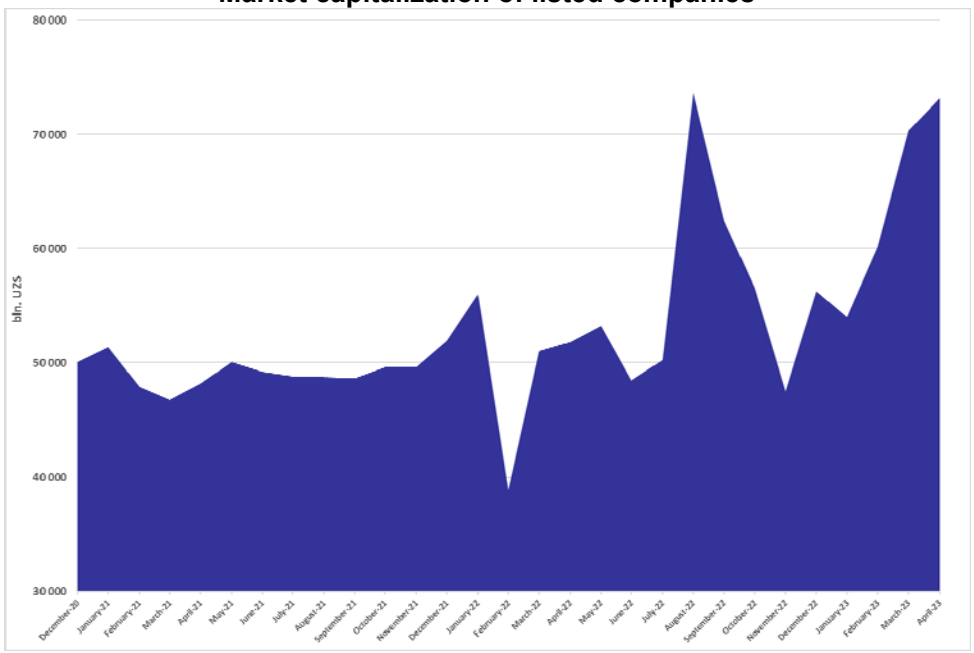
AVESTA INVESTMENT GROUP

May 2023

Commentary on trading on the RSE "Toshkent": April 2023

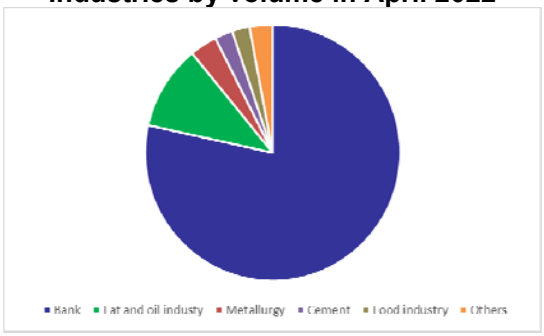
Compared to April 2022, the second quarter of 2023 started with more active trading in the stock exchange. In particular, the trading volume amounted to 130.2bln UZS (+37%), while overall 22,292 transactions were completed over the reporting period which is by 3 times more than in April 2022. As of the end of April 2023 the market capitalization of listed companies at RSE “Toshkent” equaled to 73.1trln UZS (+4% than the previous month) with 4.6trln UZS free-float (approx. $403mln).

Market capitalization of listed companies

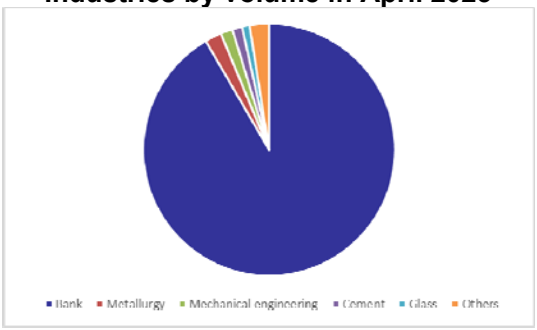


Source: RSE Toshkent, Calculations: Avesta Investment Group

Industries by volume in April 2022



Industries by volume in April 2023



Source: RSE Toshkent, Calculations: Avesta Investment Group

The structure of turnover by industries is illustrated in the graphs above: the banking industry not only retained its lead, but also added 14% making up 92% in April 2023. The metallurgy moved up to second place although the share fell to 2% in the reporting period. The next comes mechanical engineering with 1.5% and other industries such as cement and glass with 1-1.3% shares.

