JSC “Navoi Mining and Metallurgical Company”

Financial statements
for the year ended 31 December 2023

JSC “NAVOI MINING AND METALLURGICAL COMPANY”

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JSC "NAVOI MINING AND METALLURGICAL COMPANY"

STATEMENT OF MANAGEMENT'S RESPONSIBILITIES FOR THE PREPARATION AND APPROVAL OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

Management of JSC "Navoi Mining and Metallurgical Company" (the "Company") is responsible for the preparation of these financial statements that fairly present in all material respects the financial position of the Company at 31 December 2023, and the results of its operations, cash flows and changes in equity for the years ended 31 December 2023, in accordance with International Financial Reporting Standards ("IFRS").

In preparing the financial statements, management is responsible for:

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

Management is also responsible for:

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

The financial statements of the Company for the year ended 31 December 2023 were approved by management on 25 May 2024.

On behalf of Management:

Khasanov J.T.
Acting Deputy General Director for Economy and Finance

Novikova J.V.
Chief Accountant

Deloitte & Touche
Audit organization LLC
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Tashkent, 100000
Republic of Uzbekistan

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders and the Supervisory Board of JSC "Navoi Mining and Metallurgical Company"

Opinion

We have audited the financial statements of JSC "Navoi Mining and Metallurgical Company" (the "Company"), which comprise the statement of financial position as at 31 December 2023, the statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended 31 December 2023, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2023, and its financial performance and its cash flows for the year ended 31 December 2023 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 Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (the "IESBA Code") together with the ethical requirements that are relevant to our audit of the 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.

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

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

In preparing the financial statements, management is responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

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

Erkin Ayupov, Qualified Auditor/Engagement Partner

Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 Company’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 Company’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 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Erkin Ayupov, Qualified Auditor/Engagement Partner

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.

"Deloitte & Touche" Audit Organisation LLC
is included in the register of audit organisations of
the Ministry of Economy and Finance of
the Republic of Uzbekistan dated 08 June 2021

Erkin Ayupov

Qualified Auditor/Engagement Partner
Auditor qualification certificate authorising audit of companies, #04830 dated 22 May 2010 issued by the Ministry of Economy and Finance of the Republic of Uzbekistan

25 May 2024
Tashkent, Uzbekistan

Director,
"Deloitte & Touche" Audit Organisation LLC

JSC "NAVOI MINING AND METALLURGICAL COMPANY"

STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 DECEMBER 2023
(in millions of US Dollars, unless otherwise stated)

	Notes	2023	2022
Revenue		5,708	5,095
Cost of sales	6	(2,654)	(2,163)
Gross profit		**3,054**	**2,932**
Administrative and selling expenses		(105)	(99)
Other expenses		(32)	(25)
Operating profit		**2,917**	**2,808**
Finance income		2	2
Finance cost		(214)	(134)
Foreign exchange loss		(205)	(68)
Profit before income tax		**2,500**	**2,608**
Income tax expense	7	(1,022)	(1,600)
Profit for the year		**1,478**	**1,008**

The above statement of profit or loss should be read in conjunction with the accompanying notes.

Khasanov J.T.
Acting Deputy General Director for Economy and Finance

Novikova J.V.
Chief Accountant

JSC "NAVOI MINING AND METALLURGICAL COMPANY"

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2023
(in millions of US Dollars, unless otherwise stated)

	2023	2022
Profit for the year	**1,478**	**1,008**
Items that will not be reclassified through profit or loss:		
Remeasurement of defined benefit liability	(4)	(16)
Items that may be reclassified through profit or loss:		
Effect of translation to presentation currency	(469)	(191)
Other comprehensive loss for the year, net of tax	**(473)**	**(207)**
Total comprehensive income for the year	**1,005**	**801**

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

Khasanov J.T.
Acting Deputy General Director for Economy and Finance

Novikova J.V.
Chief Accountant

JSC “NAVOI MINING AND METALLURGICAL COMPANY”

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023
(in millions of US Dollars, unless otherwise stated)

	Notes	31 December 2023	31 December 2022
Assets			
Non-current assets			
Property, plant and equipment	8	7,648	8,065
Inventories	9	118	64
Other non-current assets		3	4
Total non-current assets		**7,769**	**8,133**
Current assets			
Inventories	9	480	548
Advances paid		110	128
Income tax prepaid		70	52
Other taxes receivable		27	73
Trade and other receivables		12	11
Cash and cash equivalents	10	102	105
Total current assets		**801**	**917**
Total assets		**8,570**	**9,050**
Equity			
Share capital	11	1,418	1,418
Translation reserve		(1 355)	(886)
Other reserves		(25)	(21)
Retained earnings		4,678	4,454
Total equity		**4,716**	**4,965**
Non-current liabilities			
Borrowings	12	1,904	1,638
Employee benefits		89	79
Environmental obligations		89	45
Deferred tax liabilities	13	1,034	1,469
Total non-current liabilities		**3,116**	**3,231**
Current liabilities			
Borrowings	12	429	543
Trade and other payables	14	241	229
Other taxes payable		60	74
Other current liabilities		8	8
Total current liabilities		**738**	**854**
Total liabilities		**3,854**	**4,085**
Total equity and liabilities		**8,570**	**9,050**

The above statement of financial position should be read in conjunction with the accompanying notes.

