



**FOREIGN ENTERPRISE “MIKRO LEASING”
Limited Liability Company**

**International Financial Reporting Standards
Consolidated Financial Statements and
Independent Auditor’s Report**

31 December 2023

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Independent auditor's report

To the Supervisory Board and Owner of
Foreign Enterprise "Mikro Leasing"
Limited Liability Company

Our opinion

We have audited the financial statements of Foreign Enterprise "Mikro Leasing" Limited Liability Company (the "Company") and its subsidiary (together – the "Group"), which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2023 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for opinion

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



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Responsibilities of management and the Board of Directors for the consolidated financial statements

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

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

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

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

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.



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Other matter

Financial statement currency - The US Dollar amounts in the accompanying consolidated financial statements are presented solely for the convenience of users as described in Note 3 to the accompanying consolidated financial statements and do not form part of the consolidated financial statements. The US Dollar amounts were translated from Uzbek Soum as a matter of arithmetical computation only, using the official exchange rate of the Central Bank of Uzbekistan at 31 December 2023 of Uzbek Soum 12,338.77 to US Dollar 1 and should not be construed as a representation that the Uzbek Soum amounts have been, could be, or will be in the future converted to US Dollar at this rate or at any other exchange rate, nor that the US Dollar amounts present fairly the financial position of the Group or the results of operations, cash flows or changes in equity in accordance with IFRS. Our opinion is not qualified in respect of this matter.

Shoodil Nosirov
Partner

24 May 2024
Tashkent, Uzbekistan

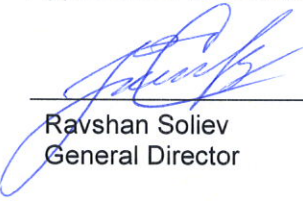


Grant Thornton LLC

"MIKRO LEASING" FE LLC and its subsidiary
Consolidated Statement of Financial Position

	Note	31 December 2023 UZS'000	31 December 2022 UZS'000	31 December 2023 *USD'000	31 December 2022 *USD'000
ASSETS					
Non-current assets					
Property and equipment	10	4 933 808	5 303 319	400	430
Intangible assets		15 267	22 199	1	2
Deferred tax assets		1 533 380	621 567	124	50
Finance lease receivables	7	571 425 421	207 233 471	46 311	16 795
Total non-current assets		577 907 876	213 180 556	46 836	17 277
Current assets					
Advances paid for equipment for lease	9	2 046 309	11 034 590	166	894
Inventories		307 371	333 377	25	27
Equipment for leasing	8	5 771 596	24 054 244	468	1 949
Finance lease receivables	7	44 704 204	372 367 725	3 623	30 179
Cash and cash equivalents	6	28 059 192	16 112 049	2 274	1 306
Receivables from employees		129 824	-	11	-
Other financial assets	11	1 855 363	5 999 099	150	486
Other non-financial assets	11	3 085 154	3 562 687	250	289
Total current assets		85 959 013	433 463 771	6 967	35 130
TOTAL ASSETS		663 866 889	646 644 327	53 803	52 407
LIABILITIES					
Non-current liabilities					
Loans and borrowings	12	273 034 530	326 492 146	22 128	26 461
Lease liability		4 576 692	5 032 386	371	408
Total non-current liabilities		277 611 222	331 524 532	22 499	26 869
Current liabilities					
Loans and borrowings	12	249 461 361	189 789 911	20 218	15 382
Debt securities issued	13	5 246 575	-	425	-
Trade accounts payable	14	4 810 054	2 996 846	390	243
Payable to employees		269 358	338 460	22	26
Lease liability		455 694	1 413 535	37	115
Taxes payable		356 015	5 526 136	29	448
Advances from lessees		14 609 999	41 825 979	1 184	3 390
Total current liabilities		275 209 056	241 890 867	22 305	19 604
TOTAL LIABILITIES		552 820 278	573 415 399	44 804	46 473
EQUITY					
Charter capital	15	29 049 993	29 049 993	2 354	2 354
Retained earnings		81 996 618	44 178 935	6 645	3 580
TOTAL EQUITY		111 046 611	73 228 928	8 999	5 934
TOTAL LIABILITIES AND EQUITY		663 866 889	646 644 327	53 803	52 407

Approved for issue and signed on 24 May 2024:


Ravshan Soliev
General Director




Sagdullaeva Zilola
Chief Accountant

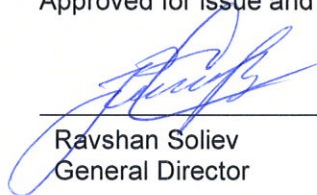
The notes set out on pages 8 to 43 form an integral part of these consolidated financial statements.

* The USD equivalent figures are provided for information purposes only and do not form part of consolidated financial statements – refer to Note 3.

"MIKRO LEASING" FE LLC and its subsidiary
Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Note	2023 UZS'000	2022 UZS'000	2023 *USD'000	2022 *USD'000
Interest income	16	178 397 573	89 900 069	14 458	7 286
Interest costs	16	(104 188 790)	(81 987 989)	(8 444)	(6 645)
Net interest income / (cost)		74 208 783	7 912 080	6 014	641
Change in provision for expected credit losses		(12 196 554)	(1 572 761)	(988)	(127)
Net interest income / (cost) less ECL		62 012 229	6 339 319	5 026	514
Commercial costs		(571 984)	(322 667)	(46)	(26)
Administrative costs	18	(34 594 244)	(22 445 498)	(2 804)	(1 819)
Other operating income	19	33 946 764	56 524 157	2 751	4 581
Financial income	17	22 361 255	9 625 956	1 812	780
Financial costs	17	(27 922 871)	(3 450 070)	(2 263)	(280)
Net financial income / (loss)		(5 561 616)	6 175 886	(451)	500
PROFIT BEFORE INCOME TAX		55 231 149	46 271 197	4 476	3 750
Income tax expense	20	(10 151 966)	(2 784 230)	(823)	(226)
PROFIT FOR THE YEAR		45 079 183	43 486 967	3 653	3 524
Other comprehensive income		-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		45 079 183	43 486 967	3 653	3 524

Approved for issue and signed on 24 May 2024:


Ravshan Soliev
General Director




Sagdullaeva Zilola
Chief Accountant

The notes set out on pages 8 to 43 form an integral part of these consolidated financial statements.

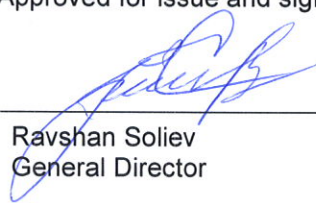
* The USD equivalent figures are provided for information purposes only and do not form part of consolidated financial statements – refer to Note 3.

"MIKRO LEASING" FE LLC and its subsidiary
Consolidated Statement of Changes in Equity

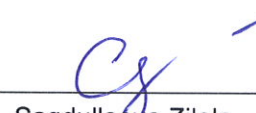
<i>In thousands of Uzbekistan Soums</i>	Charter capital	Retained earnings	Total equity
Balance at 1 January 2022	6 214 407	26 217 137	32 431 544
Net profit for the year	-	43 486 967	43 486 967
Total comprehensive income for 2022	-	43 486 967	43 486 967
Dividends declared	-	(25 372 874)	(25 372 874)
Capital increase	22 835 586		22 835 586
Acquisition of a subsidiary		(152 295)	(152 295)
Balance at 31 December 2022	29 049 993	44 178 935	73 228 928
Net profit for the year	-	45 079 183	45 079 183
Total comprehensive income for 2023	-	45 079 183	45 079 183
Dividends declared	-	(7 261 500)	(7 261 500)
Balance at 31 December 2023	29 049 993	81 996 618	111 046 611

<i>In thousands of US dollars*</i>	Charter capital	Retained earnings	Total equity
Balance at 1 January 2022	503	2 125	2 628
Net profit for the year	-	3 524	3 524
Total comprehensive income for 2022	-	3 524	3 524
Dividends declared	-	(2 057)	(2 057)
Capital increase	1 851	-	1 851
Acquisition of a subsidiary	-	(12)	(12)
Balance at 31 December 2022	2 354	3 580	5 934
Net profit for the year	-	3 653	3 653
Total comprehensive income for 2023	-	3 653	3 653
Dividends declared	-	(588)	(588)
Balance at 31 December 2023	2 354	6 645	8 999

Approved for issue and signed on 24 May 2024:


Ravshan Soliev
General Director




Sagdullaeva Zilola
Chief Accountant

The notes set out on pages 8 to 43 form an integral part of these consolidated financial statements.

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"MIKRO LEASING" FE LLC and its subsidiary
Consolidated Statement of Cash Flows

	2023 UZS'000	2022 UZS'000	2023 *USD'000	2022 *USD'000
Cash flows from operating activities				
Interest income	178 397 573	89 900 069	14 460	7 286
Other operating income	33 946 764	56 524 157	2 751	4 581
Interest expenses	(104 188 790)	(81 987 989)	(8 442)	(6 645)
Other income received	(5 561 616)	-	(451)	-
Staff costs paid	(15 719 771)	(9 916 359)	(1 275)	(802)
Operating expenses paid	(21 350 551)	(12 699 889)	(1 729)	(1 031)
Income tax expense	(11 063 779)	(2 784 230)	(897)	(226)
Other tax expense	(4 498 086)	(3 261 005)	(365)	(264)
Cash flows from operating activities before	49 961 744	35 774 754	4 052	2 899
Net decrease/(increase) in Inventories	26 006	271 513	2	22
Net decrease/(increase) in equipment for lease	18 282 648	33 338 306	1 482	2 702
Net decrease/(increase) in finance lease receivables	(44 502 410)	(282 985 882)	(3 607)	(22 935)
Net (increase)/decrease in receivables from employees	(129 824)	-	(11)	-
Net (increase)/decrease in advance to suppliers	8 988 281	(5 868 235)	728	(476)
Net decrease/(increase) in other assets	430 814	(7 478 057)	35	(606)
Net increase/(decrease) in borrowings	6 213 834	235 383 091	504	19 077
Net increase/(decrease) in debt securities issued	5 246 575	-	425	-
Net increase/(decrease) in trade accounts payable	1 813 208	(2 934 374)	147	(238)
Net increase/(decrease) in advances received	(27 215 980)	405 913	(2 206)	33
Net increase/(decrease) in other liabilities	(69 102)	(62 221)	(6)	(5)
Net cash used in operating activities	19 045 794	5 844 808	1 545	473
Cash flows from investing activities				
Purchase of property and equipment	(355 379)	(338 491)	(29)	(27)
Loans issued	(129 824)	-	(11)	-
Net cash used in investing activities	(485 203)	(338 491)	(40)	(27)
Cash flows from financing activities				
Dividends paid	(6 547 393)	-	(531)	-
Net cash from financing activities	(6 547 393)	-	(531)	-
Effect of exchange rate changes on cash and cash equivalents	(57 713)	5 230 577	(5)	424
Effect of ECL changes on cash and cash equivalents	(8 342)	(36 344)	(1)	(3)
Net decrease/increase in cash and cash equivalents	11 947 143	10 700 550	968	867
Cash and cash equivalents at the beginning of the year	16 112 049	5 411 499	1 306	439
Cash and cash equivalents at the end of the year	28 059 192	16 112 049	2 274	1 306

Approved for issue and signed on 24 May 2024:


Rayshan Soliev
General Director




Sagdullaeva Zilola
Chief Accountant

The notes set out on pages 8 to 43 form an integral part of these consolidated financial statements.

