



“Navoi Mining and Metallurgical Company” Joint Stock Company

Press release

10 November 2022

JSC Navoi Mining and Metallurgical Company Financial results for the six months ended 30 June 2022

On 28 October 2022, Joint Stock Company (JSC) Navoi Mining and Metallurgical Company (“NMMC” or the Company) issued the condensed interim IFRS financial statements for the six months ended 30 June 2022. The financial statements have been reviewed by Deloitte, and the independent review report has been issued on 28 October 2022.

SUMMARY:

| Millions of US Dollars, unless otherwise stated | UoM | H1-2022 | H1-2021 | PoP |
|---|-----------------|---------|---------|------------|
| Operational highlights | | | | |
| Rock moved | Mm ³ | 121 | 122 | (1)% |
| Ore mined | Mt | 32 | 25 | 26% |
| Grade | g/t | 1.11 | 1.18 | (6)% |
| Ore processed | Mt | 48 | 42 | 14% |
| Recovery rate | % | 85.3 | 84.1 | 1.2 ppts |
| Gold produced | Koz | 1,396 | 1,299 | 7% |
| Gold sales | Koz | 1,396 | 1,299 | 7% |
| Gold realised sales price | USD/oz | 1,875 | 1,809 | 4% |
| Financial results | | | | |
| Revenue | MUSD | 2,616 | 2,349 | 11% |
| Operating profit | MUSD | 1,502 | 1,346 | 12% |
| Operating profit margin | % | 57.4 | 57.3 | 0.1 ppts |
| EBITDA | MUSD | 1,677 | 1,480 | 13% |
| EBITDA margin | % | 64.1 | 63.0 | 1.1 ppts |
| Profit for the reporting period | MUSD | 841 | 637 | 32% |
| Profit for the reporting period margin | % | 32.1 | 27.1 | 5 ppts |
| Adjusted profit for the reporting period | MUSD | 838 | 641 | 31% |
| Adjusted profit for the reporting period margin | % | 32.0 | 27.3 | 4.7 ppts |
| Liquidity | | | | |
| Cash and cash equivalents ¹ | MUSD | 165 | 16 | 931% |
| Net Debt ¹ | MUSD | 1,659 | 1,768 | (6)% |
| Net Debt / EBITDA ² | x | 0.5 | 0.6 | (11)% |
| Cash costs and other cash flows | | | | |
| TCC | USD/oz | 652 | 604 | 8% |
| AISC | USD/oz | 751 | 750 | 0% |
| Net cash generated from operating activities | MUSD | 990 | 604 | 64% |
| Free cash flows | MUSD | 649 | 131 | 395% |
| CAPEX | MUSD | 405 | 548 | (26)% |
| Macroeconomic indicators | | | | |
| <i>Closing exchange rates at 30 June:</i> | | | | |
| 1 US Dollar | UZS | 10,860 | 10,605 | 2% |
| 1 EURO | UZS | 11,414 | 12,630 | (10)% |
| <i>Average exchange rates for the six months ended 30 June:</i> | | | | |
| 1 US Dollar | UZS | 11,047 | 10,524 | 5% |
| 1 EURO | UZS | 12,093 | 12,693 | (5)% |
| CPI ³ | % | 11.1 | 12.2 | (1.2) ppts |

¹ Information in respect of Cash and cash equivalents and Net Debt in column H1-2021 was presented as at 31 December 2021.

² The Company calculates Net Debt / EBITDA as Net Debt at the respective period ended divided by EBITDA calculated for last twelve months.

Due to absence of trailing twelve months EBITDA for H1-2021 information in column H1-2021 was presented for the year ended 31 December 2021.

³ CPI as presented above calculated for the last twelve months and reflects Consumer Price Index trend in Republic of Uzbekistan and calculated in national currency (UZS).

OPERATIONAL AND FINANCIAL HIGHLIGHTS:

- **Gold produced and sold** amounted to 1,396 thousand ounces in H1-2022, 7% up compared to 1,299 thousand ounces produced and sold in H1-2021.
- In H1-2022, the **revenue** generated from the gold sales amounted to USD 2,616 million demonstrating an increase by 11% compared with USD 2,349 million in H2-2021. From 11% increase in gold sales 4% was driven by increase in gold realised sales price, while remaining 7% corresponds to change in gold sales volume.
- The Company's **total cash costs (TCC)** reached USD 652 per ounce in H1-2022, showing 8% increase compared to USD 604 per ounce in H1-2021. Increase in TCC was mostly attributable to the rise of all cash costs items within *Cost of sales*, except for *Royalty expenses*, due to internal indexation of basic salary for all production employees and substantially higher prices of fuel, raw materials and spare parts in H1-2022.
- **All-in sustaining cash costs (AISC)** comprised USD 751 per ounce, remained flat compared to H1-2021 (USD 750 per ounce).). The factors added to the growth of TCC in H1-2022 have been compensated by lower sustaining stripping and capital expenditures.
- In H1-2022, **EBITDA** comprised USD 1,677 million, 13% up compared to the period before. The positive effect was mostly driven by growth of gold sales supported by decrease in royalty expenses.
- **Net profit** for H1-2022 amounted to USD **841** million and increased by **32%** compared to USD **637** million in H1-2021. An additional positive impact was caused by lower income tax expense due to decrease of tax rate related to the profit tax in excess of established profitability (50% in H1-2022 compared to 75% in H1-2021).
- At 30 June 2022, **cash and cash equivalents** amounted to USD 165 million and increased by 931% compared to USD 16 million at 31 December 2021. Fluctuation was mainly caused by one-off cash transfer of USD 124 million to the non-Gold segment executed at the end of 2021 as part of re-organisation of State Enterprise "Navoi Mining and Metallurgical Combinat".
- **Net debt** as at 30 June 2022 amounted to USD 1,659 million, down 6% compared to USD 1,768 million as at 31 December 2021.
- At 30 June 2022, **net debt to EBITDA ratio** decreased to 0.5-x compared to 0.6-x as at 31 December 2021.
- In H1-2022, **net cash generated from operating activities** was USD 990 million and increased by USD 64% compared to USD 604 million in H1-2021.
- **Free cash flow** amounted to USD 651 million in H1-2022 and increased from USD 131 million in H1-2021 by USD 520 million or 397%.
- In H1-2022, **CAPEX** decreased by USD 143 million compared to H1-2021 mainly due to the substantial completion of the *Expansion of GMZ-2* investment project.

About NMMC

Navoi Mining and Metallurgical Company is one of the four leading world companies producing gold and is the largest mining enterprise in Uzbekistan, which has mastered the lowest cost basis¹ full production cycle from geological exploration of reserves in the subsoil, mining and processing of ore to obtaining finished products. The mark “999.9” on the gold bars of the company has become the brand of Uzbekistan on the world exchanges of precious metals.

Company’s main production units:

- Northern mining administration (Uchkuduk town);
- Central mining administration (Zarafshan town);
- Southern mining administration (Nurabad town);
- Mining administration “GMZ-1” (Navoi city);
- Navoi machine-building plant.

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For further information, please visit <https://www.ngmk.uz>

¹ In terms of all in sustaining cash costs.