Khasanov J.T.
Acting Deputy General Director for Economy and Finance

Novikova J.V.
Chief Accountant

JSC "NAVOI MINING AND METALLURGICAL COMPANY"

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2023
(in millions of US Dollars, unless otherwise stated)

	Notes	Share capital	Translation reserve	Other reserves	Retained earnings	Total
Balance at 1 January 2022		**1,418**	**(695)**	**(5)**	**5,056**	**5,774**
Profit for the year		-	-	-	1,008	1,008
Other comprehensive loss		-	(191)	(16)	-	(207)
Total comprehensive income		-	**(191)**	**(16)**	**1,008**	**801**
Dividends declared	11	-	-	-	(1,389)	**(1,389)**
Charity and sponsorship in accordance with the orders of state regulatory and supervisory authorities	11	-	-	-	(221)	**(221)**
Balance at 31 December 2022		**1,418**	**(886)**	**(21)**	**4,454**	**4,965**
Balance at 1 January 2023		**1,418**	**(886)**	**(21)**	**4,454**	**4,965**
Profit for the year		-	-	-	1,478	1,478
Other comprehensive loss		-	(469)	(4)	-	(473)
Total comprehensive income		**-**	**(469)**	**(4)**	**1,478**	**1,005**
Dividends declared	11	-	-	-	(1,200)	**(1,200)**
Charity and sponsorship in accordance with the orders of state regulatory and supervisory authorities	11	-	-	-	(94)	**(94)**
Related current income tax		-	-	-	40	**40**
Balance at 31 December 2023		**1,418**	**(1,355)**	**(25)**	**4,678**	**4,716**

The above statement of changes in equity should be read in conjunction with the accompanying notes.

Khasanov J.T.
Acting Deputy General Director for Economy and Finance

Novikova J.V.
Chief Accountant

JSC "NAVOI MINING AND METALLURGICAL COMPANY"

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2023
(in millions of US Dollars, unless otherwise stated)

	Notes	2023	2022
Operating activities			
Profit before income tax		**2,500**	**2,608**
Adjustments for:			
Depreciation and amortisation		405	333
Loss on disposal of property, plant and equipment		1	2
Finance income		(2)	(2)
Finance costs		214	134
Foreign exchange loss		205	68
Change in employee benefits		2	(22)
Other adjustments		11	2
Net cash generated from operating activities before changes in working capital		**3,336**	**3,123**
Movements in working capital:			
Inventories		(35)	(136)
Advances paid		(1)	39
Trade and other receivables		(3)	(5)
Other taxes receivable		42	(39)
Trade and other payables		34	89
Other taxes payable		(7)	6
Other liabilities		3	(6)
Cash generated by operations		**3,369**	**3,071**
Income tax paid		(1,327)	(993)
Net cash generated from operating activities		**2,042**	**2,078**
Investing activities			
Purchase of property, plant and equipment		(679)	(656)
Net cash used in investing activities		**(679)**	**(656)**
Financing activities			
Dividends paid		(1,202)	(1,389)
Cash paid as charity and sponsorship in accordance with the orders of state regulatory and supervisory authorities		(94)	(213)
Proceeds from borrowings	12	675	1,593
Repayments of borrowings	12	(547)	(1,205)
Interest paid	12	(185)	(104)
Commission on borrowings paid	12	(5)	(16)
Net cash used in financing activities		**(1,358)**	**(1,334)**
Net increase in cash and cash equivalents		**5**	**88**
Cash and cash equivalents at the beginning of the year	10	**105**	**16**
Effect of foreign exchange changes on cash and cash equivalents		(8)	1
Cash and cash equivalents at the end of the year	10	**102**	**105**

The above statement of cash flows should be read in conjunction with the accompanying notes.

Khasanov J.T.
Acting Deputy General Director for Economy and Finance

Novikova J.V.
Chief Accountant

1. GENERAL INFORMATION

1.1. Organisation and operations

JSC "Navoi Mining and Metallurgical Company" ("NMMC" or the "Company") was incorporated in Navoi, Republic of Uzbekistan, on 23 April 2021 on the basis of the Decree of the President of the Republic of Uzbekistan No. PP-4629 dated 6 March 2020 "On measures to reform the State Enterprise "Navoi Mining and Metallurgical Combinat". The Company is 100% owned by the Republic of Uzbekistan and is controlled via the Ministry of Economy and Finance of the Republic of Uzbekistan (98% ownership). The remaining 2% is owned by the State Assets Management Agency of the Republic of Uzbekistan. NMMC's registered address is the Republic of Uzbekistan, Navoi, Navoi Street 27.

The principal activities of the Company are the extraction, refining and sale of precious metals, primarily fine gold. Its mining facilities are located in the cities of Zarafshan, Uchkuduk, Marjanbulak, Zarmitan and Navoi in the Republic of Uzbekistan.

The information on audit and non-audit fees is accessible in the Company's website.

1.2. Business environment

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

Uzbekistan produces and exports gold in large volumes. As a result, its economy is sensitive to the price of gold on the world market. During 2023, the gold price was subject to significant fluctuations with an average price of 1,944 USD per troy ounce (2022: 1,802 USD per troy ounce). At the end of 2023 Uzbekistan's gross domestic product grew by 6.0% (2022: 5.7%). In 2023, the inflation rate in the country declined to 8.8% per annum (2022: 12.3%).

The military and political conflict between Russia and Ukraine escalated in early 2022. As a result, several countries introduced economic sanctions against Russia and Belarus, including measures to ban new investment and restrict interaction with major financial institutions and many state enterprises. As a result of these sanctions, the level of remittances to Uzbekistan has significantly reduced in 2023. However, it has not had a significant impact on the Company's operations.