* The USD equivalent figures are provided for information purposes only and do not form part of consolidated financial statements – refer to Note 3.

1 Introduction

These consolidated financial statements of "MIKRO LEASING" FE LLC (the "Company") and its subsidiary (together – the "Group") have been prepared in accordance with International Financial Reporting Standards ("IFRS") for the year ended 31 December 2023.

The Company is a limited liability company, incorporated in the Republic of Uzbekistan on 14 November 2018. The Company was established by Decision of the Mikro Kapital Management S.A. No.1 dated 9 November 2018.

The Company's sole owner and immediate parent company is Mikro Kapital Management S.A. (Luxembourg).

Principal activity

The Company's principal activity is providing finance leases to small and medium size private sector companies and individuals within the Republic of Uzbekistan.

As at 31 December 2023, the Company had 53 employees (2022: 40 employees).

Registered address and place of business

The Company's registered address and principal place of business is 7, Urikzor street, Tashkent, 100084, Republic of Uzbekistan.

Presentation currency

These consolidated financial statements are presented in Uzbek Soums, unless otherwise stated.

Management of the Company

Responsibilities for overseeing the Group's performance were delegated to the Supervisory Board Members. The structure of Supervisory Board Members was as following as at 31 December 2023:

1. Iaroslav Poleshchuk - Chairman of the Supervisory Board;
2. Vincenzo Trani – Member of Supervisory Board;
3. Johannes Feist – Member of Supervisory Board.

Responsibilities for day-to-day operation of the Company were delegated to the executive management:

1. Ravshan Soliev - General Director;
2. Sagdullaeva Zilola – Chief Accountant.

Subsidiary

The following subsidiary is part of these consolidated financial statements as at 31 December 2023 and 31 December 2022:

Name	Country of registration	Ownership share (%) as at 31 December 2023	Ownership share (%) as at 31 December 2022	Type of activity
"MONEY KAPITAL FINANCE" LLC	Uzbekistan	100	100	Leasing

A subsidiary "MONEY KAPITAL FINANCE" LLC was established on 18 October 2021 as a limited liability company in accordance with the legislation of the Republic of Uzbekistan and is located in the territory of the Republic of Uzbekistan. The main activity of the company is to provide a financial lease to companies and individuals located in the Republic of Uzbekistan.

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2 Operating Environment of the Group

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. In addition, the financial sector in Uzbekistan is particularly impacted by local political, legislative, fiscal and regulatory developments.

Uzbekistan has robust external and fiscal buffers, low government debt and a record of high growth relative to "B" rated peers. Uzbekistan has demonstrated resilience to the initial impact of the war in Ukraine and sanctions against Russia.

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 financial markets and the economy overall. Management is unable to predict all developments, which could have an impact on the lending sector generally and on the financial position of the Group in particular.

Uzbekistan experienced the following key economic indicators in 2023:

- Inflation: 8.8% (2022: 12.3%);
- GDP growth: 6% (2022: 5.7%);
- Policy rate of the Central Bank of Uzbekistan: 14.0% (2022: 15.0%).

The Policy rate of the Central Bank of Uzbekistan decreased from 16% to 15% as of 8 September 2022 and further decreased to 14% as of 17 March 2023.

In January 2023, Moody's upgraded the long-term sovereign rating of the Republic of Uzbekistan to "Ba3", with a stable outlook.

In March 2023 and in August 2023, Fitch Ratings confirmed the Republic of Uzbekistan's long-term issuer default rating in foreign currency at the level of "BB-" with the outlook "stable".

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3 Summary of Significant Accounting Policies

Basis of preparation

The accompanying consolidated financial statements have been prepared in accordance with the requirements of International Financial Reporting Standards ("IFRS") approved by the International Financial Reporting Standards Committee ("IASB") based on historical cost accounting rules, adjusted for initial recognition of financial instruments at fair value and measured at fair value through profit or loss and at fair value through other comprehensive income. The accounting policies used in the preparation of these consolidated financial statements are presented below.

The Group maintains accounting records in accordance with the requirements of the current legislation of the Republic of Uzbekistan. These consolidated financial statements have been prepared on the basis of these accounts with the adjustments necessary to prepare it under IFRS requirements in all material respects.

Foreign currency translation

The functional and presentation currency of the Group, being the currency of the primary economic environment in which the entity operates, is the national currency of the Republic of Uzbekistan, Uzbek Soums ("UZS").

Monetary assets and liabilities are translated into the functional currency at the official exchange rate of the Central Bank of Uzbekistan ("CBU") at the end of the respective reporting period. Foreign exchange gains and losses resulting from the settlement of transactions and from translation of monetary assets and liabilities into the functional currency at year-end official exchange rates of the CBU are recognised in profit or loss.

At 31 December 2023 the principal rates of exchange used for translating foreign currency balances were USD 1 = UZS 12,338.77 (2022: USD 1 = UZS 11,225.46). Exchange restrictions and controls exist over the conversion of UZS to other currencies. At present, the UZS is not a freely convertible currency outside of Uzbekistan.

Translation at year-end rates does not apply to non-monetary items that are measured at historical cost.

Convenience translation

In addition to presenting consolidated financial statements in UZS, supplementary information in US Dollars ("USD"), which does not form part of consolidated financial statements, has been presented for the convenience of users of consolidated financial statements. The supplementary information in USD, including comparatives, is translated from UZS using the official exchange rate of the Central Bank of Uzbekistan at 31 December 2022 of USD 1 = UZS 12,338.77. The supplementary information should not be construed as a representation that UZS amounts have been, could be, or will be in the future converted to USD at this rate or at any other exchange rate, nor that the USD amounts present fairly the financial position of the Group or the result of operations, cash flows or changes in equity in accordance with IFRS. All financial information presented in USD has been rounded to the nearest thousand.

Consolidated financial statement

Subsidiaries are such investment items, including structured entities, which the Group controls, since the Group (i) has powers that enable it to manage significant activities that have a significant impact on the income of the investee, (ii) is exposed to risks associated with variable income from participation in the investee, or has the right to receive such income, and (iii) has the ability to use its powers in relation to the investee for the purpose impact on the amount of income of the investor. In assessing whether the Group has authority over another entity, it is necessary to consider the existence and impact of existing rights, including potential voting rights. A right is existing if the holder has a practical opportunity to exercise this right when making decisions regarding the management of significant activities of the investee. The group may have authority over the investee, even if it does not have most voting rights in the investee. In such cases, in order to determine the existence of real authority with respect to the investee, the Group must evaluate the size of the package of its voting rights in relation to the size and degree of dispersion of packages of other voting rights holders. Rights protecting the interests of other investors, such as those related to fundamental changes to the activity of the investee or applied in exceptional circumstances, do not impede the Group's ability to control the investee. Subsidiaries are included in the consolidated financial

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statements from the date that control over their operations is transferred to the Group and are excluded from the consolidated statements from the date that control ceases.

Subsidiaries are included in the consolidated financial statements using the acquisition method. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured at fair value at the acquisition date, irrespective of the size of the non-controlling interest.

The Group estimates the non-controlling interest, which is the current interest and gives the holder the right to a proportional share of net assets in the event of liquidation, individually for each transaction either a) at fair value or b) in proportion to the non-controlling interest in the net assets of the acquiree. Non-controlling interests, which are not current interests, are measured at fair value.

Goodwill is determined by deducting the amount of the net assets of the acquiree from the total of the following amounts: the amount of compensation paid for the acquiree, the amount of the non-controlling interest in the acquiree and the fair value of the equity in the acquiree, which was held immediately before the acquisition date. A negative amount ("negative goodwill") is recognized in profit or loss after management assesses whether all assets acquired and all liabilities and contingent liabilities assumed are fully identified and analyzes the appropriateness of their measurement.

Compensation transferred for the acquiree is measured at the fair value of the assets provided, equity instruments issued and liabilities incurred or assumed, including the fair value of assets and liabilities arising from contingent consideration agreements, but not including acquisition costs, such as payment consulting services, legal services, valuation services and similar professional services. Transaction costs incurred in issuing equity instruments are deducted from equity; transaction costs incurred in connection with the issue of debt securities are deducted from their carrying amount, and all other transaction costs associated with the acquisition are expensed.

Transactions between companies of the Group, balances on corresponding accounts and unrealized gains on transactions between companies of the Group are mutually exclusive. Unrealized expenses are also mutually exclusive, unless the costs cannot be reimbursed. The Group and all its subsidiaries apply a single accounting policy in accordance with the Group's policies.

Non-controlling interest is part of the net results of operations and equity of a subsidiary attributable to interests that the Group does not directly or indirectly own. Non-controlling interest is a separate component of the Group's equity.

Disposal of subsidiaries, associates or joint ventures

When the Group loses control or significant influence, the retained interest in the entity is premeasured at fair value reflecting the change in the carrying amount in profit or loss. Fair value is the initial carrying amount for the purpose of further accounting for the remaining interest in the associate, joint venture or financial asset. In addition, all amounts previously recognized in other comprehensive income in respect of the entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are carried in profit or loss.

If the interest in the associate is reduced, but significant influence remains, then only a proportional proportion of the amounts previously recognized in other comprehensive income is transferred to profit or loss when necessary.

