,938
Interbranch receivables	120,237	-	-	-	(120,237)	-
Total reportable segment assets	988,283	-	137,075	13,601	(120,995)	1,017,964
Borrowings	241,289	-	-	-	-	241,289
Trade and other payables	549,582	-	38,871	-	-	588,453
Other taxes payables	7,056	-	-	-	-	7,056
Advances received	96,790	-	2,602	-	-	99,392
Other liabilities	16	-	-	-	-	16
Interbranch payables	120,237	-	-	-	(120,237)	-
Total reportable segment liabilities	1,014,970	-	41,473	-	(120,237)	936,206

(d) Profit or loss

Segment information for the reportable segment profit and loss for the year ended 31 December 2019 is set out below:

<i>In thousands of US Dollars</i>	Local car production	SUP	SKD	Other	Eliminations	Total
Revenue from contracts with customers	2,352,550	13,462	392,759	24,135	-	2,782,906
Cost of sales	(1,811,791)	(11,848)	(292,659)	(15,594)	-	(2,131,892)
Selling expenses	(26,477)	(152)	(2,936)	-	-	(29,565)
Administrative expenses	(28,920)	(166)	(2,273)	-	-	(31,359)
Other operating expenses	(231,629)	(1,328)	(6,071)	-	-	(239,028)
Other operating income	8,171	47	1,364	-	-	9,582
Finance income	4,753	27	794	-	-	5,574
Finance costs	(10,584)	(61)	(1,767)	-	-	(12,412)
Net foreign exchange loss	(3,479)	(20)	(581)	-	-	(4,080)
Segment profit before income tax	252,594	(39)	88,630	8,541	-	349,726

7. Segment Information (Continued)

Segment information for the reportable segment profit and loss for the year ended 31 December 2018 is set out below:

	Local car production	SUP	SKD	Other	Elimina- tions	Total
<i>In thousands of US Dollars</i>						
Revenue from contracts with customers	1,782,345	-	284,160	44,910	-	2,111,415
Cost of sales	(1,455,112)	-	(212,726)	(52,353)	-	(1,720,191)
Selling expenses	(15,293)	-	(119)	-	-	(15,412)
Administrative expenses	(20,016)	-	(981)	-	-	(20,997)
Other operating expenses	(162,881)	-	(5,756)	-	-	(168,637)
Other operating income	9,638	-	1,140	-	-	10,778
Finance income	5,781	-	-	-	-	5,781
Finance costs	(27,305)	-	(4,864)	-	-	(32,169)
Net foreign exchange loss	(1,462)	-	911	-	-	(551)
Segment profit before income tax	115,695	-	61,765	(7,443)	-	170,017

Local accounting standards profit before income tax reconciles to IFRS profit before income tax as follows:

<i>In thousands of US Dollars</i>	2019	2018
Profit before income tax	349,726	170,017
Depreciation and amortisation	(25,376)	(32,906)
Discounting installment consideration	(13,378)	-
Net impairment losses on financial and contract assets	(7,727)	-
Impact of change in functional currency as of 1 January 2018	-	(88,481)
Other (losses)/ gains	(11,450)	30,813
Profit before income tax	291,795	79,443

Local accounting standards assets reconcile to IFRS total assets as follows:

<i>In thousands of US Dollars</i>	31 December 2019	31 December 2018
Total reportable segment assets	1,393,751	1,017,964
Discounting installment consideration	(12,437)	-
Engineering services write-off	(8,584)	(12,626)
Allowances for expected credit loss	(7,184)	-
Impact of change in functional currency as of 1 January 2018	-	129,614
Other	(1,456)	(13,102)
Total assets	1,364,090	1,121,850

Local accounting standards liabilities reconcile to IFRS total liabilities as follows:

<i>In thousands of US Dollars</i>	31 December 2019	31 December 2018
Total reportable segment liabilities	977,136	936,206
Deferred income tax liability	32,034	66,571
Other	(1,010)	(14,770)
Total liabilities	1,008,160	988,007

8. Balances and Transactions with Related Parties

Parties are generally considered to be related if the parties are under common control or one party has the ability to control the other party or can exercise significant influence over the other party in making financial and operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form. Transactions with related parties are on arm's length basis apart from low-yield borrowings from the Parent Company, as disclosed in Note 19.

The Company is a government related entity, as it is ultimately controlled by the Government of Uzbekistan. The Company 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 in the tables below along with other related party balances and transactions. Other government related balances and transactions that are collectively, but not individually, significant are represented by tax, customs, utility and similar charges.

At 31 December 2019, the outstanding balances with related parties were as follows:

<i>In thousands of US Dollars</i>	Parent company	Other related parties	Total
Cash and cash equivalents	-	44,834	44,834
Restricted cash	-	111,207	111,207
Restricted deposits	-	25,481	25,481
Bank deposits	-	5,154	5,154
Loans issued	-	2,968	2,968
Trade and other receivables	-	184,555	184,555
Advances paid to suppliers	-	46,263	46,263
Borrowings	10,537	1,145	11,682
Trade and other payables	-	40,874	40,874

The income and expense items with related parties for the year ended 31 December 2019 were as follows:

<i>In thousands of US Dollars</i>	Parent company	Other related parties	Total
Sales of goods	-	195	195
Other income	-	930	930
Purchases of raw materials and consumables	-	704,692	704,692
Purchases of services	3,563	58,744	62,307
Dealer's commission	-	38,281	38,281
Finance income	-	2,397	2,397
Finance costs	1,632	9,895	11,527

At 31 December 2018, the outstanding balances with related parties were as follows:

<i>In thousands of US Dollars</i>	Parent company	Other related parties	Total
Cash and cash equivalents	-	25,629	25,629
Restricted cash	-	30,893	30,893
Loans issued	-	5,718	5,718
Trade and other receivables	3,781	12,222	16,003
Advances paid to suppliers	-	23,383	23,383
Borrowings	16,432	220,810	237,242
Trade and other payables	-	447,649	447,649

8. Balances and Transactions with Related Parties (Continued)

The income and expense items with related parties for the year ended 31 December 2018 were as follows:

<i>In thousands of US Dollars</i>	Parent company	Other related parties	Total
Other income	-	6,322	6,322
Purchases of raw materials and consumables	-	1,876,532	1,876,532
Purchases of services	-	91,512	91,512
Dealer's commission	-	47,440	47,440
Finance income	-	5,779	5,779
Finance costs	33	27,283	27,316

Key management compensation

Key management includes the General Director, twenty-one other members of the Executive Board, the Chief Accountant, the Head and the Deputy Head of Internal Audit.