In March 2023, the Central Bank of the Republic of Uzbekistan reduced the base rate to 14% per annum comparing to 15% per annum at the beginning of the year. However, the uncertainty still exists related to future development of the geopolitical risks and their impact on the economy of the Republic of Uzbekistan.

These financial statements reflect management's assessment of the impact of the business environment in the Republic of Uzbekistan on the Company's financial position and results of its operations for the year ended 31 December 2023. The future business environment may differ from management's assessment.

2. BASIS FOR PREPARATION

These financial statements have been prepared on a going concern basis and in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.

The financial statements have been prepared on a historical cost basis, except as described in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

3. MATERIAL ACCOUNTING POLICY INFORMATION

3.1. Functional and presentation currency

Functional currency

The functional currency of the Company is the Uzbekistan Soum ("UZS").

Foreign currency

In preparing the Company's financial statements, transactions in currencies other than the Company's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Presentation currency

These financial statements are presented in US Dollars ("USD"), as management believes it is a more convenient presentation currency for its users and a common presentation currency in the mining industry.

The translation from functional currency into presentation currency is performed as follows:

- *assets and liabilities* are expressed in the presentation currency using exchange rates prevailing at each reporting date;
- *profit or loss* items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used;
- *exchange differences*, if any, are charged or credited to other comprehensive income and recognised in the *translation reserve* within the statement of changes in equity; and

(in millions of US Dollars, unless otherwise stated)

- *cash flows*: cash balances at the beginning and end of each reporting period presented are translated at exchange rates at the respective dates. All cash flows are translated at the average exchange rates for the period presented, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Resulting exchange differences, if any, are presented as the *Effect of foreign exchange changes on cash and cash equivalents*.

Exchange rates used in the preparation of these financial statements are as follows:

	31 December 2023	31 December 2022
1 USD exchange rates, UZS		
Closing exchange rates at the end of the year	12 338.77	11,225.46
Average exchange rates for the year ended	11 737.16	11,051.22

3.2. Property, plant and equipment

Property, plant and equipment include stripping activity assets, mines under development, capital construction in progress, mining assets and non-mining assets.

Capital construction in progress

Capital construction in progress comprise costs directly related to the construction or acquisition of property, plant and equipment including an appropriate allocation of directly attributable variable overheads that are incurred in construction as well as costs of purchase of other assets (i.e. software that is an integral part of related equipment) that require installation or preparation for their use. Finance costs that are attributable to the acquisition or construction of assets, that necessary take a substantial period of time to get ready for its intended use or sale, are capitalised as part of the cost of that asset.

When capital construction in progress has been completed and it is in a condition necessary to be capable of operating in the manner intended by management, the objects are reclassified to mining or non-mining assets, appropriately.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment. The Company recognises the cost of replacing a part in the carrying amount of an item of property, plant and equipment if it is probable that the future economic benefits embodied with the item will flow to the Company and the cost of the item can be measured reliably. All other costs are recognised in profit or loss as an expense as incurred.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sale proceeds and the carrying amount of the assets and is recognised in profit or loss, except for free-of-charge transfers of property, plant and equipment in accordance with the orders of state regulatory and supervisory authorities.

Mines under development

Mines under development include costs related to acquiring and developing mining properties, pre-production expenditure, and mine infrastructure; depreciation of equipment used in the development, mineral rights, mining and exploration licenses and the present value of future site restoration, decommissioning and environmental costs. Stripping costs incurred in order to provide initial access to the ore body (pre-production stripping) are also capitalised as mines under development.

Mines under development also include mines ready for development which comprises costs accumulated for the mines where the technical feasibility and commercial viability of extracting the gold resources are demonstrable and a decision has been made to develop the mine, but development work is planned for the future.

When a mine under development reaches a condition in which it is operating in the manner intended by management, the related items are reclassified to mining assets.

Mining assets

Mining assets are recorded at cost less accumulated depreciation and impairment losses. Such costs include:

- mineral rights;
- cost of acquiring and developing mining properties and mine infrastructure; and
- value of future site restoration, decommissioning and environmental costs.

Stripping activity assets

In open pit mining operations, it is necessary to remove overburden and other waste rock to access the ore body. During the mines under development stage, these costs are capitalised as part of the mines development costs. At the same time, the Company incurs stripping costs during the production phase of the mine, during which such costs are considered to create two benefits, being the production of inventory (ore mined) in the current period and/or improved access to the ore body to be mined in the future. Where stripping costs are incurred and the benefit that was created is improved access to the component of the ore body to be mined in the future, the stripping costs are recognised as stripping activity assets, if the following criteria are met:

- future economic benefits (being improved access to the ore body) are probable;
- the component of the ore body for which access will be improved can be accurately identified; and
- the costs associated with the improved access can be reliably measured.

If not all of the above-mentioned criteria are met, the stripping costs are included in the production cost of inventory (ore mined), otherwise the stripping costs in excess of the average long-term ore-to-waste ratio evaluated for the life of mine of that component and recognised as non-current assets and presented within property, plant and equipment as a separate class of assets.

Non-mining assets

Other property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Non-mining assets include:

- processing facilities,
- machinery and equipment; and
- other fixed assets.

