UZBEKISTAN AIRWAYS JOINT STOCK COMPANY
AND ITS SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS
FOR THE YEAR ENDED 31 DECEMBER 2025
AND INDEPENDENT AUDITORS' REPORT

CONTENTS

Independent Auditors' Report

Consolidated Financial Statements

Consolidated Statement of Financial Position 1
Consolidated Statement of Profit or Loss and Other Comprehensive Income 2
Consolidated Statement of Changes in Equity 3
Consolidated Statement of Cash Flows 4

Notes to the Consolidated Financial Statements

1. Organisation and operations 5
2. Basis of preparation 6
3. Material accounting policies 8
4. Significant accounting judgements, estimates and assumptions 13
5. Adoption of new and revised standards and interpretations 16
6. New standards and interpretations 16
7. Balances and transactions with related parties 18
8. Property, plant and equipment 20
9. Right-of-use assets 21
10. Receivables from the MEF RUz 22
11. Other non-current assets 22
12. Inventories 23
13. Trade and other receivables 23
14. Cash and cash equivalents 23
15. Other assets 24
16. Share capital 24
17. Loans and borrowings 25
18. Lease liabilities 27
19. Changes in liabilities arising from financing activities 27
20. Provisions for liabilities 28
21. Trade and other payables 29
22. Deferred income 29
23. Revenue from contracts with customers 29
24. Finance costs 30
25. Finance income 30
26. Income tax 31
27. Risk management 32
28. Contingencies 37
29. Fair value of financial instruments 39
30. Capital management 39
31. Subsequent events 40

Audit organization «KPMG Audit» LLC
100029 Tashkent, Republic of Uzbekistan
Infinity Business Center
39-B Istiqbol street, Tower 2, 9th floor
Tel: +998 78 146 77 44
Fax: +997 78 146 77 45

Independent Auditors' Report

To the Shareholders of «Uzbekistan Airways» JSC

Opinion

We have audited the consolidated financial statements of «Uzbekistan Airways» JSC (the «Company») and its subsidiaries (the «Group»), which comprise the consolidated statement of financial position as at 31 December 2025, the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising material accounting policies and other explanatory 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 2025, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

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 A*uditors' 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 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 Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards, 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.

Audit Organiztion «KPMG Audit» LLC, a company incorporated under the Laws of the Republic of Uzbekistan, and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.

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.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditors' 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 auditors' 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 scepticism 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 auditors' 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 auditors' 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 group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance 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.

The engagement partner on the audit resulting in this independent auditors' report is:

Sanjarbek Saidov

General Director

Audit Organization «KPMG Audit» LLC

Tashkent, Uzbekistan

1 May 2026

UZBEKISTAN AIRWAYS JSC AND ITS SUBSIDIARIES

Consolidated Statement of Financial Position

UZS billion	Note	31 December 2025	31 December 2024
ASSETS			
Non-current assets			
Property, plant and equipment	8	14,634	8,906
Right-of-use assets	9	4,614	5,337
Receivables from the MEF RUz	10	1,082	1,423
Other non-current assets	11	1,031	921
Deferred tax assets	26	125	238
Total non-current assets		**21,486**	**16,825**
Current assets			
Inventories	12	778	617
Receivables from the MEF RUz	10	374	420
Trade and other receivables	13	448	569
Cash and cash equivalents	14	443	820
Assets for distribution to the shareholder	16	188	140
Income tax prepaid		-	8
Other assets	15	1,144	946
Total current assets		**3,385**	**3,520**
TOTAL ASSETS		**24,871**	**20,345**
EQUITY			
Share capital	16	4,263	4,263
Retained earnings / (accumulated loss)		272	(1,103)
TOTAL EQUITY		**4,535**	**3,160**
LIABILITIES			
Non-current liabilities			
Loans and borrowings	17	5,599	4,992
Lease liabilities	18	4,858	5,931
Provisions for liabilities	20	807	660
Deferred income	22	329	329
Total non-current liabilities		**11,593**	**11,912**
Current liabilities			
Loans and borrowings	17	1,930	1,647
Lease liabilities	18	483	454
Trade and other payables	21	4,850	1,850
Liabilities under contracts with customers	23	1,239	1,302
Provisions for liabilities	20	241	20
Total current liabilities		**8,743**	**5,273**
TOTAL LIABILITIES		**20,336**	**17,185**
LIABILITIES AND EQUITY		**24,871**	**20,345**

