



## **National Electric Grid of Uzbekistan JSC**

### **Consolidated financial statements**

*As at and for the year ended 31 December 2024  
with independent auditor's report*

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Independent auditor's report

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## Independent auditor's report

To the Shareholder and Supervisory Board of JSC National Electric Grid of Uzbekistan

### Opinion

We have audited the consolidated financial statements of JSC National Electric Grid of Uzbekistan and its subsidiary (hereinafter, the "Group"), which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of 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 material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2024 and its consolidated financial performance and its consolidated 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' (IESBA) International Code of Ethics for Professional Accountants (including International Independence Standards) (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.

### Responsibilities of management and the Supervisory Board 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.

The Supervisory Board is 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.
- ▶ Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- ▶ Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.



We communicate with the Supervisory Board 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.

Tashkent, Uzbekistan

27 June 2025

FE Audit Company "Ernst & Young" LLC

FE Audit Company "Ernst & Young" LLC

Certificate authorizing audit practice No. 66 registered with the Ministry of Economy and Finance of the Republic of Uzbekistan.

Engagement partner/  
Qualified auditor

Alamy

Mukhammadyokubkhuja  
Sharafitdinkhodjaev

Auditor's qualification certificate  
authorizing audit practice No. 06392  
dated 24.08.2024 issued by  
"Buxgalterlar va auditorlar imtihon  
markazi"

General director

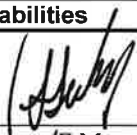


Nataliya Kim


Auditor's qualification certificate  
authorizing audit practice No. 05555  
dated 12.07.2018 issued by  
"Buxgalterlar va auditorlar imtihon  
markazi"

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION****As at 31 December 2024**

<i>In millions of Uzbekistan Soums</i>	<b>Note</b>	<b>31 December 2024</b>	<b>31 December 2023</b>
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	6	9,851,010	7,957,552
Right-of-use assets	12	–	54,464,562
Advances paid for non-current assets		724,486	370,553
Deferred tax assets	17	2,386,592	918,619
Other non-current assets		5,335	1,095
<b>Total non-current assets</b>		<b>12,967,423</b>	<b>63,712,381</b>
<b>Current assets</b>			
Inventory		119,956	125,009
Trade and other receivables	7	806,760	3,269,071
Advances paid		492,188	398,214
VAT recoverable and other prepaid taxes		83,633	190,524
Restricted cash	8	398,043	428,856
Cash and cash equivalents	8	146,794	239,122
Other current assets		98,793	49,599
<b>Total current assets</b>		<b>2,146,167</b>	<b>4,700,395</b>
Assets classified as held for distribution to the shareholder	5	64,855,009	–
<b>Total assets</b>		<b>79,968,599</b>	<b>68,412,776</b>
<b>Equity</b>			
Share capital	9	5,113,389	5,113,389
Addition paid-in capital		213,616	–
Accumulated loss		(6,740,582)	(18,406,517)
<b>Total equity</b>		<b>(1,413,577)</b>	<b>(13,293,128)</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Loans and borrowings	10	5,746,605	4,020,821
Lease liabilities	12	–	57,347,680
Other non-current liabilities		16,663	3,252
<b>Total non-current liabilities</b>		<b>5,763,268</b>	<b>61,371,753</b>
<b>Current liabilities</b>			
Loans and borrowings	10	656,286	384,647
Trade and other accounts payable	11	556,547	12,737,345
Lease liabilities	12	–	4,261,981
Advances received		35	2,817,284
Taxes payable other than income tax		11,405	12,041
Other current liabilities		92,462	120,853
<b>Total current liabilities</b>		<b>1,316,735</b>	<b>20,334,151</b>
Liabilities related to the assets as held for distribution to the shareholder	5	74,302,173	–
<b>Total liabilities</b>		<b>81,382,176</b>	<b>81,705,904</b>
<b>Total equity and liabilities</b>		<b>79,968,599</b>	<b>68,412,776</b>

  
 Kurbonov F.M.  
 Deputy Chairman of the Management  
 Board for Investments




  
 Kholboev S.N.  
 Chief Accountant


*The explanatory notes on pages 5 to 35 are an integral part of these consolidated financial statements.*

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME****For the year ended 31 December 2024**

<i>In millions of Uzbekistan Soums</i>	<b>Notes</b>	<b>2024</b>	<b>2023</b>
Revenue	13	<b>28,595,492</b>	30,651,183
Cost of sales	14	<b>(26,564,789)</b>	(31,759,183)
<b>Gross profit/(loss)</b>		<b>2,030,703</b>	(1,108,000)
Other operating income		<b>33,553</b>	112,911
General and administrative expenses	15	<b>(303,271)</b>	(306,980)
Recovery/(accrual) of provision for expected credit losses	7	<b>3,217,439</b>	(1,163,018)
<b>Operating profit/(loss)</b>		<b>4,978,424</b>	(2,465,087)
Finance income		<b>12,257</b>	30,966
Finance costs	16	<b>(2,059,464)</b>	(2,230,780)
Foreign exchange loss, net		<b>(3,248,939)</b>	(5,677,187)
<b>Loss before income tax</b>		<b>(317,722)</b>	(10,342,088)
Income tax benefit	17	<b>1,467,973</b>	1,174,765
<b>Net profit/(loss) for the year</b>		<b>1,150,251</b>	(9,167,323)
Other comprehensive income for the year		-	-
<b>Total comprehensive income/(loss) for the year</b>		<b>1,150,251</b>	(9,167,323)

  
 Kurbonov F.M.  
 Deputy Chairman of the Management  
 Board for Investments



  
 Kholboev S.N.  
 Chief Accountant

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## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2024

In millions of Uzbekistan Soums	Note	Attributable to the owner of the Group				Non-controlling interest	Total equity
		Share capital	Additional paid-in capital	Reserve capital	Accumulated loss	Total equity attributable to the owner of the Group	
<b>Balance at 31 December 2022</b>		5,202,310	-	2,429	(9,605,697)	(4,400,958)	(4,398,199)
Net loss for the period		-	-	-	(9,167,323)	(9,167,323)	(9,167,323)
<b>Total comprehensive loss for period</b>		-	-	-	(9,167,323)	(9,167,323)	(9,167,323)
Decrease of share capital	9	(88,921)	-	-	-	(88,921)	(88,921)
Disposal of subsidiaries	9	-	-	-	(134,180)	(134,180)	(136,939)
Transactions with the shareholder	9	-	-	-	343,668	343,668	343,668
Other movements		-	-	(2,429)	157,015	154,586	154,586
<b>Balance at 31 December 2023</b>		<b>5,113,389</b>	-	-	<b>(18,406,517)</b>	<b>(13,293,128)</b>	<b>(13,293,128)</b>
Net profit for the period		-	-	-	1,150,251	1,150,251	1,150,251
<b>Total comprehensive income for period</b>		-	-	-	1,150,251	1,150,251	1,150,251
Transaction with the shareholder	9	-	-	-	10,555,065	10,555,065	10,555,065
Increase of share capital	9	-	213,616	-	-	213,616	213,616
Other movements		-	-	-	(39,381)	(39,381)	(39,381)
<b>Balance at 31 December 2024</b>		<b>5,113,389</b>	<b>213,616</b>	-	<b>(6,740,582)</b>	<b>(1,413,577)</b>	<b>(1,413,577)</b>



Kurbonov F.M.  
Deputy Chairman of the Management  
Board for Investments

Kholboev S.N.  
Chief Accountant

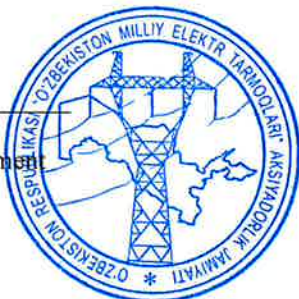
The explanatory notes on pages 5 to 35 are an integral part of  
these consolidated financial statements.



**CONSOLIDATED STATEMENT OF CASH FLOWS****For the year ended 31 December 2024**

<i>In millions of Uzbekistan Soums</i>	<b>Notes</b>	<b>2024</b>	<b>2023</b>
<b>Cash flow from operating activities</b>			
Loss before income tax		(317,722)	(10,342,088)
<i>Adjustments for:</i>			
Finance costs	16	2,059,464	2,230,780
Foreign exchange loss, net		3,248,939	5,677,187
(Recovery)/accrual of provision for expected credit losses	7	(3,217,439)	1,163,018
Depreciation of property, plant and equipment and right-of-use assets	6,12	1,626,171	1,927,718
Finance income		(12,257)	(30,966)
Other		29,904	11,585
<b>Operating cash flows before changes in working capital</b>		<b>3,417,060</b>	<b>637,234</b>
Change in trade and other receivables		(800,072)	(2,355,471)
Change in inventory		(6,667)	82,419
Change in other current assets		(78,280)	(1,047)
Change in advances paid		(92,026)	(22,001)
Change in trade and other payables		3,918,128	1,891,909
Change in advances received		(1,794,731)	2,358,505
Change in other liabilities		(11,728)	2,728
Change in VAT recoverable and other prepaid taxes		106,255	85,889
<b>Changes in working capital</b>		<b>4,657,939</b>	<b>2,680,165</b>
Income taxes paid		-	-
Interest received		5,666	-
Interest paid		(2,179,468)	(2,276,572)
<b>Net cash flows from operating activities</b>		<b>2,484,137</b>	<b>403,593</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(2,535,183)	(857,575)
Transfers in restricted cash		30,813	124,350
<b>Net cash flows used in investing activities</b>		<b>(2,504,370)</b>	<b>(733,225)</b>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings	10	2,250,088	812,441
Repayment of borrowings	10	(480,595)	(234,787)
Repayment of lease liabilities		(1,861,318)	(139,559)
<b>Net cash flows (used in)/from financing activities</b>		<b>(91,825)</b>	<b>438,095</b>
<b>Net change in cash and cash equivalents</b>		<b>(112,058)</b>	<b>108,463</b>
Cash and cash equivalents at the beginning of the year	8	239,122	80,075
Effect of exchange rate changes on cash and cash equivalents		19,730	50,584
<b>Cash and cash equivalents at the end of the year</b>	<b>8</b>	<b>146,794</b>	<b>239,122</b>

Kurbonov F.M

Deputy Chairman of the Management  
Board for InvestmentsKholboev S.N.  
Chief Accountant

The explanatory notes on pages 5 to 35 are an integral part of  
these consolidated financial statements.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****For the year ended 31 December 2024**

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**1. GENERAL INFORMATION**

JSC National Electric Grid of Uzbekistan (herein after – “the Company”) is a state joint stock company established in accordance with the decree of the President of the Republic of Uzbekistan dated 27 March 2019 No. PP-4249 *On the Strategy for Further Development and Reform of the Electric Power Industry of the Republic of Uzbekistan*. The Company was registered on 18 April 2019.

The main activities of the Company are operation and development of the main electric networks of the Republic of Uzbekistan, supply of electricity through high voltage lines and the implementation of interstate transit, cooperation with the electric power systems of neighboring states.

As of 31 December 2024 and 2023 the Company’s shareholder is Ministry of Economy and Finance of the Republic of Uzbekistan (herein after – the Shareholder). The Company’s ultimate controlling party is the Government of the Republic of Uzbekistan.