Depreciation

Depreciation of fixed assets is charged from the date on which the deposit reached commercial production volumes. Depreciation is calculated using the following approach:

- ***mineral rights and stripping activity assets*** are amortised on the unit-of-production method based on the estimated ore reserves;
- ***exploration and evaluation and mines under development assets*** are not amortised;
- ***other mining assets*** are depreciated based on the straight-line method over the estimated economic useful life of the asset, which is limited to the remaining life-of-mine evaluated based on the estimated ore reserves; and
- ***non-mining assets*** are calculated on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment.

Land is not depreciated.

The estimated useful lives (in years) of major sub-classes of other property, plant and equipment used in determination of depreciation charge for the year ended 31 December 2023 are as follows:

Processing facilities	up to 30 years
Machinery and equipment	up to 25 years
Other assets	up to 10 years

Depreciation and amortisation methods, remaining useful lives and residual values (if any) are reviewed at each reporting date, with the effect of any changes in estimates being accounted for on a prospective basis.

3.3. Impairment of property, plant and equipment

Property, plant and equipment are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset’s carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset’s fair value less the costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

Exploration and evaluation assets are tested for impairment when reclassified to development tangible or intangible assets, or whenever facts and circumstances indicate impairment. An impairment loss is recognised for the amount by which the exploration and evaluation assets' carrying amount exceeds their recoverable amount. The recoverable amount is the higher of the exploration and evaluation assets' fair value less costs of disposal and their value in use.

3.4. Inventories

Inventories including refined metals, doré, metals in concentrate and in process, ore stockpiles, materials and consumables are stated at the lower of cost and net realisable value.

Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average cost method. The net realisable value represents the estimated selling price for a product based on forecast metal price, less estimated costs to complete production and marketing, selling and distribution costs necessary to make the sale.

3.5. Financial instruments

Financial assets

Financial assets are recognised in the statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

Financial assets primarily include trade receivables and cash and cash equivalents, comprising cash at bank and short-term deposits and are measured at amortised cost.

Derecognition of financial assets

The management of the Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transferred nor retains substantially all the risks and rewards of ownership and continues to control the transferred assets, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of the transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities

Financial liabilities primarily consist of trade payables, other accounts payable and borrowings. They are initially measured at fair value, net of transaction costs. Financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

Derecognition of financial liabilities

The management of the Company derecognises financial liabilities when, and only when, the Company obligations are discharged, cancelled or expire.

3.6. Income tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company liabilities for current tax are calculated using tax rates that have been enacted or substantially enacted by the end of the reporting period.

Deferred tax

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in these financial statements and the corresponding tax basis used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the rates that are expected to apply in the period in which the liability is settled or the asset realised, based on the tax rates that have been enacted or substantially enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the management of the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the management of the Company intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or loss or directly in equity, in which case, the current and deferred tax are also recognised in the statement of comprehensive income or in the statement of changes in equity, respectively.

3.7. Provisions and contingencies

Environmental obligations

Environmental obligations relate primarily to the mine closure costs, rehabilitation and decommissioning of related infrastructure. Management estimates the obligation related to these costs based on internally generated engineering estimates, current statutory requirements and respective industry practices. Future decommissioning costs, discounted to net present value, are capitalised and a corresponding obligation is recognised as soon as a constructive obligation to incur such costs arises and the amount can be reliably estimated. The unwinding of discounts is recognised as finance costs.

The provision for environmental closure cost obligations is reassessed at the end of each reporting period presented following the changes in underlying estimates and assumptions. Such changes, including changes in legal and/or regulatory requirements, expected closure dates, discount factor, and other assumptions that in aggregate affect the amount of environmental obligations with a corresponding adjustment of decommissioning assets.

3.8. Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, excluding value added tax (if applicable).

Revenue is recognised when or as a performance obligation is satisfied, i.e. when control of the goods or services underlying the particular performance obligation is transferred to the customer and the revenue and costs incurred or to be incurred in respect of the transaction can be reliably measured. Cash received in advance from customers is not treated as revenue and is recognised as advances received within trade and other payables.

Revenue is represented by gold sales and recognised at a point in time upon physical shipment of gold from the refinery plant to the Central Bank of the Republic of Uzbekistan which is a related party of the Company and the only customer for gold sales. Refined gold sales are calculated based on London Bullion Market Association gold prices.

3.9. Equity

Expenditures incurred by the Company based on the respective resolutions, decision and instructions of the Government, in its capacity as a shareholder, are accounted for as distributions through equity. Such expenditure mainly include charity and sponsorship contributions.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of accounting policies, management is required to make judgements that have a significant impact on the amounts recognised, and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are to be reviewed on an ongoing basis. Revisions to accounting estimates will be recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

4.1. Critical judgements in applying accounting policies

No critical judgements have been applied when selecting the appropriate accounting policies.

4.2. Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

- ore reserves and life of mine; and
- taxation.

4.2.1. Ore reserves and life of mine ("LoM")

The Company estimates ore, stripping volumes, grades and mine operation plans based on the data that accounts for national geological regulations as well as Joint Ore Reserves Committee Code (JORC) principles. The main operation plans are prepared based on geological, technical and economic factors. This process requires complex and difficult geological judgements and calculations to interpret the data.

Estimates of the quantities of ore reserves form the basis for the LoM operation plans which are used for a number of important business and accounting purposes, including:

- estimations of useful economic lives of property, plant and equipment;
- calculation of depreciation expense;
- capitalisation of production stripping costs;
- determination of the timing of cash outflows related to environmental obligations; and
- property, plant and equipment impairment testing.

Mine operation plans are adjusted annually based on the latest production data and new exploration data, taking into consideration the latest changes in consumables and utilities costs, gold price, salary level and other economic factors.