Fair value measurement

Fair value is the price that would have been received for the sale of an asset or paid for the transfer of an obligation in a transaction normally concluded between market participants at the valuation date. The fair value measurement assumes that a transaction to sell an asset or transfer a liability occurs:

- ▶ either in the principal market for the asset or liability;
- ▶ or, in the absence of a main market, in the most favorable market for the asset or liability.

The Group must have access to the main or most favorable market. The fair value of the asset or liability is estimated using assumptions that market participants would use when determining the price of the asset or liability, it being assumed that market participants act in their best interests. The assessment of the fair value of a non-financial asset takes into account the ability of a market participant to generate economic benefits from using the asset in the best and most efficient manner or selling it to another market participant who will use the asset in the best and most efficient way.

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The Group uses such valuation methodologies that are acceptable in the circumstances and for which data are available that is sufficient to estimate fair value, while making maximum use of relevant observable inputs and minimally using unobservable inputs.

All assets and liabilities whose fair value is measured or disclosed in the financial statements are classified within the hierarchy of sources of fair value described below based on the initial data of the lowest level, which are significant for measuring fair value in general:

- ▶ Level 1 - quoted market prices in an active market for identical assets or liabilities (without any adjustments).
- ▶ Level 2 - valuation models in which the baseline data relevant to the fair value estimation, belonging to the lowest level of the hierarchy, are directly or indirectly observed in the market.
- ▶ Level 3 - valuation models in which inputs to the lowest level of the hierarchy that are relevant to fair value measurements are not observable in the market.

Lease

Lease start date

The beginning of the lease is the date of the conclusion of the relevant agreement or the date of the occurrence of the conditional obligation, if the latter has come earlier. For the purposes of this definition, the contingent liability must be made in writing, signed by the parties interested in the transaction and must describe the essential terms of the transaction.

Beginning of the lease term

The beginning of the term of the lease is the date from which the lessee receives the right to use the leased asset. This is the date of initial recognition of the lease.

Classification of types of leasing

Financial leasing is leasing, under the terms of which there is a transfer of substantially all the risks and rewards associated with owning an asset. Legal title may end up being either transmitted or not. All other leases are operating leases.

The Group recognizes lease receivables in an amount equal to the net investment in the lease, starting from the date of commencement of the lease term. Financial income is calculated according to a scheme reflecting a constant periodic rate of return on the balance sheet amount of the net investment. Initial direct costs are recorded as part of the initial amount of the lease payment receivable.

Net investment in leasing / financial leasing income

Net investment in leasing is calculated as the sum of the minimum lease payments minus recoverable expenses, which are the amounts guaranteed by the lessee and the unsecured residual value (together constituting the gross investment in leasing) discounted using the mark-up incorporated in the relevant leasing contract. The mark-up assumed under the lease agreement represents the discount rate, which, when recognizing leasing, results in the total present value of the gross investment in leasing being equal to the fair value of the asset being leased.

The difference between the sum of gross investment in leasing and the sum of net investment in leasing is the unearned financial income. This income is recognized over the term of the lease using the effective net investment method (before tax), which reflects a constant periodic rate of return. Additional costs directly related to the preparation and conclusion of a lease agreement are included in the initial assessment of the lease receivables and reduce the amount of income recognized over the term of the lease.

The initial direct costs of the lessor include the payment of intermediary services, legal fees, as well as internal costs that are additional and are directly related to the conclusion of the lease agreement. Initial direct financial leasing costs are included in the initial measurement of lease receivables and reduce the amount of income recognized over the term of the lease.

Net investment in leasing also includes equipment for the installation if all significant risks and rewards of ownership of the asset are transferred to the lessee. The Group begins to accrue mark-up from the date the lease begins.

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Payments received by the Group from lessees are recorded as advances received from lessees (as a separate line as part of liabilities) until the commencement date of the lease term and recognition of net investment in leasing, adjusted for amounts received from lessees.

Any advance payments to suppliers are recorded as advance payments to suppliers for leasing transactions.

Assets acquired for leasing

Items acquired for the purpose of leasing include acquired assets that are to be transferred to the lessee, but the transfer of which has not been completed as of the reporting date. Assets are recorded at the lower of two values: actual cost and net realizable value.

Leased items withdrawn for non-payment

The objects of leasing withdrawn for non-payment are usually the assets that the Group owns in accordance with the termination of the contract due to non-performance of obligations by the lessee. The main types of assets are cars and trucks, as well as other equipment. When the Group withdraws assets in accordance with a terminated leasing agreement, the asset is subject to valuation at the lowest of the two values: cost and possible net realizable value. In assessing the net realizable value, the Group makes an assumption about the market value depending on the type of asset being evaluated, and then applies market adjustments for depreciation, illiquidity and expected trade discounts for certain types of assets.

Operating lease

If the Group is a lessee under a lease, in accordance with which all risks and rewards inherent in owning property, are not fully transferred from the lessor, the total lease payments are recorded through profit or loss for the reporting period on a straight-line basis over the term of the lease.

Financial assets and liabilities

Date of recognition

Buying or selling financial assets and liabilities on standard terms are reflected on the date of the transaction, i.e., on the date when the Group assumes an obligation to purchase an asset or a liability. The purchase or sale on standard terms includes the purchase or sale of financial assets and liabilities within the framework of an agreement that requires the supply of assets and liabilities within the time limit established by the rules or agreements adopted in the market.

Initial assessment

The classification of financial instruments upon initial recognition depends on the contractual terms and business model used to manage the instruments. Financial instruments are initially measured at fair value, including or excluding transaction costs, except for cases when financial assets and financial liabilities are measured using FVPL.

Categories of assessing financial assets and liabilities

The Group classifies all its financial assets based on the business model used for asset management and the contractual terms of the assets as assessed by:

- ▶ amortized cost;
- ▶ FVOCI;
- ▶ FVPL.

The Group classifies and evaluates trading instruments at the FVPL. The Group may, if necessary, classify financial instruments as assessed at the FVPL, if such a classification would eliminate or significantly reduce inconsistency in valuation or recognition approaches.

Evaluation of the business model

The Group determines the business model at the level that best reflects how the grouped financial assets are managed to achieve a specific business goal.

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The Group's business model is not assessed at the level of individual instruments, but at a higher level of portfolio aggregation and is based on observable factors, such as:

- ▶ how the performance of the business model and profitability of financial assets held within this business model are assessed, and how this information is communicated to the key management personnel of the Group;
- ▶ the risks that affect the performance of the business model (and the profitability of financial assets held under this business model) and, in particular, the method of managing these risks;
- ▶ how are the managers of the business being rewarded (for example, is the rewarding based on the fair value of the assets being managed or on the cash flows provided by the contract);
- ▶ expected frequency, volume and timing of sales are also important aspects in evaluating the Group's business model.

Evaluation of the business model is based on scenarios, the occurrence of which is reasonably expected, excluding the "worst" or "stressful" scenarios. If the cash flows after initial recognition are realized with a method different from the Group's expectations, the Group does not change the classification of the remaining financial assets held within this business model, but subsequently takes such information into consideration when evaluating newly created or recently acquired financial assets.

Test "only payments on account of principal amount and mark-up on outstanding amount of principal amount of debt" (SPPI test)

In the second stage of the classification process, the Group evaluates the contractual terms of the financial asset to determine whether the contractual cash flows for the asset are the only payments in respect of the principal amount and mark-up on the outstanding part of the principal amount (i.e. SPPI test).

For the purposes of this test, the "principal amount of the debt" is the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there is a repayment of the principal amount or depreciation of the premium / discount).

The most significant elements of mark-up under a Lease agreement are usually reimbursement for the time value of money and reimbursement for credit risk. For the SPPI test, the Group applies judgment and analyzes relevant factors, such as the currency in which the financial asset is expressed, and the period for which the mark-up is set.

At the same time, contractual terms that have a negligible effect on risk exposure or volatility of contractual cash flows that are not related to the underlying lease agreement do not cause contractual cash flows that are solely payments in respect of the principal amount of the debt and mark-up on the outstanding part of the principal amount. In such cases, the financial asset must be assessed by the FVPL.

Debt instruments estimated at the FVOCI

In accordance with IFRS 9, the Group applies the new category and evaluates debt instruments at the FVOCI, if both of the following conditions are met:

- ▶ the instrument is held within the business model, the goal of which is achieved both by obtaining contractual cash flows and by selling financial assets;
- ▶ the contractual terms of the financial asset meet the SPPI test criteria.

Debt instruments measured at the FVOCI are subsequently measured at fair value, and gains or losses arising from changes in fair value are recognized in other comprehensive income (OCI). Mark-up and gains or losses on exchange rate changes are recognized in profit or loss in the same way as for financial assets measured at amortized cost. Upon derecognition, accumulated profit or loss previously recognized as part of the OCI is reclassified from OCI to profit or loss.

ECL on debt instruments measured by the FVOCI do not reduce the carrying amount of these financial assets in the statement of financial position, which continue to be measured at fair value. Instead, an amount equal to the estimated reserve for expected losses, which would have been created if the asset was valued at amortized cost, is recognized as a cumulative impairment charge in recognition of the relevant amounts in profit or loss. The cumulative loss recognized in OCI is reclassified to profit or loss on derecognition of an asset.

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Reclassification of financial assets and liabilities

The Group does not reclassify financial assets after their initial recognition, except in exceptional cases when the Group changes the business model of financial asset management. Financial liabilities are never reclassified.

Derecognition of financial assets

The Group derecognises financial assets when (a) the assets are redeemed or the rights to cash flows from the assets otherwise expired or (b) the Group has transferred the rights to the cash flows from the financial assets or entered into a qualifying pass-through arrangement while (i) also transferring substantially all risks and rewards of ownership of the assets or (ii) neither transferring nor retaining substantially all 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

A financial liability is derecognized when the liability is fulfilled, canceled or expires.

When replacing one existing financial liability with another obligation to the same creditor, on significantly different conditions, or if significant changes are made to the conditions of the existing obligation, the original obligation is removed from the register, and a new obligation is recorded, recognizing the difference in the book value of liabilities in profit or loss.

Offsetting financial instruments

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

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less. Cash and cash equivalents are carried at amortised cost using the effective interest method.

Property and equipment

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

Costs of minor repairs and maintenance are expensed when incurred. Cost of replacing major parts or components of property and equipment items is capitalized and the replaced part is retired.