As of 31 December 2024 and 2023 the Company had 100% interest in a subsidiary company Magistral Elektr Tarmoqlari Injiniroving LLC, which is engaged in construction and repair services and operates in the Republic of Uzbekistan.

The Company and its subsidiary are hereinafter collectively referred to as the “Group”.

The head office of the Group is located at the following address: 42, Osiyo st., Tashkent, Republic of Uzbekistan. The main place of business of the Group is the Republic of Uzbekistan. These consolidated financial statements of the Group were approved for issue by the Deputy Chairman of the Management Board for Investments and the Chief Accountant of the Group on 27 June 2025.

**2. BASIS OF PREPARATION****Statement of compliance**

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the International Accounting Standards Board (“the IASB”).

The consolidated financial statements are prepared on the historical cost basis except for certain financial instruments, which are measured at fair value.

**Functional and presentation currency**

The national currencies of the countries where the Group entities operate are usually the individual group’s functional currencies, because they generally reflect the economic substance of the underlying transactions and circumstances of those companies.

The functional currency of the parent entity of the Group and presentation currency of the Group’s financial statements is the national currency of the Republic of Uzbekistan – Uzbek Soum (“UZS”). The consolidated financial statements are presented in millions of Uzbek Soum (“UZS”). All values are rounded to the nearest million, except when otherwise indicated.

**Currency exchange rates**

The weighted average exchange rates set by the Central Bank of the Republic of Uzbekistan (“CBU”) are used as the official exchange rates in the Republic of Uzbekistan.

The exchange rate of the CBU as of 31 December 2024 was 12,920.48 UZS per USD. This rate was used to translate monetary assets and liabilities denominated in US Dollars as of 31 December 2024 (12,338.77 UZS per 1 USD at 31 December 2023). The exchange rate of the Central Bank of Uzbekistan as of 27 June 2025 was 12,586.41 UZS per 1 USD.

**Going concern**

These consolidated financial statements have been prepared on the basis of going concern principle, which implies a continuation of the normal course business, sale of assets and settlement of obligations in the normal course of business.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

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**3. MATERIAL ACCOUNTING POLICY INFORMATION**

Material accounting policies applied in the preparation of the consolidated statements are described below. These accounting policies have been consistently applied.

**Basis of consolidation**

The consolidated financial statements comprise the financial statements of the Group and its subsidiary. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

If the Group loses control over a subsidiary, it:

- Derecognises the assets and liabilities of the subsidiary;
- Derecognises the carrying amount of any non-controlling interests;
- Derecognises the cumulative translation differences recorded in equity;
- Recognises the fair value of the consideration received;
- Recognises the fair value of any investment retained;
- Recognises any surplus or deficit in profit or loss when control is passed to a third party, or, as in certain cases of under common control transactions, directly in equity.
- Reclassifies the parent's share of components previously recognised in other comprehensive income (OCI) to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

**Principles of consolidation***Subsidiaries*

Subsidiaries are entities controlled by the Group. Control is presumed to exist when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. An investor has power over an investee when the investor has existing rights that give it the current ability to direct the relevant activities. Relevant activities are activities of the investee that significantly affect the investee's return. In assessing control, potential voting rights that are presently exercisable are taken into account. The financial statements of subsidiary are included in the consolidated financial statements from the date that control commences until the date that control ceases.

*Non-controlling interest*

Non-controlling interest represents the non-controlling shareholders' proportionate share of the equity and results of operations of the Group's subsidiaries. This has been calculated based upon the non-controlling interests' ownership percentage of these subsidiaries. The non-controlling interest has been disclosed as a part of equity.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)****3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)****Principles of consolidation (continued)***Non-controlling interest (continued)*

The Group applies a policy of treating transactions with non-controlling shareholders as transactions with equity owners of the Group. For purchases of non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of a subsidiary is recorded in equity. Differences between consideration received and carrying value of non-controlling interests sold are also recorded in equity.

The Group derecognises non-controlling interest if non-controlling shareholders have received a mandatory offer to purchase their shares. The difference between the amount of the liability recognised in the consolidated statement of financial position over the carrying value of the derecognised non-controlling interests is charged to retained earnings.

*Transactions eliminated on consolidation*

Intercompany transactions, balances and unrealised gains in transactions among the Group entities are eliminated; The Group and all of its subsidiaries use uniform accounting policies consistent with the Group's policies.

**Foreign currency transactions and translation**

Transactions in foreign currencies are measured in the respective functional currencies of the Group entities at exchange rates effective at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are remeasured to the entities' functional currencies at the exchange rate at that date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are remeasured to the functional currency at the exchange rate at the date that the fair value was determined. Other non-monetary assets and liabilities measured in a foreign currency are remeasured to the functional currency at the exchange rate at the date of operation. Foreign currency differences arising on remeasurement are recognised in profit and loss.

**Property, plant and equipment**

Property, plant and equipment are carried at historical cost of acquisition or construction after deduction of accumulated depreciation and accumulated impairment. The cost of self-constructed assets includes cost of materials, direct labour and a proportion of production overheads. Where an item of property, plant and equipment comprises major components having different useful lives, the components are accounted for as separate items of property, plant and equipment.

Renewals and improvements are capitalised. The costs of regular repair and maintenance are expensed as incurred. Gains and losses arising from the disposal of property, plant and equipment are included in profit and loss as incurred.

Expenditure incurred to replace a component of an item of property, plant and equipment that is accounted for separately, is capitalised to the carrying amount of the component being written off. Other subsequent expenditure is capitalised only when it increases future economic benefits embodied in the item of property, plant and equipment. All other expenditures are recognised in profit and loss as incurred.

Depreciation of property, plant and equipment is calculated on a straight-line basis over the estimated useful life of the asset. Depreciation commences from the time an asset is completed and ready for use. The useful lives are reviewed at each financial year-end and, if expectations differ from previous estimates, changes are recognised prospectively. The useful lives, in years, of assets by type of facility are as follows:

	<b>Useful life (years)</b>
Buildings	10-50
Transmission facilities and equipment	5-50
Vehicles	4-28
Other fixed assets	3-20
Capitalised leasehold improvements	Lower of economic useful life or lease term

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss in the year the asset is derecognized.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

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**3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)****Leases**

Right-of-use assets and Lease liabilities are capitalised at the commencement of the lease at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability. Finance charges are recognised in finance costs in the consolidated statement of comprehensive income. Right-of-use asset is depreciated over the lease term.

**Inventories**

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is determined on the weighted average basis, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. Provision is made for obsolete or slow-moving inventories, taking into account their expected use and future net realizable value.

**Cash and cash equivalents**

Cash comprises cash in hand and cash deposited on demand at banks. Cash equivalents comprise short-term, highly liquid investments that are readily convertible into cash and have an original maturity of three months or less from the date of acquisition and are subject to insignificant changes in value.

**Advances paid**

Advances paid by the Group are carried at cost less provision for impairment. Prepayments to acquire assets are transferred to the carrying amount of the asset once the Group has obtained control of the asset and it is probable that future economic benefits associated with the asset will flow to the Group. Other prepayments are recognised in profit or loss when the goods or services relating to the prepayments are received. If there is an indication that the assets, goods or services relating to a prepayment will not be received, the carrying value of prepayment is written down as impairment loss in profit and loss.

Advances paid by the Group are classified as non-current assets when the goods or services relating to the prepayment are to be delivered beyond one year period or when they relate to acquisition of property, plant and equipment.

**Value added tax on purchase and sales**

Value added tax (VAT) related to sales is payable to tax authorities either upon revenue recognition or at the time of collection of receivables from customers, depending on statutory regulations of the Republic of Uzbekistan. Tax authorities permit settlement of VAT on a net basis.

**Financial instruments— initial recognition and subsequent measurement**

A financial instrument is any contract that gives rise to a financial asset in one entity and a financial liability or equity instrument in another entity.

***Financial assets******Initial recognition and measurement***

The Group's financial assets include cash and cash equivalents, short-term and long-term deposits, restricted cash, other financial assets, trade and other accounts receivable, quoted and unquoted financial instruments.

Financial assets at initial recognition are classified as financial assets measured at amortized cost; financial assets measured at fair value through profit or loss; financial assets measured at fair value through other comprehensive income.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

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**3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)****Financial instruments– initial recognition and subsequent measurement (continued)***Financial assets (continued)**Initial recognition and measurement (continued)*

A financial asset is measured at amortized cost if two criteria are met:

- 1) The purpose of the business model is to hold a financial asset to receive all contractual cash flows; and
- 2) Contractual cash flows are represented only by interest payments and principal debt. The fee is a payment for the time value of money and the credit risk associated with the principal debt to maturity in a certain period of time.

If at least one of the above criteria is not met, the financial asset is measured at fair value.

The Group's financial assets not carried at amortized cost are stated at fair value.

*Subsequent measurement*

Subsequently, financial assets are measured at amortized or fair value through other comprehensive income, or through profit or loss, based on the business model of the Group for the Management of Financial Assets. The business model is determined by the management of the Group.

*Recognition of expected credit loss*

The Group recognizes the estimated provision for expected credit losses on financial assets measured at amortized cost in an amount equal to expected credit losses for the entire period, if the credit loss has increased significantly since initial recognition. The Group does not reduce the carrying amount of a financial asset at fair value through other comprehensive income but recognizes estimated provision in other comprehensive income.

In determining whether there has been a significant increase in the credit risk of a financial asset since its initial recognition, the Group focuses on changes in the risk of a default occurring over the life of the loan instrument, and not on changes in the amount of expected credit losses.

If the terms and conditions of the cash flows of a financial asset stipulated by the agreement have been revised or modified and the recognition of the financial asset has not been terminated, the Group assesses whether the credit risk of the financial instrument has changed significantly by comparing the following:

- 1) Risk assessment of default as of the reporting date (based on modified contractual terms);
- 2) Risk assessment of default upon initial recognition (based on the initial unmodified contractual terms).

If there is no significant increase in credit risk, the Group recognizes an allowance for losses on a financial asset in the amount equal to 12-month expected credit losses, with the exception of trade receivables arising from transactions that are within the scope of IFRS 15 *Revenue from Contracts with Customers*; For financial assets referred to in paragraphs (1) to (3), the Group estimates the provision for losses in the amount of expected credit losses for the entire term.

If in the previous reporting period the Group estimated the estimated provision for losses on a financial instrument in an amount equal to expected credit losses for the entire term, but as of the current reporting date determines that there is no significant increase in credit risk, then at the current reporting date the Group should evaluate the estimated a provision equal to 12-month expected credit losses.

The Group recognizes, as profit or loss from impairment, the amount necessary to adjust the estimated provision for losses to the amount of expected credit losses as at the reporting date.

*Measurement of expected credit loss*

The Group estimates expected credit losses for a financial instrument in a manner that reflects:

- 1) An unbiased and probability-weighted amount determined by assessing the range of possible results;
- 2) The time value of money;
- 3) Reasonable and confirmed information about past events, current conditions and projected future economic conditions available at the reporting date.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

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**3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)****Financial instruments– initial recognition and subsequent measurement (continued)***Financial assets (continued)**Measurement of expected credit loss (continued)*

The maximum period considered in assessing expected credit losses is the maximum period under the contract (including extension options) during which the Group is exposed to credit risk.