4.2.2. Taxation

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

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

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

5. ADOPTION OF NEW AND REVISED STANDARDS

Below is the list of standards, amendments and interpretations that are applicable for annual reporting periods commencing on 1 January 2023:

IFRS 17	Insurance Contracts
Amendments to IAS 1	Presentation of Financial Statements
Amendments to IFRS Practice Statement 2	Making Materiality Judgements – Disclosure of Accounting Policies
Amendments to IAS 12	Income Taxes – Deferred Tax related to Assets and Liabilities arising from a single Transaction
Amendments to IAS 12	Income Taxes – International Tax Reform – Pillar Two Model Rules
Amendments to IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates

Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

The following standards, amendments and interpretations had been issued but were not mandatory for annual reporting periods commencing on 1 January 2023:

Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
Amendments to IAS 1	Classification of Liabilities as Current or Non-current
Amendments to IAS 1	Non-current Liabilities with Covenants
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback

These standards, amendments or interpretations are not expected to have a material impact on the Company in the current or future reporting periods and on foreseeable future transactions.

(in millions of US Dollars, unless otherwise stated)

6. COST OF SALES

	2023	2022
Consumables and spares	709	560
Royalty (Mineral extraction tax)	584	517
Labour	426	332
Depreciation and amortisation (note 8)	410	343
Utilities	314	227
Fuel	198	228
Other	87	60
Total cost of production	**2,728**	**2,267**
Change in work in progress and finished goods	(74)	(104)
Total	**2,654**	**2,163**

7. INCOME TAX EXPENSE

	2023	2022
Current tax expense	1,290	958
Adjustments for current tax of prior periods	43	-
Deferred tax expense	(311)	642
Total	**1,022**	**1,600**

The Company is subject to the regular corporate income tax as well as the specific income tax calculated on profits exceeding a certain level. If the amount of taxable profit, determined in accordance with Tax legislation of the Republic of Uzbekistan, does not exceed 15% of the Company revenue, the regular corporate income tax rate is 15%. Taxable profit related to the amount in excess of 15% of revenue was taxed at an income tax rate of 50% in 2023 (2022: 50%).

A reconciliation to the amount of actual income tax expense presented in these financial statements is presented as follows:

	2023	2022
Profit before income tax	**2,500**	**2,608**
Income tax computed at statutory income tax rate	994	996
Effect of changes in expected future income tax rates	(46)	591
Adjustments for current tax of prior periods	43	-
Expenses not deductible for tax purposes	31	13
Total presented in profit and loss	**1,022**	**1,600**

(in millions of US Dollars, unless otherwise stated)

On 22 January 2020, the Ministry of Economy and Finance of the Republic of Uzbekistan issued a letter indicating income tax rates relevant to the Company for periods starting 1 January 2020 (the "Tax rates letter"). The Tax rates letter did not represent a legal statute, however, management considered it to be an equivalent to substantively enacted law as the Ministry of Economy and Finance of the Republic of Uzbekistan is a body responsible for taxation in the Republic of Uzbekistan. At the end of each calendar year, the President of the Republic of Uzbekistan issues a decree on the parameters of the state budget for the next calendar year indicating a number of fiscal data including corporate income tax rates and income tax rates in excess of established profitability.

Previously issued decrees related to 2020, 2021 and 2022 years confirmed parameters indicated in the Tax rates letter. However, the Decree No. PP-471 dated 30 December 2022 specified higher income tax rates for 2023 than indicated in the Tax rates letter. As a result of the change in expected future income tax rates, the deferred tax liability amount increased by USD 591 million as at 31 December 2022. The Decree No. PP-422 dated 29 December 2023 confirmed the same income tax rates for 2024.

Income tax rates in excess of established profitability relevant to calculation of deferred taxes in the reporting and comparative periods were as follows:

	Rates		
	2022	**2023**	**2024 and after**
The Tax rates letter	50%	25%	25%
The Decrees of the President of the Republic of Uzbekistan	50%[1]	50%[2]	50%[3]

[1] the Decree of the President of the Republic of Uzbekistan No. PP-73 dated 30 December 2021
[2] the Decree of the President of the Republic of Uzbekistan No. PP-471 dated 30 December 2022
[3] the Decree of the President of the Republic of Uzbekistan No. PP-422 dated 29 December 2023

Aggregate current and deferred tax arising in the reporting period and not recognised in net profit or loss but directly credited to equity and/or other comprehensive income or loss:

	2023	**2022**
Current tax		
Free of charge transfer of property, plant and equipment, charity and sponsorship in accordance with the orders of state regulatory and supervisory authorities	40	-
Deferred tax		
Remeasurement of defined benefit liability	-	3
Total	**40**	**3**

(in millions of US Dollars, unless otherwise stated)