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

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

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Depreciation

Depreciation on items of property and equipment is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives at the following annual rates:

Buildings	5%
Furniture and equipment	15%
Computer equipment	40%
Transport	20%
Other	15%

The residual value of an asset is the estimated amount that the Group would currently obtain from 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 residual value of an asset is nil if the Group expects to use the asset until the end of its physical life. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

Borrowings

Issued financial instruments or their components are classified as liabilities if, as a result of a contractual agreement, Group has an obligation to either deliver cash or other financial assets or fulfill the obligation in a different way than by exchanging a fixed amount of cash or other financial assets for a fixed amount of equity instruments. Such instruments include funds from credit institutions, customer deposits, debt securities issued and other borrowed funds. After initial recognition, borrowings are assessed at amortized cost using the effective interest method. Income and expenses are recognized in profit or loss on derecognition of liabilities, as well as in the amortization process.

Taxes

The Group is a payer of general taxation and income tax. The income tax expense / reimbursement includes current and deferred taxes and is recorded in the statement of comprehensive income. Tax expenses are recorded in the consolidated financial statements in accordance with the requirements of the current legislation of the Republic of Uzbekistan. Current tax payments are calculated on the basis of taxable profit for the year using income tax rates in effect during the reporting period.

Current tax amounts are funds payable to the budget or returned from the budget due to current or previous taxable profits or losses. In the case of permission to issue consolidated financial statements prior to the filing of the relevant tax returns, the tax amounts reflected in it are based on estimates.

Deferred income tax is calculated using the balance sheet assets and liabilities method for all taxable losses and temporary differences between the taxable base of assets and liabilities and their carrying amount for consolidated financial statements.

Deferred tax amounts are assessed at tax rates that actually entered into force at the end of the reporting period or that are expected to be applied during the period of recovery of temporary differences or use transferred from previous periods of tax losses. Deferred tax assets and liabilities are set off against each other if there is a legally enforceable right to set off current tax assets and liabilities. Deferred tax assets in respect of deductible temporary differences and tax losses are recorded to the extent that it is probable that sufficient taxable profit will be earned against which the indicated deductions may be used. Management judgment is required to determine the amount of deferred tax assets that can be recognized in the consolidated financial statements based on the likely timing and amount of future taxable profits, as well as future tax planning strategies. Deferred tax amounts are assessed at tax rates that actually entered into force at the end of the reporting period or that are expected to be applied during the period of recovery of temporary differences or use transferred from previous periods of tax losses. Deferred tax assets and liabilities are set off against each other if there is a legally enforceable right to set off current tax assets and liabilities. Deferred tax assets in respect of deductible temporary differences and tax losses are recorded to the extent that it is probable that sufficient taxable profit will be earned against which the indicated deductions may be used. Management judgment is required to determine the amount of deferred tax assets that can be recognized in the consolidated financial statements based on the likely timing and amount of future taxable profits, as well as future tax planning strategies.

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In addition, in the Republic of Uzbekistan there are various operating taxes applicable to the Group. These taxes are recorded in the statement of comprehensive income as part of operating expenses.

Trade and other payables.

Trade payables are accrued when the counterparty has performed its obligations under the contract and are carried at amortised cost.

Contingent assets and liabilities

Contingent liabilities are not reflected in the statement of financial position, and information about them is disclosed in the consolidated financial statements, except in cases where the retirement of resources due to their redemption is unlikely. Contingent assets are not recorded in the statement of financial position, and information about them is disclosed in the consolidated financial statements in cases where it is highly probable to obtain economic benefits related to them.

Provisions

Provisions are recognized if the Group, due to a certain event in the past, has legal or voluntary commitments that, with a high degree of probability, will require outflow of resources that encompass future economic benefits, and which can be estimated with a reasonable degree of reliability.

Recognition of income and expenses

Revenue is recognized if there is a high likelihood that the Group will receive economic benefits, and if the revenue can be measured reliably. In order to recognize revenue in consolidated financial statements, certain conditions must also be met, as indicated below.

Mark-up and similar revenue and expenses

The Group calculates mark-up on debt financial assets measured at amortized cost or FVOCI, applying the effective interest rate to the gross book value of financial assets other than credit-impaired financial assets. The effective interest rate is the discount rate at which the estimated future cash payments or receipts over the expected life of the financial instrument or for a shorter period, where applicable, are exactly reduced to the net book value of the financial asset or financial liability. The calculation takes into account all contractual terms of the financial instrument (for example, the right to early repayment) and commissions or additional costs directly related to the instrument that are an integral part of the effective interest rate, but do not take into account future credit losses. The carrying amount of a financial asset or financial liability is adjusted if the Group revises its estimates of payments or receipts. The adjusted carrying amount is calculated based on the original effective interest rate and the change in carrying amount is recorded as revenue or expense.

In the case of a financial asset that becomes impaired, the Group calculates mark-up by applying the effective interest rate to the net amortized cost of the financial asset. If a default on a financial asset is liquidated and it is no longer credit-impaired, the Group returns to the calculation of mark-up based on the gross value.

In the case of acquired or created credit-impaired (ACCI) financial assets, the Group calculates mark-up using the effective interest rate adjusted for credit risk to the amortized cost of the financial asset. The effective interest rate adjusted for credit risk is the rate that upon initial recognition discounts estimated future cash flows (including credit losses) to the amortized cost of the ACCI assets.

Revenue on all financial assets assessed by the FVPL is recognized using the contractual mark-up as part of the “Income” item in the statement of profit or loss.

Commission income

The Group receives commission income from various services to the clients. Commission income can be divided into the following two categories:

► Commission income received for servicing during a certain period of time.

Commission income received for servicing during a certain period of time is accrued during this period.

► Commission income from transaction services.

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Commission income received from third party for conducting or participating in negotiations about operations.

Dividend income

Revenue is recognized when the Group's right to receive payment is established.

Charter capital

The Group's charter capital is classified as equity, since the Group has no obligation to purchase the ownership share upon the participant's request, and the Group's charter does not prohibit disposal of ownership share to third parties.

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 authorized for issue are disclosed in the subsequent events note. The audited statutory consolidated financial statements of the Group are the basis for profit distribution and other appropriations. Uzbekistan legislation identifies the basis of distribution as the retained earnings.

Staff costs and related contributions

Wages, salaries, contributions to Uzbekistan state pension and social insurance funds, paid annual leave and sick leave, bonuses, and non-monetary benefits are accrued in the year in which the employees of the Group render the associated services.

The Group has no legal or constructive obligation to make pension or similar benefit payments beyond the payments to the statutory defined contribution scheme.

Segment reporting

The Group operates in one segment "Leasing Activities". Leasing activity includes the conclusion of leasing contracts with legal entities, individual entrepreneurs and their subsequent control.

Amendment of the consolidated financial statements after issuance

Any changes to these consolidated financial statements after issuance require approval of Supervisory Board of Directors.

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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

These consolidated financial statements reflect the current management's assessment of the Group of impacts that affect the operations and financial position of the Group. The future development of the economy of the Republic of Uzbekistan largely depends on the effectiveness of the measures taken by the Government of the Republic of Uzbekistan and other factors, including legislative and political events, which are not controlled by the Group. The Group is not in a position to predict the impact of these factors on the financial condition in the future. The accompanying consolidated financial statements did not include adjustments related to this risk.

Finance leases

Management applies judgement to determine if substantially all the significant risks and rewards of ownership of financial assets and lease assets are transferred to counterparties, in particular which risks and rewards are the most significant and what constitutes substantially all risks and rewards. Although the title to a leased asset remains with the Group during the leasing period, the Group derecognises the leased assets and recognises finance lease receivables upon commencement of the lease term, since in case of material breach of lease agreement terms the Group is entitled to request to pay ahead of time all leasing payments or request to early rescind the lease agreement with compensation of all losses and (or) returning the leased asset.

Management applies judgement to determine lease implicit rate when it is hard to identify leased assets fair value. Management makes judgement based on expected risk level of the lessees' project and expected mark-up yield to be offered by third parties to such lessees.

Expected losses on financial assets

The assessment of expected losses, both under IFRS 9 across all categories of financial assets, requires judgment to be applied, in particular, when determining impairment losses and assessing a significant increase in credit risk it is necessary to estimate the amount and timing of future cash flows and the value of impairment. Such estimates depend on a number of factors, changes in which can lead to different amounts of estimated reserves for impairment. The calculations of the ECL of the Group are the result of complex models that include a number of basic assumptions regarding the choice of variables of the initial data and their interdependencies. The elements of the ECL calculation models, which are considered judgments and estimates, are the following:

- ▶ the criteria used by the Group to assess whether there has been a significant increase in credit risk, as a result of which the provision for impairment of financial assets should be assessed in an amount equal to the ECL for the entire term, and a qualitative assessment;
- ▶ the consolidation of financial assets into groups, when ECL are evaluated on a group basis;
- ▶ development of models for calculating ECL, including various formulas and selection of source data;
- ▶ identification of the relationship between macroeconomic scenarios and economic data, as well as the impact on the indicators of default probability (PD), the value at risk of default (EAD) and the level of default losses (LGD);
- ▶ selection of forecast macroeconomic scenarios and their weighting based on the probability to obtain economic baseline data for evaluation models of an ECL.

Tax legislation

Uzbekistan tax, currency and customs legislation are subject to varying interpretations. Refer to Note 20.

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5 Standards that have been issued, but not yet effective

Certain new standards became effective for the Group's reporting periods beginning on or after 1 January 2022 and were not adopted early by the Group.

Standards and amendments that are effective for the Group in 2023 (for an entity with a 31 December 2023 year-end) and could be applicable to the Group are:

- IFRS 17 'Insurance Contracts'
- Amendments to IFRS 17 Insurance Contracts (Amendments to IFRS 17 and IFRS 4)
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)
- Definition of Accounting Estimates (Amendments to IAS 8)
- International Tax Reform—Pillar Two Model Rules (Amendments to IAS 12)

These amendments do not have a significant impact on the Group's Financial Statements and therefore the disclosures have not been made.

Adoption of IFRS 17

IFRS 17 comes into effect for periods beginning on or after 1 January 2023. Its main objective is to provide more transparency to the users of financial statements over the revenue and costs associated with its insurance activities. It also provides information about the current and future profitability of its insurance activities which was not reflected in IFRS 4 'Insurance Contracts'. This transparency is achieved through measuring longer term insurance contracts using a general measurement model which considers discounted probability-weighted cash flows, explicit risk adjustments, and calculating a contractual service margin that represents the unearned profits of the contract which is recognized as revenue over the insurance contract over the coverage period. This general measurement model is supplemented by:

- a specific adaptation for contracts with direct participation features (the variable fee approach), and
- a simplified approach (the premium allocation approach) mainly for short-duration contracts.