For financial instruments that include both a loan and an unused component of the loan obligation, the Group's contractual ability to request repayment of the loan and annual the unused component of the loan obligation does not limit the Group's exposure to credit loss risk by the contractual deadline for notifying. For such financial instruments, the Group estimates credit losses for the entire period of exposure to credit risk, and expected credit losses will not be reduced as a result of the Group's activities in managing credit risks, even if such a period exceeds the maximum period under the contract.

To achieve the goal of recognizing expected credit losses over the entire term arising from a significant increase in credit risk since initial recognition, it may be necessary to assess a significant increase in credit risk on a group basis, for example, by analysing information indicating a significant increase in credit risk for a group or subgroup of financial instruments. This ensures that the Group achieves the goal of recognizing expected credit losses for the entire period in the event of a significant increase in credit risk, even if confirmation of such a significant increase in credit risk at the level of an individual instrument is not yet available.

*Financial liabilities**Initial recognition and measurement*

Financial liabilities at initial recognition are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

Financial liabilities are recognised initially at fair value plus, in the case of loans and borrowings, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings, and lease liability.

*Subsequent measurement*

The measurement of financial liabilities depends on their classification as described below:

*Loans and borrowings*

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the consolidated statement of comprehensive income.

*Trade and other payables*

Trade and other payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest rate method.

*Lease liabilities*

At the commencement date of the lease, lease liabilities are measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

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**3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)****Financial instruments– initial recognition and subsequent measurement (continued)***Financial liabilities (continued)**Lease liabilities (continued)*

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

**Fair value of financial instruments**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. The principal market (or the most advantageous market in the absence of principle market) must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

To achieve greater consistency and comparability of fair value measurements and related disclosures the fair value hierarchy is followed up to define fair value estimation methods and apply relevant observable inputs and minimise the use of unobservable inputs.

Observable inputs are inputs that are developed using market data, such as publicly available information about actual events or transactions, and that reflect the assumptions that market participants would use when pricing the asset or liability. The unobservable inputs are inputs for which market data are not available and that are developed using the best information available about the assumptions that market participants would use when pricing the asset or liability.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 – valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable;
- Level 3 – valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

Fair value of financial instruments that are actively traded in organised financial markets is determined by reference to quoted market bid prices for assets and offer prices for liabilities in the principal market for the asset or liability, at the close of business on the reporting date, with no adjustment made for the transaction costs.

For assets and liabilities where there is no principal (or most advantageous) market, respective fair value is determined using appropriate valuation techniques. Valuation techniques include discounted cash flow method, comparison to similar instruments for which market observable prices exist, options pricing models, credit models and other relevant valuation models. If an asset or a liability measured at fair value has a bid price and an ask price, the price within the bid-ask spread that is most representative of fair value in the circumstances can be used to measure at fair value. It is possible to use mid-market pricing conventions that are used by market participants as an expedient for fair value measurement within a bid-ask spread. Certain financial instruments are recorded at fair value using valuation techniques because current market transactions or observable market data are not available. Their fair value is determined using a valuation model that is tested against prices or inputs to actual market transactions and using the Group's best estimate of the most appropriate internal model assumptions. Models are adjusted to reflect the spread for bid and ask prices to reflect costs to close out positions, counterparty credit and liquidity spread and limitations in the models. Also, profit or loss calculated when such financial instruments are first recorded (Day 1 profit or loss) is deferred and recognised only when the inputs become observable or on derecognition of the instrument.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

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**3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)****Fair value of financial instruments (continued)**

For discounted cash flow techniques, estimated future cash flows and discount rates are based on management's best estimates of assumptions that market participants would use when pricing the asset or liability. Cash flows and discount rates used take into account only the factors attributable to the asset or liability being measured. The use of different pricing models and assumptions could produce materially different estimates of fair values.

Fair value of floating rate and overnight deposits with credit institutions is their carrying value. The carrying value is the cost of the deposit plus interest accrued. Fair value of fixed interest-bearing deposits is estimated using discounted cash flow techniques. Expected cash flows are discounted at prevailing market rates for similar instruments at the recognition date.

Where fair values of financial assets and financial liabilities recorded on the consolidated statement of financial position cannot be derived from the principal (or most advantageous) markets, they are determined using a variety of valuation techniques that include the use of discounted cash flows model and/or mathematical models. The inputs to these models are derived from observable market data where possible, but where observable market data are not available, judgment is required to establish fair values. The judgments include considerations of liquidity risk, credit risk, and model inputs such as volatility and discount rates, prepayment rates and default rate assumptions for asset backed securities.

For discounted cash flows analysis, estimated future cash flows and discount rates are based on current market information and rates applicable to financial instruments with similar yields, credit quality and maturity characteristics. Estimated future cash flows are influenced by factors such as economic conditions (including country specific risks), concentrations in specific industries, types of instruments or currencies, market liquidity and financial conditions of counterparties. Discount rates are influenced by risk free interest rates and credit risk. Changes in these assumptions affect fair value of financial instruments.

**Impairment of non-financial assets**

At each reporting date, the Group assesses whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on value in use, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations (including impairment on inventories) are recognised in the consolidated statement of comprehensive income in expense categories consistent with the function of the impaired asset.

For assets previously impaired, except for goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognized in profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation surplus.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

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**3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)****Revenue**

Revenue is recognised to the extent that it is probable that economic benefits will flow to the Group and revenue can be reliably measured, regardless of when the payment is made. Revenue is recognised in the amount of the consideration to which the Group will be entitled in exchange for the goods or services that will be transferred to the customer. The consideration set in the contract with the customer may contain fixed and variable amounts as a result of price concession. The Group recognises revenue using the expected value method. Revenue from sale of electricity is recognised in profit and loss on delivery of electricity. Where applicable, revenue is based on rates and related restrictions established by law and regulating authorities. Revenue amounts are presented exclusive of VAT.

**Finance income**

Finance income comprises interest income on funds invested, accretion income, dividend income and foreign currency gains, net. Interest income is recognised as it accrues, using the effective interest method. Dividend income is recognised when the dividends are declared and an inflow of economic benefits is probable.

**Finance costs**

Finance expenses primarily include interest expense on borrowings, unwinding of discount on provisions and foreign currency losses, net. All borrowing costs are recognised in the consolidated statement of comprehensive income using the effective interest method unless directly attributable to acquisition of a qualifying asset. Commission fee for opening of credit lines is included into interest expense.

**Income tax expense***Current income tax*

Current income tax assets and liabilities for the current and previous periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the consolidated statement of comprehensive income. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

*Deferred tax*

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred income tax liabilities are recognised for all taxable temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

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**3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)****Income tax expense (continued)***Deferred tax (continued)*

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognized deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

**Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that the Group incurs in connection with the borrowing of funds.

**Contingent liabilities and contingent assets**

Contingent liabilities are not recognised in the consolidated financial statements, but are disclosed in the consolidated financial statements unless the possibility of any outflow in settlement is remote.

A contingent asset is not recognised in the consolidated financial statements but disclosed in the consolidated financial statements when an inflow of economic benefits is probable.

**New and amended standards and interpretations**

The Group applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2024 (unless otherwise specified). The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

*Amendments to IFRS 16 - Lease Liability in a Sale and Leaseback*

The amendments in IFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains.

The amendments had no impact on the Group's financial statements.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

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**3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)****New and amended standards and interpretations (continued)***Amendments to IAS 1 - Classification of Liabilities as Current or Non-current*

The amendments to IAS 1 specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement;
- That a right to defer must exist at the end of the reporting period;
- That classification is unaffected by the likelihood that an entity will exercise its deferral right;
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

In addition, an entity is required to disclose when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months.

The amendments had no impact on the Group's financial statements.

*Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7*

The amendments to IAS 7 *Statement of Cash Flows* and IFRS 7 *Financial Instruments: Disclosures* clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

The amendments had no impact on the Group's financial statements.

**Standards issued but not yet effective**

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

*Lack of exchangeability – Amendments to IAS 21*

In August 2023, the IASB issued amendments to IAS 21 *The Effects of Changes in Foreign Exchange Rates* to specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments also require disclosure of information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows.

The amendments will be effective for annual reporting periods beginning on or after 1 January 2025. Early adoption is permitted, but will need to be disclosed. When applying the amendments, an entity cannot restate comparative information.

The amendments are not expected to have a material impact on the Group's financial statements.

*IFRS 18 Presentation and Disclosure in Financial Statements*

In April 2024, the IASB issued IFRS 18, which replaces IAS 1 *Presentation of Financial Statements*. IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Furthermore, entities are required to classify all income and expenses within the statement of profit or loss into one of five categories: operating, investing, financing, income taxes and discontinued operations, whereof the first three are new.

It also requires disclosure of newly defined management-defined performance measures, subtotals of income and expenses, and includes new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements (PFS) and the notes.

In addition, narrow-scope amendments have been made to IAS 7 *Statement of Cash Flows*, which include changing the starting point for determining cash flows from operations under the indirect method, from 'profit or loss' to 'operating profit or loss' and removing the optionality around classification of cash flows from dividends and interest. In addition, there are consequential amendments to several other standards.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

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**3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)****Standards issued but not yet effective (continued)***IFRS 18 Presentation and Disclosure in Financial Statements (continued)*

IFRS 18, and the amendments to the other standards, is effective for reporting periods beginning on or after 1 January 2027, but earlier application is permitted and must be disclosed. IFRS 18 will apply retrospectively.

The Group is currently working to identify all impacts the amendments will have on the primary financial statements and notes to the financial statements.

*IFRS 19 Subsidiaries without Public Accountability: Disclosures*

In May 2024, the IASB issued IFRS 19, which allows eligible entities to elect to apply its reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other IFRS accounting standards. To be eligible, at the end of the reporting period, an entity must be a subsidiary as defined in IFRS 10, cannot have public accountability and must have a parent (ultimate or intermediate) that prepares consolidated financial statements, available for public use, which comply with IFRS accounting standards.

IFRS 19 will become effective for reporting periods beginning on or after 1 January 2027, with early application permitted.

*Contracts Referencing Nature-dependent Electricity – Amendments to IFRS 9 and IFRS 7*

In December 2024, the Board issued Contracts Referencing Nature-dependent Electricity (Amendments to IFRS 9 and IFRS 7). The amendments include:

- Clarifying the application of the ‘own-use’ requirements
- Permitting hedge accounting if these contracts are used as hedging instruments
- Adding new disclosure requirements to enable investors to understand the effect of these contracts on a company’s financial performance and cash flows.

The amendments will be effective for annual reporting periods beginning on or after 1 January 2026, with early application permitted. Early adoption is permitted, but will need to be disclosed. The clarifications regarding the ‘own use’ requirements must be applied retrospectively, but the guidance permitting hedge accounting have to be applied prospectively to new hedging relationships designated on or after the date of initial application.

*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28*

In December 2015, the IASB decided to defer the effective date of the amendments until such time as it has finalised any amendments that result from its research project on the equity method. Early application of the amendments is still permitted.

The amendments address the conflict between IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture.

The amendments clarify that a full gain or loss is recognised when a transfer to an associate or joint venture involves a business as defined in IFRS 3 Business combinations. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognised only to the extent of unrelated investors’ interests in the associate or joint venture.

The amendments must be applied prospectively. Early application is permitted and must be disclosed.