8. PROPERTY, PLANT AND EQUIPMENT

	Stripping assets	Mine under development	Capital construction in progress	Mining assets	Non-mining assets	Total
Costs						
Balance at 1 January 2022	**546**	**762**	**582**	**4,021**	**2,962**	**8,873**
Additions	325	72	414	-	14	**825**
Change in environmental obligations	-	-	-	(51)	-	**(51)**
Transfers	-	(78)	(315)	89	304	-
Disposals	-	-	(2)	-	(5)	**(7)**
Translation	(23)	(26)	(22)	(139)	(107)	**(317)**
Balance at 31 December 2022	**848**	**730**	**657**	**3,920**	**3,168**	**9,323**
Additions	152	122	482	-	5	**761**
Change in environmental obligations	-	-	-	40	-	**40**
Transfers	-	(175)	(442)	224	393	**-**
Disposals	-	-	-	(5)	(34)	**(39)**
Translation	(84)	(63)	(63)	(366)	(304)	**(880)**
Balance at 31 December 2023	**916**	**614**	**634**	**3,813**	**3,228**	**9,205**
Accumulated depreciation and impairment						
Balance at 1 January 2022	**35**	-	-	**216**	**554**	**805**
Depreciation charge	37	-	-	121	331	**489**
Disposals	-	-	-	-	(2)	**(2)**
Translation	(2)	-	-	(9)	(23)	**(34)**
Balance at 31 December 2022	**70**	-	-	**328**	**860**	**1,258**
Depreciation charge	23	-	-	135	315	**473**
Disposals	-	-	-	(5)	(33)	**(38)**
Translation	(8)	-	-	(36)	(92)	**(136)**
Balance at 31 December 2023	**85**	**-**	**-**	**422**	**1,050**	**1,557**
Carrying value						
Balance at 1 January 2022	**511**	**762**	**582**	**3,805**	**2,408**	**8,068**
Balance at 31 December 2022	**778**	**730**	**657**	**3,592**	**2,308**	**8,065**
Balance at 31 December 2023	**831**	**614**	**634**	**3,391**	**2,178**	**7,648**

(in millions of US Dollars, unless otherwise stated)

Mineral rights

The carrying values of mineral rights included in mining assets and mine under development are presented as follows:

	31 December 2023	31 December 2022
Mining assets	3,112	3,425
Mine under development	417	582
Total	**3,529**	**4,007**

Depreciation

Depreciation charges are allocated as follows:

	2023	2022
Cost of gold sales	403	331
Depreciation in change in inventory	7	12
Depreciation within cost of gold production (note 6)	**410**	**343**
Capitalised within property, plant and equipment	61	144
Administrative and selling expenses	1	1
Other expenses	1	1
Total depreciation of property, plant and equipment	**473**	**489**

For the year ended 31 December 2023, the total amount of capitalised interest included in the cost of qualifying assets was calculated by applying the weighted average capitalisation rate on funds borrowed of 9.48% per annum (31 December 2022: 6.73%). The total amount of finance costs capitalised was USD 21 million (31 December 2022: USD 25 million).

As at 31 December 2023, the cost of fully depreciated property, plant and equipment in use was USD 179 million (31 December 2022: USD 178 million).

9. INVENTORIES

	31 December 2023	31 December 2022
Materials and consumables	256	314
Stockpiles	184	129
Work in progress	158	169
Total	**598**	**612**
Less non-current portion of stockpiles	(118)	(64)
Total current inventories	**480**	**548**

(in millions of US Dollars, unless otherwise stated)

10. CASH AND CASH EQUIVALENTS

	31 December 2023	31 December 2022
Current bank accounts, related parties:		
USD-denominated	-	3
UZS-denominated	1	1
Deposits	1	1
Cash in the Federal Treasury of the Republic of Uzbekistan, USD-denominated	100	100
Total	**102**	**105**

The cash and cash equivalents disclosed above and in the statement of cash flows include USD 100 million which are subject to regulatory restrictions and therefore are not avalible for generale use by the Company.

11. EQUITY

Share capital

The share capital of the Company consists of 15,000,000,000 authorised ordinary shares with a par value of UZS 1,000, carrying one vote per share and a right to dividends.

Share capital of the Company was formed according to the Decree of the Cabinet of Ministers of the Republic of Uzbekistan No. PKM-170 dated 30 March 2021 in the form approved by the Supervisory Board of the Company on 22 November 2021.

Dividends and in-kind distribution

In 2023, NMMC declared dividends in the amount of USD 1,200 million (2022: USD 1,389 million) (at exchange rates on the dates of approval).

During the years ended 31 December 2023 and 2022, following the Orders of the state regulatory and supervisory authorities, the Company made the following charity and sponsorship contributions (such contributions were considered as in-kind distribution to the controlling shareholder and presented within the statement of changes in equity):

	2023	2022
Charity and sponsorship	94	221
Total	**94**	**221**

(in millions of US Dollars, unless otherwise stated)

12. BORROWINGS

	Maturity	31 December 2023	31 December 2022
denominated in USD			
Bank loans, related parties	2024-2029	549	944
Bank loans, other	2025-2027	1,673	1,188
Loans from the Ministry of Economy and Finance, related party	2029	49	49
Total		**2,271**	**2,181**
denominated in EUR			
Bank loans, related parties	2024	56	-
Bank loans, other	2028	6	-
Total		**62**	**-**
Less current portion		(429)	(543)
Total non-current borrowings		**1,904**	**1,638**
Weighted average effective interest rate, % per annum		9.48%	6.73%

Borrowings carried at fixed and variable interest rates.

Pledge

Certain bank loans are secured by guarantee of the Republic of Uzbekistan and by cash proceeds from the Company’s gold sales. Loans from the Ministry of Economy and Finance are unsecured.

Unused credit facilities

As at 31 December 2023, there are no available credit facilities (31 December 2022: USD 254 million at SOFR 6m+3.2% with maturity in 2023).