IFRS 17 does not limit its scope to specific types of entities. Instead, it provides a definition of an insurance contract that can apply to any entity, including entities that are not considered to be insurers. While the previous interim standard for accounting for insurance contracts, IFRS 4, defined an insurance contract in a similar way to IFRS 17, its application was more flexible because it permitted existing local country accounting practices for insurance contracts if certain criteria were met. Some notable exclusions exist in IFRS 17, and they include standard manufacturer's warranties, residual value guarantees, contingent consideration resulting from a business combination, and insurance contracts where the entity is a policyholder, unless the contract is a reinsurance contract. While not material, activities of the Group that would be captured by IFRS 17 may now include:

- some financial guarantees that were issued by the parent to its subsidiaries
- providing extended warranties beyond that set out in consumer legislation and retaining the forgiveness of debt arrangements that arise on the death of retail customers holding store cards
- some IT maintenance arrangements, and performance guarantees that are associated with various construction activities its subsidiaries undertake.

Other Standards and amendments that are not yet effective and have not been adopted early by the Group include:

- Classification of Liabilities as Current or Non-current (Amendments to IAS 1)
- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)
- Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)
- Non-current Liabilities with Covenants (Amendments to IAS 1)
- Lack of Exchangeability (Amendments to IAS 21)

These amendments are not expected to have a significant impact on the financial statements in the period of initial application and therefore no disclosures have been made.

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“MIKRO LEASING” FE LLC and its subsidiary

Notes to the Consolidated Financial Statements – 31 December 2023

6 Cash and Cash Equivalents

	2023 UZS'000	2022 UZS'000	2023 *USD'000	2022 *USD'000
Current account in domestic currency	21 926 607	12 441 445	1 778	1 008
Current account in foreign currency	202 421	3 732 098	16	302
Restricted cash	6 000 000	-	486	-
Provision on ECL	(69 836)	(61 494)	(6)	(4)
Total cash and cash equivalents	28 059 192	16 112 049	2 274	1 306

The Group holds all its cash and cash equivalents and restricted cash with 3 local private commercial banks: JSCB “Kapital Bank”, JSCB “Tenge Bank” and JSCB “Agrobank”. JSCB “Kapital Bank” is B2 rated by Moody’s Investors Service, JSCB “Agrobank” is BB- rated by Fitch Ratings.

All cash equivalents are assigned to Stage 1. The analysis of changes in provisions on ECL over the year is presented below:

	UZS'000	*USD'000
Provisions on ECL as at 1 January 2022	25 150	2
Assets derecognized or redeemed	36 344	3
Provisions on ECL as at 31 December 2022	61 494	5
Assets derecognized or redeemed	8 342	1
Provisions on ECL as at 31 December 2023	69 836	6

7 Finance Lease Receivables

	2023 UZS'000	2022 UZS'000	2023 *USD'000	2022 *USD'000
Finance lease receivables	632 334 074	587 831 664	51 248	47 641
Total finance lease receivables, gross	632 334 074	587 831 664	51 248	47 641
Provision on expected credit losses	(16 204 449)	(8 230 468)	(1 314)	(667)
Total finance lease receivables, net	616 129 625	579 601 196	49 934	46 974

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Economic sector risk concentrations within the customer lease portfolio are as follows:

<i>In thousands of Uzbek Soums</i>	2023		2022	
	Amount	%	Amount	%
Manufacturing	26 300 661	4	30 695 437	5
Construction	18 843 881	3	28 396 041	5
Trade	303 203 268	48	67 024 104	11
Individual	179 325 537	28	356 249 306	61
Agriculture	72 833 402	12	72 098 396	12
Services	31 827 325	5	33 368 380	6
Total finance lease receivables (before impairment)	632 334 074	100	587 831 664	100

<i>In thousands of US Dollars</i>	2023		2022	
	Amount	%	Amount	%
Manufacturing	2 132	4	2 488	5
Construction	1 527	3	2 301	5
Trade	24 573	48	5 432	11
Individual	14 534	28	28 873	61
Agriculture	5 903	12	5 843	12
Services	2 579	5	2 704	6
Total finance lease receivables (before impairment)	51 248	100	47 641	100

The normal contractual lease arrangements of the Group include the following main terms and conditions:

- Lease period (1-5 years);
- Finance income computed using effective yield rate method;
- Lessee shall pay from 10% to 70% of the lease amount as advance payment at inception of lease. These payments are treated as advances from lessees and recognised as the Group's liability until the commencement date of those leases;
- Lease payments are paid only in UZS;
- Lessee insures risks related to the leased assets such as damage caused by various reasons, theft and other with an insurer approved by the Group and keeps it insured throughout the term of the lease. Insurance fees are paid by the Lessor and then reimbursed by the Lessee;
- The Group is entitled to possession of the leased equipment if certain terms of the agreement are not fulfilled; and
- Management periodically assesses the financial position of the lessees by monitoring debts outstanding and analysing their financial reports. The Group holds legal title of the leased assets during the lease period.

Information about finance lease receivables collateralized by types of lease object:

<i>In thousands of Uzbek Soums</i>	2023 UZS'000	2022 UZS'000
Leases collateralised by lease objects:		
- Construction machinery	388 579 019	131 632 259
- Vehicle	136 494 154	386 454 266
- Trucks	54 959 307	50 665 000
- Other equipment	52 301 594	19 080 139
Total value of collateral	632 334 074	587 831 664

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<i>In thousands of US Dollars*</i>	2023 *USD'000	2022 *USD'000
Leases collateralised by lease objects:		
- Construction machinery	31 493	10 668
- Vehicle	11 062	31 321
- Trucks	4 454	4 106
- Other equipment	4 239	1 546
Total value of collateral	51 248	47 641

Analysis by credit quality of finance lease receivables is as follows:

<i>In thousands of Uzbek Soums</i>	2023 UZS'000	2022 UZS'000	2023 *USD'000	2022 *USD'000
<i>Neither past due nor impaired</i>				
Finance lease receivables	548 110 575	583 390 902	44 422	47 282
Total neither past due and nor impaired	548 110 575	583 390 902	44 422	47 282
<i>Past due but not impaired</i>				
- less than 30 days overdue	51 230 564	3 148 825	4 152	255
- 30 to 90 days overdue	17 446 255	707 495	1 414	57
- more than 90 days overdue	15 546 680	584 442	1 260	47
Total past due but not impaired	84 223 499	4 440 762	6 826	359
Provision for ECL	(16 204 449)	(8 230 468)	(1 314)	(667)
Total financial receivables, net	616 129 625	579 601 196	49 934	46 974

Reconciliation between gross investment in finance leases and the present value of minimum lease payments receivable at 31 December 2023 is as follows:

<i>In thousands of Uzbek Soums</i>	Within 1 year	From 1 year to 5 years	Total
Gross investment in finance leases at 31 December 2022	79 256 100	783 669 191	862 925 291
Less: Unearned finance income	(21 230 261)	(209 360 956)	(230 591 217)
Present value of minimum lease payments receivable	58 025 839	574 308 235	632 334 074
Less: Impairment loss provision	(13 321 635)	(2 882 814)	(16 204 449)
Finance lease receivables at 31 December 2022	44 704 204	571 425 421	616 129 625

* The USD equivalent figures are provided for information purposes only and do not form part of consolidated financial statements – refer to Note 3.

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<i>In thousands of US Dollars*</i>	Within 1 year	From 1 year to 5 years	Total
Gross investment in finance leases at 31 December 2022	6 423	63 513	69 936
Less: Unearned finance income	(1 720)	(16 968)	(18 688)
Present value of minimum lease payments receivable	4 703	46 545	51 248
Less: Impairment loss provision	(1 080)	(234)	(1 314)
Finance lease receivables at 31 December 2022	3 623	46 311	49 934

Reconciliation between gross investment in finance leases and the present value of minimum lease payments receivable at 31 December 2022 is as follows:

<i>In thousands of Uzbek Soums</i>	Within 1 year	From 1 year to 5 years	Total
Gross investment in finance leases at 31 December 2022	473 913 428	258 641 817	732 555 245
Less: Unearned finance income	(95 588 372)	(49 135 209)	(144 723 581)
Present value of minimum lease payments receivable	378 325 056	209 506 608	587 831 664
Less: Impairment loss provision	(5 957 331)	(2 273 137)	(8 230 468)
Finance lease receivables at 31 December 2022	372 367 725	207 233 471	579 601 196

<i>In thousands of US Dollars*</i>	Within 1 year	From 1 year to 5 years	Total
Gross investment in finance leases at 31 December 2021	38 408	20 962	59 370
Less: Unearned finance income	(7 747)	(3 982)	(11 729)
Present value of minimum lease payments receivable	30 661	16 980	47 641
Less: Impairment loss provision	(482)	(185)	(667)
Finance lease receivables at 31 December 2021	30 179	16 795	46 974

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8 Equipment for lease

	2023 UZS'000	2022 UZS'000	2023 *USD'000	2022 *USD'000
Equipment at 1 January (at cost)	24 054 244	57 392 550	1 950	4 651
Cost of equipment acquired during the year	705 435 543	1 072 153 855	57 172	86 893
Equipment transferred to finance leases	(723 718 191)	(1 105 492 161)	(58 654)	(89 595)
Equipment at 31 December (at cost)	5 771 596	24 054 244	468	1 949

Payments for equipment are fixed at historic rates and not subsequently revalued. However, lease receivables denominated in USD are subject to revaluation. When equipment is transferred to a lessee, finance lease receivable denominated in USD is initially recognized and measured in local currency at the exchange rate prevailing at the date of finance lease receivable recognition. Since the equipment is measured at historic cost versus finance lease receivable measured at revalued amount and since USD appreciates over time, the difference is recognized as gain on equipment transferred to finance lease.