Key management compensation is presented below:

<i>In thousands of US Dollars</i>	2019	2018
Short-term benefits:		
- Salaries	712	425
- Short-term bonuses	333	106
- State pension and social security costs	277	174
Total key management compensation	1,322	705

JSC “UZAUTO MOTORS”

Notes to the Consolidated Financial Statements – 31 December 2019

9. Property, Plant and Equipment

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

	Buildings and improvements	Machinery and equipment	Motor vehicles	Computer and office equipment	Advances, construction in progress and equipment for installment	Total
<i>In thousands of US Dollars</i>						
Cost at 1 January 2018	155,876	1,003,635	47,705	26,516	11,102	1,244,834
Accumulated depreciation	(69,205)	(665,581)	(38,984)	(18,691)	-	(792,461)
Carrying amount at 1 January 2018	86,671	338,054	8,721	7,825	11,102	452,373
Additions	-	-	-	-	28,729	28,729
Disposals	(28)	(2,131)	(2,077)	(64)	(818)	(5,118)
Transfers	8,454	8,320	2,139	(2,900)	(16,013)	-
Depreciation charge	(8,460)	(65,321)	(4,725)	(1,515)	-	(80,021)
The effect of translation to presentation currency	(2,280)	(6,975)	(78)	(60)	(678)	(10,071)
Carrying amount at 31 December 2018	84,357	271,947	3,980	3,286	22,322	385,892
Cost at 31 December 2018	161,219	980,950	45,716	19,359	22,322	1,229,566
Accumulated depreciation	(76,862)	(709,003)	(41,736)	(16,073)	-	(843,674)
Carrying amount at 31 December 2018	84,357	271,947	3,980	3,286	22,322	385,892
Additions	-	-	-	-	29,266	29,266
Disposals	(10,509)	(648)	-	(50)	(3,327)	(14,534)
Transfers	17,237	(4,380)	5,159	264	(18,260)	-
Depreciation charge	(6,030)	(38,752)	(2,625)	(1,211)	-	(48,618)
The effect of translation to presentation currency	(10,412)	(30,332)	(668)	(333)	(3,282)	(45,027)
Carrying amount at 31 December 2019	74,643	197,835	5,846	1,956	26,699	306,979
Cost at 31 December 2019	147,801	840,162	40,809	16,611	26,699	1,072,082
Accumulated depreciation	(73,158)	(642,327)	(34,963)	(14,655)	-	(765,103)
Carrying amount at 31 December 2019	74,643	197,835	5,846	1,956	26,699	306,979

As of 31 December 2019 machinery and equipment carried at US Dollars Nil (2018: US Dollars 245,046 thousand) have been pledged to third parties as collateral for a credit line from JSCB “Asaka”.

Machinery and equipment includes assets, such as production accessories and stamping tools leased to local suppliers of spare parts in the amount of US Dollars 28,932 thousand (2018: US Dollars 47,693 thousand).

10. Intangible Assets

Intangible assets are comprised of the followings:

<i>In thousands of US Dollars</i>	Rights and know-how	Software and others	Total
Cost at 1 January 2018	156,000	11,567	167,567
Accumulated amortisation	(60,837)	(10,722)	(71,559)
Carrying amount at 1 January 2018	95,163	845	96,008
Additions	-	1,032	1,032
Disposals	-	(60)	(60)
Transfers	317	(317)	-
Amortisation	(6,263)	(410)	(6,673)
The effect of translation to presentation currency	(2,311)	(31)	(2,342)
Carrying amount at 31 December 2018	86,906	1,059	87,965
Cost at 31 December 2018	152,202	3,134	155,336
Accumulated amortisation	(65,296)	(2,075)	(67,371)
Carrying amount at 31 December 2018	86,906	1,059	87,965
Disposals	-	(9)	(9)
Transfers	(307)	307	-
Amortisation	(5,732)	(386)	(6,118)
The effect of translation to presentation currency	(10,253)	(123)	(10,376)
Carrying amount at 31 December 2019	70,614	848	71,462
Cost at 31 December 2019	133,234	3,010	136,244
Accumulated amortisation	(62,620)	(2,162)	(64,782)
Carrying amount at 31 December 2019	70,614	848	71,462

Rights and know-how consists of a group of intangible assets granted by GM in accordance with the Trademark License Agreement (“TLA”) entered by the Group. These intangible assets are mainly comprised of the followings:

- A non-exclusive, non-transferable and royalty free license to manufacture certain car models designed by GM and its affiliates and distribute them in Uzbekistan and some other export territories;
- Right to use GM’s certain trademarks such as “General Motors”, “GM”, “Chevrolet”, Chevrolet emblem, Captiva;
- Know-how in relation with access to GM’s certain internal systems and processes such as purchasing, manufacturing quality control, distribution and others.

As of 20 March 2008, the Group has valued its group of intangible assets based on valuation performed by an independent professionally qualified appraiser. There were no comparable transactions on automotive trademarks in Uzbekistan’s market over the past period. The Group used the relief from royalty method, a variation of income valuation approach. Net book value of these assets as at 31 December 2019 was US Dollars 70,614 thousand (2018: US Dollars 86,906 thousand).

11. Bank Deposits

Bank deposits balances mainly consist of saving deposits with local banks.

The credit quality of bank deposits balances at period end is summarised based on Moody's and S&P's ratings as follows:

<i>In thousands of US Dollars</i>	31 December 2019	31 December 2018
<i>Neither past due nor impaired</i>		
- B1 rating (Moody's)	36,373	38,149
- BB- rating (S&P's)	13,989	-
Total bank deposits	50,362	38,149

12. Restricted Deposits

Restricted deposits comprise mainly deposit with JSCB "Asakabank" (B1 - Moody's) at 0% per annum, which are held as collateral in Uzbek Soums for issuance of a car loan by the bank to the population at a rate of no more than 5%. The deposits mature in 2021.

13. Inventories

Inventories are comprised of the followings:

<i>In thousands of US Dollars</i>	31 December 2019	31 December 2018
Goods in transit	278,501	138,761
Raw materials and spare parts	104,760	131,987
Finished goods	104,666	175,212
Work in progress	1,710	1,339
Total inventories	489,637	447,299

The cost of inventories recognised as expense during the period representing cost of sales amounted to US Dollars 2,081,999 thousand (2018: US Dollars 1,676,774 thousand).