The table below illustrates the TOP-10 entities with the highest volume of trade for April 2023. As can be seen, over 90% of total turnover comes with the only M&A transaction with KPBA10 and IPKY – about 50% and 41% respectively. In spite of the big gap, there was relatively much trading with UZMK and KVTS followingly.

Top 10 issuers with the highest trading volume for April 2023

	Sectors	Sum, UZS	Num. of deals	Avg. price, UZS	% of turnover	% of equity	Mcap (bln. UZS)	Change in April 2023, %
KPBA10	Bank	64 410 135 731	1	10 422 352,1	49,47%	41,20%	156,3	0,00%
IPKY	Bank	53 232 156 684	595	31,7	40,88%	4,02%	1 927,7	11,69%
UZMK	Metallurgy	2 689 991 571	620	8 715,3	2,07%	0,07%	4 081,5	1,59%
KVTS	Glass	1 257 121 698	793	2 908,3	0,97%	0,44%	289,3	1,69%
BGPT	Cotton gin industry	1 173 480 000	1	42 000,0	0,90%	1,25%	92,8	0,00%
URTS	Service	1 110 692 815	705	20 735,1	0,85%	0,07%	1 645,3	9,70%
URGK	Mechanical engineering	1 027 048 800	1	22 523,0	0,79%	9,11%	10,2	0,00%
XTTB	Mechanical engineering	855 166 464	93	3 739,2	0,66%	18,48%	1,6	-10,00%
QZSM	Cement	722 874 231	574	3 234,0	0,56%	0,05%	1 521,6	7,39%
UNVB	Bank	510 698 771	44	5 997,0	0,39%	0,34%	180,0	0,00%
Others		3 216 325 368	18 865		2,47%			
Total	**Total**	**130 205 692 132**	**22 292**		**100,00%**			

Source: RSE Toshkent, Calculations: Avesta Investment Group

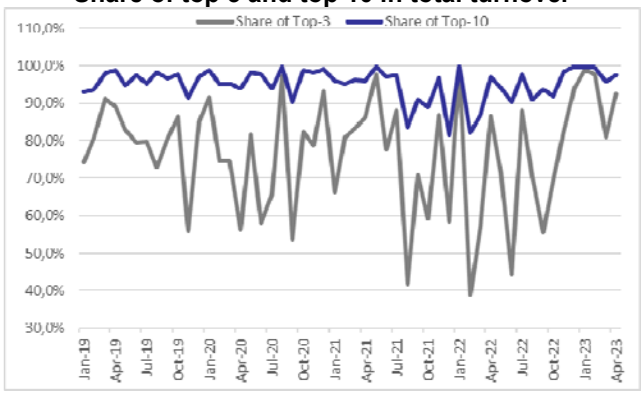
TOP-10 issuers with the highest number of deals in April 2023

