



NEW UZBEKISTAN, NEW OPPORTUNITIES, NEW AIRLINE.

Annual report
2022





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**Chairman of the Board,
Uzbekistan Airways Group of Companies**

Esteemed members of the Supervisory Board, clients, business partners, and employees!

We have successfully concluded the year 2022, despite all the obstacles posed by the COVID-19 pandemic. We have encountered numerous challenges; however, with the support of the Government and the professionalism of our experts, coupled with a successful plan of actions designed for the swift recovery of the airline, we managed to overcome the aftermath of the pandemic.

Not only have we returned to the performance levels of 2019, but I can confidently state that we have doubled our financial indicators in certain areas of our business.

The net revenue of the airline in 2022 amounted to 12,273 billion of Uzbek Sums/UZS (1.09 billion of US Dollars).

We would like to express our immense gratitude and sincere appreciation to the Government of the Republic of Uzbekistan, particularly to our President Shavkat Mirziyoyev, as well as to the ministries and agencies for their exceptional contributions in supporting the aviation sector in Uzbekistan.

28 140

Flights
completed

We, as a large family of aviators, take great pride in our Homeland and its' people, and we are grateful for the trust to carry the flag of our sun-filled Republic and to represent it on the international aviation stage.

The cost reduction plan implemented during the pandemic had yielded results, enabling "Uzbekistan Airways" to remain in the market and swiftly adjust its course towards the development of cargo transportations. The fast response and diligent execution of the action plan not only have "Uzbekistan Airways" helped to overcome successfully the challenges of the COVID-19 pandemic but also demonstrated effectiveness in 2022.

"Uzbekistan Airways" has resumed regular flights to 17 destinations and opened 15 new routes. Our team is actively working towards improving the performance of our subsidiaries. In 2022, the debt to the State that provided assistance during the pandemic period, has been fully repaid.

Our team is always in search of the optimal solution for fleet efficiency. We have discontinued the operation of Boeing 757 aircraft and transitioned to operating fuel-efficient A320 and A321neo aircraft. This decision has not only enhanced passenger comfort and reduced the airline's expenses but also allowed us to invest in the future by becoming the first in Central Asia operating fuel-efficient next-generation aircraft on such a scale. We place special emphasis on implementing an environmental preservation program.

Starting from 2023, we are launching a large-scale campaign that includes:

- phasing out single-use tableware on board Uzbekistan Airways and Uzbekistan Airways Express aircraft.
- incorporating solar energy usage in the offices of the airline and in all its subsidiaries.
- developing a program that motivates employees within the Group to adopt a healthy lifestyle and use plastic consciously.

We continue to work on enhancing the quality of our services as our priorities are "Safety, Stability, and Comfort."

From the moment passengers purchase tickets until our flight attendants see them off with a smile and gratitude for choosing Uzbekistan Airways, one of the fastest-growing airlines in the Central Asian region, we are dedicated to improving the quality of the services we provide.

I would like to express my gratitude to all our employees, shareholders, and partners for their support and care for our national airline.

We look forward to the future with optimism and confidence that all our efforts will lead to success and our passengers will be able to enjoy comfort on the safe wings of Uzbekistan Airways, leaving behind the negative consequences of the pandemic.

**Chairman of the Board
Uzbekistan Airways Joint Stock Company
Shukhrat Khudaykulov**

67

Regular
destinations

Mission and vision of Uzbekistan Airways

MISSION

We aspire to become the leading regional airline, providing high-quality and reliable air transportation services, offering safe and comfortable flights that meet the needs and exceed the expectations of our passengers and clients. Our goal is to ensure maximum accessibility and connectivity of air travel, connecting people, places, and cultures worldwide.

VISION

The vision of Uzbekistan Airways is to become the leading carrier in Central Asia and set new standards of quality, safety, and comfort in air transportation sphere. We strive for the goal that our aviation enterprise to be a symbol of excellence and first-class service in the region.

Our priorities

1

The first priority is ensuring the safety of passengers and personnel at all stages of Uzbekistan Airways flights. We will actively implement state-of-the-art technologies and training methods to guarantee that our flights operate with minimal risks and the highest level of safety.

2

The second aspect of our vision is ensuring the highest level of passenger comfort. We strive to provide a wide range of services to meet the needs of various passenger categories. Our goal is to make every flight with Uzbekistan Airways enjoyable and comfortable, offering modern aircraft with comfortable seats, entertainment systems, and quality aboard service.

3

The third aspect of our vision is the development of Uzbekistan Airways' route network within Central Asia and beyond. We aim to offer a wide range of regular and charter flights connecting cities in Uzbekistan with key destinations and touristic places in the region and around the world. Our goal is to become a reliable bridge between Central Asia and other parts of the world, promoting the development of tourism, business, and cultural connections.

4

The fourth aspect of our vision is a continuous commitment to innovation and improvement of service quality. We will actively implement cutting-edge technologies in the aviation industry and develop partnerships with leading international airlines. We aim to stay ahead of the competitors by offering innovative solutions and unique opportunities for passengers of Uzbekistan Airways .

Board Members



Khudaykulov Shukhrat Shavkatovich

Chairman of the Board

Born on July 26, 1984, in Urgench, graduated from the Saint Petersburg State University of Civil Aviation, specializing in organizing Aviation Transportation. In 2006, he began his professional career as an agent responsible for organizing aviation services at the Tashkent International Airport under the National Airline Company "Uzbekistan Airways." Since 2017, he has served as the Director of the Commercial Department at the National Airline Company "Uzbekistan Airways." Starting from 2020, he held the position of Deputy Chairman of the Board, responsible for commerce and tourism.



Khusanov Umid Abrorovich

First Deputy Chairman of the Board

Born on April 18, 1977, in the Tashkent region, graduated from the Tashkent State Aviation Institute with a specialization in mechanical engineering. He started his professional career at the Tashkent Aviation Technical Base of the Aviation Technical Complex of Uzbekistan Airways National Air Company. He also held positions at the State Aviation Oversight Authority ("Uzaviatsiya" agency) as the Head of the Certification, Licensing, and Flight Safety Supervision Department, followed by Chief Inspector of the Flight Safety Inspection. Since 2019, he has been serving as the First Deputy Chairman of the Board.



Sattarov Alisher Abduvakhobovich

Deputy Chairman of the Board on Financial Affairs

Born on May 4, 1978, in Tashkent, graduated from the Tashkent State Institute of Oriental Studies (daytime program).

He holds a Master's Degree from the University of Leeds (London, UK).

In 2003, he began his professional career in the Finance and Economics Department of Uzbekistan Airways National Air Company.

Since 2011, he held the position of Director of the Finance and Economics Department.

Since 2022, he is serving as the Deputy Chairman of the Board on Financial Affairs.



Yadgarov Shuhratillo Shavkatovich

Deputy Chairman of the Board on Commerce and Tourism

Born on February 25, 1983, in Bukhara, graduated from the Tashkent State Aviation Institute. He began his professional career at Uzbekistan Airways National Air Company in 2004 as an engineer-supervisor.

From 2018, he held the position of Deputy Director of the Commercial Department.

Starting in 2019, he worked as the Director of the Sales and Marketing Department.

As of 2023, he has been appointed as the Acting Deputy Chairman of the Board on Commerce and Tourism.



Ikramov Shakhzod Ilyasovich

**Deputy Chairman of the Board for
Flight Operations Organization**

Born on May 7, 1971, in Tashkent, he graduated from Balashov Higher Military Aviation School of Pilots. In 1997, he began his professional career at the Training Center of Uzbekistan Airways National Air Company, holding various positions. In 2019, he was appointed as the Deputy Commander of the Boeing 787 flight squadron.



Khakimov Bakhtiyor Ibragimovich

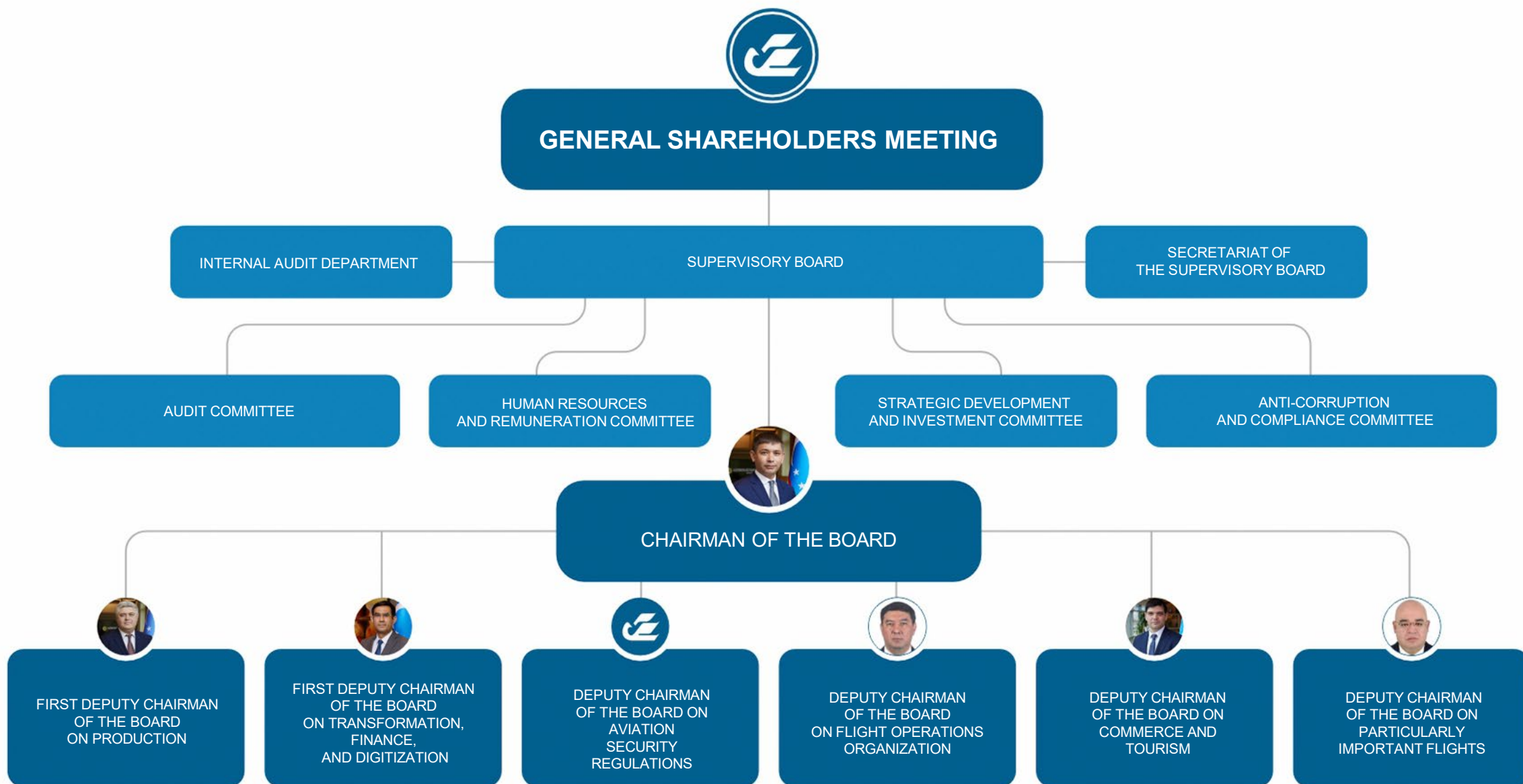
**Deputy Chairman of the Board on Particularly Important
Flights**

Born on December 24, 1972, in Damascus, Syria, graduated from the Tashkent State Institute of Oriental Studies and the Tashkent State Aviation Institute. In 1992, he started his professional career at Tashkent Airport under Uzbekistan Airways National Air Company. He has held various positions within the management of the Uzbekistan Airways National Air Company. From 2011, he served as the Director of the Tashkent International Airport n.a. Islam Karimov. From 2019 to 2021, he held the position of the Chairman of the Board of Uzbekistan Airways Joint Stock Company.