14. Trade and Other Receivables

<i>In thousands of US Dollars</i>	31 December 2019	31 December 2018
Trade receivables	182,397	177,797
Other financial receivables	13,690	15,161
<i>Less credit loss allowance</i>	<i>(8,931)</i>	<i>(174,673)</i>
Total financial assets within trade and other receivables	187,156	18,285
Prepayments	9,030	333
Total trade and other receivables	196,186	18,618

Trade receivables mainly includes receivables from domestic individuals in the amount of US Dollars 96,965 thousand (2018: US Dollars 606 thousand) and receivables from domestic and foreign distributors in the amount of US Dollars 67,110 thousand (2018: US Dollars 172,726). Trade receivables of US Dollars 67,110 thousand (2018: US Dollars 119 thousand) net of impairment loss provisions are denominated in foreign currencies. Other financial receivables consist of receivables derived from activities other than the core business of the Group, such as lease of property, plant and equipment. No impairment provision was made to these balances.

14. Trade and Other Receivables (Continued)

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on the payment profiles of foreign customers over a period of 36 month before each balance sheet date and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the GDP and the unemployment rate of the countries in which it sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors. Sales to domestic customers are mainly carried out under the terms of full and partial payment in advance that reduces exposure to credit risk. Regarding domestic sales made on instalment basis, these sales contracts are secured by the insurance company which bears the risk of customer default for the total amount of outstanding payments under the instalment agreement. Therefore, the Group does not expect credit losses in relation to domestic sales to be material to the consolidated financial statements.

The credit loss allowance for trade and other receivables is determined according to the provision matrix presented in the table below. The provision matrix is based on the number of days that an asset is past due, adjusted for prognosed information.

	31 December 2019			31 December 2018		
	Loss rate	Gross carrying amount	Lifetime ECL	Loss rate	Gross carrying amount	Lifetime ECL
<i>In thousands of US Dollars</i>						
Financial assets within trade and other receivables						
- Current	0.0%	155,258	-	0.0%	18,251	-
- less than 90 days overdue	-	-	-	-	-	-
- 91 to 180 days overdue	18.7%	39,234	(7,336)	17.6%	41	(7)
- 181 to 360 days overdue	100.0%	-	-	100.0%	8	(8)
- over 360 days overdue	100.0%	1,595	(1,595)	100.0%	174,658	(174,658)
Total		196,087	(8,931)		192,958	(174,673)
Credit loss allowance		(8,931)			(174,673)	
Total financial assets within trade and other receivables		187,156			18,285	

Movements in the impairment provision for trade and other receivables are as follows:

<i>In thousands of US Dollars</i>	2019	2018
Allowances for credit losses on financial assets within trade and other receivables at 1 January	174,673	180,586
New originated or purchased	7,431	2,011
Financial assets derecognised during the period	(29)	(2,274)
Changes in estimates and assumptions	431	231
Total credit loss allowance charge in profit or loss for the period	7,833	(32)
Write offs	(163,028)	-
Effect of translation to presentation currency	(10,547)	(5,881)
Allowances for credit losses on financial assets within trade and other receivables at 31 December	8,931	174,673

Write-offs mainly include fully impaired trade receivables from Russian distributors such as "UzDEUauto-Voronezh" CJSC PIUS upon sale of vehicles during 2013-2015 years.

15. Advances Paid to Suppliers

Advances paid to suppliers mainly includes advances paid to local suppliers of spare parts.

16. Cash and Cash Equivalents

<i>In thousands of US Dollars</i>	31 December 2019	31 December 2018
Bank balances payable on demand in foreign currencies	39,427	4,414
Bank balances payable on demand in UZS	6,217	21,351
Other cash equivalents	80	397
Total cash and cash equivalents	45,724	26,162

The credit quality of cash and cash equivalents balances at period end is summarised based on Moody's and S&P's ratings as follows:

<i>In thousands of US Dollars</i>	31 December 2019	31 December 2018
<i>Neither past due nor impaired</i>		
- B1 rating (Moody's)	45 629	26 025
- B- rating (S&P's)	92	-
- BB- rating (S&P's)	3	137
Total cash and cash equivalents	45,724	26,162

B1 (Moody's) rated banks include JSCB Asaka Bank, JSCB Infinbank and JSCB Turonbank. BB- (S&P's) rated banks are JSCB Kapitalbank and JSCB National Bank of Uzbekistan.

17. Restricted Cash

Restricted cash mainly includes cash resources in the amount of US Dollars 110,426 thousand (2018: US Dollars 72,132 thousand) in JSCB "Asaka" (B1 rate by Moody's), which are subject to restrictions stipulated by the regulations of the letter of credit transaction with JSCB "Asaka". Therefore, they are not available for immediate or general business use by the Group until the full execution of these contracts.

18. Share Capital and Other Reserves

Share capital

The nominal registered amount of the Company's issued share capital as at 31 December 2019 was US Dollars 266,667 thousand (2018: US Dollars 266,667 thousand). The Parent Company is the sole shareholder of the Company. The total authorised number of ordinary shares is 344,000,017 thousand shares (2018: 344,000,017 thousand shares) with a par value of Uzbek Soum 1 per share (2018: Uzbek Soum 1 per share). All authorised ordinary shares have been issued and fully paid and each ordinary share carries one vote. They entitle the holder to participate in dividends, and to share in the proceeds of winding up the Company in proportion to the number of and amounts paid on the shares held.

Additional paid in capital

Additional paid in capital is mainly comprised of the Trademark License Agreement contributed by GM (Note 10), gains on low-yield borrowings from the Parent Company and other financing obtained from shareholders in the total amount of US Dollars 131,611 thousand (2018: US Dollars 131,611 thousand).

18. Share Capital and Other Reserves (Continued)**Other reserves**

Other reserves include additional reserve funds formed on net profit of prior years in accordance with local legislation for US Dollars 88,443 thousand (2018: US Dollars 88,443 thousand). As at the year-end, the Company did not make any decision to use these reserves to cover the accumulated deficit. Other reserves comprises the amount formed retaining annually 5% of the earnings for the prior years in accordance with article № 9 of the charter of the Company that could be used only to cover losses for a period, to pay the corporate bonds and to repurchase its own shares.

No dividends declared and paid in 2019 and 2018.