9 Advances paid for equipment for lease

	2023 UZS'000	2022 UZS'000	2023 *USD'000	2022 *USD'000
Not past due and not impaired	2 046 309	11 090 040	166	899
Past due:				
- from 91 days and more	766 426	687 200	62	56
Total past due	766 426	687 200	62	56
Impairment allowance	(766 426)	(742 650)	(62)	(61)
Advances paid for equipment for lease	2 046 309	11 034 590	166	894

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10 Property and Equipment

	Assets in the form of right of use	Computer and office equipment	Furniture	Other fixed assets	Total
<i>In thousands of Uzbek Soums</i>					
Cost at 1 January 2022	1 875 870	507 049	283 945	10 892	2 677 756
Accumulated depreciation and amortisation	(916 138)	(86 014)	(41 505)	(1 458)	(1 045 115)
Carrying amount at 1 January 2022	959 732	421 035	242 440	9 434	1 632 641
Additions	3 969 423	151 057	119 206	68 228	4 307 914
Depreciation and amortisation charge	(275 152)	(283 957)	(67 715)	(10 412)	(637 236)
Carrying amount at 31 December 2022	4 654 003	288 135	293 931	67 250	5 303 319
Cost at 31 December 2022	5 845 293	658 106	403 151	79 120	6 985 670
Accumulated depreciation and amortisation	(1 191 290)	(369 971)	(109 220)	(11 870)	(1 682 351)
Carrying amount at 31 December 2022	4 654 003	288 135	293 931	67 250	5 303 319
Additions	-	238 254	70 273	46 852	355 379
Depreciation and amortisation charge	(584 529)	(27 187)	(75 763)	(37 411)	(724 890)
Carrying amount at 31 December 2023	4 069 474	499 202	288 441	76 691	4 933 808
Cost at 31 December 2023	5 845 293	896 360	473 424	125 972	7 341 049
Accumulated depreciation and amortisation	(1 775 819)	(397 158)	(184 983)	(49 281)	(2 407 241)
Carrying amount at 31 December 2023	4 069 474	499 202	288 441	76 691	4 933 808

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	Assets in the form of right of use	Computer and office equipment	Vehicles	Intangible assets	Total
<i>In thousands of US Dollars*</i>					
Cost at 1 January 2022	152	41	23	2	218
Accumulated depreciation and amortisation	(74)	(7)	(3)	(1)	(85)
Carrying amount at 1 January 2022	78	34	20	1	133
Additions	322	12	10	5	349
Depreciation and amortisation charge	(22)	(23)	(5)	(2)	(52)
Carrying amount at 31 December 2022	378	23	25	4	430
Cost at 31 December 2022	474	53	33	7	567
Accumulated depreciation and amortisation	(96)	(30)	(8)	(3)	(137)
Carrying amount at 31 December 2022	378	23	25	4	430
Additions	-	19	6	4	29
Depreciation and amortisation charge	(48)	(2)	(6)	(3)	(59)
Carrying amount at 31 December 2023	330	40	25	5	400
Cost at 31 December 2023	474	72	39	11	596
Accumulated depreciation and amortisation	(144)	(32)	(14)	(6)	(196)
Carrying amount at 31 December 2023	330	40	25	5	400

11 Other assets

	2023 UZS'000	2022 UZS'000	2023 *USD'000	2022 *USD'000
Other financial assets				
Settlements with suppliers of agency services	87 152	3 653 626	7	296
Reimbursable accounts	1 286 230	2 413 253	104	196
Claim settlements	3 633 264	-	294	-
Others	1 264 052	157 100	102	13
Provision on ECL	(4 415 335)	(224 880)	(358)	(18)
Total other financial assets	1 855 363	5 999 099	149	487
Other non-financial assets				
Advances on other taxes	2 869 262	3 541 297	233	286
Pre-paid expenses	207 929	11 842	17	1
Other non-financial assets	7 963	9 548	1	1
Total other non-financial assets	3 085 154	3 562 687	251	288
Total other assets	4 940 517	9 561 786	400	775

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"MIKRO LEASING" FE LLC and its subsidiary**Notes to the Consolidated Financial Statements – 31 December 2023****12 Loans and borrowings**

	2023 UZS'000	2022 UZS'000	2023 *USD'000	2022 *USD'000
Principal amount of bank loan	21 991 339	9 840 000	1 782	798
Interest payable on bank loan	187 988	152 857	15	12
Principal amount of other loans	484 644 696	494 675 172	39 278	40 092
Interest payable on other loans	15 671 869	11 614 027	1 271	941
Total loans and borrowings	522 495 891	516 282 057	42 346	41 843

As at 31 December 2023, Money Kapital Finance LLC has an overdue outstanding loan in the amount of the equivalent of UZS 545 million / USD 44,205 since October 2023, which was received from Micro Capital Russia LLC (Russia). The total debt of the Group to this lender is the equivalent of UZS 191.6 billion / USD 15,532 thousand.

In addition, there is an overdue debt of "MIKRO LEASING" FE LLC from Micro Fund in the amount of the equivalent of UZS 189 million / USD 15,344 since 2022.

13 Debt securities issued

	2023 UZS'000	2022 UZS'000	2023 *USD'000	2022 *USD'000
Debt securities issued, measured at amortised cost	5 246 575	-	425	-
Total loans and borrowings	5 246 575	-	425	-

Debt securities issued, measured at amortised cost

The debt securities were issued in September 2023 for a period of 365 days and the annual yield of the securities is 20% per annum. These securities were purchased by GROSS INSURANCE LLC.

14 Trade accounts payable

	2023 UZS'000	2022 UZS'000	2023 *USD'000	2022 *USD'000
Audit fee	350 000	65 000	28	5
Others	4 460 054	2 931 846	362	238
Trade accounts payable	4 810 054	2 996 846	390	243

* The USD equivalent figures are provided for information purposes only and do not form part of consolidated financial statements – refer to Note 3.

15 Charter Capital

The Group's authorized and paid in charter capital is UZS 29,049,993 thousand.

The audited statutory consolidated financial statements of the Group are the basis for profit distribution and other appropriations. Uzbekistan legislation identifies the basis of distribution as the retained earnings.

The Group declares dividends in UZS and payment to owner is made in EUR by converting declared dividends to EUR.

In 2023 the Group declared dividends in the amount of UZS 7,261,500 thousand and they were paid to the owner.

In 2022 the Group declared dividends in the amount of UZS 25,372,874 thousand and they were used to share capital increase excluding dividend tax.

16 Interest income and interest costs

	2023 UZS'000	2022 UZS'000	2023 *USD'000	2022 *USD'000
Interest Income				
Income in domestic currency	178 397 573	89 900 069	14 458	7 286
Total interest income	178 397 573	89 900 069	14 458	7 286
Interest costs				
Expenses in foreign currency	(20 681 997)	(5 359 307)	(1 676)	(434)
Expenses in domestic currency	(83 506 793)	(76 628 682)	(6 768)	(6 210)
Total interest costs	(104 188 790)	(81 987 989)	(8 444)	(6 645)
Net interest income / (costs)	74 208 783	7 912 080	6 014	641

17 Financial income and financial costs

	2023 UZS'000	2022 UZS'000	2023 *USD'000	2022 *USD'000
Financial income				
Gain on foreign exchange transitions	22 195 784	9 554 857	1 799	774
Other financial income	165 471	71 099	13	6
Total financial income	22 361 255	9 625 956	1 812	780
Financial costs				
Loss on foreign exchange transitions	(27 922 871)	(3 450 070)	(2 263)	(280)
Total financial costs	(27 922 871)	(3 450 070)	(2 263)	(280)
Net financial income / (costs)	(5 561 616)	6 175 886	(451)	500

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18 Administrative costs

	2023 UZS'000	2022 UZS'000	2023 *USD'000	2022 *USD'000
Staff costs	15 719 771	9 916 359	1 275	802
Other taxes, except income tax	11 140 646	6 351 375	903	515
Professional services	1 779 272	1 998 246	144	162
Bank charges	970 998	627 281	79	51
Depreciation and amortization	724 890	637 236	59	52
Transport	658 708	552 978	53	45
Rent expense	540 305	883 955	44	72
Insurance	447 312	410 709	36	33
Fines and penalties	424 173	92 545	34	8
Business trip expenses	394 254	64 337	32	5
Stationary and office supplies	305 016	160 199	25	13
Communications	97 294	47 729	8	4
Charity	79 086	29 106	6	2
Other expenses	1 312 520	673 444	106	55
Total administrative costs	34 594 243	22 445 498	2 804	1 819

19 Other operating income

	2023 UZS'000	2022 UZS'000	2023 *USD'000	2022 *USD'000
One-time margin from leases	20 549 772	-	1 665	-
Penalty for late payments	10 028 274	2 930 130	813	237
Agency fee from suppliers of leased objects	1 674 920	50 429 701	136	4 088
Agency fee from insurance agent	805 988	2 791 781	65	226
Others	887 810	372 545	72	30
Total other operating income	33 946 764	56 524 157	2 751	4 581

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20 Taxation

Legal entities in the Republic of Uzbekistan independently make calculations of taxes, including income tax, and file them with the tax authorities. The standard corporate income tax rate for 2023 and 2022 was 15%. In 2023, according to the Tax legislation of the Republic of Uzbekistan, income tax was accrued in the amount of UZS 11,063,779 thousand / USD 897 thousand (in 2022, UZS 9,149,809 thousand / USD 815 thousand).

The Group pays the general taxation of income tax and is a VAT payer.

Components of income tax expense

Income tax expense includes the following components:

	2023 UZS'000	2023 *USD'000
Current income tax expense	11 063 779	897
Deferred taxation	(911 813)	(74)
Income tax expense for the year	10 151 966	823

Reconciliation of tax expenses and profit or loss multiplied by the applicable tax rate

For 2023, the corporate income tax rate applicable to the majority of the Group's income was 15 percent

The following is a comparison of theoretical tax expenses with actual tax expenses:

	2023 UZS'000	2023 *USD'000
Income before tax	55 231 149	4 476
Theoretical tax deductions at the statutory rate - 15%	8 284 672	671
Tax effects of income or expenses that are not deductible for tax purposes: - non-deductible expenses	1 867 294	152
Income tax expense for the year	10 151 966	823

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Deferred tax analysis by type of temporary differences

Differences between IFRS and tax legislation of the Republic of Uzbekistan lead to the emergence of temporary differences between the book value of assets and liabilities for the purpose of preparing consolidated financial statements and for the purpose of calculating income tax.