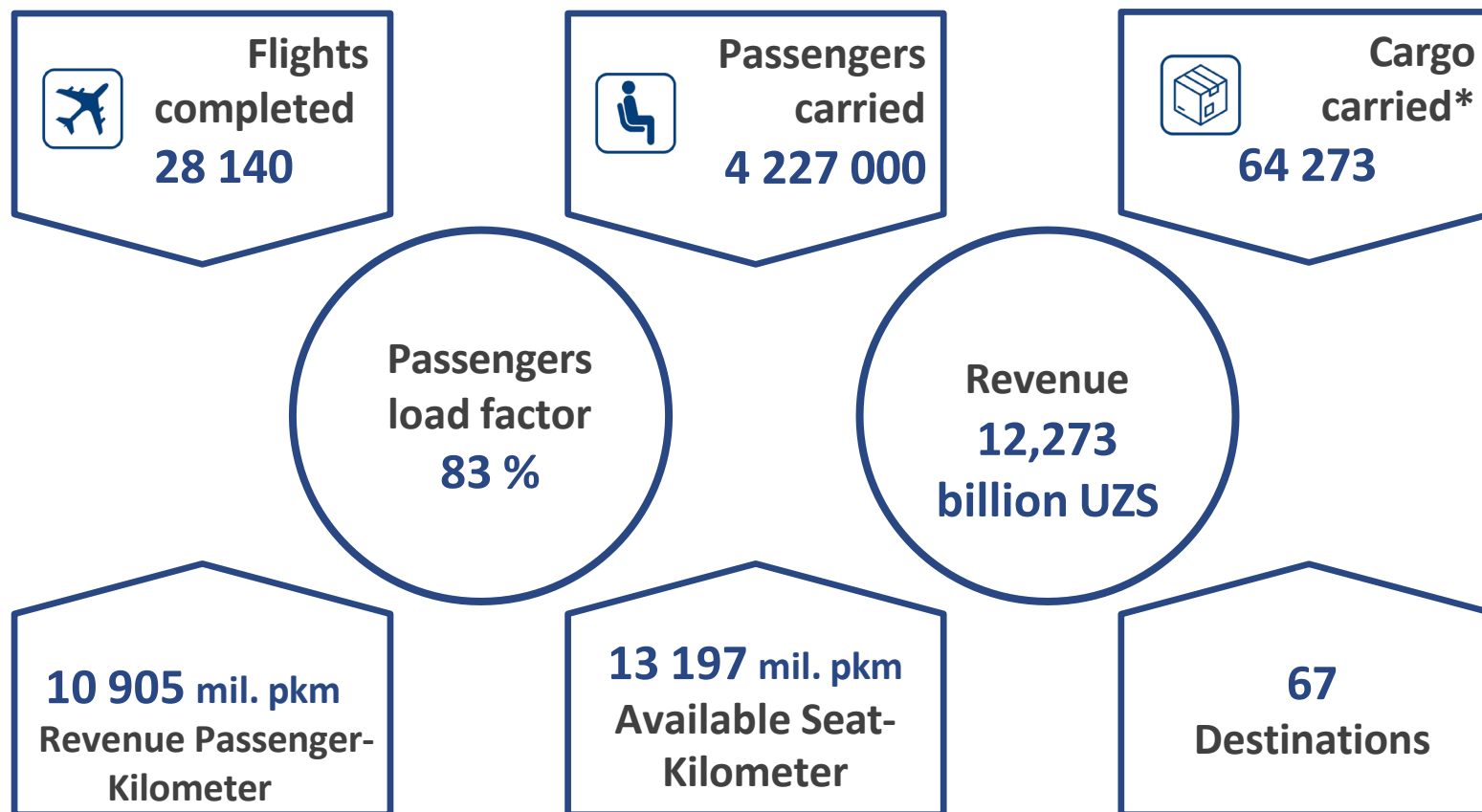


Uralov Sunnatillo Rajabaliyevich

**Deputy Chairman of the Board on Aviation
Security Regulation**

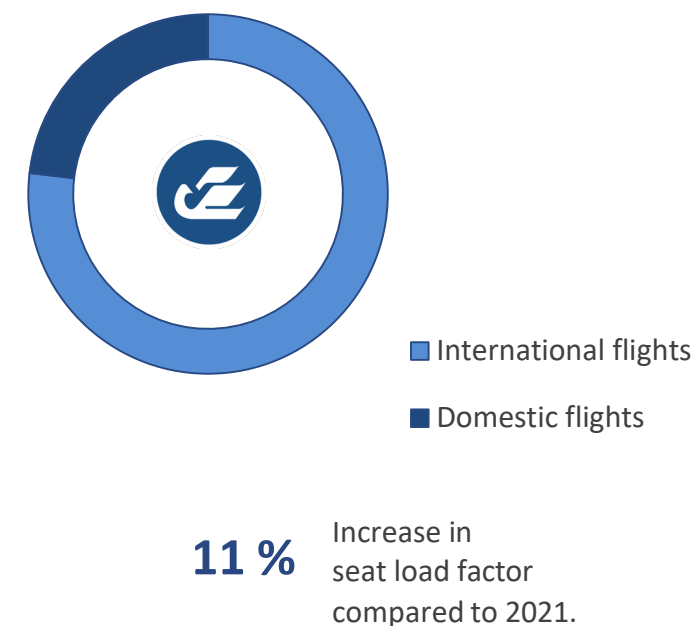


Key financial and operational indicators



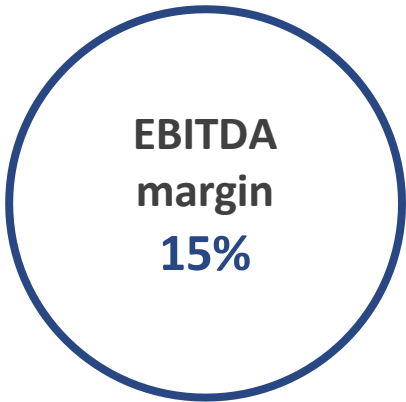
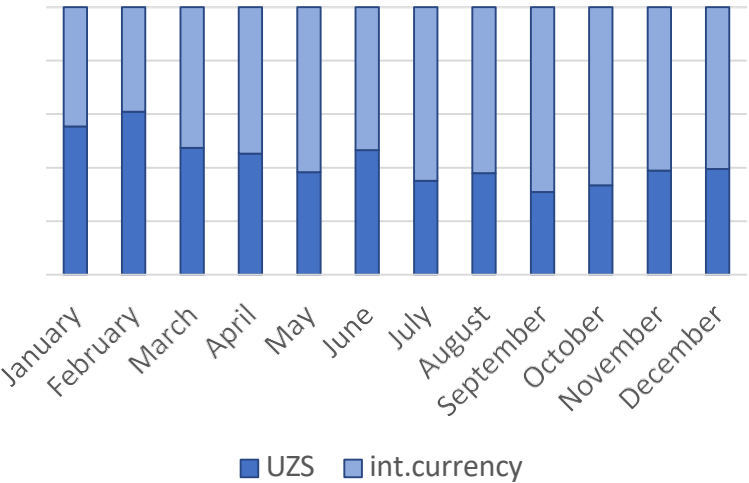
* including mail and paid luggage

Flight distribution by regions

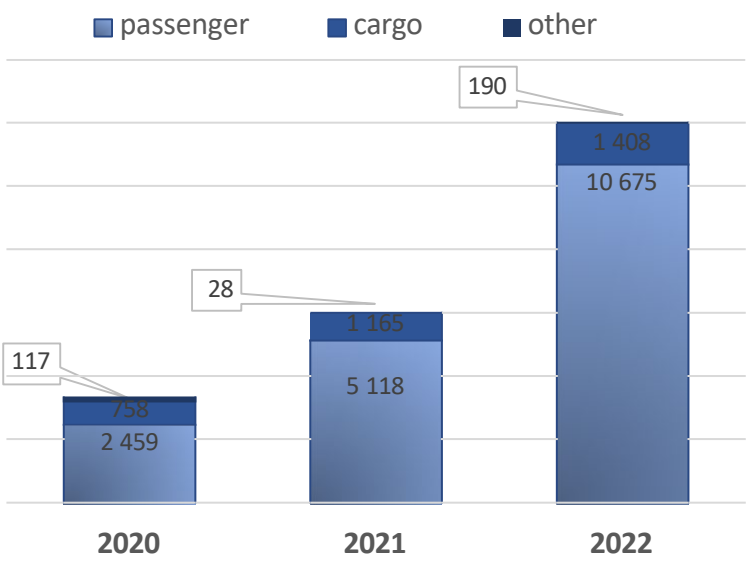




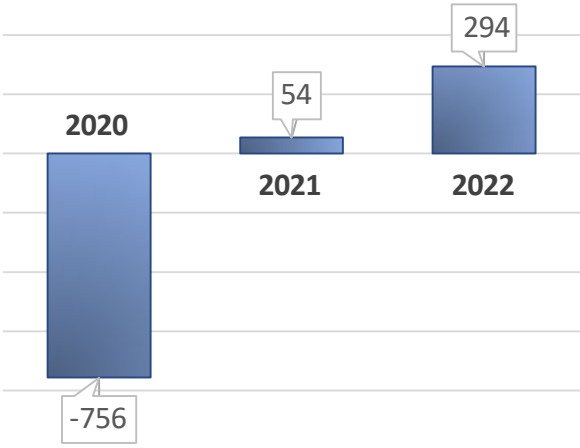
Cash flows



Income breakdown (in billion UZS)



Net profit (in billion UZS)



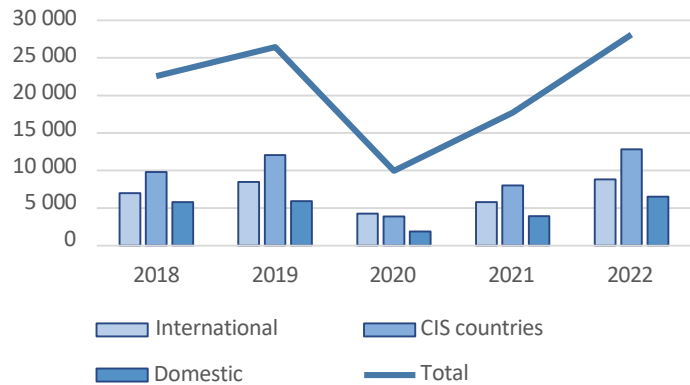
Net profit

5,4 times
increase*

* 2022 compared to 2021

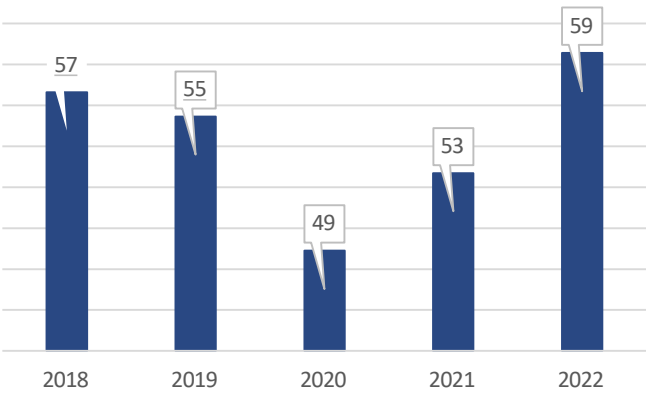


Number of flights

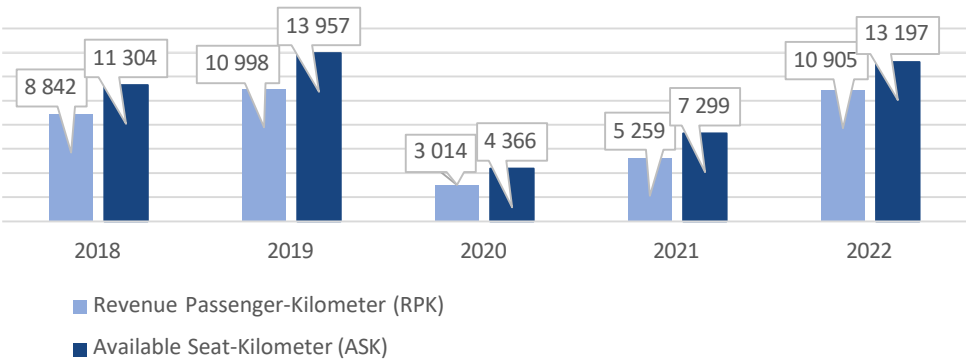


Number of flights	2018	2019	2020	2021	2022
International	6 981	8 483	4 249	5 784	8 807
CIS countries	9 807	12 075	3 872	8 033	12 824
Domestic	5 800	5 907	1 892	3 924	6 509
TOTAL	22 588	26 465	10 013	17 741	28 140

Revenue load (%)



Analysis of passenger turnover indicators (ASK/RPK), mil. pkm



The number of passengers carried by Uzbekistan Airways increased

by **195%** in 2022 due to the successful implementation of the Plan of Anti-Crisis Measures.