Cumulative translation differences

Cumulative translation differences represent exchange differences arose as a result of translating consolidated financial statements from the functional currency (Uzbek Soum) to the presentation currency (US Dollar) which is then accumulated in other comprehensive loss. The Company has no foreign subsidiaries.

19. Borrowings

<i>In thousands of US Dollars</i>	Carrying amounts	
	31 December 2019	31 December 2018
Borrowings from banks	-	218,880
Other borrowings	10,536	16,432
Finance lease liabilities	1,145	1,930
Total borrowings	11,681	237,242

All borrowings in the table above are denominated in Uzbek Soums, except for borrowings from banks, which are denominated in US Dollar.

Borrowings from banks comprise credit lines issued by JSCB "Asakabank". This domestic bank entered into a collateralized credit line agreement with the Group under the terms of letter of credit, whereby, the bank assumes the credit risk of the Group paying the foreign supplier for goods and spare parts. The credit line agreement bears an interest rate of 8.5% p.a and aimed exclusively to finance import goods and spare parts from foreign suppliers, therefore, they are usually issued for short-term periods of up to 6 months. The credit lines were collateralized by property, plant and equipment (Note 9), cash resources (Note 17) and bank deposits (Note 12).

Other borrowings are comprised of borrowings received from Parent Company in 2014-2016 years with interest rates of 0% per annum. These borrowings were initially recognised at fair value using effective interest rate method (11% p.a.) and subsequently carried at amortised cost. Any gains at initial recognition were recognised as additional paid in capital. The borrowings are subject to full repayment by March 2022.

The fair value of borrowings approximates their carrying amount due to their short maturity and effective interest rate being close to market interest rate. The fair values are based on cash flows discounted using a market borrowing rate as at the reporting date and are within level 2 of the fair value hierarchy.

19. Borrowings (Continued)

Reconciliation of liabilities arising from financing activities

The table below sets out an analysis of liabilities from financing activities and the movements in the Group's liabilities from financing activities for each of the periods presented. The items of these liabilities are those that are reported as financing in the consolidated statement of cash flows:

<i>In thousands of US Dollars</i>	Borrowings
Liabilities from financing activities at 1 January 2018	332,860
Cash flows from other than interest paid	(95,573)
Interest accrual	17,198
Interest payments	(17,396)
Foreign exchange adjustments	5,997
The effect of translation to presentation currency	(5,844)
Liabilities from financing activities at 31 December 2018	237,242
Cash flows from other than interest paid	(212,282)
Interest accrual	11,526
Interest payments	(10,816)
Foreign exchange adjustments	302
The effect of translation to presentation currency	(14,291)
Liabilities from financing activities at 31 December 2019	11,681

20. Trade and Other Payables

<i>In thousands of US Dollars</i>	31 December 2019	31 December 2018
Trade payables	436,071	447,649
Other trade payables	9,469	19,947
Total trade and other payables	445,540	467,596

All trade and other payables are financial liabilities carried at amortised cost.

Trade payables mainly comprise short-term payables to the Group's main foreign supplier – GM Korea Company and other local suppliers of spare parts.

Other trade payables include mainly commission fees payables to domestic distributors.

21. Contract Liabilities

<i>In thousands of US Dollars</i>	31 December 2019	31 December 2018
Contract liabilities – advances received for sale of cars	500,163	219,528
Contract liabilities – advances received for sale of spare parts	170	55
Contract liabilities – other	78	48
Total contract liabilities	500,411	219,631

Revenue recognised in relation to contract liabilities.

21. Contract Liabilities (Continued)

Contract liabilities for advances were higher at December 2019 by US Dollars 280,780 thousand mainly due to special deals offered by the Group to the customers at the end of 2019.

US Dollars 219,631 thousand of revenue was recognised in the current reporting period related to the contract liabilities in the form of advances received from customers as at 31 December 2018 (2018: US Dollars 162,868 thousand), of which US Dollars 103 thousand (2019: US Dollars 171 thousand) related to advances for sales of spare parts.

22. Revenue from Contracts with Customers

The Group derives revenue from the transfer of goods at a point in time in the following major product lines and geographical regions:

<i>In thousands of US Dollars</i>	2019	2018
Domestic sales at a point in time		
Cars	2,663,413	2,110,598
Spare parts	22,457	17,050
Other	999	1,750
Total domestic sales at a point in time	2,686,869	2,129,398
Export sales at a point in time		
Cars	111,334	24,486
Spare parts	723	1,646
Total export sales at a point in time	112,057	26,132
Total revenue from contracts with customers	2,798,926	2,155,530

The Group sells vehicles and spare parts under the following brands:

<i>In thousands of US Dollars</i>	2019	2018
Sales at a point in time		
Chevrolet	2,664,526	2,111,822
Ravon	110,221	23,262
Other	24,179	20,446
Total revenue from contracts with customers	2,798,926	2,155,530

The Group's vehicles assortment consists of six automobile models produced locally, two semi-knocked down models and six automobile models imported on SUP basis:

<i>In thousands of US Dollars</i>	2019	2018
Sales at a point in time		
Local production	2,392,671	1,874,624
Semi-Knocked Down (SKD)	392,792	280,906
Sales of imported cars	13,463	-
Total revenue from contracts with customers	2,798,926	2,155,530

22. Revenue from Contracts with Customers (Continued)

The Group's sales are mainly carried out under the terms of full and partial payment in advance. During 2019, certain domestic sales have been carried out on instalment basis:

<i>In thousands of US Dollars</i>	2019	2018
Sales at a point in time		
Prepayment basis	2,524,266	2,155,530
Instalment payments	274,660	-
Total revenue from contracts with customers	2,798,926	2,155,530

Sales prices are fixed and approved by the Supervisory Board for both domestic and export markets. Domestic and export sales are carried out mainly through domestic and foreign dealers respectively.