*Classification and Measurement of Financial Instruments - Amendments to IFRS 9 and IFRS 7*

In May 2024, the Board issued Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7), which:

- Clarifies that a financial liability is derecognised on the ‘settlement date’, i.e., when the related obligation is discharged, cancelled, expires or the liability otherwise qualifies for derecognition. It also introduces an accounting policy option to derecognise financial liabilities that are settled through an electronic payment system before settlement date if certain conditions are met

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)****3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)****Standards issued but not yet effective (continued)**

- Clarified how to assess the contractual cash flow characteristics of financial assets that include environmental, social and governance (ESG)-linked features and other similar contingent features
- Clarifies the treatment of non-recourse assets and contractually linked instruments
- Requires additional disclosures in IFRS 7 for financial assets and liabilities with contractual terms that reference a contingent event (including those that are ESG-linked), and equity instruments classified at fair value through other comprehensive income

The amendments will be effective for annual reporting periods beginning on or after 1 January 2026. Entities can early adopt the amendments that relate to the classification of financial assets plus the related disclosures and apply the other amendments later. The new requirements will be applied retrospectively with an adjustment to opening retained earnings. Prior periods are not required to be restated and can only be restated without using hindsight. An entity is required to disclose information about financial assets that change their measurement category due to the amendments.

*Improvements to International Financial Reporting Standards**IFRS 1 First-time Adoption of International Financial Reporting Standards - Hedge Accounting by a First-time Adopter*

Paragraphs B5 and B6 of IFRS 1 have been amended to include cross references to the qualifying criteria for hedge accounting in paragraph 6.4.1(a), (b) and (c) of IFRS 9. These amendments are intended to address potential confusion arising from an inconsistency between the wording in IFRS 1 and the requirements for hedge accounting in IFRS 9. • An entity applies the amendments for annual reporting periods beginning on or after 1 January 2026. Earlier application is permitted.

*IFRS 7 Financial Instruments: Disclosures - Gain or Loss on Derecognition, Introduction, Disclosure of Deferred Difference between Fair Value and Transaction Price, Credit Risk Disclosures*

The amendments update the language on unobservable inputs in paragraph B38 of IFRS 7 and include a cross reference to paragraphs 72 and 73 of IFRS 13 Fair Value Measurement. • An entity applies the amendments for annual reporting periods beginning on or after 1 January 2026. Earlier application is permitted.

The amendments to paragraph IG1 of the Guidance on implementing IFRS 7 clarify that the guidance does not necessarily illustrate all the requirements in the referenced paragraphs of IFRS 7, nor does it create additional requirements.

Paragraph IG14 of the Guidance on implementing IFRS 7 has been amended mainly to make the wording consistent with the requirements in paragraph 28 of IFRS 7 and with the concepts and terminology used in IFRS 9 and IFRS 13.

Paragraph IG20B of the Guidance on implementing IFRS 7 has been amended to simplify the explanation of which aspects of the IFRS requirements are not illustrated in the example.

*IFRS 9 Financial Instruments - Lessee Derecognition of Lease Liabilities*

Paragraph 2.1 of IFRS 9 has been amended to clarify that, when a lessee has determined that a lease liability has been extinguished in accordance with IFRS 9, the lessee is required to apply paragraph 3.3.3 and recognise any resulting gain or loss in profit or loss. However, the amendment does not address how a lessee distinguishes between a lease modification as defined in IFRS 16 and an extinguishment of a lease liability in accordance with IFRS 9.

An entity applies the amendments for annual reporting periods beginning on or after 1 January 2026. Earlier application is permitted.

*IFRS 9 Financial Instruments - Transaction Price*

Paragraph 5.1.3 of IFRS 9 has been amended to replace the reference to 'transaction price as defined by IFRS 15 Revenue from Contracts with Customers' with 'the amount determined by applying IFRS 15'. The use of the term 'transaction price' in relation to IFRS 15 was potentially confusing and so it has been removed. The term was also deleted from Appendix A of IFRS 9.

An entity applies the amendments for annual reporting periods beginning on or after 1 January 2026. Earlier application is permitted.



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

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**3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)****Standards issued but not yet effective (continued)***IFRS 10 Consolidated Financial Statements - Determination of a 'De Facto Agent'*

Paragraph B74 of IFRS 10 has been amended to clarify that the relationship described in paragraph B74 is just one example of various relationships that might exist between the investor and other parties acting as de facto agents of the investor. The amendments are intended to remove the inconsistency with the requirement in paragraph B73 for an entity to use judgement to determine whether other parties are acting as de facto agents.

An entity applies the amendments for annual reporting periods beginning on or after 1 January 2026. Earlier application is permitted.

*IAS 7 Statement of Cash Flows - Cost Method*

Paragraph 37 of IAS 7 has been amended to replace the term 'cost method' with 'at cost', following the prior deletion of the definition of 'cost method'.

An entity applies the amendments for annual reporting periods beginning on or after 1 January 2026. Earlier application is permitted.

The amendments are not expected to have a material impact on the Group's financial statements.

**4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS**

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosures, and the disclosure of contingent liabilities and assets. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

**Provision for expected credit losses on trade accounts receivable**

The provision for impairment of accounts receivable is based on the Group's assessment of the collectability of specific customer accounts. If there is deterioration in a major customer's creditworthiness or actual defaults are higher than the estimates, the actual results could differ from these estimates.

If the Group determines that no objective evidence exists that impairment has occurred for an individually assessed accounts receivable, whether significant or not, it includes the accounts receivable in a group of accounts receivable with similar credit risk characteristics and collectively assesses them for impairment. Those characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the debtors' ability to pay all amounts due according to the contractual terms of the assets being evaluated.

Future cash flows in a group of accounts receivable that are collectively evaluated for impairment are estimated on the basis of the contractual cash flows of the assets and the experience of management to the extent of which amounts will become overdue as a result of past loss events and the success of recovery of overdue amounts. The Group adjusts the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions are expected to deteriorate over the next year, which can lead to an increased number of defaults in the specific sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed (*Note 7*).

**Impairment of non-current assets**

In 2024 the Group incurred loss before tax of UZS 317,722 million and identified indications of impairment of its non-current assets. The management updated the assessment of the recoverable amount of its non-current assets as at 31 December 2024.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)****4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)****Impairment of non-current assets (continued)**

The business plans approved on an annual basis, are a primary source of information for cash flow projections. They contain forecasts for electric energy sales volumes, revenues, costs and capital expenditures. Various assumptions such as tariffs for electricity transmission, costs inflation rates take into account existing prices, other macroeconomic factors and historical trends and fluctuations. The estimated cash flows up to 31 December 2024 were based on forecasts subject to the current laws of the Republic of Uzbekistan, together with management's current assessment of probable changes in operational and capital expenditures.

The fair value less the cost of disposal of non-current assets was adopted as the recoverable amount of property, plant and equipment. The Group's non-current assets consist mainly of assets of national energy networks, which represent a single asset class according to IFRS 13, based on the nature, characteristics and risks inherent in the asset. Input data for determining the fair value of property, plant and equipment refer to Level 3 in the fair value hierarchy (unobservable inputs). As at 31 December 2024, the recoverable amount exceeded the carrying amount of non-current assets.

The significant assumptions used to estimate the recoverable amount of non-current assets are summarized below, together with a quantitative sensitivity analysis as at 31 December 2024:

Key assumptions	Value	Recoverable amount sensitivity to key assumptions
Discounting rate (WACC)	22.01%	Increase/(decrease) in discount rates by 0.8% will not lead to impairment
Electricity transmission (in million kWh)	70,412	Increase/(decrease) in electricity transmission by 10% will not lead to impairment
Electricity transmission tariff, soum/kWh*	65	Increase/(decrease) in the electricity transmission tariff by 1% will not lead to impairment

**Determination of the lease component power purchase agreements**

During 2019-2024 Group has entered into long-term contracts for the purchase of electricity produced at power plants using renewable energy sources (hereinafter referred to as "RES power stations") and conventional sources. According to these agreements, the Group has the right to receive almost all economic benefits from the use of an energy plant during the period of use, defined as the 25-year period of validity of purchase agreements. Group contracts with private thermal power plants assumes provision of fuel (natural gas) by the Group. The Group pays private power plants for the electricity generation services using each contracts tariff. The Group purchases the entire amount of electricity produced at all these energy plants. Therefore, the Group's management determined that power purchase agreements contain a lease component in accordance with IFRS 16.

The thermal power purchase agreements contain "take or pay" clause and stipulate the expected hours of operation of each thermal power plant and overall capacity of the thermal power plant. The electricity production volume and payments under these agreements are fixed. The Company, therefore, recognized right-of-use assets and corresponding lease liability on contracts with thermal power plants.

The payments to solar and wind power plants are variable due to high fluctuations in the volumes of production that will be generated at power plants, as the nature of the renewable energy business depends to a large extent on external factors such as weather conditions. Accordingly, the management of the Group did not include these payments in the measurement of lease liability and, accordingly, right-of-use assets for solar and wind power plants.

During 2022-2024 thermal power plants were put into exploitation and the Group recognized right-of-use assets and lease liabilities in the amount of UZS 64,855,009 million (2023: UZS 54,464,562 million) and UZS 74,302,173 million (2023: UZS 61,609,661 million), respectively, as at 31 December 2024 (*Note 12*), that are subsequently classified as assets and liabilities held for distribution to shareholder (*Note 5*).

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)****5. ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR DISTRIBUTION TO SHAREHOLDER**

In accordance with Presidential Decree No.166 dated 28 September 2023, and as part of broader efforts to create favorable conditions for the development of a competitive energy market and to attract foreign and private investment, the establishment of wholesale and retail electricity markets based on free and transparent pricing mechanisms was initiated. As part of this initiative, the formation of Uzenergosotish JSC was approved, and the company was officially established on 1 December 2023. The company is fully controlled by the ultimate shareholder of the Group.

To implement the provisions of Presidential Decree No.166, an additional Presidential Decree No.28 dated 17 January 2024 was adopted, outlining the steps for the operationalization of Uzenergosotish JSC and providing a step-by-step plan for the transfer of electricity purchase and sale functions, including all export and import contracts, effective from 1 July 2024.

In line with the detailed transfer plan, all of the Group's assets, liabilities, and employees associated with the relevant operations were gradually transferred to Uzenergosotish JSC during 2024 (*Note 9*). Furthermore, in accordance with the aforementioned Decrees, it was decided that power purchase agreements with private thermal power plants would be transferred to Uzenergosotish JSC within the next 12 months.

Most of these agreements were transferred during the first quarter of 2025 (*Note 21*), while the remaining contracts are expected to be transferred by 31 December 2025. Right-of-use assets and lease liabilities recognized in relation to these power purchase agreements have been classified in the consolidated financial statements of the Group as assets and liabilities held for distribution to the shareholder.

As at 31 December 2024, no impairment loss was recognized as the fair value of assets and liabilities classified as held for distribution less costs to sell exceeded their carrying amounts.