The aviation transport market overview

In 2022, the passenger aviation market continued to recover from the minimal level compared to the years 2020 and 2021 due to impact of the COVID-19 pandemic. According to IATA reports, despite the overall losses in the aviation industry, the market was heading towards recovery worldwide due to the easing of COVID-19-related restrictions. However, due to China's COVID-19 containment policies, the aviation market in the Asia-Pacific region, which accounted for 34% of global passenger traffic, decreased to 22%. As a result, Europe and North America increased their market shares in global passenger traffic.

The aviation market of the Republic of Uzbekistan

Currently, the population of the Republic of Uzbekistan has exceeded 35 million people.

The rapid economic development in all regions of the country has increased the demand for air transportation on all domestic routes. Additionally, the gradual resumption of international travel has positively impacted the demand for air transport.

It is also worth noting that in the post-pandemic period, domestic tourism has experienced a sharp increase, and there is a higher demand for direct flights from the Fergana Valley to the Samarkand and Khorezm regions.

In 2022, the introduction of the new product - Uzbekistan Airways Express on domestic routes was highly successful. With aircraft of this low-cost company, the airline was able to reduce the cost of air transportation by approximately 20%.

2023 Forecast

According to the forecasts by IATA, the aviation industry is expected to become profitable in 2023.

Airlines are projected to achieve a global net profit of 4.7 billion US Dollars, with 779 billion US Dollars of revenue (0.6% net profit margin).

This anticipated improvement is forecasted despite growing economic uncertainty due to a slowdown in global GDP growth to 1.3% (compared to 2.9% in 2022).

Despite economic uncertainties, IATA's forecasts for 2023 are highly optimistic for several reasons.

Lower oil price inflation and sustained unmet demand should help restrain costs while maintaining a strong growth trend.

The vigilance, flexibility, and end-to-end visibility (expanding collaboration within the supply chain ecosystem) are the key success factors for airlines in the passenger and cargo transportation markets in 2023.

Despite the consequences caused by COVID-19 and global economic uncertainty, Uzbekistan Airways continues to work on improving the transportation process at every stage of its provision.

Main drivers

Passenger transportation:

It is expected that global passenger demand will reach 85.5% of the 2019 level during 2023. This expectation largely takes into account the uncertainty of China's zero COVID policy, which restricts both domestic and international markets. However, passenger numbers are expected to exceed the mark in 4 billion for the first time since 2019, with an anticipated total of 4.2 billion travelers taking flights.

Expenses:

It is expected that overall expenses will increase by 5.3%. This growth is projected to be 1.8 percentage points lower than the revenue growth, which will support a return to profitability. Cost pressures persist due to labor shortages, skills gaps, and capacity constraints. Infrastructure costs also raise concerns. By improving operational efficiency, airlines will increase the passenger load factor to 81.0% (compared to 82.6% in 2019). Total fuel expenses in 2023 are expected to account for approximately 30% of the expenditures. The IATA forecast is based on a Brent oil price of \$92.3 per barrel (compared to an average of \$103.2 per barrel in 2022). Aviation kerosene is expected to cost an average of \$111.9 per barrel (compared to \$138.8 per barrel). This reduction reflects relative stabilization in fuel supplies.

Cargo transportation:

It is expected that freight transportation markets will face increased pressure in 2023. Global revenue is projected to reach \$149.4 billion, which is \$52 billion less than in 2022 but still \$48.6 billion higher than in 2019. Amidst economic uncertainty, IATA anticipates a 22.6% decline in freight traffic, primarily in the second half of 2023, when the sharp impact of inflation-reducing measures is expected. However, even with a significant and anticipated decrease, the profitability of cargo remains significantly higher than pre-COVID-19 levels.

Risks:

The outlook suggests a gradual reopening of China for international travel and a gradual easing of domestic COVID-19 restrictions starting from the second half of 2023. If proposals to increase fees or taxes on infrastructure to support sustainable development efforts will be implemented, they may also dampen profitability in 2023. The work of airline management will remain challenging as careful monitoring of economic uncertainty will be crucial. Due to low profitability, it is expected that each passenger transported will contribute an average net profit of only \$1.11 to the industry.

* Uzbekistan Airways data

* IATA Industry report – December 2022

* IATA Annual Review 2022

* KPMG The supply chain trends shaking up 2023

Company strategy

1 Commercial Operations Enhancement

Uzbekistan Airways aims to enhance its commercial operations through the following measures:

- Increasing the attractiveness and brand recognition of Uzbekistan Airways Express.
- Establishing a strong presence in the cargo market through collaborations with e-commerce partners*

2 Expense Optimization

Uzbekistan Airways plans to reduce expenses through the following measures:

- Loan repayments (early repayment of the principal debt to reduce interest expenses)
- Employee salaries (exploring the possibility of transferring flight attendants to fixed-term labor agreements, canceling the payment of disability benefits for flight crew members - for "deafness"). Exploring alternatives to ensure a decent pension by addressing the issue of cancellation of the limit for pilots and technical staff when calculating pensions after reaching retirement age).
- Aircraft leases (conducting negotiations with "BOC Aviation" to reduce the lease cost and level of maintenance reserves by means of potential extension of the lease term).
- Customs duties (reducing the invoiced value of spare parts received via POOL to lower the calculated amount of value-added tax).

3 Further Improvement of Service Quality

By implementing advanced technologies and enhancing the loyalty program, Uzbekistan Airways plans to increase the sale of additional services through its website (hotel bookings and car rentals at below-market prices), aligning with global trends in the passenger aviation market.

4 Increase in Productivity

Uzbekistan Airways envisions increasing efficiency through flexible tariff management and revenue optimization, boosting ticket sales through the website, developing a strategy for collaboration with key partner airlines, and implementing CRM (Customer Relationship Management) systems.

According to an IATA survey, **91%** of respondents stated that aviation transportation is crucial for the economy.

Uzbekistan Airways aims to establish strong partnerships with stakeholders in accordance with three fundamental priorities: **"Safety, Stability, Comfort"**.

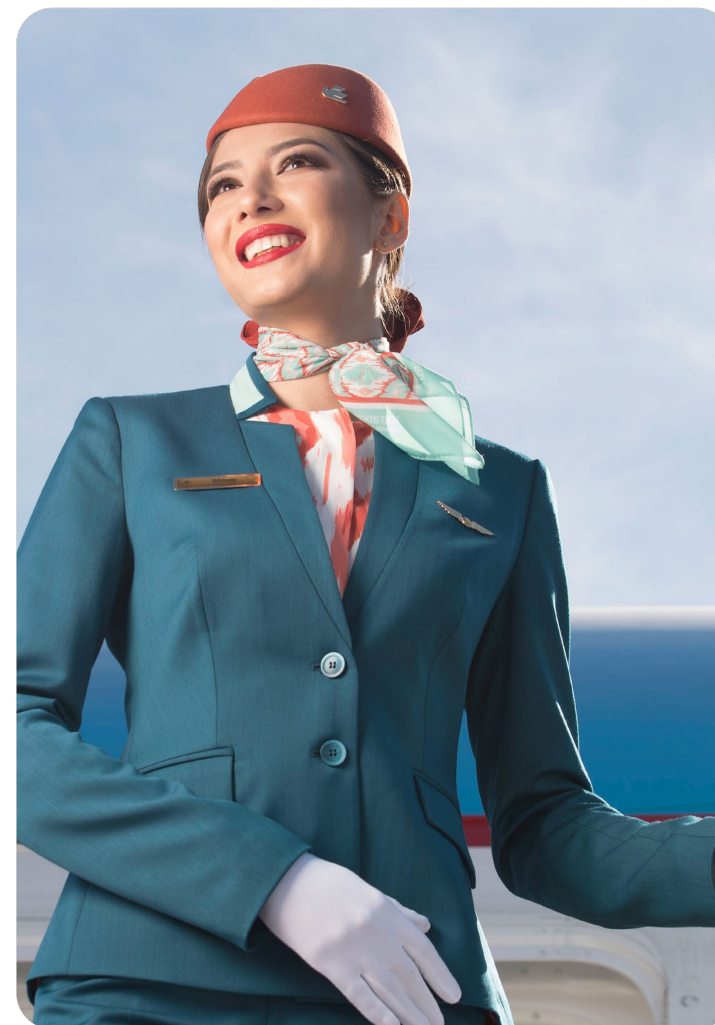
Adhering to the goal of cost reduction and optimization, significant work has been carried out by Uzbekistan Airways during 2022 to reduce the company's expenses, resulting in the following achievements.

In order to reduce the credit burden during the period of 2022-2025, positive progress has been made with creditors regarding early repayment without additional fees from the creditors. This year, funds amounting to a total of \$186.3 million have been allocated and the task of finding and analyzing the most financially efficient repayment option has been successfully accomplished, namely:

- taking into account the dynamics of currency exchange rate and selecting the most favorable currency combination (resulting in savings of 155.3 billion UZS, including a savings of 152.9 billion UZS due to fluctuations of the ruble exchange rate).
- prioritizing the repayment of the most expensive loans (high interest rates, increasing LIBOR, etc.) to maximize benefits (resulting in interest savings of \$11.4 million).
- analyzing the conditions of the servicing bank for fund transfers and conducting negotiations with the bank (NBU) to reduce the bank fees for transferring funds from 0.5% to 0.3% (resulting in savings of 18.1 billion UZS).

The adopted strategy for early repayment has resulted in overall savings of \$11.4 million and 173.4 billion UZS.

In line with the cost optimization policy, measures have been taken to reduce expenses related to foreign contracts, which is expected to generate savings of approximately \$32 million.



64%

decrease in
accounts
receivable

In accordance with the directive of the Government of the Republic of Uzbekistan dated October 27, 2020, Government Decree No.6096, the following objectives and goals have been set for the airline:

- transformation of financial reporting in accordance with IFRS (International Financial Reporting Standards).
- obtaining an audit opinion from international auditing firm (one from "Big Four").
- obtaining international credit ratings.
- development of a financial recovery strategy for both the medium and long term.
- implementation of a modern corporate management system, including procurement audit and systems of management.
- establishment of compliance and anti-corruption departments within the organization.
- staffing with qualified international specialists, comprising at least 30 percent of the supervisory boards, and a minimum of three executive positions in the company's management.

Uzbekistan Airways has gradually accomplished the aforementioned tasks, including:

- transformation of financial reporting from NSBU (National Accounting Standards) to IFRS (International Financial Reporting Standards) has been fully completed for the years 2019-2021.
- conclusion of a contract with the international auditing firm KPMG to conduct an audit of the transformed financial statements for the years 2019-2023. The first audit opinion on IFRS for 2019-2020 has been obtained. Audit opinions for 2021 and 2022 will be obtained in 2023.
- negotiations with Standard & Poor's international rating agency. The airline is in the process of resuming negotiations to obtain its first rating.
- establishing the compliance and anti-corruption departments.
- taking steps to early repayment of loans.
- implementation of corporate management system within the airline through the activities of the Supervisory Board and the Airline's Management.
- auditing the procurement system of the airline by KPMG in accordance with Forensic requirements (corresponding conclusion has been obtained).
- Mr. Ulrich Ralf Stiller has become a member of the Supervisory Board.