23. Cost of Sales

<i>In thousands of US Dollars</i>	2019	2018
Raw materials and spare parts	2,011,824	1,803,971
Royalty fees	96,839	80,422
Depreciation and amortisation	49,609	77,531
Payrols costs including social charges	47,883	34,600
Other	15,356	3,347
Change in inventories of finished goods and work in progress	70,175	(127,197)
Total cost of sales	2,291,686	1,872,674

24. Administrative Expenses

<i>In thousands of US Dollars</i>	2019	2018
Payroll costs	34,377	29,791
Fees and other charges	27,192	22,615
Loss from disposal of assets	12,795	3,286
Charity	6,256	1,985
Depreciation and amortisation	4,358	7,599
Services	1,261	3,203
Taxes other than income tax	1,210	31,790
Other	7,077	2,891
Total administrative expenses	94,526	103,160

25. Selling expenses

<i>In thousands of US Dollars</i>	2019	2018
Dealers' commission	38,281	47,440
Transportation costs	11,647	9,362
Payroll costs	7,559	4,098
Fees and other charges	786	278
Depreciation and amortisation	769	1,564
Other	3,233	1,687
Total selling expenses	62,275	64,429

26. Finance Costs

<i>In thousands of US Dollars</i>	2019	2018
Interest expenses on borrowings	11,526	17,198
Interest expenses on trade payables	1,998	17,059
Other	942	701
Total finance costs	14,466	34,958

Interest expenses on borrowings mainly includes interests accrued on borrowings from banks and the Parent Company using effective interest rate method.

Interest expenses on trade payables consist of interest accrued on credit purchases of spare parts from GM Korea Company.

27. Income Tax

(a) Components of income tax expense

Income tax expense/(credit) recorded in profit or loss comprises the following:

<i>In thousands of US Dollars</i>	2019	2018
Current tax	49,133	-
Deferred tax	(13,911)	(13,587)
Income tax expense / (credit) for the year	35,222	(13,587)

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

A reconciliation between the expected and the actual taxation charge is provided below:

<i>In thousands of US Dollars</i>	2019	2018
Profit before income tax	291,795	79,443
Theoretical tax expense at statutory rate of 12% (2018:14%)	35,015	11,122
Tax effect of non-deductible / (non-taxable) temporary differences:		
- Income which is exempt from taxation	-	(23,802)
- Non-deductable expenses	7,166	-
- The effect of change in statutory tax rate	(6,910)	-
- Other	(49)	(907)
Income tax expense / (credit) for the year	35,222	(13,587)

27. Income Tax (Continued)**(c) Deferred taxes analysed by type of temporary difference**

The income tax rate applicable to the Group's 2019 income is 12% (2018: 14%). A reconciliation between the expected and the actual taxation charge is provided below.

<i>In thousands of US Dollars</i>	1 January (Charged) / 2018 credited to profit or loss	31 December 2018	Credited to profit or loss	31 December 2019
Tax effect of non-deductible / (non-taxable) temporary differences:				
Property, plant and equipment (revaluation, different tax depreciation)	(54,617)	6,351	(48,266)	15,484
Intangible assets (different tax, amortisation)	(12,448)	8,015	(4,433)	1,716
Other	914	521	1,435	2,030
Net deferred tax asset / (liability)	(66,151)	14,887	(51,264)	19,230
Recognised deferred tax asset	914	521	1,435	2,030
Recognised deferred tax liability	(67,065)	14,366	(52,699)	17,200
The effect of translation to presentation currency	-	(1,300)	-	(5,319)
Net deferred tax asset / (liability)	(66,151)	13,587	(51,264)	13,911

28. Contingencies and Commitments**Taxation**

The tax environment in the Republic of Uzbekistan is subject to change and inconsistent application, interpretation and enforcement. Non-compliance with Uzbekistan law and regulations can lead to the imposition of penalties and interest. The management believes that it has adequately provided for all tax liabilities in accordance with its interpretations of laws and regulations. However, the risk remains that relevant authorities could interpret tax laws and regulations differently and take differing positions with regard to interpretative issues, and as such, the effect could be significant. Consequently, additional taxes may be assessed including penalties and interest, which could be significant. No provision has been made for these contingencies.

The Group is liable for unified social payment and payroll related taxes and contributions. Laws related to these contributions have not been in force for significant periods, in contrast to more developed market economies. Therefore, regulations are often unclear or non-existent and few precedents with regards to many issues have been established.

Legal proceedings

In all cases listed below, the Group's management assessed potential risks based on its own estimates, external professional advice, the positions of the parties, known factual circumstances, current court practice, expiration of the statute of limitations and other factors.

28. Contingencies and Commitments (Continued)***Guarantees issued prior to 2017***

Over the last few years the Company was subject to a number of litigations and claims by several banks of the Russian Federation. These litigations and claims arose in relation to a number of outstanding guarantees issued by the Company as collateral on bank debts of some of its Russian distributors. Following inability of these distributors to pay their debts, the banks claimed repayment of Russian Roubles 3,574 million (equivalent of US Dollars 57,578 thousand at the exchange rates of the CBU on 31 December 2019). These claims were not admitted by the Company due to inconsistency with newly implemented Company policies on compliance procedures. These guarantees did not meet the requirements of corporate governance procedures and were not approved by Supervisory Board members according to local regulations and requirements in the Company Charter document. Due to this fact, financial guarantees were regarded as illegitimate by stakeholders of the Company. There were no ongoing litigations on guarantees issued as at the reporting date since the deadlines for appealing against the judicial acts for collecting overdue amounts arising from the surety contracts have expired, and the banks have no legal right to enforce the decision of the arbitral tribunal to collect the overdue amounts from the Company. The Company has no other similar surety and therefore, no new disputes are expected.

Claims to hold the Company and some other parties jointly liable under the subsidiary liability for obligations of CJSC PII "UzDaewoo-Voronezh", LLC "UzDaewoo Avto-Ufa" and LLC "UzavtoRus"

During the course of the bankruptcy cases, some creditors filed a lawsuit demanding to hold the Company and some other parties liable under the subsidiary liability for obligations of these entities. The aggregate amount of the claims approximates Russian Roubles 16,778 million. The amount of the claims attributable to the Company might range within Russian Roubles 3,893 million – Russian Roubles 16,778 million (equivalent of US Dollars 62,718 thousand – US Dollars 270,303 thousand) per Russian regulations. It should be noted that the Company has receivables from CJSC PII "UzDaewoo-Voronezh" and LLC "UzavtoRus" to the amount equivalent of US Dollars 270,070 thousand, which in the management's view are considered at least partially offsetable against any claim under subsidiary liability. These balances are fully impaired on the statement of financial position at 31 December 2019. Preliminary court hearings have been postponed to January 2021. It is assessed that the risk of unfavourable outcome for the Company in respect of holding the Company liable under the subsidiary liability as low (ranging within 20% - 40%) due to the following: (i) the Company does not have shares in most debtor-companies and in accordance with the applicable earlier section of the Russian Bankruptcy Law cannot be presumed a controlling person as beneficiary from the illegal / bad faith behavior of the debtors management, which makes it difficult to establish its controlling status over the certain debtors and bring the Company to subsidiary liability; (ii) the debtors' bankruptcy occurred during the crisis of the automotive market and (iii) statute of limitation for holding liable under certain lawsuits has expired. The conclusion on the risks of holding the Company liable under the above-mentioned lawsuits in Russia was supported by an external legal advisor of the Company. The Company assessed that it is not probable that the lawsuits will result in holding the Company liable for obligations of the Russian entities thus the Company did not accrue the provision in accordance with IAS 37 - *Provisions, Contingent Liabilities and Contingent Assets*. Moreover, one should bear in mind that filing applications for bringing to subsidiary liability is a common practice in Russia, where creditors file such applications almost in every bankruptcy case and very often these applications are groundless.