	<b>31 December 2024</b>
<i>In millions of Uzbekistan Soums</i>	
Right-of-use assets	<b>64,855,009</b>
Lease liabilities	<b>74,302,173</b>
<b>Net liabilities</b>	<b>9,447,164</b>

**6. PROPERTY, PLANT AND EQUIPMENT**

<i>In millions of Uzbekistan Soums</i>	<b>Buildings and premises</b>	<b>Machinery and equipment</b>	<b>Vehicles</b>	<b>Others</b>	<b>Const- ruction in progress</b>	<b>Total</b>
<b>Cost at 1 January 2023</b>	445,013	6,595,622	106,655	6,593	1,377,751	8,531,634
Additions	–	–	–	–	1,367,071	1,367,071
Transfer	46,903	1,059,790	3,215	1,376	(1,111,284)	–
Disposals	(5,153)	(11,537)	(20)	(49)	212	(16,547)
<b>As at 31 December 2023</b>	486,763	7,643,875	109,850	7,920	1,633,750	9,882,158
Additions	–	–	–	–	2,410,299	2,410,299
Transfer	41,372	1,778,020	5,442	3,561	(1,828,395)	–
Disposals	(5,600)	(25,114)	(184)	(154)	–	(31,052)
<b>As at 31 December 2024</b>	<b>522,535</b>	<b>9,396,781</b>	<b>115,108</b>	<b>11,327</b>	<b>2,215,654</b>	<b>12,261,405</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)****6. PROPERTY, PLANT AND EQUIPMENT (continued)****Accumulated depreciation**

<b>1 January 2023</b>	(79,576)	(1,358,612)	(34,662)	(6,525)	–	(1,479,375)
Depreciation charge	(26,790)	(410,740)	(20,334)	(324)	–	(458,188)
Disposals	1,687	11,114	59	97	–	12,957
<b>As at 31 December 2023</b>	<b>(104,679)</b>	<b>(1,758,238)</b>	<b>(54,937)</b>	<b>(6,752)</b>	<b>–</b>	<b>(1,924,606)</b>
Depreciation charge	<b>(21,757)</b>	<b>(455,467)</b>	<b>(12,034)</b>	<b>(1,908)</b>	<b>–</b>	<b>(491,166)</b>
Disposals	<b>1,498</b>	<b>3,623</b>	<b>162</b>	<b>94</b>	<b>–</b>	<b>5,377</b>
<b>As at 31 December 2024</b>	<b>(124,938)</b>	<b>(2,210,082)</b>	<b>(66,809)</b>	<b>(8,566)</b>	<b>–</b>	<b>(2,410,395)</b>

**Carrying value**

<b>As at 31 December 2023</b>	<b>382,084</b>	<b>5,885,637</b>	<b>54,913</b>	<b>1,168</b>	<b>1,633,750</b>	<b>7,957,552</b>
<b>As at 31 December 2024</b>	<b>397,597</b>	<b>7,186,699</b>	<b>48,299</b>	<b>2,761</b>	<b>2,215,654</b>	<b>9,851,010</b>

As at 31 December 2024, the historical cost of fully depreciated property, plant and equipment in use is UZS 460,038 million (2023: UZS 302,655 million). In 2024 the Group capitalized borrowing costs in the amount of UZS 136,839 million (2023: UZS 62,542 million).

**Construction in progress**

Construction in progress is mainly represented by the construction and installation work for the implementation of the following major projects:

- “Construction of a 220 kV power transmission line from the Navoi Thermal Power Plant to the 'Besopan' distribution point, with a length of 177 km, in the dimensions of 500 kV.”;
- “Construction of the Muruntov substation with a capacity of 500/220 kV by installing two autotransformers of 3x167 MVA.”;
- “Construction of 220 kV Substation «Zafarobod» and two 220 kV OHL Syrdarya TPP - Substation «Zafarobod» in the Jizzakh region”;
- “Modernization and reconstruction of main power substations and renewal of 220 and 500 kV OHL in 40 substations throughout the country”;

**7. TRADE AND OTHER RECEIVABLES**

<i>In millions of Uzbekistan Soums</i>	<b>31 December 2024</b>	<b>31 December 2023</b>
Trade accounts receivable	<b>1,150,338</b>	6,830,088
Less: provision for expected credit losses	<b>(343,578)</b>	(3,561,017)
	<b>806,760</b>	3,269,071

As at 31 December 2024, trade receivables are mainly consisted of receivables from Uzenergosotish JSC in the amount of UZS 1,100,773 million (31 December 2023: UZS 6,721,168 million).

As at 31 December 2023, trade receivables were mainly consisted of receivables from related parties, subsidiaries of Regional Electric Networks JSC, controlled by the Group's shareholder in the amount of UZS 6,721,168 million, which were transferred to Uzenergosotish JSC (Note 9).

Below is information on trade receivables by currency:

<i>In millions of Uzbekistan Soums</i>	<b>31 December 2024</b>	<b>31 December 2023</b>
In UZS	<b>795,132</b>	3,178,473
In USD	<b>11,628</b>	90,598
	<b>806,760</b>	3,269,071

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)****7. TRADE AND OTHER RECEIVABLES (continued)**

Movements in the provision for expected credit losses are presented as follows:

<i>In millions of Uzbekistan Soums</i>	<b>2024</b>	<b>2023</b>
<b>As of 1 January</b>	<b>3,561,017</b>	2,397,999
Accrual	<b>343,578</b>	1,163,018
Recoveries	<b>(3,561,017)</b>	–
<b>As of 31 December</b>	<b>343,578</b>	3,561,017

Information about the Group's exposure to credit risk in respect of trade receivables is presented below using a provision matrix:

<i>In millions of Uzbekistan Soums</i>	<b>Trade accounts receivable</b>				
	<b>Total</b>	<b>Current</b>	<b>Days past due</b>		
			<b>1-30 days</b>	<b>31-60 days</b>	<b>Above 91 days</b>
<b>31 December 2024</b>					
Percentage of expected credit losses		<b>26.6%</b>	<b>44.7%</b>	–	–
Estimated total gross carrying amount in case of default	<b>1,150,338</b>	<b>988,743</b>	<b>161,595</b>	–	–
Expected credit losses	<b>(343,578)</b>	<b>(271,328)</b>	<b>(72,250)</b>	–	–
	<b>806,760</b>	<b>717,415</b>	<b>89,345</b>	–	–
<b>31 December 2023</b>					
Percentage of expected credit losses		<b>26.9%</b>	<b>44.7%</b>	<b>59.8%</b>	<b>74.3%</b>
Estimated total gross carrying amount in case of default	<b>6,830,088</b>	<b>2,835,208</b>	<b>1,507,274</b>	<b>692,793</b>	<b>327,087</b>
Expected credit losses	<b>(3,561,017)</b>	<b>(762,266)</b>	<b>(673,906)</b>	<b>(414,055)</b>	<b>(243,064)</b>
	<b>3,269,071</b>	<b>2,072,942</b>	<b>833,368</b>	<b>278,738</b>	<b>84,023</b>

**8. CASH AND CASH EQUIVALENTS**

<i>In millions of Uzbekistan Soums</i>	<b>31 December 2024</b>	<b>31 December 2023</b>
<b>Cash at current bank accounts</b>		
Bank balances payable on demand – USD	<b>84,658</b>	133,212
Bank balances payable on demand – UZS	<b>62,136</b>	105,910
<b>Total cash and cash equivalents</b>	<b>146,794</b>	239,122

During 2024 and 2023, no interest was charged on cash balances on current accounts.

*Restricted cash*

Group signed a number of contracts with private electricity producers and deposited cash into special bank accounts in the amount of UZS 398,043 million (2023: UZS 428,856 million) as a guarantee for payment under these contracts.

**9. EQUITY**

<i>In millions of Uzbekistan Soums</i>	<b>31 December 2024</b>	<b>31 December 2023</b>
Number of outstanding shares	<b>51,133,887,615</b>	51,133,887,615
Nominal and paid-in amount	<b>5,113,389</b>	5,113,389

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)****9. EQUITY (continued)****Transactions with the Shareholder**

In accordance with the decree of the President of Republic of Uzbekistan No.166 from 28 September 2023, in 2024 electricity sales and purchase activities, as well as respective trade receivables and trade payables were transferred to the newly created company Uzenergosotish JSC, controlled by the shareholder of the Group. The negative difference between the assets and liabilities transferred totaling to UZS 10,555,065 million was recognized in retained earnings of the Group as transaction with the shareholder. Power purchase agreements with private power plants were transferred to Uzenergosotish JSC subsequent to reporting date and related assets and liabilities were classified as held for distribution for shareholder as at 31 December 2024 (*Note 5*).

In 2023, based on the Presidential Decree №4249 dated 27 March 2019, the Group received Substation “Sogdiana” with a 500 kV outdoor switchgear from Thermal Power Plants JSC, controlled by the Group’s shareholder, at the fair value of UZS 343,668 million.

**Increase in share capital**

According to the resolution of Cabinet of Ministers No. 344-F/25 from 29 May 2024, several electricity transmission facilities owned by the shareholder’s subsidiary company Thermal Power Plants JSC at the carrying amount of UZS 213,616 million were transferred to the Group as an increase in the Group’s share capital. The related increase in share capital is expected to be registered with the regulatory state authorities in 2025.

**Decrease of share capital**

During 2023, the authorized capital of the Group was decreased by UZS 88,921 million, as a result of the transfer of certain fixed assets to the Agency for management of State Assets of the Republic of Uzbekistan. According to the Order of the Shareholder from 30 May 2023, the Group reduced its share capital by reducing the number of ordinary shares to 51,133,887,615 units at a par value of 100 UZS. As at 31 December 2023, the total value of the authorized capital of the Group was UZS 5,113,389 million.

**Disposal of subsidiaries**

In 2023 according to the Order of the Shareholder dated 17 June 2023, a number of subsidiary entities of the Group (JSC “Savdoenergo”, JSC “Uzenergoinjining”, “Gridcon” LLC) with the total net assets of UZS 134,180 million were transferred to the Agency for management of State Assets of the Republic of Uzbekistan.

**10. LOANS AND BORROWINGS**

<i>In millions of Uzbekistan Soums</i>	<b>31 December 2024</b>	<b>31 December 2023</b>
<b>International financial institutions</b>		
International bank for reconstruction and development (“IBRD”)	<b>2,058,019</b>	1,669,367
Asian Development Bank (“ADB”)	<b>1,615,329</b>	1,183,888
International Development Association (IDA)	<b>1,359,727</b>	908,928
European Bank for Reconstruction and Development (“EBRD”)	<b>846,788</b>	266,134
Eximbank of China	<b>229,636</b>	246,730
<b>Total international financial institutions</b>	<b>6,109,499</b>	4,275,047
<b>Domestic financial institutions</b>		
Ministry of Economy and Finance of the Republic of Uzbekistan	<b>241,258</b>	124,094
Uzpromstroibank JSCB	<b>52,134</b>	6,327
<b>Total domestic financial institutions</b>	<b>293,392</b>	130,421
<b>Total loans and borrowings</b>	<b>6,402,891</b>	4,405,468
Less: the amount due to be paid within 12 months from the reporting date	<b>656,286</b>	384,647
<b>Amounts due more than 12 months</b>	<b>5,746,605</b>	4,020,821

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)****10. LOANS AND BORROWINGS (continued)****International Bank for Reconstruction and Development (“IBRD”)**

In 2011, for the implementation of “Construction of a 500kV overhead line at the Sogdiana-Talimarjan TPP with an outdoor switchgear-500kV at Talimarjan TPP”, loans were attracted from the IBRD through the Ministry of Economy and Finance of the Republic of Uzbekistan in the amount of USD 110,000 thousand.