The tax consequences of the movement of these temporary differences for 2023, which are recorded at a rate of 15 percent, are detailed below:

	31 December 2023	Restored / (allocated) to profit and loss account	1 January 2023
<i>In thousands of Uzbek Soums</i>			
Tax effects of temporary differences that reduce / (increase) the tax base			
Cash and cash equivalents	10 476	1 252	9 224
Payable to employees	27 656	23 442	4 214
Trade accounts payable	52 500	33 000	19 500
Advances paid for equipment for lease	114 964	3 567	111 397
Property and equipment	144 306	(143 144)	287 450
Finance lease receivables	527 006	501 682	25 324
Other assets	605 778	573 825	31 953
Borrowings	50 694	(81 811)	132 505
Net deferred tax (liability) / assets	1 533 380	911 813	621 567
Recognized deferred tax assets	1 533 380	911 813	621 567
Net deferred tax (liability) / assets	1 533 380	911 813	621 567

	31 December 2023	Restored / (allocated) to profit and loss account	1 January 2023
<i>In thousands of US Dollars*</i>			
Tax effects of temporary differences that reduce / (increase) the tax base			
Cash and cash equivalents	2	1	1
Payable to employees	3	2	1
Trade accounts payable	4	2	2
Advances paid for equipment for lease	10	1	9
Property and equipment	11	(11)	22
Finance lease receivables	43	41	2
Other assets	48	45	3
Borrowings	3	(7)	10
Net deferred tax (liability) / assets	124	74	50
Recognized deferred tax assets	124	74	50
Net deferred tax (liability) / assets	124	74	50

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21 Financial Risk Management

The risk management function within the Group is carried out in respect of financial risks (including credit risk, liquidity risk and yield rate risk), operational risks and legal risks. The primary objectives of the financial risk management function are to establish risk limits, and then ensure that exposure to risks stays within these limits. The operational and legal risk management functions are intended to ensure proper functioning of internal policies and procedures to minimise operational and legal risks.

Credit risk

The Group takes on exposure 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 discharge an obligation. Exposure to credit risk arises; as a result, of the Group’s leasing and other transactions with counterparties giving rise to financial assets. The Group’s maximum exposure to credit risk is reflected in the carrying amounts of financial assets in the statement of financial position. For commitments to provide leases refer to Note 22.

The Group’s maximum exposure to credit risk by class of assets is as follows:

	2023 UZS'000	2022 UZS'000	2023 *USD'000	2022 *USD'000
Cash and cash equivalents				
Current account in domestic currency	27 926 607	12 441 445	2 264	1 008
Current account in foreign currency	202 421	3 732 098	16	302
Advances paid for equipment for lease				
Advances paid for equipment for lease in domestic currency	2 762 452	11 745 073	224	952
Advances paid for equipment for lease in foreign currency	50 283	32 167	4	3
Receivables from employees				
Receivables from employees in domestic currency	129 824	-	11	-
Finance lease receivables				
Finance lease receivables	632 334 074	587 831 664	51 248	47 641
Other financial assets				
Settlements with suppliers of agency services	87 152	3 653 626	7	296
Reimbursable accounts	1 286 230	2 413 253	104	196
Claim settlements	3 633 264	-	294	-
Others	1 264 052	157 100	102	13
Total on-balance sheet exposure	669 676 359	622 006 426	54 274	50 411
Total maximum exposure to credit risk	669 676 359	622 006 426	54 274	50 411

The Group structures the level of credit risk by setting limits on the amount of risk assumed for a lessee or a group of lessees.

The Group monitors its credit risk on an annual basis or more frequently. The Group has collateral for the net investment in the lease. The assessment of the value of collateral is based on the value calculated at the inception of the finance lease and is generally not revised.

Credit quality by types of assets is disclosed in Note 7.

The Group manages the credit risk associated with finance lease receivables based on an analysis of lessees on a group and individual basis.

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Credit risks concentration

At 31 December 2023 the Group had 15 lessees (2022: 15 lessees) with aggregated finance lease receivables of UZS 22,155,245 thousand/ *USD 1,796 thousand (2022: UZS 15,008,678 thousand/ *USD 1,337 thousand) or 4% of finance lease receivables (2022: 3%). All these finance lease receivables are represented by medium and large-sized entities.

Following a thorough assessment, the Group placed all its funds mostly with local private commercial bank JSICB "Kapital bank". The bank is one of top 10 rated banks in Uzbekistan with the Forbes rating. The Group believes that the risk of the bank's default is remote.

Market risk

The Group takes on exposure to market risks. Market risks arise from open positions in (a) foreign currencies, (b) yield bearing assets and liabilities and (c) equity products, all of which are exposed to general and specific market movements. The Supervisory Board sets limits on the value of risk that may be accepted, which is monitored on a quarterly basis. However, the use of this approach does not prevent losses outside of these limits in the event of more significant market movements.

Currency risk

The Group takes on exposure to effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. To minimize foreign currency fluctuation risks related to finance lease receivables, the Group concludes lease contracts, which specify minimum lease payments to be settled in UZS based on USD or Euro interbank exchange rate prevailing at the date of payment.

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 Uzbek Soums</i>	At 31 December 2023			At 31 December 2022		
	Monetary financial assets	Monetary financial liabilities	Net balance sheet position	Monetary financial assets	Monetary financial liabilities	Net balance sheet position
In domestic currency	669 423 655	(289 089 121)	380 334 534	618 242 161	(470 359 924)	147 882 237
In foreign currency	252 704	(243 732 757)	(243 480 053)	3 764 265	(49 257 439)	(45 493 174)
Total	669 676 359	(532 821 878)	136 854 481	622 006 426	(519 617 363)	102 389 063

<i>In thousands of US Dollars*</i>	At 31 December 2023			At 31 December 2022		
	Monetary financial assets	Monetary financial liabilities	Net balance sheet position	Monetary financial assets	Monetary financial liabilities	Net balance sheet position
In domestic currency	54 254	(23 430)	30 824	50 106	(38 120)	11 986
In foreign currency	20	(19 753)	(19 733)	305	(3 992)	(3 687)
Total	54 274	(43 183)	11 091	50 411	(42 112)	8 299

The above analysis includes only monetary assets and liabilities. Non-monetary balances are not considered to give rise to any material currency risk.

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The following table presents sensitivities of profit and loss and equity to reasonably possible changes in exchange rates applied at the end of the reporting period with all other variables held constant:

	At 31 December 2023	At 31 December 2022
<i>In thousands of Uzbek Soums</i>	Impact on profit or loss and equity	Impact on profit or loss and equity
US Dollars strengthening by 10% (2022: 10%)	(24 348 005)	(4 549 317)
US Dollars weakening by 10% (2022: 10%)	24 348 005	4 549 317

	At 31 December 2023	At 31 December 2022
<i>In thousands of US Dollars*</i>	Impact on profit or loss and equity	Impact on profit or loss and equity
US Dollars strengthening by 10% (2022: 10%)	(1 973)	(369)
US Dollars weakening by 10% (2022: 10%)	1 973	369

The exposure was calculated only for monetary balances denominated in currencies other than the functional currency of the Group.

Yield rate risk

The Group takes on exposure to the effects of fluctuations in the prevailing levels of market yield rates on its financial position and cash flows. Margins between finance income earned and finance costs paid may increase because of such changes but may reduce or create losses in the event that unexpected adverse movements arise.

Financing of finance lease receivables is primarily provided by the Group's capital and borrowings mostly from the Alternative fund. Mark up rates of Alternative fund are fixed and not subject to changes through credit facility period. The effective yield rate on the finance leases remains fixed for the lease term. As a result, the Group is not exposed to cash flow yield rate risk.

The table below summarises the effective yield rates by major currencies for major financial instruments. The analysis has been prepared based on period-end effective rates used for amortisation of the respective assets/liabilities.

<i>In % yield p.a.</i>	2023				2022		
	UZS	RUB	EUR	USD	UZS	RUB	EUR
Assets							
Finance lease receivables	24 - 50	-	-	-	29 - 39	-	-
Receivables from employees	27	-	-	-	-	-	-
Liabilities							
Loans and borrowings	18 - 24	20 - 22	6	15	20 - 22	24,5 - 25,5	7-11

The sign “-” in the table above means that the Group does not have the respective balances in corresponding currency.

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The table below summarises the Group’s exposure to yield rate risks. The table presents the aggregated amounts of the Group’s financial assets and liabilities at carrying amounts, categorised by the contractual maturity dates.

	Demand and less than 1 month	From 1 to 3 months	From 3 to 12 months	From 12 months to 5 years	Total
<i>In thousands of Uzbek Soums</i>					
31 December 2023					
Total financial assets	54 667 600	7 376 491	33 324 033	574 308 235	669 676 359
Total financial liabilities	41 947 581	30 737 447	187 102 320	273 034 530	532 821 878
Net yield sensitivity surplus at 31 December 2023	12 720 019	(23 360 956)	(153 778 287)	301 273 705	136 854 481
31 December 2022					
Total financial assets	393 754 375	3 576 045	15 169 398	209 506 608	622 006 426
Total financial liabilities	193 060 217	65 000	-	326 492 146	519 617 363
Net yield sensitivity surplus at 31 December 2022	200 694 158	3 511 045	15 169 398	(116 985 538)	102 389 063

	Demand and less than 1 month	From 1 to 3 months	From 3 to 12 months	From 12 months to 5 years	Total
<i>In thousands of US Dollars*</i>					
31 December 2023					
Total financial assets	4 431	598	2 701	46 544	54 274
Total financial liabilities	3 400	2 491	15 164	22 128	43 183
Net yield sensitivity surplus at 31 December 2023	1 031	(1 893)	(12 463)	24 416	11 091
31 December 2022					
Total financial assets	31 912	290	1 229	16 980	50 411
Total financial liabilities	15 646	5	-	26 461	42 112
Net yield sensitivity surplus at 31 December 2022	16 266	285	1 229	(9 481)	8 299

Liquidity risk

Liquidity risk is defined as the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Group does not maintain cash resources to meet all of these needs as experience shows that a minimum level of reinvestment of maturing funds can be predicted with a higher level of certainty. The daily liquidity position is monitored by the Accounting Department.

The table below shows the maturity analysis of non-derivative financial assets at their carrying amounts and based on their contractual maturities, except for assets that are readily saleable if it should be necessary to meet cash outflows on financial liabilities. Such financial assets are included in the maturity analysis based on their expected date of disposal. Impaired finance lease receivables are included at their carrying amounts net of impairment provisions, and based on the expected timing of cash inflows.

The table below shows liabilities by their remaining contractual maturity. The amounts disclosed in the maturity table are the contractual undiscounted cash flows. Such undiscounted cash flows differ from the amount included in the statement of financial position because the statement of financial position amount is based on discounted cash flows.