These consolidated financial statements were approved by management on May 1, 2026 and were signed on its behalf by:

Sh.Sh. Khudaykulov	A.A. Sattarov	S.B. Irmukhamedov
Chairman of the Management Board	*Deputy Chairman of the Management Board*	*Director of Finance Department*

The notes on pages 5 - 40 form an integral part of these consolidated financial statements.

UZBEKISTAN AIRWAYS JSC AND ITS SUBSIDIARIES

Consolidated Statement of Profit or Loss and Other Comprehensive Income

UZS billion	Note	2025	2024
Revenue from passenger and cargo transportation		18,653	17,428
Other revenue		558	371
Revenue	**23**	**19,211**	**17,799**
Aviation fuel		(5,156)	(5,082)
Ground handling, insurance and air navigation		(3,933)	(3,595)
Wages and salaries and social insurance payments		(2,314)	(1,848)
Maintenance and repair	8	(1,558)	(1,111)
Passenger service and catering		(1,139)	(935)
Depreciation of property, plant and equipment and right-of-use assets	8, 9	(1,170)	(1,019)
Agency fee		(326)	(281)
Lease of aircraft, engine and other aircraft equipment	9	(206)	(430)
Other operating expenses		(870)	(793)
Other operating income		60	418
Operating expenses		**(16,612)**	**(14,676)**
Operating income		**2,599**	**3,123**
Net foreign exchange gain/(losses)		545	(502)
Finance costs	24	(1,210)	(1,111)
Finance income	25	185	240
Profit before income tax		**2,119**	**1,750**
Income tax expenses	26	(346)	(261)
Profit and total comprehensive income for the year		**1,773**	**1,489**

UZBEKISTAN AIRWAYS JSC AND ITS SUBSIDIARIES

Consolidated Statement of Changes in Equity

UZS billion	Note	Share capital	Retained earnings / (accumulated loss)	Total equity
Balance at 1 January 2024		**4,263**	**(1,686)**	**2,577**
Profit for the year		-	1,489	1,489
Other comprehensive income for the year		-	-	-
Total comprehensive income for 2024		**-**	**1,489**	**1,489**
Dividends declared	16	-	(223)	(223)
Other distributions to the Shareholder		-	(683)	(683)
Balance at 31 December 2024		**4,263**	**(1,103)**	**3,160**
Profit for the year		-	1,773	1,773
Other comprehensive income for the year		-	-	-
Total comprehensive income for 2025		**-**	**1,773**	**1,773**
Other contributions of the shareholders	17	-	119	119
Dividends declared	16	-	(353)	(353)
Other distributions to the Shareholder	7, 16	-	(164)	(164)
Balance at 31 December 2025		**4,263**	**272**	**4,535**