The credit line is secured by a guarantee of the Government of the Republic of Uzbekistan. Loan interest is charged at 6-month interbank LIBOR plus variable spread, 0.2% per annum margin of the Ministry of Economy and Finance of the Republic of Uzbekistan. One-time commission is 0.25% of the total loan amount. The loan will be fully repaid in 2036. As at 31 December 2024, the outstanding balance of the loan was USD 57,316 thousand (UZS 740,553 million equivalent in UZS) (2023: USD 62,910 thousand (UZS 776,236 million equivalent in UZS)).

In 2015, for the implementation of the “Construction of the electrified railway line “Angren-Pap”, a credit line was opened in the amount of USD 35,000 thousand, provided by the IBRD through the Ministry of Economy and Finance the Republic of Uzbekistan. The loan bears interest at 6-month interbank LIBOR plus variable spread. The credit line is secured by a guarantee of the Government of the Republic of Uzbekistan. The loan will be fully repaid in 2039. As at 31 December 2024, the outstanding balance of the loan was USD 8,327 thousand (UZS 107,592 million equivalent in UZS) (2023: USD 8,907 thousand (UZS 109,897 million equivalent in UZS)).

In 2017, for implementation of the modernization and reconstruction of power substations of backbone networks, the loan agreement was signed with the IBRD through the Ministry of Economy and Finance of the Republic of Uzbekistan in the amount of USD 92,000 thousand. The credit line is secured by a guarantee of the Government of the Republic of Uzbekistan. Loan interest is charged at 6-month interbank LIBOR plus variable spread. One-time commission is 0.25% of the total loan amount. The loan will be fully repaid in 2041. As at 31 December 2024, the outstanding balance of the loan was USD 93,640 thousand (UZS 1,209,874 million equivalent in UZS) (2022: USD 63,478 thousand (UZS 783,234 million equivalent in UZS)).

**Asian Development Bank (“ADB”)**

In 2015, for the implementation of the project “Construction of a 220 kV power transmission line at Takhiatash TPP-SS Khorezm – Sarymai settlement (Khorezm region)”, credit funds were attracted from ADB in the amount of USD 150,000 thousand. The loan bears interest at 6-month interbank LIBOR plus 0.6 per annum margin. The credit line is secured by a guarantee of the Government of the Republic of Uzbekistan. The project was completed on 30 June 2021. Unused part of the loan obtained for the project in the amount of USD 65,700 thousand were approved to be used for the implementation of a new project: “Construction of a 220 kV Substation “Zafarabad” and “Reconstruction of transmission line “Guzar-Regar”. The loan will be fully repaid in 2040. As at 31 December 2024, the outstanding balance of the loan was USD 111,584 thousand (UZS 1,441,714 million equivalent in UZS) (2023: USD 95,949 thousand (UZS 1,183,888 million equivalent in UZS)).

In 2023, for the implementation of the project “Improve the reliability of the power transmission system”, credit funds were attracted from ADB in the amount of USD 125,000 thousand. The loan bears floating SOFR rate plus 0.6 per annum margin. The credit line is secured by a guarantee of the Government of the Republic of Uzbekistan. The Group partially received funds in 2024 and as at 31 December 2024, the outstanding balance of the loan was USD 13,437 thousand (UZS 173,615 million equivalent in UZS).

**International Development Association (“IDA”)**

In 2017, the following two loans were received from IDA through the Ministry of Economy and Finance of the Republic of Uzbekistan for the implementation of the project “Modernization and reconstruction of power substations of backbone networks”:

- In the amount of USD 39,160 thousand with an interest rate of 1.25% plus basic adjustment. The credit line is secured by a guarantee of the Government of the Republic of Uzbekistan. The loan will be fully repaid in 2041. As at 31 December 2024, the outstanding balance of the loan was USD 35,424 thousand (UZS 457,691 million equivalent in UZS) (2023: USD 36,868 thousand (UZS 454,910 million equivalent in UZS));
- In the amount of USD 18,840 thousand with an interest rate of 1.43%. The credit line is secured by a guarantee of the Government of the Republic of Uzbekistan. The loan will be fully repaid in 2041. As at 31 December 2024, the outstanding balance of the loan was USD 17,047 thousand (UZS 220,255 million equivalent in UZS) (2023: USD 17,695 thousand (UZS 218,339 million equivalent in UZS)).



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)****10. LOANS AND BORROWINGS (continued)****International Development Association (“IDA”) (continued)**

In 2022, the following two loans were received from IDA through the Ministry of Economy and Finance of the Republic of Uzbekistan for the implementation of the project “Electricity Sector Transformation and Resilient Transmission Project”:

- In the amount of USD 380,000 thousand with an interest rate of 1.25% and 0.5% per annum margin of the Ministry of Economy and Finance of the Republic of Uzbekistan. The credit line is secured by a guarantee of the Government of the Republic of Uzbekistan. The loan will be fully repaid in 2051. As at 31 December 2024, the outstanding balance of the loan was USD 48,891 thousand (UZS 631,696 million equivalent in UZS) (2023: USD 19,101 thousand (UZS 235,679 million equivalent in UZS)).
- In the amount of USD 43,000 thousand with an interest rate of 0% and 0.1% per annum margin of the Ministry of Economy and Finance of the Republic of Uzbekistan. The credit line is secured by a guarantee of the Government of the Republic of Uzbekistan. The loan will be fully repaid in 2042. The Group partially received funds in 2024 and as at 31 December 2024, the outstanding balance of the loan was USD 3,876 thousand (UZS 50,085 million equivalent in UZS).

**European Bank for Reconstruction and Development (“EBRD”)**

In 2018, for the implementation of the project “Construction of a high voltage transmission and related equipment (500/220 kV Muruntau power substation) in Uzbekistan” a loan agreement was signed with EBRD through the Ministry of Economy and Finance of the Republic of Uzbekistan in the amount of USD 82,500 thousand. The credit line is secured by a guarantee of the Government of the Republic of Uzbekistan. Loan interest is charged at 6-month interbank LIBOR plus 1.0% per annum margin and 1.0% per annum margin of the Ministry of Economy and Finance of the Republic of Uzbekistan. One-time commission is 1.0% of the total loan amount. The loan will be fully repaid in 2033. As at 31 December 2024, the outstanding balance of the loan was USD 35,259 thousand (UZS 455,560 million equivalent in UZS) (2023: USD 9,755 thousand (UZS 120,368 million equivalent in UZS)).

In 2019, for the implementation of the project “Construction of a 500 kW high-voltage transmission line in Navoi Region of the Republic of Uzbekistan” a loan agreement was signed with EBRD through the Ministry of Economy and Finance of the Republic of Uzbekistan in the amount of USD 96,100 thousand. The credit line is secured by a guarantee of the Government of the Republic of Uzbekistan. Loan interest is charged at 6-month interbank LIBOR plus 1.0% per annum margin and 0.5% per annum margin of the Ministry of Economy and Finance of the Republic of Uzbekistan. One-time commission is 1.0% of the total loan amount. The loan will be fully repaid in 2037. As at 31 December 2024, the outstanding balance of the loan was USD 30,280 thousand (UZS 391,228 million equivalent in UZS) (2023: USD 11,814 thousand (UZS 145,766 million equivalent in UZS)).

**Eximbank of China (through Uzpromstroybank JSCB)**

In 2012, credit funds were attracted from Eximbank of the PRC through JSCB Uzpromstroybank aimed for the supply of equipment and materials within the framework of the project “Construction of 500 kV HV-line Syrdarya TPP Novo-Angrenskaya TPP” in the amount of USD 33,019 thousand with an interest rate of 3%. The credit line is secured by a guarantee of a share in Syrdarya TCEN JSC. The loan will be fully repaid in 2032. As at 31 December 2024, the outstanding balance of the loan was USD 17,773 thousand (UZS 229,636 million equivalent in UZS) (2023: USD 20,000 thousand (UZS 246,730 million equivalent in UZS)).

<i>In millions of Uzbekistan Soums</i>	<b>31 December 2024</b>	<b>31 December 2023</b>
<b>Non-current</b>		
<i>Term loans</i>		
- In USD	<b>5,625,116</b>	3,903,637
- In UZS	<b>115,846</b>	110,899
- in SDR	<b>5,643</b>	6,285
<b>Total non-current loans and borrowings</b>	<b>5,746,605</b>	4,020,821

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)****10. LOANS AND BORROWINGS (continued)****Eximbank of China (through Uzpromstroybank JSCB) (continued)****Current***Current part of non-current borrowing:*

- In UZS	477,743	56,879
- in USD	178,038	327,378
- in SDR	505	390
- in Islamic Dinar	–	–
<b>Total current loans and borrowings</b>	<b>656,286</b>	<b>384,647</b>
<b>Total loans and borrowings</b>	<b>6,402,891</b>	<b>4,405,468</b>

The table below shows the effective interest rate on loans and borrowings:

	2024	2023
<b>Effective interest rate of loans and borrowings</b>		
- in USD	0.15%–6%	0.15%–3%
- in XDR	2%	2%
- in UZS	5%–20%	5%–14%

The Group is required to comply with certain conditions, mainly related to loans and borrowings. As of 31 December 2024 and 2023, the Group complied with the terms and conditions of the loan agreements.

Changes in liabilities arising from financing activities:

<i>In millions of Uzbekistan Soums</i>	31 December 2023	Proceeds	Repayments	Reclas- sifications	Other *	31 December 2024
Long-term loans and borrowings	4,020,821	2,250,088	(158,000)	(564,494)	198,190	5,746,605
Short-term loans and borrowings	384,647	–	(322,595)	564,494	29,740	656,286
<b>Total</b>	<b>4,405,468</b>	<b>2,250,088</b>	<b>(480,595)</b>	<b>–</b>	<b>227,930</b>	<b>6,402,891</b>

<i>In millions of Uzbekistan Soums</i>	31 December 2022	Proceeds	Repayments	Reclas- sifications	Other *	31 December 2023
Long-term loans and borrowings	3,165,647	812,441	–	(297,676)	340,409	4,020,821
Short-term loans and borrowings	311,806	–	(234,787)	297,676	9,952	384,647
<b>Total</b>	<b>3,477,453</b>	<b>812,441</b>	<b>(234,787)</b>	<b>–</b>	<b>350,361</b>	<b>4,405,468</b>

\* Other column includes the effect of accrued but not yet paid interest on interest-bearing borrowings and net foreign exchange loss. The Group classifies interest paid as cash flows from operating activities.