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The maturity analysis of financial instruments at 31 December 2023 is as follows:

<i>In thousands of Uzbek Soums</i>	Demand and less than 1 month	From 1 to 3 months	From 3 to 12 months	From 12 months to 5 years	Total
Financial assets					
Cash and cash equivalents	28 129 028	-	-	-	28 129 028
Advances paid for equipment for lease	2 812 735	-	-	-	2 812 735
Receivables from employees	-	-	129 824	-	129 824
Finance lease receivables	17 455 139	7 376 491	33 194 209	574 308 235	632 334 074
Other financial assets	6 270 698	-	-	-	6 270 698
Total financial assets, undiscounted	54 667 600	7 376 491	33 324 033	574 308 235	669 676 359
Financial Liabilities					
Borrowings	37 218 169	30 737 447	181 505 745	273 034 530	522 495 891
Debt securities issued	-	-	5 246 575	-	5 246 575
Trade accounts payable	4 460 054	-	350 000	-	4 810 054
Payable to employees	269 358	-	-	-	269 358
Total financial liabilities, undiscounted	41 947 581	30 737 447	187 102 320	273 034 530	532 821 878
Liquidity gap arising from financial instruments	12 720 019	(23 360 956)	(153 778 287)	301 273 705	136 854 481

<i>In thousands of US Dollars*</i>	Demand and less than 1 month	From 1 to 3 months	From 3 to 12 months	From 12 months to 5 years	Total
Financial assets					
Cash and cash equivalents	2 280	-	-	-	2 280
Advances paid for equipment for lease	228	-	-	-	228
Receivables from employees	-	-	11	-	11
Finance lease receivables	1 415	598	2 690	46 545	51 248
Other financial assets	507	-	-	-	507
Total financial assets, undiscounted	4 430	598	2 701	46 545	54 274
Financial Liabilities					
Borrowings	3 017	2 491	14 710	22 128	42 346
Debt securities issued	-	-	425	-	425
Trade accounts payable	362	-	28	-	390
Payable to employees	22	-	-	-	22
Total financial liabilities, undiscounted	3 401	2 491	15 163	22 128	43 183
Liquidity gap arising from financial instruments	1 029	(1 893)	(12 462)	24 417	11 091

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The maturity analysis of financial instruments at 31 December 2022 is as follows:

<i>In thousands of Uzbek Soums</i>	Demand and less than 1 month	From 1 to 3 months	From 3 to 12 months	From 12 months to 5 years	Total
Financial assets					
Cash and cash equivalents	16 173 543	-	-	-	16 173 543
Advances paid for equipment for lease	11 777 240	-	-	-	11 777 240
Finance lease receivables	359 579 613	3 576 045	15 169 398	209 506 608	587 831 664
Other financial assets	6 223 979	-	-	-	6 223 979
Total financial assets, undiscounted	393 754 375	3 576 045	15 169 398	209 506 608	622 006 426
Financial Liabilities					
Borrowings	189 789 911	-	-	326 492 146	516 282 057
Trade accounts payable	2 931 846	65 000	-	-	2 996 846
Payable to employees	338 460	-	-	-	338 460
Total financial liabilities, undiscounted	193 060 217	65 000	-	326 492 146	519 617 363
Liquidity gap arising from financial instruments	200 694 158	3 511 045	15 169 398	(116 985 538)	102 389 063
<i>In thousands of US Dollars*</i>					
Financial assets					
Cash and cash equivalents	1 310	-	-	-	1 310
Advances paid for equipment for lease	955	-	-	-	955
Finance lease receivables	29 142	290	1 229	16 980	47 641
Other financial assets	505	-	-	-	505
Total financial assets, undiscounted	31 912	290	1 229	16 980	50 411
Financial Liabilities					
Borrowings	15 382	-	-	26 461	41 843
Trade accounts payable	238	5	-	-	243
Payable to employees	26	-	-	-	26
Total financial liabilities, undiscounted	15 646	5	-	26 461	42 112
Liquidity gap arising from financial instruments	16 266	285	1 229	(9 481)	8 299

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22 Contingencies and Commitments

Legal proceedings

From time to time and in the normal course of business, claims against the Group could be received. On the basis of its own estimates and both internal and external professional advice, the management is of the view that no material losses will be incurred in respect of claims and accordingly no provision has been made in these consolidated financial statements.

Tax contingencies

Uzbek tax and customs legislation, which was enacted or substantively enacted at the end of the reporting period, is subject to varying interpretations when being applied to the transactions and activities of the Group. Consequently, tax positions taken by management and the formal documentation supporting the tax positions may be challenged by the relevant authorities, and as a result the Group may be assessed additional taxes, penalties and charges. Fiscal periods remain open to review by the authorities in respect of taxes for five calendar years preceding the year of review. Under certain circumstances, reviews may cover longer periods.

Capital expenditure commitments

The Group had no material commitments for capital expenditures outstanding as at 31 December 2023 and 2022.

Credit related commitments

The Group had no credit related commitments outstanding as at 31 December 2023 and 2022.

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23 Fair Value of Financial Instruments

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 observable market data (that is, unobservable inputs). Management applies judgement in categorising financial instruments using the fair value hierarchy. If a fair value measurement uses observable inputs that require significant adjustment, that measurement is a Level 3 measurement. The significance of a valuation input is assessed against the fair value measurement in its entirety.

Assets and liabilities not measured at fair value but for which fair value is disclosed

Fair values analysed by level in the fair value hierarchy and the carrying value of assets and liabilities not measured at fair value at 31 December 2023 were as follows:

	Level 2 UZS'000	Level 3 UZS'000	Carrying value UZS'000	Level 2 *USD'000	Level 3 *USD'000	Carrying value *USD'000
Assets						
Cash and cash equivalents	28 059 192	-	28 059 192	2 274	-	2 274
Advances paid for equipment for lease	-	2 046 309	2 046 309	-	166	166
Receivables from employees	-	129 824	129 824	-	11	11
Finance lease receivables	-	616 129 625	616 129 625	-	49 934	49 934
Other financial assets	-	1 855 363	1 855 363	-	150	150
Total financial assets	28 059 192	620 161 121	648 220 313	2 274	50 261	52 535
Liabilities						
Borrowings	-	522 495 891	522 495 891	-	42 346	42 346
Debt securities issued	5 246 575	-	5 246 575	425	-	425
Trade accounts payable	-	4 810 054	4 810 054	-	390	390
Payable to employees	-	269 358	269 358	-	22	22
Total financial liabilities	5 246 575	527 575 303	532 821 878	425	42 758	43 183

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Fair values analysed by level in the fair value hierarchy and the carrying value of assets and liabilities not measured at fair value at 31 December 2022 were as follows:

	Level 2 UZS'000	Level 3 UZS'000	Carrying value UZS'000	Level 2 *USD'000	Level 3 *USD'000	Carrying value *USD'000
Assets						
Cash and cash equivalents	16 112 049	-	16 112 049	1 306	-	1 306
Advances paid for equipment for lease	-	11 034 590	11 034 590	-	894	894
Finance lease receivables	-	579 601 196	579 601 196	-	46 974	46 974
Other financial assets	-	5 999 099	5 999 099	-	486	486
Total financial assets	16 112 049	596 634 885	612 746 934	1 306	48 354	49 660
Liabilities						
Borrowings	-	516 282 057	516 282 057	-	41 842	41 842
Trade accounts payable	-	2 996 846	2 996 846	-	243	243
Payable to employees	-	338 460	338 460	-	27	27
Total financial liabilities	-	519 617 363	519 617 363	-	42 112	42 112

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 yield rate instruments was estimated based on estimated future cash flows expected to be received discounted at current yield rates for new instruments with similar credit risks and remaining maturities.

Financial assets carried at amortized cost

The estimated fair value of fixed yield rate instruments is based on estimated future cash flows expected to be received discounted at current yield rates for new instruments with similar credit risks and remaining maturities. Discount rates used depend on the credit risk of the counterparty.

Liabilities carried at amortized cost

The estimated fair value of fixed yield rate instruments with stated maturities were estimated based on expected cash flows discounted at current yield rates for new instruments with similar credit risks and remaining maturities. The fair value of liabilities repayable on demand or after a notice period ("demandable liabilities") is estimated as the amount payable on demand, discounted from the first date on which the amount could be required to be paid.

24 Balances and Transactions with Related Parties

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

At 31 December 2023, the outstanding balances with related parties were as follows:

	Immediate parent		Supervisory Board		Entities under common control		Key management personnel	
	UZS'000	*USD'000	UZS'000	*USD'000	UZS'000	*USD'000	UZS'000	*USD'000
Loans and borrowings	49 717 626	4 029	-	-	420 585 259	34 086	-	-
Payables for technical and management consultancy services	-	-	-	-	41 265	3	-	-

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

	Immediate parent		Supervisory Board		Entities under common control		Key management personnel	
	UZS'000	*USD'000	UZS'000	*USD'000	UZS'000	*USD'000	UZS'000	*USD'000
Loans and borrowings	47 030 593	3 812	-	-	404 718 660	32 801	-	-
Payables for technical and management consultancy services	-	-	-	-	23 924	2	-	-

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

	Immediate parent		Supervisory Board		Entities under common control		Key management personnel	
	UZS'000	*USD'000	UZS'000	*USD'000	UZS'000	*USD'000	UZS'000	*USD'000
Salaries and bonuses of key management personnel **	-	-	-	-	-	-	3 121 790	253
Interest expenses	7 008 755	568	-	-	86 175 265	6 984	-	-
Technical and management consultancy services	-	-	-	-	250 826	20	-	-

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

	Immediate parent		Supervisory Board		Entities under common control		Key management personnel	
	UZS'000	*USD'000	UZS'000	*USD'000	UZS'000	*USD'000	UZS'000	*USD'000
Salaries and bonuses of key management personnel **	-	-	-	-	-	-	1 676 293	136
Interest expenses	4 627 963	375	-	-	75 171 922	6 092	-	-
Technical and management consultancy services	236 619	19	-	-	299 458	24	-	-

**Key management personnel of the Group include the Chairman of Supervisory Board and the General Director.

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25 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 participants and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to participants, return capital to participants, increase charter capital or sell assets to reduce debt. The amount of capital that the Group managed as of 31 December 2023 was UZS 111,046,611 thousand / *USD 8,999 thousand (2022: UZS 73,228,928 thousand / *USD 5,934 thousand).

Approved for issue and signed on 24 May 2024:


Ravshan Soliev
General Director




Sagdullaeva Zilola
Chief Accountant

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