The current fleet

Passenger



Boeing-767
4 aircraft



Airbus A320ceo
9 aircraft



Boeing-787
6 aircraft



Airbus A320/321 neo
8 aircraft

Cargo



Boeing-767
2 aircraft

Total of
29
aircraft

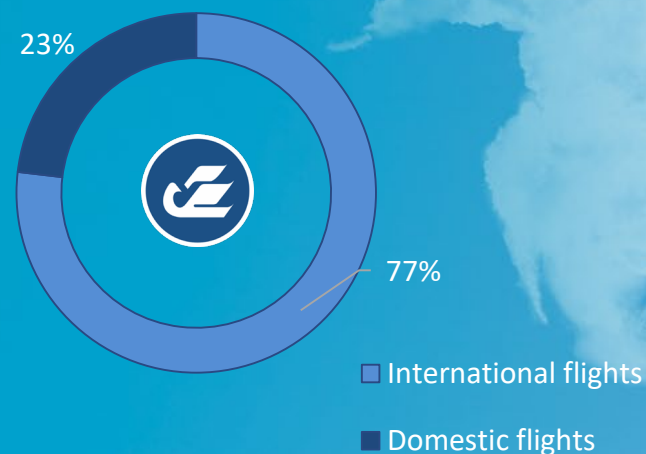
Average fleet
age
9
years

10
wide-body
aircraft

17
narrow-body
aircraft

2
cargo
aircraft

Flights distribution by regions



Uzbekistan Airways connects numerous cities in the Republic of Uzbekistan, Europe, Asia, and America. The route network covers 25 countries and 43 cities. In 2022, Uzbekistan Airways added the cities of Perm, Omsk, Orenburg, and Irkutsk to their flight network.

The development of transfer passenger traffic is one of the strategic directions of the airline. Currently, the average share of transfer traffic stands at 12-13%. With the expansion of the aircraft fleet, Uzbekistan Airways will resume the practice of targeting transfer traffic in a proportion of 35% to 65%, where 35% will constitute transfer passengers and 65% - direct passengers.



Cargo Route Network

The COVID-19 pandemic, which has negatively impacted many sectors of the global economy since the beginning of 2020, has triggered the largest crisis in the history of civil aviation.

Attempts were made to reduce social contacts and transform daily life into a contact-free environment.

This emergency situation led to the implementation of global travel bans and a period of strict control and limitation of mass movements. Airlines faced a crisis due to a sharp decline in passenger traffic.

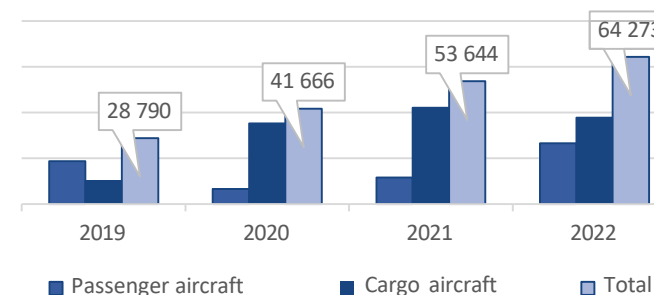
The pandemic, with border closures, flight cancellations, the shift of the population towards online purchases, the spread of remote work, economic uncertainty, and a global decline in production, resulted in significant changes in the logistics and aviation sectors.

The marine, land, and aviation cargo businesses encountered capacity issues, highlighting the need to reassess routes and analyze the demand and supply imbalance.

Air cargo transportation has increased its activities by temporarily converting passenger aircraft into cargo aircraft to meet rapidly growing demand, particularly for personal protective equipment, vaccine deliveries, and other medical equipment. Additionally, considering the challenges of interconnecting multiple modes of transportation (rail, sea, road), air cargo transportation has begun to cover a portion of the e-commerce delivery market.

Air transportation has shown significant growth in revenues worldwide compared to other modes of transport. During the period of strict passenger transportation restrictions, Uzbekistan Airways has reconfigured its aircraft according to the Passenger-to-Cargo concept, thereby increasing its production capacity.

Cargo carried (tons)



Leveraging its geographical position to connect Asia and Europe, Uzbekistan Airways has been able to **double** its cargo turnover through a flexible approach to tariffs.



cargo turnover in 2022 reached
323 million ton-kilometers (tkm).



Uzbekistan Airways low-cost carrier

As part of the transition to a hybrid model of air transportation, four A-320CEO aircraft have been converted to a full economy class configuration, allowing for a reduction in airfare costs of up to 20% on routes operated under the Uzbekistan Airways Express program. The low-cost carrier model, Uzbekistan Airways Express, is organized as a sub-brand of Uzbekistan Airways without creating a separate legal entity. For this purpose, some A320ceo aircraft belonging to the main carrier (i.e., Uzbekistan Airways) have been allocated and converted into a "Full economy" configuration.

The implementation of the Eastern Hub project in 2022, with plans for 2023-2024 for basing of Uzbekistan Airways Express aircraft in Samarkand, Urgench, and other cities subject to entry by foreign airlines, has been carried out;

- ✓ The conversion of four A320ceo aircraft into a Full Economy Class configuration with 174 seats has been completed;
- ✓ In 2023-2024, the feasibility of converting additional A320ceo aircraft into a Full Economy Class configuration with 174 seats will be considered. Further development of the Uzbekistan Airways Express product (tariff structure, additional services, advertising/promotion) will also be addressed.



Uzbekistan Airways Express operates flights to 18 destinations.

**Uzbekistan Airways
has opened
a new business direction**



**Business
Aviation**

Business Aviation

Uzbekistan Airways has expanded its range of services in passenger transportation over the past two years by venturing into the rapidly growing segment of business aviation. Recognizing the increased demand from passengers for individual and private flights, the airline entered this segment in 2021 and continues to actively contribute to the development of business aviation in the Republic of Uzbekistan. Following the acquisition of the business jet, the "Pilatus PC-24," in 2022, Uzbekistan Airways successfully commenced the active operation of this aircraft within our Republic and beyond to meet the demand from the population and business community representatives of the Republic of Uzbekistan and neighboring countries.

In 2022, Uzbekistan Airways conducted over 100 charter passenger flights on the "Pilatus PC-24" aircraft to cities such as Astana, Almaty, Dushanbe, Ashgabat, Osh, Bishkek, Islamabad, Khujand, Baku, Issyk-Kul, as well as to all operational airports in the Republic of Uzbekistan. The planes manufactured by "Pilatus Aircraft" are ones among the most popular in their category and are operated worldwide.



Uzbekistan Airways
has been actively
operating

**Pilatus
PC-24**

business aircraft
since 2022.

Subsidiaries

The Uzbekistan Airways Group includes 4 subsidiaries and the brand Uzbekistan Airways Express. Thanks to highly skilled and experienced personnel and the activities of its subsidiary companies, the Uzbekistan Airways ensures operational flexibility, quality, and productivity while simultaneously reducing costs.

In support of the development of aviation and the aviation industry in the Republic of Uzbekistan, our group of companies serves not only passenger and cargo transportation but also foreign and domestic airlines in this sector. In this regard, Uzbekistan Airways makes a significant contribution to creating shareholder value for the company. The "big family" of Uzbekistan Airways consists of 4,640 employees*.

* as of December 31, 2022.





UAT
(Uzbekistan Airways Technics)

Revenue **353**
billion UZS

The modern aviation technical center UAT (Uzbekistan Airways Technics) provides a comprehensive range of high-quality engineering and technical services. The accumulated experience, advanced technologies, and state-of-the-art equipment enable the airline's technical staff to perform maintenance of various complexities on aircraft, from transit checks to heavy forms of maintenance. The development of the center has not only allowed to meet maintenance needs of Uzbekistan Airways' aircraft but also offering services to third-party operators.

number of
employees **1 785**

Training Center

Revenue **24**
billion UZS

Qualification enhancement courses, approved by the Civil Aviation Administration of the Republic of Uzbekistan, are conducted in strict compliance with ICAO and IOSA standards. The Training Center is equipped with a state-of-the-art simulator complex. Training on procedural (Virtual Procedure Trainer) and full-flight simulators (Full Flight Simulator Level D) is available 24 hours a day, 7 days a week. The reliability of the sophisticated simulator equipment is maintained at a level of 99.7%.

number of
employees **102**

Catering

Revenue **201**
billion UZS

Catering LLC is a structural division of Uzbekistan Airways equipped with modern tools. The company's facilities enable the provision of hot and cold meals, various beverages and fruits to aircraft of all airlines landing at Tashkent Airport. The technological capacity of Catering includes 150 units of equipment, international systems such as Amadeus and "SITA," which allow promptly to retrieve passenger order information.

number of
employees **511**

Uzbekistan Helicopters

Revenue **21**
billion UZS

Uzbekistan Helicopters LLC offers a range of helicopter services, including:

- Passenger transportation
- Cargo transportation inside the fuselage and using external load sling system
- Transport and communication operations
- Construction, installation, and loading/unloading works
- Medical assistance and sanitation flights
- Experimental and scientific research activities
- Oil pipeline patrolling
- Aerial photography, search, and surveillance flights
- Agricultural land survey flights
- Sightseeing flights

number of
employees **89**

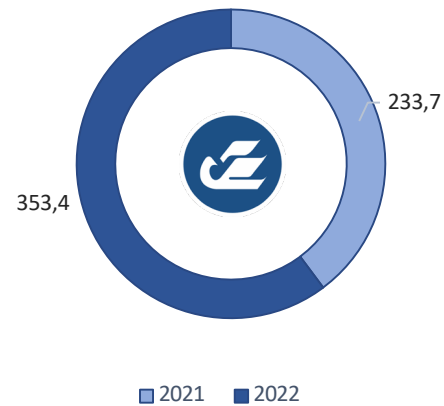
«Uzbekistan Airways Technics» enterprise

Uzbekistan Airways Technics LLC is a structural division of Uzbekistan Airways with over 98 years of experience in aircraft, engine, and component maintenance and repair (MRO). The modern complex of Uzbekistan Airways Technics LLC provides MRO services for aircraft such as Boeing 737/757/767/787, Airbus 300/310/318/319/320/321, and their components. The advantageous geographical location of the aviation enterprise, adjacent to the territory of the Islam Karimov Tashkent International Airport, enables the reception, storage, technical servicing, and repair of aircraft of any class.

The history of Uzbekistan Airways Technics LLC dates back to November 12, 1924 when the first workshops for equipment repair were opened under the Dobrolet Society. The workshops were involved in repairing and servicing single-engine aircraft K-4 and K-5, German Junkers, Farmans, Junkers and BMW aircraft engines. In 1937, the Aviation Repair Plant No. 243 of Civil Aviation was established based on these workshops and carried out repairs of aircraft types such as ANT-9, R-5, P-5, G-1, G-2, K-4, K-5, U-2, and BMW-123A and L-5 engines. In subsequent years, serial repairs of TB-3 and Li-2 aircraft and M-17, M-34, ASH-62IR engines were mastered.