**11. TRADE AND OTHER ACCOUNTS PAYABLE**

<i>In millions of Uzbekistan Soums</i>	31 December 2024	31 December 2023
Accounts payable for purchased power	365,851	12,434,665
Accounts payable for construction works and supplied equipment	142,817	252,450
Other accounts payable	47,879	50,230
<b>Total trade and other payables</b>	<b>556,547</b>	<b>12,737,345</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)****11. TRADE AND OTHER ACCOUNTS PAYABLE (continued)**

Below is information about accounts payable by currency:

<i>In millions of Uzbekistan Soums</i>	<b>31 December 2024</b>	<b>31 December 2023</b>
UZS	<b>402,532</b>	12,304,366
USD	<b>152,091</b>	429,565
Euro	<b>1,924</b>	3,414
<b>Total</b>	<b>556,547</b>	12,737,345

**12. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES**

Set out below are the carrying amounts of right-of-use assets recognized and the movements during the period:

<i>In millions of Uzbekistan Soums</i>	<b>2024</b>	<b>2023</b>
<b>As of 1 January</b>	<b>54,464,562</b>	34,102,831
Additions	<b>11,525,452</b>	21,831,261
Depreciation expense	<b>(1,135,005)</b>	(1,469,530)
Transfer to assets held for distribution (Note 5)	<b>(64,855,009)</b>	–
<b>As of 31 December</b>	<b>–</b>	54,464,562

Set out below are the carrying amounts of lease liabilities and the movements during the period:

<i>In millions of Uzbekistan Soums</i>	<b>2024</b>	<b>2023</b>
<b>As of 1 January</b>	<b>61,609,661</b>	34,549,787
Additions	<b>11,525,452</b>	21,831,261
Interest accrual	<b>1,895,185</b>	2,099,961
Payments	<b>(3,756,503)</b>	(2,239,521)
Foreign exchange effect	<b>3,028,378</b>	5,368,173
Transfer to liabilities held for distribution to shareholders (Note 5)	<b>(74,302,173)</b>	–
<b>As of 31 December</b>	<b>–</b>	61,609,661

The maturity analysis of lease liabilities is disclosed in *Note 19*.

The following are the amounts recognised in the consolidated statement of comprehensive income:

<i>In millions of Uzbekistan Soums</i>	<b>2024</b>	<b>2023</b>
Depreciation expense of right-of-use assets	<b>1,135,005</b>	1,469,530
Interest expense on lease liabilities	<b>1,895,185</b>	2,099,961
<b>Total amount recognized in profit or loss</b>	<b>3,030,190</b>	3,569,491

**13. REVENUE**

<i>In millions of Uzbekistan Soums</i>	<b>2024</b>	<b>2023</b>
Sales of electricity	<b>26,914,316</b>	30,548,864
- Domestic sales	<b>26,054,077</b>	29,473,098
- Export sales	<b>860,239</b>	1,075,766
Electricity transmission services	<b>1,583,838</b>	–
Electricity transit services	<b>97,338</b>	102,319
<b>Total revenue</b>	<b>28,595,492</b>	30,651,183

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)****14. COST OF SALES**

<i>In millions of Uzbekistan Soums</i>	<b>2024</b>	<b>2023</b>
Cost of purchased electricity	<b>19,602,116</b>	26,335,105
Cost of purchased gas	<b>4,263,791</b>	2,235,066
Depreciation and amortisation	<b>1,615,999</b>	1,920,758
Technological loss of electrical energy	<b>617,367</b>	886,895
Payroll and related expenses	<b>313,891</b>	261,649
Taxes	<b>87,409</b>	77,186
Repair and technical maintenance	<b>20,431</b>	16,478
Materials	<b>13,655</b>	8,838
Other	<b>30,130</b>	17,208
<b>Total</b>	<b>26,564,789</b>	31,759,183

**15. GENERAL AND ADMINISTRATIVE EXPENSES**

<i>In millions of Uzbekistan Soums</i>	<b>2024</b>	<b>2023</b>
Payroll and related expenses	<b>135,681</b>	120,061
Bank commissions	<b>39,723</b>	38,786
Charity, donations and other funding	<b>27,884</b>	16,958
Consulting and other services	<b>15,028</b>	14,447
Materials	<b>14,813</b>	83,672
Fines and penalties	<b>10,995</b>	5,382
Depreciation and amortisation	<b>10,172</b>	6,960
Frequency regulation services	<b>8,121</b>	12,345
Other	<b>40,854</b>	8,369
<b>Total</b>	<b>303,271</b>	306,980

**16. FINANCE COSTS**

<i>In millions of Uzbekistan Soums</i>	<b>2024</b>	<b>2023</b>
Interest on lease liabilities	<b>1,895,185</b>	2,099,961
Interest on borrowings	<b>164,279</b>	130,819
<b>Total</b>	<b>2,059,464</b>	2,230,780

**17. INCOME TAX****a) Components of income tax expense**

Income tax expense comprises the following components:

<i>in millions of Uzbekistan Soums</i>	<b>2024</b>	<b>2023</b>
Current income tax	–	–
Deferred income tax benefit	<b>(1,467,973)</b>	(1,174,765)
<b>Income tax benefit for the year</b>	<b>(1,467,973)</b>	(1,174,765)

**b) Reconciliation of income tax expense to profit or loss multiplied by the applicable tax rate**

The current income tax rate applied to the Group's profits is 15% (2023: 15%).

The following is a reconciliation of the estimated and actual income tax expense.

<i>In millions of Uzbekistan Soums</i>	<b>2024</b>	<b>2023</b>
<b>Loss before income tax</b>	<b>317,722</b>	10,342,088
<b>Theoretical tax benefit at statutory rate 15%</b>	<b>(47,658)</b>	(1,551,313)
(Recognition of previously unrecognized deferred tax assets on losses carried forward)/unrecognized deferred tax assets on losses carried forward*	<b>(1,386,975)</b>	431,558
Other	<b>(33,340)</b>	(55,010)
<b>Income tax benefit for the year</b>	<b>(1,467,973)</b>	(1,174,765)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)****17. INCOME TAX (continued)****b) Reconciliation of income tax expense to profit or loss multiplied by the applicable tax rate (continued)**

\* As at 31 December 2024, the Group recognized all unrecognized deferred tax assets on tax losses carried forward. As a result of restructuring the activities of the Group (Note 5, 9), the expectations of the management of the Group for future taxable profits changed. The management of the Group is confident that the deferred tax asset will be fully realized.

**c) Deferred taxes by type of temporary differences**

Differences between IFRS and the tax legislation of the Republic of Uzbekistan give rise to temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and their basis for calculating income taxes. For the purpose of calculating deferred taxes, the revaluation of fixed assets in accordance with the National Accounting Standards of the Republic of Uzbekistan is excluded from the tax base of fixed assets due to the fact that this amount is subject to inclusion in taxable income upon disposal of the fixed asset.

The tax effect of the movement on temporary differences is detailed below:

<i>In millions of Uzbekistan Soums</i>	<b>1 January 2024</b>	<b>Credited to profit or loss</b>	<b>31 December 2024</b>
Property, plant and equipment	(664,133)	(37,593)	(701,726)
Tax losses carried forward	1,386,975	321,197	1,708,172
Right-of-use assets and lease liabilities	1,071,765	(1,071,765)	-
Assets and liabilities held for distribution to the shareholder	-	1,417,075	1,417,075
Trade and other receivables	534,152	(482,616)	51,536
Other current assets	(38,111)	9,459	(28,652)
Borrowings	12,516	(988)	11,528
Other liabilities	2,430	(73,771)	(71,341)
(Unrecognized deferred tax assets)/recognition of previously unrecognized deferred tax assets on losses carried forward	(1,386,975)	1,386,975	-
<b>Net deferred tax asset</b>	<b>918,619</b>	<b>1,467,973</b>	<b>2,386,592</b>

<i>In millions of Uzbekistan Soums</i>	<b>1 January 2023</b>	<b>Credited to profit or loss</b>	<b>31 December 2023</b>
Property, plant and equipment	(633,864)	(30,269)	(664,133)
Tax losses carried forward	955,417	431,558	1,386,975
Right-of-use assets and lease liabilities	2,428	1,069,337	1,071,765
Trade and other receivables	359,699	174,453	534,152
Other current assets	(1,278)	(36,833)	(38,111)
Borrowings	16,243	(3,727)	12,516
Other liabilities	626	1,804	2,430
Less: unrecognized deferred tax assets	(955,417)	(431,558)	(1,386,975)
<b>Net deferred tax asset/(liability)</b>	<b>(256,146)</b>	<b>1,174,765</b>	<b>918,619</b>

**18. RELATED PARTY TRANSACTIONS**

Parties are generally considered to be related if they are under common control, or one party has the ability to control the other party, or can significantly influence or exercise joint control over the other party's business decisions. When considering the relationship with each of the possible related parties, the economic content of the relationship is taken into account, not just its legal form.

In the course of its ordinary business, the Group enters into transactions with other companies controlled by the shareholder of the Group. Loans and borrowings are recorded based on market interest rates. The Group purchases and supplies electricity to related parties in the ordinary course of business at tariffs set by the Government.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)****18. RELATED PARTY TRANSACTIONS (continued)**

Balances due from related parties as at 31 December 2024 are presented below:

<i>In millions of Uzbekistan Soums</i>	Shareholder	Entities under common control of the Shareholder	Total
Trade and other receivables	–	1,104,323	<b>1,104,323</b>
Provision for expected credit losses		(334,845)	<b>(334,845)</b>
Advances paid	5,966	417,232	<b>423,198</b>
Trade and other accounts payable	–	(214,081)	<b>(214,081)</b>
Loans and borrowings	(241,258)	–	<b>(241,258)</b>
Advances received	–	(6)	<b>(6)</b>

Balances due from related parties as at 31 December 2023 are presented below:

<i>In millions of Uzbekistan Soums</i>	Shareholder	Entities under common control of the Shareholder	Total
Trade and other receivables	–	6,721,168	<b>6,721,168</b>
Provision for expected credit losses on trade receivables		(3,561,017)	<b>(3,561,017)</b>
Advances paid	40,961	–	<b>40,961</b>
Trade and other accounts payable	–	(12,347,930)	<b>(12,347,930)</b>
Loans and borrowings	(124,094)	–	<b>(124,094)</b>
Advances received	–	(2,755,449)	<b>(2,755,449)</b>

The following are the items of income from transactions with related parties:

<i>In millions of Uzbekistan Soums</i>	2024	2023
Revenue	<b>27,636,823</b>	29,473,098
Cost of sales	<b>(22,733,946)</b>	(26,335,105)

The table below summarizes the remuneration for key management:

<i>In millions of Uzbekistan Soums</i>	2024	2023
<b>Short-term benefits</b>		
Salaries	<b>1,330</b>	953
Bonuses	<b>2,823</b>	1,973
Social security costs	<b>462</b>	348

Short-term bonuses are payable in full within 12 months after the end of the period in which the related service is rendered by management.

The main management consists of members of the management board of the parent company. The Board consisted of five members in 2024 (2023: six members).

**19. FINANCIAL RISK MANAGEMENT**

The risk management function of the Group is carried out in relation to financial, operational and legal risks. Financial risk includes market risk (foreign exchange risk, interest rate risk and other price risk), credit risk and liquidity risk. Operational and legal risk management should ensure the proper functioning of the internal policies and procedures of the Group in order to minimize these risks.

**Market risk**

The Group is exposed to market risks. Market risks are associated with open positions in: a) foreign currencies, b) interest-bearing assets and liabilities, and c) equity instruments, which are subject to the risk of general and specific market movements.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)****19. FINANCIAL RISK MANAGEMENT (continued)****Market risk (continued)**

The effect of market risk presented below is based on a change in one factor while all other variables remain unchanged. In practice, this is hardly possible and changes in several factors can be correlated - for example, changes in interest rates and exchange rates.

**Foreign currency risk**

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's financing activities. Also, the Group's exposure to the risk of changes in foreign exchange rates relates to the Group's operating activities (when revenue or expense is denominated in a different currency from the Group's functional currency).