	Sector	Sum, UZS	Num. of deals	Avg.price, UZS	% of deals	% of equity	Mcap (bln. UZS)	Change in April 2023, %
HMKB	Bank	123 007 542	4 528	97,7	20,31%	0,01%	2 326,1	17,42%
IPTB1	Bank	10 943 273	899	3,2	4,03%	0,00%	2 774,3	39,43%
QATT	Transport	26 704 898	800	2 028,6	3,59%	0,02%	198,6	105,56%
KVTS	Glass	1 257 121 698	793	2 908,3	3,56%	0,44%	289,3	1,69%
KASU	Insurance	9 330 800	727	0,1	3,26%	0,00%	1 116,0	20,00%
URTS	Service	1 110 692 815	705	20 735,1	3,16%	0,07%	1 645,3	9,70%
UZNGP	Oil and gas industry	27 788 197	680	2 488,6	3,05%	0,00%	21 288,9	-3,40%
IPTB	Bank	148 809 268	663	0,9	2,97%	0,01%	2 774,3	5,75%
KYE1	Fat and oil industry	19 657 693	633	4 554,1	2,84%	0,01%	41,5	16,36%
UZMK	Metallurgy	2 689 991 571	620	8 715,3	2,78%	0,07%	4 081,5	-73,06%
Others		124 781 644 379	11 244		50,44%			
Total	**Total**	**130 205 692 132**	**22 292**		**100,00%**			

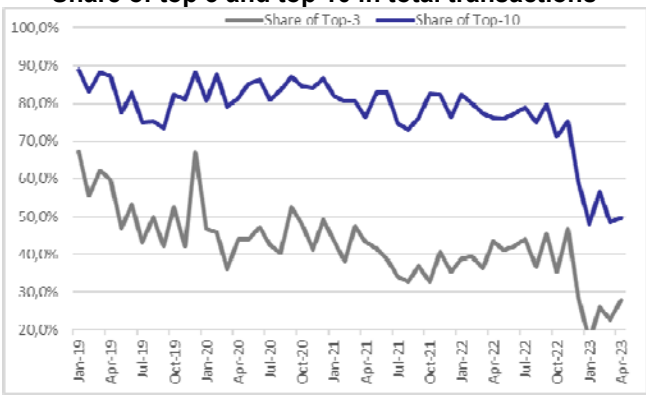
Source: RSE Toshkent, Calculations: Avesta Investment Group

The table above shows the TOP-10 securities with the highest number of deals in April 2023. A little change can be noticed in the usual structure of the table with IPTB1, QATT and UZNGP joining the TOP-10 issuers in April 2023. However, HMKB completed the most number of transactions which makes up over 20% of the total number of deals. About 28% of the total number of transactions comes to the TOP-3 issuers while the TOP-10's share equals to 49.6%.

Share of top 3 and top 10 in total turnover



Share of top 3 and top 10 in total transactions



Source: RSE Toshkent, Calculations: Avesta Investment Group

The charts above show the share dynamics of TOP-3 and TOP-10 entities in the volume of total turnover and total transactions in 2019-2023. As can be seen, the shares of total transactions have been decreasing as other issuers began to trade frequently while the shares in total turnover did not change much with high fluctuations due to M&A deals.

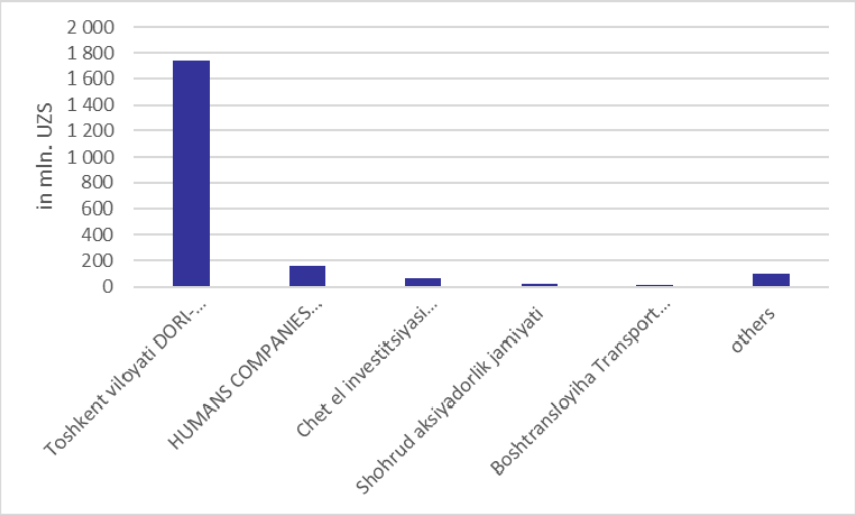
Among the other notable news through the reporting period, the following could be mentioned:

- Mrs. Ubaydullaeva Malika Boqirjonovna became the owner of a 34.39% equity stake in Maxsusenergogaz JSC;
- Akhangarancement JSC (OHSM) was included in the OFAC's specially designated nationals (SDN) list update;
- Mr. Qo'charaliyev Farzodbek Sardorbek O'g'li increased his share in the equity of Xo'jaobod texnologik transport boshqarmasi JSC (XTTB) by 13.41% up to 26.15%;
- Qoqon Biokimyo JSC (QQBK) was delisted from Tashkent Stock Exchange from April 25th, 2023;
- Biokimyo JSC (BIOK) registered the new issue of shares – all shareholders will receive one additional share per existing one. The register for distribution will be closed as of May 10th, 2023;
- UzRTSB JSC (URTS) organize the press conference on the results of 1Q2023:
    - Total turnover increased by 29% up to 35.1trln UZS, including 73% of turnover with commodities trading and the rest at public procurement (+83% turnover) and e-commerce platforms. Most likely, lower growth rates are related to the energy crisis in January, when a lot of production facilities stopped working;
    - Export trading increased by 25% up to $163mln;
    - Two new foreign platforms opened in Belorussia and Kazakhstan;
    - 66.5bln UZS turnover registered with car plates auction, and 4.1trln UZS with logistics services (+50%).

OTC platform of the RSE "Toshkent"

The total volume of trade at the OTC-platform in April 2023 equaled to 2.1bln UZS which is 25 times less than for the same period of 2022. Total number of transactions reached 1,997 against 355 deals in April 2022. As can be seen from the graph below, about 83.2% of the total volume comes to JSC "Toshkent viloyati DORI-DARMON" and 7.4% comes to JSC "HUMANS COMPANIES".

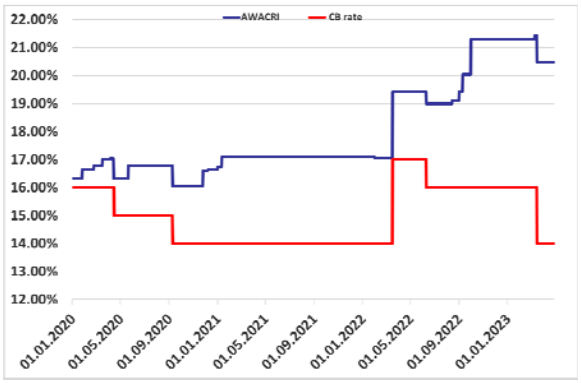
Top-5 entities by volume of transactions at OTC platform of the RSE "Toshkent" for April 2023



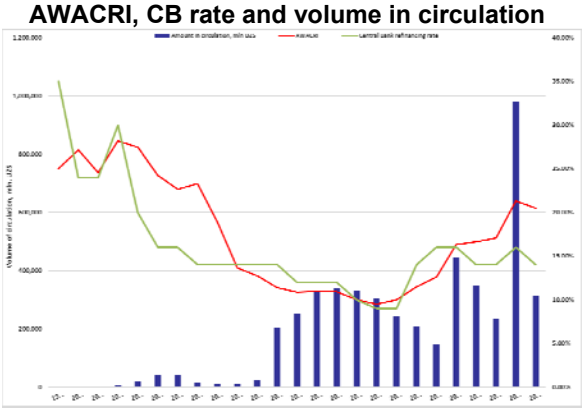
Source: OTC platform "Elsis-Savdo", Calculations: Avesta Investment Group