Covenants

There are a number of financial and non-financial covenants under several bank loan agreements. Following such covenants, the Company is limited to:

- maintenance of certain financial ratios (such as gold sales, positive net assets, etc.);
- maintenance of certain non-GAAP measures (EBITDA and similar measures, net debt, etc.);
- provision year-end audited and interim unaudited financial statements/information prepared in accordance with local GAAP and IFRS accounting frameworks; and
- other restrictions.

The Company has tested financial covenants based on these financial statements and local GAAP measures. As at 31 December 2023, according to these calculations the Company was in compliance with related covenants.

(in millions of US Dollars, unless otherwise stated)

Reconciliation of liabilities arising from financing activities

	2023	2022
Borrowings at amortised cost	2,158	1,770
Accrued but unpaid interest	23	14
Carrying value at 1 January	**2,181**	**1,784**
Borrowings obtained	675	1,593
Borrowings repaid	(547)	(1,205)
Commission paid	(5)	(16)
Interest paid	(185)	(104)
Net cash flows	**(62)**	**268**
Non-cash changes, including:		
Interest expense on borrowings as presented in profit and loss	193	104
Interest included in the cost of qualifying assets	21	25
Foreign exchange revaluation	215	62
Effect of translation to presentation currency	(215)	(62)
Borrowings at amortised cost	2,299	2,158
Accrued but unpaid interest	34	23
Carrying value at 31 December	**2,333**	**2,181**

13. DEFERRED TAX LIABILITIES

	31 December 2022	Recognised in profit or loss	Translation	31 December 2023
Property, plant and equipment	**1,547**	(276)	(133)	1,138
Borrowings	**21**	(4)	(1)	16
Inventories	**(55)**	(3)	6	(52)
Environmental obligations	**(18)**	(18)	3	(33)
Other	**(26)**	(10)	1	(35)
Total	**1,469**	**(311)**	**(124)**	**1,034**

	31 December 2021	Recognised in profit or loss	Translation	31 December 2022
Property, plant and equipment	**965**	630	(48)	**1,547**
Borrowings	**17**	5	(1)	**21**
Inventories	**(71)**	14	2	**(55)**
Environmental obligations	**(22)**	3	1	**(18)**
Other	**(18)**	(10)	2	**(26)**
Total	**871**	**642**	**(44)**	**1,469**

The Company is subject to two types of income taxes:

- income tax applied to taxable profit less than 15% of revenue; and
- income tax applied to taxable profit higher than 15% of revenue.

The income tax rates are presented in note 7.

(in millions of US Dollars, unless otherwise stated)

14. TRADE AND OTHER PAYABLES

	31 December 2023	31 December 2022
Trade payables	170	161
Accrued annual leave	37	29
Wages and salaries payable	31	35
Other accounts payable and accrued expenses	3	4
Total	**241**	**229**

15. COMMITMENTS

Capital commitments

The Company contracted capital expenditure commitments are presented as follows:

	31 December 2023	31 December 2022
Contractual capital commitments	282	181

Social commitments

The Company contributes to the maintenance of the local infrastructure and the welfare of its employees, including contributions to the development and maintenance of housing, hospitals, transport services, recreation and other social needs in the geographical areas in which it operates.

16. RELATED PARTIES

The Company has applied for the exemption as allowed by IAS 24 Related party disclosures not to disclose all government related transactions, as it is ultimately controlled by the government of the Republic of Uzbekistan. In the course of its ordinary business, the Company enters into transactions with government-related entities. Transactions with the state also include taxes.

The only customer of the Company is the Central Bank of the Republic of Uzbekistan which is a related party. The Company also received loans from the National Bank for Foreign Economic Activity of the Republic of Uzbekistan, the Ministry of Economy and Finance and other government owned banks which are also related parties (note 12). All Company’s cash is placed on the current accounts in government owned banks (note 10). Utilities consumed by the Company are fully supplied by government owned entities. Certain government owned entities supply the Company with essential consumables such as grinding balls, metal rolling, and chemicals. In 2023, the Company’s purchases from JSC Uzmetkombinat and JSC Navoiyazot, government owned entities, comprised USD 168 million and USD 143 million respectively (2022: USD 178 million and USD 121 million). Also, the Company has purchased the part of diesel from LLC Bukhara oil refinery factory and LLC Uzbekistan GTL in the amount of USD 55 million (2022: USD 155 million). There were no other individually significant government related transactions.

(in millions of US Dollars, unless otherwise stated)

In 2023, key management personnel compensation included only short-term employee benefits and was equal to USD 1 million (2022: USD 1 million).

17. FINANCIAL RISK MANAGEMENT

Capital risk management

The Company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to the equity holder through the optimisation of the debt and equity balance. The management of the Company reviews the capital structure on a regular basis, including verification of compliance with bank covenants. Based on the results of this review, the management takes steps to balance its overall capital structure through the payment of dividends as well as the issue of new debt or the redemption of outstanding balances.

Classes and categories of financial instruments and their fair values

The principal financial instruments comprise cash and cash equivalents, trade and other receivables, borrowings and trade and other payables. The carrying amounts of financial assets and liabilities recorded at amortised cost in these financial statements approximate their fair value, except for borrowings.

The fair value of borrowings was measured based on the present value of future cash flows at the market interest rate at the end of each reporting periods presented.

	Currency	Carrying value	Fair value
Borrowings at 31 December 2022	USD	2,181	2,128
Borrowings at 31 December 2023	USD/EUR	2,333	2,247

Whilst accounted for at amortised cost, the fair value measurement of borrowings is within Level 2 of the fair value hierarchy in accordance with IFRS 13 *Fair value measurement*.