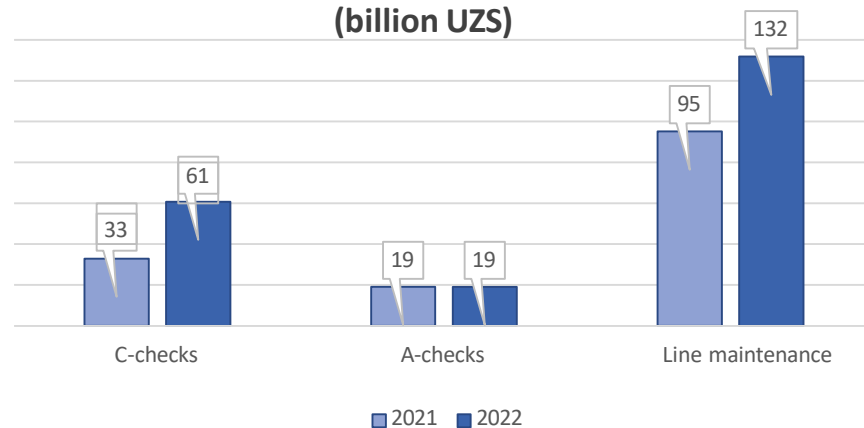


Revenue (billion UZS)



Transit checks for foreign airlines increased by 40.4% in 2022 compared to 2021.

Technical work completed (billion UZS)



Catering

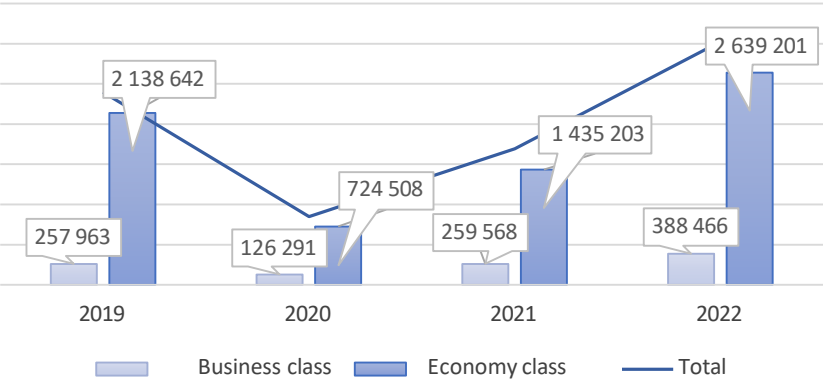
Catering LLC provides aboard catering services for all Uzbekistan Airways aircraft. The aboard catering concept focuses on ensuring maximum safety and comfort for passengers. Adhering to the traditions of Uzbek hospitality, Catering LLC has developed an aboard catering concept that minimizes contact between the flight attendant and the passenger, utilizing modern packaging technologies for aboard meals.

All catering products are provided in hygienic and airtight packaging, while keeping high quality, freshness, and amazing taste. In 2022, Catering LLC provided 3 million individual aboard meals for passengers, including 2.7 million for Uzbekistan Airways.

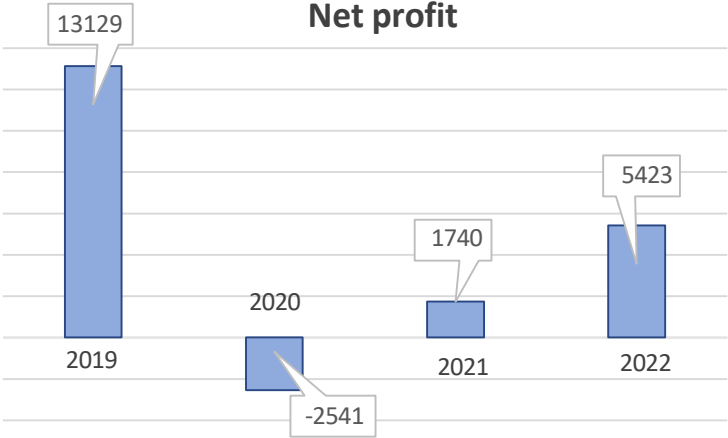
Currently, Catering LLC also provides aboard catering for new airlines such as "Panorama Airways" (Uzbekistan), "Qanot Sharq" (Uzbekistan), "MY FREIGHTER" (Uzbekistan), and "Centrum Air" (Uzbekistan).



Aboard catering (pc.)



Net profit



In 2022 the number of meal rations produced has increased by 26% compared to 2019, and by 78% compared to 2021

Training Center

Training Center LLC is the primary educational institution for the training and retraining of aviation personnel within the territory of the Republic of Uzbekistan. Training Center LLC provides initial training for pilots, flight attendants of civil aviation, as well as for employees involved in flight operations support for their work in airline Operations Control Centers and divisions of aeronautical flight support. Qualification enhancement courses, approved by the Civil Aviation Administration of the Republic of Uzbekistan, are conducted in strict compliance with ICAO and IOSA standards.

The continuous improvement of the professional level of employees at Training Center LLC, for delivery of high-quality services and work, has resulted in performance improvements through:

- providing services to individuals in disciplines such as English language, Uzbek language, training in document management using the Latin script, simulator training, fundamentals of ethics, politeness and conflict resolution, initial training for flight attendants, and retraining of pilots on Airbus 318/319/320/321 and Boeing 757/767/787 aircraft types.
- independent development of educational materials for distance learning (import substitution) in aviation-related topics.
- increasing the volume of services provided to foreign airlines in terms of simulator training for flight crews.

25,859 hours
of theoretical
training

5,111 hours of
simulator
training on the
Full Flight
Simulator for
the A-320

According to the performance results of Training Center LLC for 2022, the volume indicators were as follows:

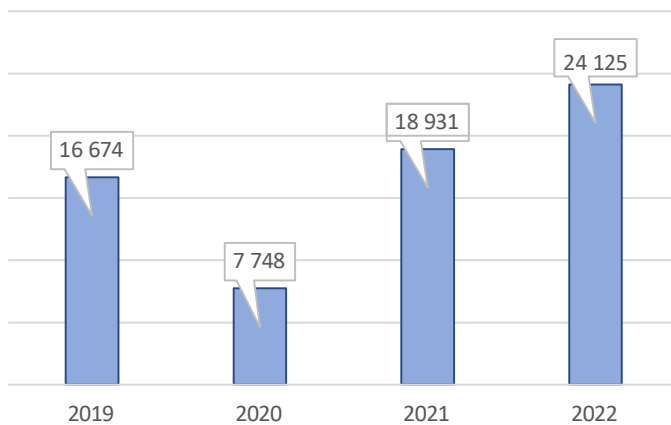
1. Theoretical training:

- Number of pedagogical hours: 25,859 hours
- Number of participants: 9,327 individuals

2. Simulator training, number of hours:

- Boeing 767-300: 1,942 hours
- Airbus 320: 5,111 hours
- Other training equipment: 626 hours

Revenue (million UZS)



Uzbekistan Helicopters

Uzbekistan Helicopters LLC was established in accordance with the Decree of the President of the Republic of Uzbekistan dated November 27, 2018, Decree No.5584 "On Measures for Radical Improvement of Civil Aviation of the Republic of Uzbekistan" as the successor of the State Unitary Enterprise "Airline of Special Aviation Works" that operated in the aviation services market of the Republic of Uzbekistan since 1997.

Uzbekistan Helicopters LLC holds valid Aircraft Operator Certificate (AOC) and Maintenance Organization Certificate issued by the "Uzaviation" Agency.

Currently, Uzbekistan Helicopters LLC operates a fleet of Mi-8MTV-1, H125 and H130 helicopters produced by "AIRBUS HELICOPTERS."

The helicopters are based at the Islam Karimov International Airport in Tashkent.

The crews of Uzbekistan Helicopters LLC consist of highly skilled pilots with extensive experience in various climatic conditions, mountainous, and high-altitude areas.

The engineering and technical staff of Uzbekistan Helicopters LLC ensures the airworthiness and quality maintenance of the helicopters in compliance with all regulatory requirements.



21,06
billion UZS of
revenue

Partnerships with airlines

As of the end of 2022, Uzbekistan Airways has the following agreements in place with foreign carriers:

- 36 Interline agreements
- 18 Special Prorate agreements
- 8 Codeshare agreements

During 2022, an Interline agreement with WorldTicket company came into effect, that provides for intermodal transportation services by air and Deutsche Bahn railway.

Additionally, existing collaboration terms were revised:

- changes were made to the commission remuneration for partners in the Interline agreements with Hahn Air and APG Airlines.
- the terms of mutual settlements were reviewed within the framework of Codeshare agreements with Air Baltic and Korean Air.



36
Interline
agreements

18 Special
Prorate
agreements

8 Codeshare
agreements

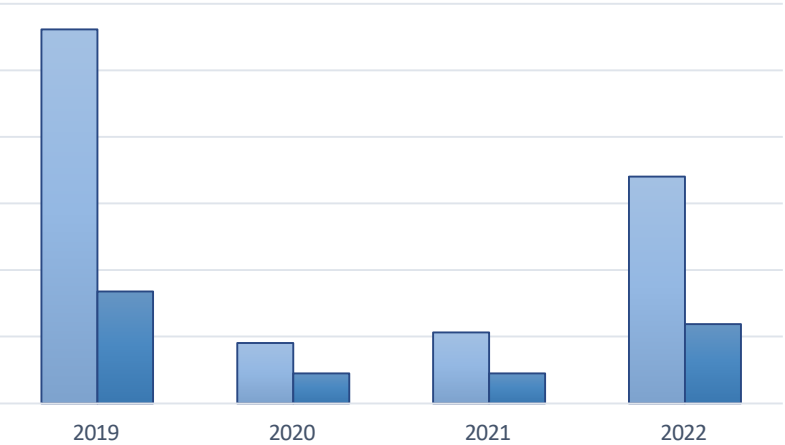


Partnerships with airlines

In 2022, within the framework of existing commercial agreements, Uzbekistan Airways transported 91,878 passengers in collaboration with foreign carriers.

Among them:
- over 68,000 passengers were transported on Uzbekistan Airways flights (partner sales)
-over 23,000 passengers were transported on partner flights (Uzbekistan Airways sales)
The sales volume under commercial agreements in 2022 accounted for 63% of pre-pandemic 2019 figures.

Passengers transported under existing commercial agreements between Uzbekistan Airways and foreign carriers.



**247.5 billion
UZS** in revenue
from air
transportation
under commercial
agreements.

Passenger service

The "UzAirPlus" program offers several levels for individual participants:

PREMIUM - the entry-level

SILVER - privileged status

GOLD - privileged status

The "UzAirPlus" program has over 200,000 participants, including:

PREMIUM - over 200,000 participants

SILVER - over 2,000 participants

GOLD - over 1,000 participants

In 2022, over 4,000 premium tickets, over 3,000 upgrades in service class, and over 35,000 premium baggage receipts were issued.

Passenger rewards for participants of the personalized "UzAirPlus" program, who have accumulated a certain number of bonus points and/or achieved a specific status in the program, are granted through:

- premium upgrades in service class
- issuance of premium airline tickets
- increased free baggage allowance
- provision of complimentary access to CIP/Business Lounges for passengers who have achieved "Gold" status, upon availability of such lounges at airports of Uzbekistan .

