



“Navoi Mining and Metallurgical Company” Joint Stock Company

Press release

22 June 2022

JSC Navoi Mining and Metallurgical Company Financial results for the years 2021 and 2020

On 30 May 2022, Joint Stock Company (JSC) Navoi Mining and Metallurgical Company (“NMMC” or the Company) issued the full set of IFRS financial statements for the years ended 31 December 2021 and 2020 for the first time in its history. The financial statements have been audited by Deloitte, and the auditor’s report with an unmodified opinion has been issued on 30 March 2022.

SUMMARY:

Millions of US Dollars, unless otherwise stated	UoM	2021	2020	YoY, %
Operational highlights				
Gold produced and sold	Koz	2,664	2,561	4%
Gold realised sales price	USD/oz	1,800	1,779	1%
Financial results				
Revenue	MUSD	4,795	4,558	5%
Operating profit	MUSD	2,693	2,401	12%
Operating profit margin	%	56.2	52.7	3.5 ppts
EBITDA*	MUSD	3,033	2,702	12%
EBITDA margin	%	63.3	59.6	3.7 ppts
Profit for the year	MUSD	1,265	819	55%
Profit for the year margin	%	26.4	18.0	8.4 ppts
Liquidity				
Cash and cash equivalents	MUSD	16	198	-92%
Net Debt	MUSD	1,768	1,034	71%
Net Debt / EBITDA	x	0.6	0.4	52%
Cash costs and other cash flows				
TCC	USD/oz	623	675	-8%
AISC	USD/oz	753	844	-11%
Net cash generated from operating activities	MUSD	1,348	1,340	-1%
Free cash flows	MUSD	491	488	1%
CAPEX	MUSD	942	959	-2%

* adjusted for foreign exchange loss, loss on disposal of property, plant and equipment and change in obsolescence and net realisable provisions for inventories.

OPERATIONAL AND FINANCIAL HIGHLIGHTS:

- **Gold produced and sold** amounted to 2,664 thousand ounces in 2021, 4% up compared to 2,561 thousand ounces produced and sold year before. Production growth was secured by launch of new production facilities, in particular, of GMZ-7.
- In 2021, **revenue** increased by 5.2% comprising USD 4,795 million (2020: USD 4,558 million) driven by 4% sales growth and 1.2% increase in gold realised sales price.
- The Company's **total cash costs (TCC)** reached USD 623 per ounce in 2021, showing 8% decrease compared to USD 675 per ounce in the previous year. The improvement was mostly attributable to a substantial reduction of royalty expenses as a result of change in the applicable tax rate (from 20% in 2020 to 15% in 2021).
- In 2021, **EBITDA** comprised USD 3,033 million, 12% up compared to the year before. The positive effect was mostly driven by growth of gold sales further supported by decrease in royalty expenses.
- **Net profit** for 2021 amounted to USD 1,265 million and increased by 55% compared to USD 819 million in 2020. The increase was generally in line with growth of EBITDA accompanied by decreased income tax expense, mostly due to positive effect of changes in expected future tax rates related to the profit tax in excess of established profitability.
- At 31 December 2021, **cash and cash equivalents** amounted to USD 16 million and decreased by 92% compared to USD 198 million at the end of 2020. On 1 December 2021, as the result of the Company formation and completion of assets and liabilities transfer, USD 124 million was left with the State Enterprise "Navoi Mining and Metallurgical Combinat".
- Following aggressive Company's expansion of the CAPEX program in excess of free cash flow and cash left in the Company, **net debt** as at 31 December 2021 increased to USD 1,768 million, up 71% compared to prior year.
- At 31 December 2021, **net debt to EBITDA ratio** increased to 0.6-x compared to 0.4-x as at 31 December 2020.
- **All-in sustaining cash costs (AISC)** comprised USD 753 per ounce, down 11% compared to USD 844 per ounce in the previous year. The fluctuation was generally in line with the year-on-year TCC decrease.
- In 2021, **net cash generated from operating activities** increased by 1% compared 2020. Significant increase in operating cash inflows before changes in working capital was almost fully offset by working capital fluctuations and higher current income tax payment.
- **Free cash flow** amounted to USD 491 million in 2021 and increased by 1% compared to prior year.
- In 2021, the Company continued its **CAPEX** expansion program and overall capital expenditures decreased by 2% compared to prior year. Apparent decrease of USD amount was caused by the effect of translation to presentation currency.

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 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.

Contacts:

info@ngmk.uz

Tel: +998 79 227-71-64

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