From time to time, in the normal course of business, the Group is named as a defendant in various other legal actions, including arbitrations and other litigations that arise in connection with the business. Concerning matters for which the Group believes that losses are probable and can be reasonably estimated, the Group has established respective reserves. In many proceedings, however, it is inherently difficult to determine whether any losses are probably or even reasonably possible or to estimate the size or range of the possible losses. Accordingly, it is possible that an adverse outcome from such proceedings could exceed the amounts accrued in an amount that could be material to the consolidated financial statements of the Group, and its results of operations or cash flows in any particular reporting year.

29. Principal Subsidiaries

<i>In thousands of US Dollars</i>	Nature of business	Percentage of voting rights	Percentage of ownership	Country of registration
Subsidiaries as of 31 December 2019				
"Kurgontepa Tibbiyot Diagnostika Markazi" LLC	Service	100%	100%	Uzbekistan
"Khonobod Sihatgohi" LLC	Service	100%	100%	Uzbekistan
"Grand Auto Palace" LLC	Service	100%	100%	Uzbekistan
"Asaka Automotive Plant" LLC	Service	100%	100%	Uzbekistan
Subsidiaries as of 31 December 2018				
"Kurgontepa Tibbiyot Diagnostika Markazi" LLC	Service	100%	100%	Uzbekistan
"Khonobod Sihatgohi" LLC	Service	100%	100%	Uzbekistan

30. Financial Risk Management

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

Credit risk

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

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

Cash and cash equivalents. The Group is exposed to credit risk in respect of cash balances mainly held with one local bank (JSCB "Asakabank"), specifically, 98%-99% of cash and cash equivalent balances are held with this bank. However, the bank has a minimum risk of default, as the bank has obtained B1 rating (Moody's).

Sales. Local sales are mainly carried out under the terms of full and partial payment in advance that reduces exposure to credit risk. The Group does not have any limits, customer credit history or credit profiles in respect of domestic customers. The Group's domestic customer base is very diverse including a significant number of individuals and legal entities, therefore, concentration of credit risk is very low.

In 2019 the Group started to sell cars on the domestic market on credit terms whereby customers could pay in instalments: 50% or 75% on placing the order and 50% or 25% during 12-24 months. On these sales, revenue has been recognised at fair value of sales proceeds which is the net present value of future consideration.

The Group applies the IFRS 9 simplified model of recognising lifetime expected credit losses.

The expected loss rate is based on the payment profile starting from the Group's foundation date. The historical rates are adjusted to reflect current and forwarding looking macroeconomic factors affecting the borrowers' ability to settle the outstanding amount.

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

The Group's management reviews ageing analysis of outstanding loans issued and trade receivables and follows up on past due balances. Management therefore considers it appropriate to provide ageing and other information about credit risk which are disclosed in Note 14.

The Group has identified gross domestic product (GDP) and unemployment rates of the country where the borrower is domiciled to be the most relevant factors and accordingly adjusts historical loss rates for expected changes in these factors. However, given the short period exposed to credit risk, the impact of these macroeconomic factors has not been considered significant within the reporting period.

30. Financial Risk Management (Continued)**Market risk**

The Group takes on exposure to market risks. Market risks arise from open positions in (a) currency, (b) interest rates and (c) equity products, all of which are exposed to general and specific market movements.

Currency risk

The Group undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. The Group does not follow the practice of entering into foreign exchange contracts to manage its foreign exchange risk on cash flows from (anticipated) business and financing arrangements denominated in foreign currencies.

The table below summarises the Group's exposure to foreign currency exchange rate risk at the end of the reporting period:

<i>In thousands of US Dollars</i>	Monetary financial assets	Monetary financial liabilities	Net position
31 December 2019			
US dollars	144,982	(396,169)	(251,187)
Russian roubles	17,937	(5,036)	12,901
Euro	6	(7,254)	(7,248)
Total	162,925	(408,459)	(245,534)
31 December 2018			
US dollars	163,192	(574,788)	(411,596)
Russian roubles	14,794	(3,219)	11,575
Euro	4	(5,805)	(5,801)
Total	177,990	(583,812)	(405,822)

The above analysis includes only monetary assets and liabilities.

The Group exposed to currency risk for imported goods and spare parts from foreign suppliers. To mitigate the risk the Group enters, as disclosed in Note 19, into a letter of credit agreements with domestic banks to pay for goods and spare parts in advance at preliminary agreed prices with suppliers.

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

<i>In thousands of US Dollars</i>	31 December 2019	31 December 2018
Impact on profit or loss:		
US dollar strengthening by 15% (2018: strengthening by 15%)	(33,157)	(53,096)
US dollar weakening by 15% (2018: weakening by 15%)	33,157	53,096
Russian rouble strengthening by 20% (2018: strengthening by 20%)	2,270	1,991
Russian rouble weakening by 20% (2018: weakening by 20%)	(2,270)	(1,991)
Euro strengthening by 5% (2018: strengthening by 5%)	(319)	(249)
Euro weakening by 5% (2018: weakening by 5%)	319	249

The exposure was calculated only for monetary balances denominated in currencies other than the functional currency of the Group.

30. Financial Risk Management (Continued)**Interest rate risk**

The Group is not exposed to risk of effects of fluctuation in market risk rates, as the Group's borrowings bear fixed interest rates.

The Group does not have formal policies and procedures in place for the management of interest rate risks as management considers this risk as insignificant to the Group's business.