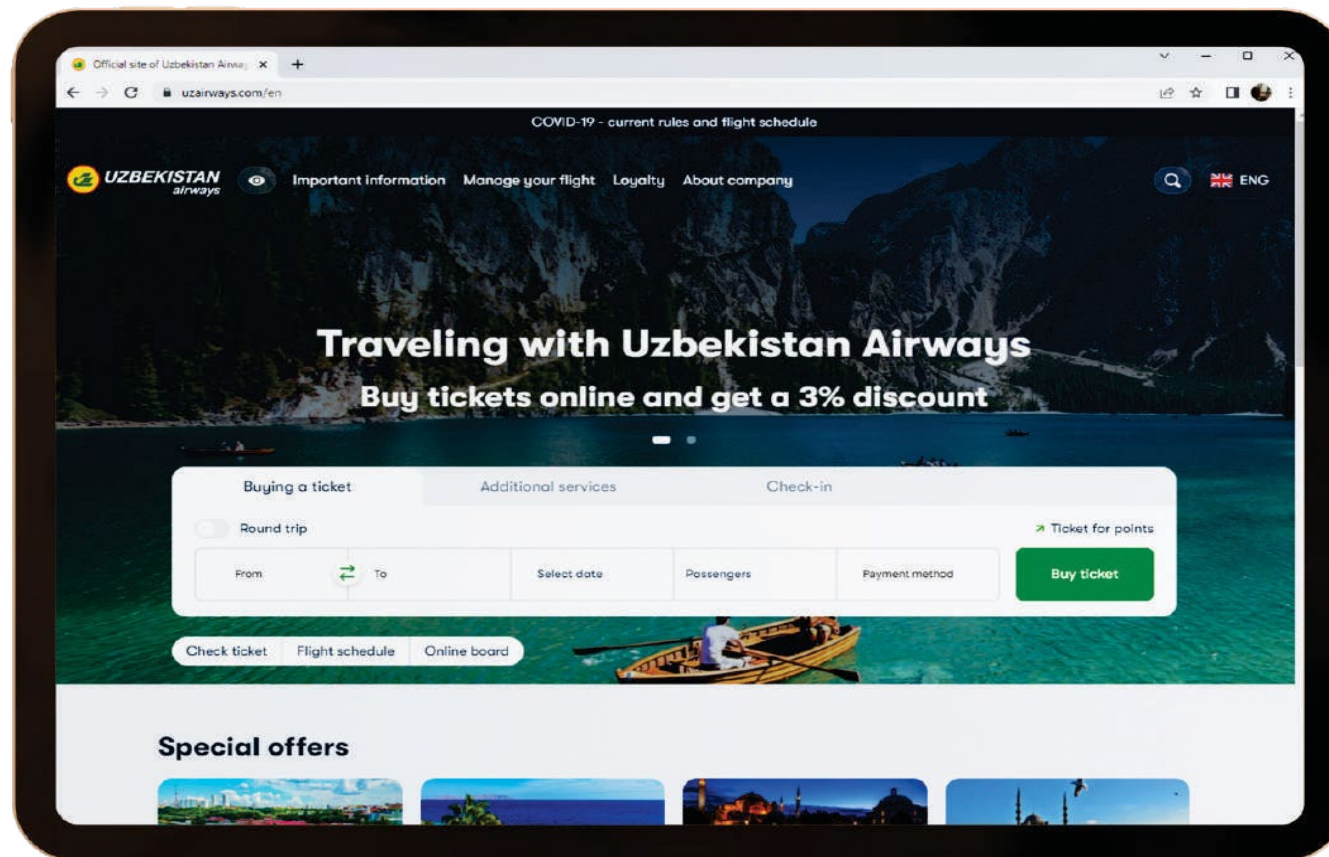
In addition, participants of personalized program are provided with the following additional privileges:

- payment of additional baggage allowance using bonus points earned and/or acquired by the participant
- priority confirmation of waitlist reservations (for Gold status holders)
- priority assistance in case of disruptions and situations of overbooking



Additionally, owners of personalized account can participate in the **"Family" program**. The owner of a family account in the "Family" program may include family members as participants in its account. The "Family" program does not have status levels.

In the "UzAirPlus" program, there is a **"Business" program** for corporate participation. A legal entity may become a participant of the corporate "Business" program. To do so, it is necessary to submit an application to the "UzAirPlus" Service, appoint one of the employees as the corporate account manager, and provide a list of employees who will participate in accumulating points on the corporate account. The corporate account does not have status levels.



Uzbekistan Airways considers passenger feedback on its services as very important.

In order to determine the level of customer satisfaction with Uzbekistan Airways services and obtain an objective assessment of the quality of the services provided, a special passenger feedback program was launched on December 14, 2021.

The main objective of the program is to gather respondents' opinions on the passenger service of Uzbekistan Airways at all stages of the journey and address any identified discrepancies. Citizens from various countries participated in the program, including Uzbekistan, Russia, Belarus, Ukraine, Latvia, Kazakhstan, Tajikistan, Azerbaijan, Pakistan, India, UAE, Israel, Turkey, Georgia, Thailand, Singapore, Qatar, Korea, Japan, Germany, UK, France, Spain, Italy, Belgium, Hungary, America, and Canada.

Feedback and suggestions were promptly addressed in collaboration with relevant departments. Uzbekistan Airways conducted monthly analysis of all comments and suggestions, and a satisfaction table was compiled for respondents across three levels. Individual correspondence was maintained with program participants.

After 11 months of implementing the program, passengers have noticed significant improvements in the quality of service, particularly highlighting the following aspects: the friendliness and appearance of the flight attendants, the introduction of new and modern aircraft, updated in-flight media content, the availability of a smoking room at the airport, convenient ticket booking on the airline's website and mobile application.

The additional services provided by the airline have also been repeatedly praised for their brand recognition..

We strive to ensure that every passenger choosing Uzbekistan Airways has an excellent flight experience and feels the care and hospitality that are characteristic features of our airline.



Program participants are citizens of **28** countries

Comment from a frequent flyer and program participant: **"All the feedback given during these months has been heard."**



Uzbekistan Airways is evaluating various innovative opportunities within its operational processes to enhance service quality and improve working conditions for our employees

Uzbekistan Airways is in the process of corporate transformation, and the utilization of innovations is one of its priority areas. Through feedback collected from around the world through the developed program, Uzbekistan Airways aims to enhance the value of its operations. Additionally, our company benefits from voluntary messages received from our employees through programs, official social media pages, and phone communications.

In 2022, we received **164** voluntary messages. In 99% of cases, these messages originated from the Flight Operations Department and Cabin Crew Services. The main issues reflected in the messages are the following:

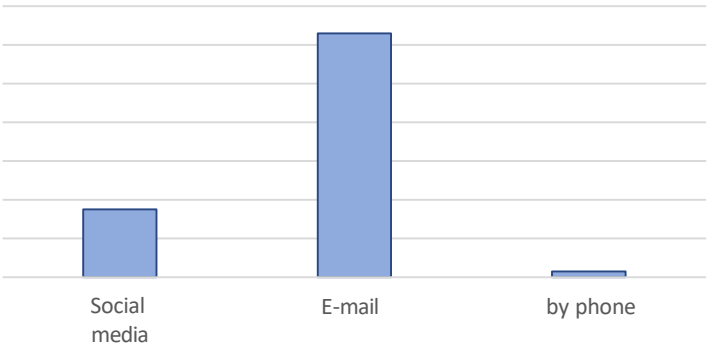
- carriage of oversized hand luggage by passengers on board the aircraft
- ground service issues from Tashkent Airport
- issuance of duplicate boarding passes
- failure to provide rest areas for crew members on aircraft
- non-compliance with the AHM-560 A320 Aircraft Center of Gravity Index (loadable catering)
- non-compliance with passenger boarding procedures

In order to ensure the effective functioning of the voluntary messaging system and facilitate feedback within the airline, the following communication channels are utilized:

- social media platforms
- email
- mailbox
- telephone communication

The voluntary messages distributed across these communication channels are categorized as follows:

Voluntary messages from Uzbekistan Airways employees



The "Improperly verified passenger travel documents" indicator in the Ground Services sector decreased to an "acceptable" level in the second half of 2022, thanks to voluntary messages.

Maintaining Airworthiness



Air transportations serve as not only an indicator of a country's business activity but also, to a certain extent, can act as its catalyst, facilitating entrepreneurial and business relationship practically in all spheres of state activity. The development of air transport, as the most mobile component of a modern state's transportation infrastructure, holds exceptional significance.

The Uzbekistan Airways team consistently conducts aircraft inspections to ensure compliance with airworthiness requirements and safety measures in order to maintain flight readiness.

The main tasks are as follows:

- Planning, control, and coordination of the work of departments involved in preparing for the execution of basic forms of maintenance.
- Preparation of operational tasks and memos for the placement and execution of subcontracting orders for repair, washing, painting, servicing, component manufacturing, and aircraft cabin maintenance.
- Keeping the quality system in operational condition, as a means of ensuring compliance with the requirements of the "Quality Manual" and the Maintenance and Service Manual (MSM) in the process of aircraft repair and maintenance.
- Development of corrective actions to address discrepancies regarding flight safety issues identified during internal audits, certification and inspection checks, and as a result of aviation incidents investigations, and implementation of necessary measures.
- Organization of flight safety activities in accordance with the plans of Department on Continued Airworthiness and recommendations based on all types of investigations and directives within the unit.
- Processing the technical documentation received from Aircraft Manufacturers (hereinafter referred to as AM) and Aviation Authorities (AOT, AOW, SIL, SB, ASB, AD, etc.).



- Development and implementation of new processes and work documentation for all types of work performed on Western-manufactured aircraft. Conducting analysis and continuous improvement of production processes, providing leadership and direct involvement in the implementation of processes of aircraft maintenance (hereinafter referred to as MRO - Maintenance, Repair, and Overhaul).
- Providing engineering support and practical assistance to production departments in resolving complex and recurring defects/deviations.
- Developing and coordinating technical solutions for existing deviations from approved Manufacturer and Aviation Authority information, related to the need for significant modifications (refinements), defect rectification, component manufacturing, relevant design work, and the development of all necessary work and process documentation. Ensuring compliance of the developed documents and adopted decisions with Manufacturer recommendations and approved procedures.
- Determining, based on approved information, the composition and requirements for equipment, tools, materials, spare parts, and documentation necessary for aircraft maintenance.
- Ensuring that the airworthiness maintenance of aircraft operated by Uzbekistan Airways is carried out in accordance with the requirements of Aviation Authorities of countries of Aircraft Manufacturers, the Aviation Authority of countries of Aircraft Registration, IOSA standards, and approved airworthiness maintenance procedures.

Flight operations



Uzbekistan Airways is constantly working to improve the working conditions of pilots and to efficiently plan their work hours. Continuous maintenance of pilot qualification using fully equipped simulators for Airbus A320 and Boeing 757/767 aircraft is conducted at the Training Center. Simulator training for Boeing 787 pilots takes place at leading training centers worldwide.

The airline adheres to the Rules for the Standardization of Flight Crew Duty and Rest Times (AR-OPS-005) approved by the "Uzaviation" Agency.

Uzbekistan Airways closely monitors innovations and best practices from major airlines in passenger service. Taking into account Uzbekistan's history and multi-nationality, our flight attendants represent a multicultural heritage, allowing Uzbekistan Airways to enhance the level of service through the knowledge of multiple languages by our cabin crew.

Starting from 2023, Uzbekistan Airways is launching a large-scale cabin crew recruitment program.

A software product has been implemented to enable the addition and configuration of automated dispatch of templates to aircraft based on crew requests, providing data on wind conditions at flight levels, aircraft weight and balance data, flight routes, and facilitating messaging capabilities with in-flight aircrew.

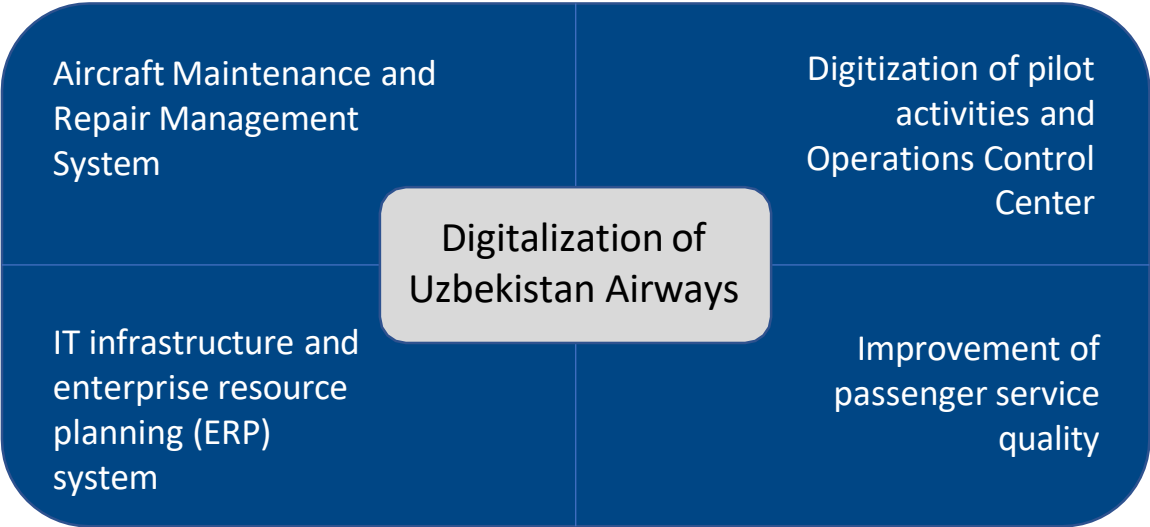
A transition has been made to providing a full package of meteorological data to aircraft crews since August 2022, resulting in monthly cost savings of over 100 million UZS.