The following tables demonstrate the sensitivity to a reasonably possible change in the US Dollar rate, with all other variables held constant. The Group's exposure to foreign currency changes for all other currencies is not material.

<i>In millions of Uzbekistan Soums</i>	<b>Increase/(decrease) in the exchange rate in absolute terms (UZS)</b>	<b>Increase/(decrease) in exchange rate</b>	<b>Effect on profit before tax</b>
<b>At 31 December 2024</b>			
USD	<b>1,424/(258)</b>	<b>11,02%/(2%)</b>	<b>(635,125)/(115,220)</b>
<b>At 31 December 2023</b>			
USD	<b>1,887/(1,887)</b>	<b>16,81%/(16,81%)</b>	<b>792,215/(79,215)</b>

**Credit risk**

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities, primarily trade receivables (*Note 7*) and cash and cash equivalents (*Note 8*). The Group's exposure and the creditworthiness of its counterparties are controlled constantly. The maximum exposure to the credit risk is represented by the carrying value of each financial asset (*Notes 7 and 8*).

Book value of financial assets recognized in consolidated financial statements of the Group less impairment allowance reflects the maximal extent of the Group's credit risk.

The following table shows the balance of cash and cash equivalents and restricted cash placed in banks at the reporting date using the credit rating agency "Standard & Poor's" and "Fitch" less accrued provisions:

<i>In millions of Uzbekistan Soums</i>	<b>Location</b>	<b>Rating</b>		<b>31 December</b>	<b>31 December</b>
		<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
JSC UzPSB	Uzbekistan	<b>BB-/stable</b>	BB-/stable	<b>335,107</b>	412,288
JSC Microkreditbank	Uzbekistan	<b>BB-/stable</b>	BB-/stable	<b>193,097</b>	251,255
Central Bank of Uzbekistan	Uzbekistan	<b>BB-/stable</b>	BB-/stable	<b>14,700</b>	3,158
JSC MB Ipotekabank	Uzbekistan	<b>BB-/stable</b>	BB-/stable	<b>1,515</b>	1,271
JSC Trustbank	Uzbekistan	<b>B/stable</b>	B/stable	<b>418</b>	6
				<b>544,837</b>	667,978

**Interest rate risk**

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market interest rates.

The risk of changes in market interest rates relates primarily to the Group's long-term loans and borrowings with floating interest rates. To manage this risk, the Group constantly analyzes the movement of interest rates. In order to reduce the impact of this risk, measures are taken to maintain an optimal ratio of loans and borrowings with fixed and floating rates.



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)****19. FINANCIAL RISK MANAGEMENT (continued)****Interest rate risk (continued)**

The following is the expected impact on profit/(loss) for the reporting period due to changes in the basis points (“bp”) of the floating interest rate, ceteris paribus:

	31 December 2024	31 December 2023
<i>In millions of Uzbekistan Soums</i>	Impact on profit or loss	Impact on profit or loss
Higher 397 Basis points	(179,268)	(123,575)
Lower 397 Basis points	179,268	123,575

**Liquidity risk**

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Group is exposed to risk due to the daily need to use available cash. Liquidity risk is managed by the Group’s finance department.

The following table presents a maturity analysis of the Group’s financial liabilities based on the contractual maturities of the respective liabilities.

<i>In millions of Uzbekistan Soums</i>	Note	Up to 1 year	From 1 to 5 years	More than 5 years	Total
<b>As at 31 December 2024</b>					
<b>Liabilities</b>					
Trade and other accounts payable	11	556,547	-	-	556,547
Loans and borrowings	10	701,326	1,853,165	4,347,257	6,901,748
<b>Total future payments, including future principal and interest payments</b>		<b>1,257,873</b>	<b>1,853,165</b>	<b>4,347,257</b>	<b>7,458,295</b>
<b>As at 31 December 2023</b>					
<b>Liabilities</b>					
Trade and other accounts payable	11	12,737,345	-	-	12,737,345
Loans and borrowings	10	438,518	1,468,033	2,902,334	4,808,885
Lease liabilities	12	4,261,981	35,530,824	114,231,348	154,024,153
<b>Total future payments, including future principal and interest payments</b>		<b>17,437,844</b>	<b>36,998,857</b>	<b>117,133,682</b>	<b>171,570,383</b>

The Group strives to maintain a stable funding base, consisting primarily of borrowed funds, payables from core activities and other payables. The Group’s liquidity portfolio includes cash and cash equivalents.

**Fair value hierarchy**

The Group uses the following hierarchy to determine and disclose fair values of financial instruments by valuation model:

- Level 1: prices in active markets for identical assets or liabilities (without any adjustments);
- Level 2: other methods for which all inputs that have a significant effect on the recorded fair value are observable in the market, either directly or indirectly;
- Level 3: techniques that use inputs that have a significant effect on the recorded fair value that are not based on observable market information.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)****19. FINANCIAL RISK MANAGEMENT (continued)****Fair value hierarchy (continued)**

The table below shows the hierarchy of sources of measurements of the Group's assets and liabilities at fair value:

<i>In millions of Uzbekistan Soums</i>	<b>31 December 2024</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
<b>Assets for which fair values are disclosed</b>				
Cash and cash equivalents	<b>146,794</b>	–	<b>146,794</b>	–
Restricted cash	<b>398,043</b>	–	<b>398,043</b>	–
Trade and other receivables	<b>806,760</b>	–	–	<b>806,760</b>
Other current assets	<b>98,793</b>	–	–	<b>98,793</b>
<b>Liabilities for which fair values are disclosed</b>				
Trade and other accounts payable	<b>556,547</b>	–	–	<b>556,547</b>
Loans and borrowings	<b>6,402,891</b>	–	<b>4,515,558</b>	<b>1,887,333</b>
Other current liabilities	<b>92,462</b>	–	–	<b>92,462</b>

<i>In millions of Uzbekistan Soums</i>	<b>31 December 2023</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
<b>Assets for which fair values are disclosed</b>				
Cash and cash equivalents	239,122	–	239,122	–
Restricted cash	428,856	–	428,856	–
Trade and other receivables	3,269,071	–	–	3,269,071
Other current assets	49,599	–	–	49,599
<b>Liabilities for which fair values are disclosed</b>				
Trade and other accounts payable	12,737,345	–	–	12,737,345
Loans and borrowings	4,405,468	–	3,090,803	1,314,665
Lease liabilities	61,609,661	–	–	61,609,661
Other current liabilities	120,853	–	–	120,853

For the years ended 31 December 2024 and 31 December 2023, there were no transitions between Levels 1, 2 and 3 of the fair value of financial instruments.

**Fair value of financial instruments**

At 31 December 2024 and 31 December 2023, management has determined that the fair value of the Group's financial instruments, such as trade receivables and payables, cash and cash equivalents, and restricted cash, approximates their carrying amount, principally due to the short maturity of these instruments. The loans and borrowings of the Group are carried at amortized cost, which approximates their fair value.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

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**20. CONTINGENT LIABILITIES****Business environment**

Despite the improvements in the economic situation of the Republic of Uzbekistan in recent years, the country's economy displays some characteristics inherent in emerging markets. These characteristics include, among others, low liquidity in the debt and equity markets and the continuing development of the legal framework, including the legislative framework in the energy sector. In addition, the economy of Uzbekistan is particularly susceptible to the influence of political, legal, financial and regulatory transformations in the Republic of Uzbekistan.

The prospects for economic stability in the Republic of Uzbekistan largely depend on the effectiveness of economic measures taken by the Government, as well as on the development of the legislative and regulatory framework and the political situation, which are beyond the control of the Group.

**Influence of domestic political and geopolitical events in the world**

The Group's financial condition and results of operations will continue to be influenced by political and economic transformations in the Republic of Uzbekistan, including the application of current and future legislation and tax regulations, which have a significant impact on the financial markets of the Republic of Uzbekistan and the economy as a whole. The Group believes that the general conditions of an emerging market are no more significant than those faced by similar companies in Uzbekistan.

Many countries have imposed, and continue to impose, new sanctions on specified Russian entities and individuals. Sanctions have also been imposed on Belarus. The situation, together with potential fluctuations in commodity prices, foreign exchange rates, restrictions to imports and exports, availability of local materials and services and access to local resources, will directly impact entities that have significant operations or exposures in, or to, Russia, Belarus or Ukraine. However, the war and its direct and indirect consequences may impact entities other than those with direct interests in the involved countries.

For the purpose of managing the country risk, the Group controls transactions with counterparties within the limits set, which are reviewed regularly.

**Inflation and the current economic environment**

The impact of the macroeconomic and geopolitical environment has exacerbated inflationary pressures in almost all economies around the world. High and rising energy prices are having a negative impact on the cost of other goods and services, resulting in significant consumer-price increases in many countries.

Prices of many commodities, including food, remain high. In 2024 the inflation rate reached 9.8% in Uzbekistan.

Due to the growing geopolitical tensions, since August 2023, there has been a significant increase in volatility in the stock and currency markets, as well as a significant volatility of UZS against US dollar. The UZS weakened by approximately 3.7%–4.7% against the US dollar during 2024.

On 25 July 2024, the Central Bank of Uzbekistan made a decision to decrease the refinancing rate from 14% to 13.5% per annum.

The Group continues to assess the effect of these events and changes in economic conditions on its operations, financial position, and financial performance.

**Contractual obligations**

For the purpose of implementing the program to ensure the stable operation of the energy system, the Group entered into contracts with contractors as part of the implementation of the following investment projects: Modernization and reconstruction of power substations of trunk grids, Construction of a 220 kV power substation "Zafarabad" and two linear cells at the "Sydarya TPP", Construction of a 220 kV line in the size of 500 kV 177 km from Navoi TPP to 220 kV Besopan switching point and Construction of a high voltage transmission and related equipment (500/220 kV "Muruntau" substation)

In 2020-2024, the Group entered into a number of long-term contracts for the purchase of the entire volume of electricity with producers using renewable energy sources.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

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**21. EVENTS AFTER REPORTING DATE**

In accordance with the Presidential Decree No. 303 dated 27 August 2024, and as part of the Government's broader strategy to enhance the operational efficiency of large state-involved enterprises and commercial banks, and to accelerate the attraction of foreign direct investment through their privatization, a decision was made to establish JSC National Investment Fund of the Republic of Uzbekistan ("Fund"). As part of this initiative, a 40% ownership stake in the Group, previously held by the Ministry of Economy and Finance of the Republic of Uzbekistan, is to be transferred as a contribution to the charter capital of the newly established Fund, which is controlled by the Group's shareholder. Subsequently, in accordance with the Presidential Decree No. 145 dated 21 April 2025, FE "Franklin Templeton Asset Management" LLC was appointed as the trust asset manager of the Fund's investment assets.

During January-March 2025, the power purchase agreements concluded with private power plants were transferred to Uzenergosotish JSC as part of realization of the Decree of the President of Republic of Uzbekistan No.166 dated 28 September 2023 on transfer electricity sales and purchase activities from the Group to Uzenergosotish JSC.

Subsequent to the reporting date, the Group received funds under the existing loan agreements with International Development Association, Asian Development Bank and European Bank for Reconstruction and Development in the total amount of UZS 645,376 million.