The main risks arising from the Company's financial instruments are gold price risk, foreign currency, interest rate, liquidity and credit risks.

Gold price risk

The sale price of gold is a function of the morning fixing price of the London Bullion Market Association. The Company is exposed to changes in the market price of gold due to its significant volatility. The Company does not hedge its exposure to gold price fluctuations.

Foreign currency risk

Currency risk is the risk that the financial results of the Company will be adversely affected by changes in exchange rates to which the Company is exposed. The Company undertakes certain transactions denominated in foreign currencies. Prices for gold are quoted in UZS based on international quoted market prices in US dollars. The Company's borrowing and a substantial portion of the outstanding balance of cash and cash equivalents are denominated in USD.

(in millions of US Dollars, unless otherwise stated)

The carrying amounts of monetary assets and liabilities denominated in USD were as follows:

	31 December 2023	31 December 2022
Financial assets		
Cash and cash equivalents	100	103
Trade and other receivables	-	1
Total financial assets	**100**	**104**
Financial liabilities		
Borrowings	2,271	2,181
Trade and other payables	22	18
Total financial liabilities	**2,293**	**2,199**

The carrying amounts of monetary assets and liabilities denominated in EUR were as follows:

	31 December 2023	31 December 2022
Financial liabilities		
Borrowings	62	-
Trade and other payables	9	3
Total financial liabilities	**71**	**3**

The table below details the Company's sensitivity analysis to a 10% decrease in the UZS against the USD. The analysis was applied to all monetary items at the end of each reporting period denominated in respective foreign currency.

	31 December 2023	31 December 2022
Impact on profit before income tax	(219)	(210)

In the case of appreciation of UZS, the effect will be the opposite.

Interest rate risk

The Company's interest risk arises from borrowings with variable rates, which expose the Company to cash flow interest rate risk. The risk is managed by the Company by maintaining an appropriate mix between fixed and variable rate borrowings.

(in millions of US Dollars, unless otherwise stated)

The exposure of the Company's borrowings to interest rate changes at the end of the reporting period is as follows:

	31 December 2023	31 December 2022
Variable rate borrowings	1,671	1,472

The table below details the Company's sensitivity analysis to a 100 basis point increase in variable interest rates. The sensitivity analysis is prepared assuming the amount of liability outstanding at the reporting date was outstanding for the whole year:

	31 December 2023	31 December 2022
Impact on profit before income tax	(17)	(15)

Liquidity risk

Liquidity risk is the risk that the Company will not be able to settle all liabilities as they are due. The liquidity position is carefully monitored and managed. The liquidity risk is managed by maintaining detailed budgeting and cash forecasting processes and matching the maturity profiles of financial assets and liabilities to help ensure that it has adequate cash available to meet payment obligations.

Presented below is the maturity profile of the financial liabilities at 31 December 2023 based on undiscounted contractual cash payments, including interest payments:

	Borrowings		Trade and other payables	Total
	Principal	Interest		
Less than 1 year	366	189	241	796
1-2 years	470	169	-	639
2-5 years	1,432	124	-	1,556
More than 5 years	72	2	-	74
Total	**2,340**	**484**	**241**	**3,065**

Presented below is the maturity profile of the financial liabilities at 31 December 2022 based on undiscounted contractual cash payments, including interest payments:

	Borrowings		Trade and other payables	Total
	Principal	Interest		
Less than 1 year	538	124	226	888
1-2 years	162	125	–	287
2-5 years	1,416	219	–	1,635
More than 5 years	98	8	–	106
Total	**2,214**	**476**	**226**	**2,916**

(in millions of US Dollars, unless otherwise stated)

Credit risk

Credit risk is the risk that a customer may default or not meet its obligations on a timely basis, leading to financial losses to the Company. Credit risk arises from cash, cash equivalents, trade and other receivables.

The only gold customer of the Company is the Central Bank of the Republic of Uzbekistan.

The maximum exposure to credit risk at the reporting date is the carrying value of each of the financial assets are presented as follows:

	31 December 2023	31 December 2022
Cash and cash equivalents	102	105
Trade and other receivables	12	11
Total	**114**	**116**

Cash is kept on bank accounts of the National Bank for Foreign Economic Activity of the Republic of Uzbekistan which has credit rating of BB- (Standard & Poor's) (2022: BB-).

18. EVENTS AFTER THE REPORTING PERIOD

Dividends

In 2024, the Company declared dividends in the amount of USD 246 million (at exchange rates on the dates of approval). Up to the date of authorisation of these financial statements for issuance, all dividends were paid in full.

Social commitments

The Company committed to provide support for social infrastructure in the location of the Company's operations in the amount of USD 25 million for the period from 1 January to 30 June 2024. Up to the date of the authorisation of these financial statements USD 22 million have been paid.

Credit facilities

Up to the date of authorisation of these financial statements, the Company received USD 8 million and EUR 127 million from new signed loan facilities with fixed interest rates and maturity in 2025. Proceeds were used for operating and investing activities. USD 183 million and EUR 34 million of loan facilities have been repaid.

Charity contribution

Following the Orders of the state regulatory and supervisory authorities, the Company made charity and sponsorship contributions in the amount of USD 95 million for the period from 1 January 2024 up to the date of authorisation of these financial statements.

Changes in share capital

On 15 March 2024 the share capital of the Company has been decreased by 167,881 ordinary shares and comprised 14,999,832,119 autorised ordinary shares with a par value of UZS 1,000, carrying one vote for share and a right to dividends.