A global transition has been made from the previous flight planning software to the latest software solution. Testing the software products has been conducted, and comprehensive training for all relevant specialists has been provided abroad.



Corporate Management and Information Technology (IT)

Every link in the aviation operations chain is crucial for the safety and efficiency of the industry. According to reports published by the Federal Aviation Administration (FAA) of the United States, human factors account for 80% of aircraft maintenance-related issues, leading to flight delays, aircraft damage, injuries, accidents, and incidents. Digital transformation in aviation has the potential to reduce the risk of human errors, decrease operational costs in the industry, and potentially save lives. Ultimately, digitization enhances the quality of customer service. Uzbekistan Airways relies on customer safety and satisfaction.



Improving efficiency and safety at all levels will help Uzbekistan Airways enhance its reputation, leading to a higher level of customer attraction and retention. To achieve these goals, Uzbekistan Airways consistently takes necessary measures for the phased implementation of cutting-edge technologies specifically designed for the aviation market.

5 large IT- projects in the process of implementation since 2022

1. Revenue accounting from passenger transportation

In November 2021, the revenue accounting system was implemented. After conducting test trials, the system was put into production in January 2022. This system allows real-time recording of sales across all channels, registration of all passenger flights operated by the airline, tracking and controlling the use of flight documents, conducting audits of sales and flight document accuracy, pricing each ticket segment and services in accordance with IATA and airline rules, performing interline settlements with foreign airlines, and promptly obtaining revenue data for the airline.

Currently, settlements with foreign airlines are conducted within the implemented system. This has accelerated the settlement process. Considering that almost 100% of flight documents are automatically calculated, it reduces the number of manual errors in ticket calculations.

2. Automation of fares and pricing

Throughout 2022, Uzbekistan Airways continuously worked on optimizing its fare structure, making airfares more flexible and attractive. Additional types of non-refundable fares (Y-, B-, M-) were added to the fare structure, as well as cheaper booking classes "P" in the economy class and "I" in the business-class for all international routes.

On domestic routes, O/S/U/L-class fares were introduced, baggage-free and non-refundable fares were implemented for the entire economy class fare structure, allowing passengers to purchase tickets at more attractive prices.

The implementation of the Amadeus booking system automated ticket re-issuance and refund processes, significantly simplifying the procedures for agents and minimizing the time spent on these processes.

A program that utilizes historical sales data to forecast demand, enabling pricing and availability decisions for specific booking classes on each route, was also introduced. This automation has streamlined departmental workflows, enabling prompt responses to market changes, sales, and demand.

Additionally, a program where new routes are added to the monitoring system as soon as new competitors enter the market has been implemented. This program helps automate the collection of data on competitors' flight transportation costs.

Uzbekistan Airways Group of Companies conducts its operations with a commitment to providing the best service and caring for its employees.

3. Flight Information Decryption

To enhance the procedure for decoding and analyzing flight information, an updated version of software has been procured, enabling the decryption of flight recorder/cockpit voice recorder for all types of aircraft operated by Uzbekistan Airways.

Comprehensive training has been provided to all specialists, inspector pilots, and flight crew representatives from each flight squad and the engine group of Uzbekistan Airways Technics LLC, ensuring their proficiency in operating the newly implemented software versions.

4. Automation of Navigation Information Retrieval for Flight Crew

In 2022, Uzbekistan Airways implemented a program aimed at generating flight plans, providing weather information along aircraft routes and at airports, and delivering standardized NOTAM (Notice to Air Missions) notifications to the flight crew. Furthermore, a specialized program has been introduced to ensure comprehensive calculations of takeoff and landing characteristics specifically for the Pilatus PC-24 aircraft.

Since 2022, Uzbekistan Airways has been utilizing integrated navigation data services that provide a navigation database, electronic charts, and maps specifically designed for the Pilatus PC-24 aircraft.

5. Improving Ground Handling Efficiency

Since August 5, 2022, Uzbekistan Airways has transitioned to using its own meteorological forecasting system for its aircraft departing from airports of Uzbekistan. This transition was made possible through the utilization of a specialized service, resulting in production cost reduction of 495 million UZS for the airline in 2022.

Additionally, in December 2022, Uzbekistan Airways entered into an agreement for flight documentation services, further contributing to cost savings of 240 million UZS for the airline.

Starting July 2022, the transition to centralized computation of aircraft balance/center-of-gravity enhances flight safety.

6. Own Training Platform

The airline has developed and implemented a distance learning system (DLS) to efficiently train personnel and agents in the usage of the new reservation and sales system. DLS serves as a hub for publishing educational courses, facilitating interactive engagement among participants, organizing individual and group learning activities, conducting theoretical and practical sessions, assessing the knowledge acquired by users through studying educational materials and completing practical assignments.

The system may also be utilized for conducting scheduled assessments of airline specialists. DLS enables airline employees and agents to acquire necessary knowledge and skills without disrupting their regular workflow, at their own convenience. This significantly reduces both financial and time-related expenses associated with organizing traditional classroom training and training

geographically dispersed staff and agents.

Currently, DLS has 1320 active users, consisting of airline employees and agents, and the user count continues to grow.

Our employees

As of the end of 2022, Uzbekistan Airways employs a total of over 4,500 staff members, with men comprising 56% and women comprising 44% of the workforce. The average age of employees is 36 years.

The human resources policy of Uzbekistan Airways focuses on recruiting qualified employees capable of effectively and productively fulfill their duties in line with the strategic plans and goals of Uzbekistan Airways, while adhere to professional and ethical standards.

The personnel policy encompasses key areas, including human resource planning, fostering corporate culture and awareness, feedback system, training and development, personnel matters, social and economic rights, and ensuring employee satisfaction.



Continuous Growth and Qualification Enhancement

Qualification enhancement, training and retraining of personnel are carried out in accordance with the Laws of the Republic of Uzbekistan "On Education" and "On the National Program for Personnel Training", as well as regulatory documents of Uzbekistan Airways.

Professional training for aviation personnel is an ongoing process with established periodicity.

Training takes place at the Training Center, the Training Department of "Uzbekistan Airways Sales", certified training centers both domestically and abroad, the National Institute of Standardization, Metrology, and Certification, the Republican Higher School of Business and Management named after Abu Rayhan Beruni, the Republican Scientific Center for Employment and Labor Protection under the Ministry of Employment and Labor Relations of the Republic of Uzbekistan, the Central State Archive of the "Uzarchiv" Agency under the Cabinet of Ministers of the Republic of Uzbekistan, the Institute of Fire Safety of the Ministry of Internal Affairs of the Republic of Uzbekistan, the Polytechnic University of Turin, the Republican Training Center for Emergency Medical Assistance, the Ministry of Justice, the Scientific and Technical Center "Kontekhnazorat Ukuv" of the "Sanoatgeokontekhnazorat" State Inspection, the Spirituality and Enlightenment Republican Center, as well as directly at enterprises within the structure of Uzbekistan Airways.

Qualification enhancement, training, and retraining of flight, dispatch, engineering-technical staff, flight attendants, and transport services personnel are conducted at the Training Center. Over the past twelve months of the current year, more than 6,000 specialists of the airline have undergone training and testing on qualification enhancement and training courses. In total, within the Uzbekistan Airways Group of Companies, over 6,000 specialists have undergone training during the twelve months of the current year.

Occupational Safety

Significant resources are invested in occupational safety measures in the workplace. The Occupational Safety Department regularly provides training to employees on the fundamentals of safety techniques, develops internal instructions, and monitors their implementation.

The Occupational Safety Department oversees the preparation and conduct of preliminary and periodic medical examinations for the airline's personnel. Efforts have been made to organize training and knowledge assessments on occupational safety for employees in the structural units of Uzbekistan Airways. Materials for distance learning have been prepared for authorized occupational safety personnel on the Uzbekistan Airways LMS platform, as well as for the airline's flight crew, with placement in the flight operations and slot management system. Updates have been made to the distance learning materials for employees engaged in computer-related work, taking into account changes in legislation and regulatory documents of the Republic of Uzbekistan. The departments staff has undergone training on the initial training course for specialists in Quality Management System in accordance with the requirements of the international standard ISO 9001:2015.

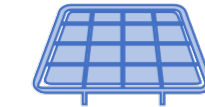


Sustainable Development of Uzbekistan Airways

Like many airlines that have embraced sustainable development as an important aspect of their strategy, we, Uzbekistan Airways, also position our planet as a key stakeholder and are committed to reducing our climate impact and, consequently, decreasing carbon emissions. At the same time, we also consider sustainability in a broader sense.



Uzbekistan Airways fuels its aircraft with GTL* fuel



Utilization of solar panels in Uzbekistan Airways offices

*synthetic diesel fuel

In 2019, with a total aviation fuel consumption of 332,339 tons, the kerosene consumption amounted to 3.56 tons per flight hour. In 2022, with a total aviation fuel consumption of 340,405 tons, the kerosene consumption stands at 2.96 tons per flight hour.



We maintain accounting, monitoring, and reporting of CO₂ emissions in accordance with the requirements of the Republic of Uzbekistan, the European Union, and the United Kingdom.

Uzbekistan Airways provides all necessary information in compliance with CORSIA requirements (Standards and Recommended Practices for their implementation).

CORSIA

7% of Uzbekistan Airways Group of Companies' managers are women.

We have been using reusable tableware on Uzbekistan Airways flights since 2023.

Uzbekistan Airways operates regular flights to the largest number of cities in the Republic of Uzbekistan, ensuring transportation accessibility to various regions of the country and having a positive impact on the social and economic development of the entire Republic.

Charitable and Socially Significant Initiatives

The social project "Ilk parvozim," implemented by Uzbekistan Airways, aimed to provide an opportunity for women who are listed in the "Iron Notebook" to embark on a day-long journey free from life's concerns and hardships. Within the framework of the project, trips were organized for women from the Tashkent, Syrdarya, and Namangan regions to famous cities and sacred sites in our country. Along with visiting cities like Khiva, Bukhara, Termez, and Tashkent, the women fulfilled their dream of flying on an airplane.

In honor of May 9th, the Day of Memory and Honor, volunteer employees of Uzbekistan Airways, together with the Aviation Workers' Trade Union of the Republic of Uzbekistan, visited veterans of the Second World War and the labor front, presenting them with gifts. The airline provided material assistance in the form of monetary rewards.

Providing Preferential Flights

The airline has provided 1,072 discounted air tickets to veterans of the Second World War and individuals equivalent to them for domestic flights within the Republic and to CIS countries.

A total of 9,584 discounted air tickets have been provided to pensioners and individuals with disabilities residing in the Karakalpakstan and Khorezm regions of the Republic of Uzbekistan.

For pensioners who are citizens of the Republic of Uzbekistan, the airline offers a 25% discount on the fare for all Uzbekistan Airways routes.

Provision of Financial Assistance

In honor of the International Day of Persons with Disabilities, Uzbekistan Airways has provided assistance to its employees who have children with disabilities, amounting to 2,000,000 UZS. The airline also showed care for its retired pensioners by allocating funds on special occasions and for providing assistance.



Social Benefits for Flight Crew

The airline not only focuses on enhancing the qualifications of its employees but also on promoting their health. Each year, it provides opportunities to receive sanatorium and resort treatment for its employees.