Debt market

AWACRI and CB rate in 2020-2023



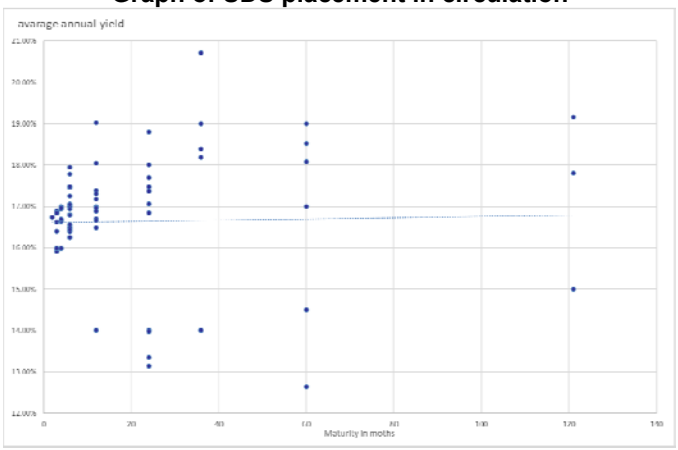
AWACRI, CB rate and volume in circulation



Source: Central Bank of the Republic of Uzbekistan, Avesta Investment Group

At the moment AWACRI exceeds the CB rate by 6.47%.

Graph of SDS placement in circulation



The total amount of placed SDS (State Debt Securities) which are in regulation (not repaid) in April 2023 reached 2.8trln UZS in 3 placements with a 16% average annual yield.

CONTACTS

Avesta Investment Group

Postal address: Uzbekistan, 100015, Tashkent city, Shahrisabz str., 22
Tel: +998 (71) 207-9070
E-mail: info@avestagroup.com
Web: http://www.avestagroup.com

The information and opinions in this report were prepared by Avesta Investment Group or one of its affiliates (collectively "Avesta"). The information herein is believed by Avesta to be reliable and has been obtained from public sources believed to be reliable, but Avesta makes no representation as to the accuracy or completeness of such information. Important Information Regarding Our Independence. The research analysts responsible for the preparation of this report receive compensation that is based upon, among other factors, Avesta's overall revenues. Avesta may engage in securities transactions in a manner inconsistent with this research report and with respect to securities covered by this report, will sell to or buy from customers on a principal basis. Disclosures of conflicts of interest, if any, are discussed at the end of the text of this report or on the Avesta Investment Group's website at http://www.avestagroup.com.
Opinions, estimates and projections in this report constitute the current judgement of the author as of the date of this report. They do not necessarily reflect the opinions of Avesta and are subject to change without notice. Avesta has no obligation to update, modify or amend this report or to otherwise notify a reader thereof in the event that any matter stated herein, or any opinion, projection, forecast or estimate set forth herein, changes or subsequently becomes inaccurate, or if research on the subject company is withdrawn. Prices and availability of financial instruments also are subject to change without notice. This report is provided for informational purposes only. It is not to be construed as an offer to buy or sell or a solicitation of an offer to buy or sell any financial instruments or to participate in any particular trading strategy in any jurisdiction. The financial instruments discussed in this report may not be suitable for all investors and investors must make their own investment decisions using their own independent advisors as they believe necessary and based upon their specific financial situations and investment objectives. If a financial instrument is denominated in a currency other than an investor's currency, a change in exchange rates may adversely affect the price or value of, or the income derived from, the financial instrument, and such investor effectively assumes currency risk. In addition, income from an investment may fluctuate and the price or value of financial instruments described in this report, either directly or indirectly, may rise or fall. Furthermore, past performance is not necessarily indicative of future results. Unless governing law provides otherwise, all transactions should be executed in the investor's home jurisdiction. Additional information relative to securities, other financial products or issuers discussed in this report is available upon request.
This report may not be reproduced, distributed or published by any person for any purpose without Avesta prior written consent. Please cite source when quoting.

© 2003-2022 «Avesta Investment Group».