The Group monitors interest rates for its financial instruments. The table below summarises effective interest rates at the respective end of the reporting period based on reports reviewed by key management personnel:

<i>in % p.a.</i>	2019		2018	
	UZS	USD	UZS	USD
ASSETS				
Cash and cash equivalents	0%	0%	0%	0%
Restricted cash	4%-5%	0%	4%-5%	0%
Restricted deposits	0%-12%	-	12%	-
Bank deposits	0%-12%	-	0%-12%	-
Loans issued	0%-18%	-	0%-16%	-
LIABILITIES				
Borrowings	0%-6%	8.5%	0%-6%	3%-5.5%
Trade and other payables	-	3.3%	-	3.3%

The sign "-" in the table above means that the Group does not have the respective assets or liabilities in the corresponding currency.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Group is exposed to daily calls on its available cash resources. Liquidity risk is managed by the management of the Group. Management monitors monthly rolling forecasts of the Group's cash flows. The Group receives payments for vehicles in advance that compensates the cost of vehicles. The Group is strategically important for the state; therefore, the Group has access to low cost financing from domestic banks. The Group is one of the biggest productions in Central Asia, and is strategically important for GM suppliers, therefore, the Group managed to agree favorable credit terms for payment for spare parts.

The table below shows liabilities at 31 December 2019 by their remaining contractual maturity. The amounts disclosed in the maturity table are the contractual undiscounted cash flows, including gross finance lease obligations (before deducting future finance charges). Such undiscounted cash flows differ from the amount included in the consolidated statement of financial position because the consolidated statement of financial position amount is based on discounted cash flows.

When the amount payable is not fixed, the amount disclosed is determined by reference to the conditions existing at the end of the reporting period. Foreign currency payments are translated using the spot exchange rate at the end of the reporting period.

30. Financial Risk Management (Continued)

The undiscounted maturity analysis of financial liabilities at 31 December 2019 and 31 December 2018 is as follows:

<i>In thousands of US Dollars</i>	Less than 6 months	From 6 to 12 months	From 12 months to 5 years	Over 5 years	Total
LIABILITIES					
Borrowings	12,863	-	-	-	12,863
Trade and other payables	449,223	-	-	-	449,223
Total future payments, including future principal and interest payments as at 31 December 2019	462,086	-	-	-	462,086
LIABILITIES					
Borrowings	225,100	3,231	14,918	4,946	248,195
Trade and other payables	468,818	-	-	-	468,818
Total future payments, including future principal and interest payments as at 31 December 2018	693,918	3,231	14,918	4,946	717,013

31. Management of Capital

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets. The amount of capital that the Group managed as of 31 December 2019 was in a positive amount of US Dollars 355,930 thousand (31 December 2018: positive amount of US Dollars 133,843 thousand).

32. Fair Value of Financial Instruments

Management applies judgement in categorising financial instruments using the fair value hierarchy. If a fair value measurement uses observable inputs that require significant adjustment, that measurement is a Level 3 measurement. The significance of a valuation input is assessed against the fair value measurement in its entirety.

<i>In thousands of US Dollars</i>	31 December 2019			31 December 2018		
	Level 2 Fair value	Level 3 Fair value	Carrying value	Level 2 Fair value	Level 3 Fair value	Carrying value
Financial assets						
Cash and cash equivalents	45,724	-	45,724	26,162	-	26,162
Restricted cash	-	111,331	111,331	-	72,132	72,132
Restricted deposits	-	31,419	31,419	-	12,959	12,959
Bank deposits	-	50,362	50,362	-	38,149	38,149
Loans issued	-	4,593	4,593	-	7,605	7,605
Trade and other receivables	187,156	-	187,156	18,285	-	18,285
Total financial assets	232,880	197,705	430,585	44,447	130,845	175,292
Financial liabilities						
Borrowings	-	11,681	11,681	-	237,242	237,242
Trade and other payables	445,540	-	445,540	467,596	-	467,596
Total financial liabilities	445,540	11,681	457,221	467,596	237,242	704,838

32. Fair Value of Financial Instruments (Continued)

All financial instruments of the Group are initially measured at fair value and subsequently carried at amortised cost.

The fair values in level 2 and level 3 of the fair value hierarchy were estimated using the discounted cash flows valuation technique. The fair value of unquoted fixed interest rate instruments was estimated based on estimated future cash flows expected to be received discounted at current interest rates for new instruments with similar credit risks and remaining maturities. As both periods end, the fair value of financial assets and liabilities approximate their carrying amount due to their short maturity and effective interest rate being close to market interest rate.

33. Events After the Balance Sheet Date

COVID-19 developments

On 12 March 2020, the World Health Organisation declared the outbreak of COVID-19 a global pandemic. In response to the pandemic, the Uzbek authorities implemented numerous measures attempting to contain the spreading and impact of COVID-19, such as travel bans and restrictions, quarantines, shelter-in-place orders and limitations on business activity, including closures. These measures have, among other things, severely restricted economic activity in Uzbekistan and have negatively impacted, and could continue to negatively impact businesses, market participants, clients of the Group, as well as the Uzbek and global economy for an unknown period of time. The international rating agency Moody's has increased the forecast for the decline in the volume of the automotive industry in the global market in 2020 to 14% due to the increasing negative impact of COVID-19. Moreover, Uzbekistani Som devaluation in 2020 was partially caused by COVID-19 developments.

At the same time, Government of Uzbekistan has been taking steps in order to minimize the negative impact of the outbreak on the economy, particularly initiating of tax incentives from fixed income tax and social insurance payments for business owners throughout the lockdown period, tax inspection moratorium until the end of 2020, anti-crisis fund in the amount of 10 trillion (more than 1 billion US Dollars) were formed in order to ease the negative impact of coronavirus. Starting from September certain lockdown restrictions have been eased. Despite the easing of lockdown restrictions, certain measures have been taken to limit the spread of coronavirus, such as mandatory wearing of masks and maintaining social distance.

Persistent COVID-19 disruptions at the local and international levels have tempered prospects for a quick recovery in 2021 as stated by the World Bank. Nevertheless, Uzbekistan's outlook remains positive as reforms continue to shift the economy toward greater resource efficiency and private sector growth. GDP growth is projected to increase by 0.5% in 2020. Uzbekistan is the only country in Central Asia expected to put in positive economic growth according to USAID's Future Growth Initiative project.