Assistance to Low-Income Families

In honor of June 1st, International Children's Day, volunteer employees of "Uzbekistan Airways" visited children from low-income families in the Khalkabad mahalla, presenting them with gifts and food supplies.

Environmental Protection

As part of the national urban greening project, "Uzbekistan Airways", led by the First Deputy Chairman of the Board, participated in tree planting activities in one of the districts of Tashkent city.

Support for National Sports

Since 2022, "Uzbekistan Airways" offers a 20% discount on domestic flights to members of national teams in Olympic and Paralympic sports, as well as to members of the Universiade creative group.

For participants and the working group of the "Besh tashabbus olimpiadasi" event, the airline provides a 15% discount on domestic flights.

Support for Music Festivals

The airline provides discounts for travelers attending the "Stihia" electronic music festival on the Tashkent-Nukus-Tashkent route.

Passengers Traveling for Medical Treatment Abroad

67 airline tickets have been provided for patients and their accompanying individuals, along with the opportunity for one-time free rescheduling on the return leg of the route for flights between Tashkent-Delhi-Tashkent and Tashkent-Frankfurt-Tashkent.

Support for Youth

Participants of the "Uzbekiston Yoshlari Forumi" forum are offered special discounts on domestic flights.





Quality Compliance Monitoring

In its planning and management activities, Uzbekistan Airways adheres to high quality standards through a passenger-oriented approach, customer focus, employee engagement, and environmental sustainability. Uzbekistan Airways strives to enhance the level of service quality provided to all its customers at every stage, continuously improving its processes. In this regard, Uzbekistan Airways maintains high standards of quality and safety, applying globally accepted systems for compliance control, particularly in flight safety provision.

From January 17th to 21st, 2022, the regular audit in accordance with the International Air Transport Association (IATA) Operational Safety Audit (IOSA) standards was conducted in the airline. Based on the audit results, the validity of Uzbekistan Airways' IOSA certificate has been extended until May 17th, 2024. In 2022, Uzbekistan Airways initiated the implementation of the requirements of the international standard ISO 37001, "Anti-Bribery Management System." The management of Uzbekistan Airways has made a decision to implement the requirements of the ISO 9001 standard in the airline. The planned implementation period is December 2023.

Furthermore, in accordance with the annual Internal Audit Program, the internal auditors and inspection team of the Flight Safety and Quality Assurance Department conducted audits in 14 structural divisions of the Group in 2022.

A total 104 non-conformities were identified and 36 recommendations were provided to improve the performance. All non-conformities are categorized as II and III. Four non-conformities of category I were identified.

In April 2022, the airline management made the decision to cease the presence of the engineering-technical staff (ETS) aboard the aircraft in flight. To provide support and consultation to the flight crew in carrying out technical maintenance work, a Maintenance Control Center group was established.

The airline has developed "Recommendations for Pre-flight Preparation and Actions in Emergency Situations on Aircraft at Transit Airports for all Types of Operated Aircraft" for the flight crew.

Uzbekistan Airways auditors conducted eight audits of contracted maintenance organizations (MRO) throughout 2022. The audits were conducted in two formats: remotely and on-site. The results of the conducted audits were forwarded to the "Uzaviation" Agency to obtain recognition of the maintenance organizations' certificates.

On December 24, 2022, the International Air Transport Association (IATA) published the 16th edition of the IOSA standards, which will come into effect on September 1, 2023. The new requirements were sent to the relevant structural departments of Uzbekistan Airways to make amendments to the regulatory documents.



14
audits in the
Group's
departments and
companies

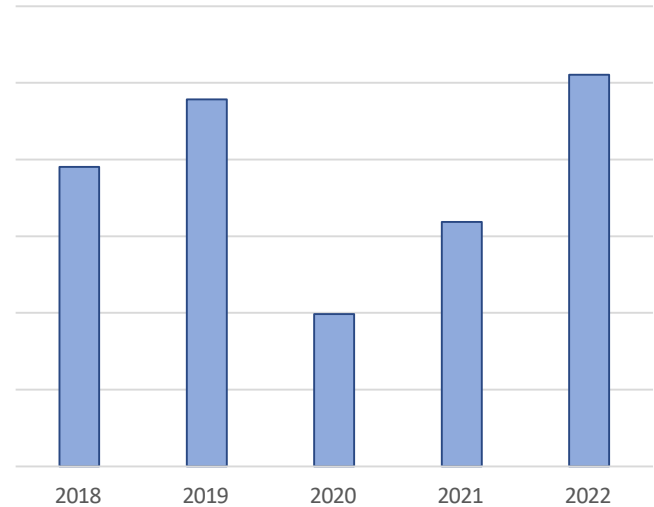
8
audits of contract
organizations for
technical
maintenance



The total flight hours on aircraft in 2022 amounted to over 100,000 hours (28,140 flights). In 2021, the flight hours exceeded 60,000 hours (17,741 flights). The 38% increase in flight hours occurred due to the resumption of routes previously closed due to the COVID-19 pandemic, the opening of new routes to the Russian Federation, expansion of the geography of charter passenger and cargo flights, and the acquisition of five new A321neo aircraft.

Decoding of flight recorders information were carried out for all flights. In case of any deviations, corrective/preventive actions were taken.

The flight hours of Uzbekistan Airways



Risk management

Uzbekistan Airways is exposed to common risks associated with the aviation industry and the operations carried out by airlines, thus necessitating a system for risk identification, analysis, tracking, management, and control. These risks can be categorized as strategic, operational, compliance, and financial risks.

Given the dynamic and evolving risk landscape, risk identification is an ongoing task for the responsible departments. The responsible departments and services evaluate to what extent risk-related circumstances have already been incorporated into the forecast results and the existence of additional opportunities or risks to achieve better or worse outcomes as set in the forecast.

To manage and monitor risks, necessary actions are initiated, involving well-defined measures with fixed durations, responsibilities, and timelines. These actions serve as the basis for developing control tools.

Risk management related to flight safety

In order to manage risks in the area of flight safety, efforts were made in 2022 to implement software for conducting internal audits, second-party audits, and flight safety risk management.

Risk management related to cash flows

Uzbekistan Airways forecasts anticipated cash flows on a regular basis, including monthly, quarterly, and annual forecasts, in order to ensure effective management of cash flow-related risks. Additionally, a minimum cash reserve level necessary for corporate continuity is established on a monthly basis. All necessary precautions are taken to prevent falling below the projected threshold, enabling efficient management of cash flow-related risks.

Risk management related to currency exchange

The main risks associated with currency exchange are the costs of aviation fuel, maintenance, and leasing payments tied to the dynamics of the US dollar. To mitigate currency risks, Uzbekistan Airways monitors the currency of contracts that need to be signed by the airline to maintain a balance between revenue and expenditure currencies. The company employs effective methods to manage transactional risks when entering into export and import contracts.



Compliance and combatting corruption

In accordance with the legislation of the Republic of Uzbekistan and internal documents of the airline, the main tasks of the anti-corruption and compliance service in Uzbekistan Airways are as follows:

1. Ensuring the implementation of measures to prevent corruption and reduce the share of the shadow economy in Uzbekistan Airways.
2. Developing and implementing measures to prevent and regulate conflicts of interest.
3. Preventing corrupt practices.
4. Conducting assessments of corruption risks and developing measures to minimize them.
5. Handling the receipt, review, and response to reports of corrupt practices.
6. Collaborating with law enforcement agencies on anti-corruption matters.
7. Identifying risks of violating antimonopoly legislation.
8. Managing risks (minimizing and eliminating) of violating antimonopoly legislation of the Republic of Uzbekistan by Uzbekistan Airways.
9. Ensuring compliance of Uzbekistan Airways' activities with the requirements of antimonopoly legislation of the Republic of Uzbekistan.
10. Assessing the effectiveness of antimonopoly compliance in the operation of Uzbekistan Airways.
11. Preparing a report on antimonopoly compliance and submitting it for approval to the Chairman of the Board of Uzbekistan Airways.

In 2022, Uzbekistan Airways implemented the "Methodology for Assessing Corruption Risks in Uzbekistan Airways", that regulates the procedure for conducting corruption risk assessments in all departments of the airline.

Since 2022, an order has been issued regarding "assigning tasks to counter corruption to individual employees of Uzbekistan Airways and its affiliated enterprises." According to this order, employees from the structural departments of Uzbekistan Airways have been designated as responsible for monitoring the state of affairs in the field of anti-corruption measures.

The Agency for Combating Corruption of the Republic of Uzbekistan conducted an assessment of the effectiveness of anti-corruption efforts in government agencies and organizations, including local executive authorities, for the year 2022. In order to ensure the objectivity of the rating assessment results, an Expert Group consisting of representatives from civil society institutions was formed.

Based on the assessment, the effectiveness of anti-corruption efforts in 62 government organizations was evaluated on a scale of 0 to 100 points. In particular, the effectiveness of anti-corruption measures within the Uzbekistan Airways system was deemed "satisfactory" with a score of 56 points.

The existing feedback channels of Uzbekistan Airways were reviewed for compliance with legislative requirements, and a feedback channel for reporting corruption in the form of a "hotline" was established by the Anti-Corruption and Compliance Service (78-140-02-00, extension 6).

In order to enhance transparency in relation to corruption risks, timely identification and prevention of conflicts of interest, as well as to raise the level of legal awareness and ensure strict compliance with the laws of the Republic of Uzbekistan by Uzbekistan Airways employees, the Service has prepared a questionnaire consisting of 19 questions related to anti-corruption and antimonopoly legislation. Currently, an anonymous survey process is being conducted based on this questionnaire, including through social networks.

On July 26, 2022, Uzbekistan Airways organized an event named "We Stand Against Corruption" with the participation of representatives from the Transport Prosecutor's Office, State Security Service, Anti-Corruption Agency and Antimonopoly Committee of the Republic of Uzbekistan. The event aimed to enhance the legal knowledge of airline employees in the field of combating corruption. The participants were briefed on the content and significance of Presidential Decree No.154 "On Measures to Implement a System for Enhancing and Evaluating the Level of Transparency in the Activities of State Bodies and Organizations" dated June 14, 2022. Additionally, the participants discussed issues related to improving the effectiveness of anti-corruption legislation enforcement and the role of legal awareness in fostering a zero-tolerance approach to corrupt behavior. The event also addressed topics such as enhancing the effectiveness of detecting and preventing conflicts of interest in public service, promoting adherence to ethical norms by airline employees, and highlighting the accountability for engaging in corrupt practices.



Corporate Management Assessment

№	Direction	Number of questions	Possible points		Factual number of points
			minimum	maximum	
1	Assessment of the preparations for the implementation of the Corporate Management Code	13	-135	135	130
2	Assessment of compliance with the recommendations of the Corporate Management Code	37	-360	360	245
3	Assessment of the adequacy of the organizational structure of the company	3	-30	30	30
4	Assessment of the competitive selection process	5	-45	45	-5
5	Assessment of the transition to publication in accordance with IFRS and international auditing standards	3	-50	50	-30
6	Assessment of the implementation of modern management systems (ISO, ERP, R&D, etc.)	5	-55	55	50
7	Assessment of the information policy	5	-170	320	285
8	Assessment of financial performance	4	-150	150	60
9	Assessment of other areas	25	-205	55	-85
Total:		100	-1200	1200	680
Final score on the percentage scale					57%

An independent assessment of the corporate management system at Uzbekistan Airways was conducted by the external audit firm NAZORAT-AUDIT LLC based on the results of 2022.

The assessment of the corporate management system was carried out in accordance with the Presidential Decree of the Republic of Uzbekistan dated April 24, 2015, No.4720 "On Measures to Implement Modern Methods of Corporate Management in Joint Stock Companies," as well as the recommendations of the "Corporate Management Code" and the "Questionnaire for Assessing the Corporate Management System" approved by the relevant authorities of the Republic of Uzbekistan.



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**Annual report
2022**

Uzbekistan Airways annual report for 2022 is formed on the basis of the National Accounting Standards of the Republic of Uzbekistan.
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