So these events are definitely having impact on businesses in Uzbekistan, however, this is still an evolving situation at the time of issuing this consolidated financial statements, to date the pandemic has not had significant impact on the Group's sales or supply chain, liquidity, solvency and other financial performance indicators, however the future effects cannot be predicted. The main impact on the Group's performance was the increased cost of imported inventory due to weakening of Uzbekistani Som. Moreover, based on unaudited subsequent financial information the volume of vehicles sales increased by more than twenty thousand vehicles for the nine-months ended 30 September 2020 compared to the nine-months ended 30 September 2019, given the Group's strong position in the local market and demand for new vehicles despite of the Covid-19 pandemic. The Group introduced the temporary limited special deals to customers on several models during the nine-month period which had a favorable impact on the sales. Management will continue to monitor the potential impact and will take all steps possible to mitigate any effects.

Management is taking necessary measures to ensure sustainability of the Group's operations and support its customers and employees:

- Maintenance of operations (part of administrative function of the Group worked from home while production employees worked on a rotational mode during the quarantine regime);
- Increase in the capability of digital services (administrative function employees were provided with necessary devices and access to the main server that enabled them to work from home without offices visits);

The future effects of the current economic situation and the above measures are difficult to predict, and management's current expectations and estimates could differ from actual results.

33. Events After the Balance Sheet Date (Continued)

ECL measurement

In March 2020, the International Accounting Standards Board (the IASB) emphasised in its educational materials that an appropriate judgment has to be applied when determining the effects of COVID-19 on expected credit losses under IFRS 9, given the significant uncertainty that exists, in particular when assessing future macroeconomic conditions. Deteriorating economic forecasts have caused and are likely to continue to cause an increase in expected credit losses and hence greater volatility of profit or loss.

For the purpose of measurement of expected credit losses ("ECL") the Group uses supportable forward-looking information, including forecasts of macroeconomic variables. As with any economic forecast, however, the projections and likelihoods of their occurrence are subject to a high degree of inherent uncertainty and therefore the actual outcomes may be significantly different from those projected.

Despite significant and rapid changes in the economic environment, the Group did not experience any severe impact on Trade Receivables, Loans Issued and Cash and Cash Equivalents due to the following reasons:

- Sales are mainly carried out under the terms of full and partial payment in advance that reduces exposure to credit risk. The outstanding balance of Trade Receivables is mainly represented by the sales made on instalment basis where 50% or 75% of the contract amount is received by the Group upon receiving the customer's order and 50% or 25% during 12-24 months. These sales contracts are secured by the insurance company which bears the risk of customer default for the total amount of outstanding payments under the instalment agreement.
- Cash and Cash Equivalents are mainly held in a local bank JSCB "Asakabank" which has a minimum risk of default, as the bank has obtained a B1 rating (Moody's).
- The amounts of Loans issued balances represent corporate loans issued mainly to domestic spare part suppliers represented by the Group's related parties with no history of default.

Anti Monopoly case

Several customer complaints were submitted to the Antimonopoly Committee (AMC) against the Company following the increase in vehicle sales prices in March 2020. On 27 July 2020 AMC started inspecting the activities of the Company and on 19 August 2020 made a decision according to which the Company violated the rules of taxation, pricing, and sales. According to AMC, the Company caused damage to consumers in the amount of Uzbek Soums 942,891 million due to the increase in sales prices starting from March 2020. On 17 September 2020 the Company filed a claim against AMC in the Tashkent City Administrative Court. On 30 October 2020, a decision of the City Administrative Court was issued, which annulled the AMC decision in favor of the Company. AMC filed an appeal regarding the decision of the City Administrative Court. The court hearing was held on 18 December 2020 where the Appeal Panel heard the explanations of the parties, the opinion of the prosecutor and summed up the results of the consideration of the case. According to the decision, the ruling and special ruling of the first instance of 30 October 2020 remained unchanged, and the AMC's appeal was not satisfied. The AMC may decide to appeal to the Supreme Court regarding the decision of the Appeal Board. The management assesses the risk of unfavorable outcome for the Company in respect of holding the Company liable as low due to absence of legal grounds on which the decision of AMC was made thus the Company did not accrue the provision in accordance with IAS 37 - *Provisions, Contingent Liabilities and Contingent Assets*.

THE ISSUER

JSC "UzAuto Motors"
81 Khumo Street
Asaka, Andijan region 170200
Republic of Uzbekistan

**SOLE GLOBAL COORDINATOR, JOINT BOOKRUNNER AND JOINT LEAD
MANAGER**

Citigroup Global Markets Limited
Citigroup Centre
Canada Square
Canary Wharf
London E14 5LB
United Kingdom

JOINT BOOKRUNNERS AND JOINT LEAD MANAGERS

MUFG Securities EMEA plc

Ropemaker Place
25 Ropemaker Street
London EC2Y 9AJ
United Kingdom

Natixis

30, avenue Pierre Mendès
France
75013 Paris
France

Raiffeisen Bank International

AG
Am Stadtpark 9
A-1030 Vienna
Austria

JOINT LEAD MANAGER

PJSC Sovcombank

46 Tekstilshchikov prospect
city of Kostroma, Kostroma region
Russian Federation, 156000

LEGAL ADVISORS

To the Issuer

as to English law

Allen & Overy LLP

One Bishops Square
Spitalfields
London E1 6AD
United Kingdom

as to Uzbekistan law

Centil Law Firm

32 Taras Shevchenko Street
100060 Tashkent
Uzbekistan

To the Trustee

as to English law

Linklaters LLP

One Silk Street
London EC2Y 8HQ
United Kingdom

To the Joint Bookrunners

as to English law

Linklaters LLP
One Silk Street
London EC2Y 8HQ
United Kingdom

as to Uzbekistan law

Kinstellar LLC
12 "A", Afrosiab Street
100015 Tashkent
Republic of Uzbekistan

TRUSTEE

Citibank, N.A., London Branch
Citigroup Centre
Canada Square
Canary Wharf
London E14 5LB
United Kingdom

REGISTRAR

Citigroup Global Markets Europe AG
Reuterweg 16
5th Floor
60323 Frankfurt
Germany

PRINCIPAL PAYING AGENT AND TRANSFER AGENT

Citibank, N.A., London Branch

Citigroup Centre
Canada Square
Canary Wharf
London E14 5LB
United Kingdom

AUDITORS TO THE ISSUER

Audit Organization "PricewaterhouseCoopers" LLC
88A, Mustaqillik prospect
Mirzo-Ulugbek District
Tashkent 100000
Republic of Uzbekistan