UZBEKISTAN AIRWAYS JSC AND ITS SUBSIDIARIES

Consolidated Statement of Cash Flows

UZS billion	Note	2025	2024
Cash flows from operating activities			
Profit for the year		1,773	1,489
Adjustments for:			
Depreciation of property, plant and equipment	8	651	493
Depreciation of right-of-use assets	9	519	526
(Gain)/loss on disposal of PPE and other		(15)	(318)
Income tax expenses	26	346	261
Interest accrued	24	953	883
Discount on other non-current assets	24	257	228
Interest income	25	(172)	(226)
Net foreign exchange (gain) / loss		(545)	502
Charge in allowance for expected credit losses		77	77
Change in provision for liabilities	20	301	227
Profit from recovery of non-liquid inventories		(2)	(24)
Adjustments to accounts payable to passengers		(170)	(47)
Other income and expenses, net		(13)	(14)
Cash flows from operating activities before changes in working capital		**3,960**	**4,057**
Changes in working capital:			
Inventories		(182)	(158)
Trade and other receivables		32	(97)
Other non-current assets		(564)	(514)
Other assets		(160)	(10)
Trade and other payables		424	507
Liabilities under contracts with customers		107	380
Changes in working capital		**(343)**	**108**
Interest paid	19	(894)	(1,045)
Interest received		31	17
Income tax paid		(194)	(49)
Net cash from operating activities		**2,560**	**3,088**
Cash flows from investing activities			
Acquisition of property, plant and equipment	8	(4,174)	(2,298)
Disposal of property, plant and equipment		22	330
Placement of term deposits	11, 15	-	(1,346)
Receipts from repayment of deposits		156	2,723
Payments under the government project	10	(470)	(140)
Reimbursement of payments under the government project	10	420	50
Dividends received		13	14
Net cash flow used in investing activities		**(4,033)**	**(667)**
Cash flows from financing activities			
Proceeds from loans and borrowings	19	2,796	-
Repayment of loans and borrowings	19	(1,538)	(1,186)
Repayment of lease liabilities	19	(451)	(436)
Sponsorship received	22	-	172
Dividends paid	16	(105)	(112)
Asset payments for distribution to shareholders	16	(8)	(116)
Other distributions to the Shareholder	4	-	(638)
Receipt of funds from the MEF RUz		426	410
Net cash flows from / (used in) financing activities		**1,120**	**(1,906)**
Net (decrease) / increase in cash and cash equivalents		**(353)**	**515**
Effect of movements in exchange rates on cash and cash equivalents		(24)	(15)
Cash and cash equivalents at the beginning of the year	14	**820**	**320**
Cash and cash equivalents at the end of the year	14	**443**	**820**

1. Organisation and operations

Uzbekiston Havo Yullari National Air Company was established by the Decree of the Government of the Republic of Uzbekistan No.44 dated 4 February 1992.

In accordance with the Decree of the President of the Republic of Uzbekistan No.УП-5584 dated 27 November 2018 “On measures for fundamental improvement of civil aviation industry of the Republic of Uzbekistan”, Uzbekiston Havo Yullari National Air Company was reorganised through establishing Uzbekistan Airways Joint Stock Company (the “Company” or “Uzbekistan Airways JSC”).

The Company owns the exclusive right to the trademark and service mark of Uzbekiston Havo Yullari National Air Company of the Republic of Uzbekistan.

In accordance with the international agreements of the Republic of Uzbekistan in the area of civil aviation, and the ICAO standards and rules in force in the Republic of Uzbekistan, the Company is the national carrier of the Republic of Uzbekistan.

The principal activities of the Company and its subsidiaries (the “Group”) are:

– passenger and cargo air transportation services, both domestically and internationally, on a regular and charter basis;

– training and retraining of flight, technical and other personnel for work on international airlines, including those for other enterprises on a contract basis, and for work in the Group's representative offices abroad;

– technical maintenance of aircraft (“aircraft”) services.

The Company's registered office is: 41 Amir Temur Avenue, Tashkent, the Republic of Uzbekistan.

The Company owns interests in the authorised capital of the following enterprises:

Enterprise	Activity	31 December 2025	31 December 2024
Uzbekistan Airways Technics LLC	Aircraft maintenance	100%	100%
Uzbekistan Helicopters LLC	Passenger air transport and special-purpose aviation	100%	100%
Catering LLC	In-flight catering	100%	100%
O‘quv-Mashg‘ulot Markazi LLC	Educational activity	100%	100%
Toshkent-Humo Xalqaro Aeroport LLC	Construction works project management	100%	100%

The principal activity of the subsidiaries (except for Uzbekistan Helicopters LLC and Toshkent-Humo Xalqaro Aeroport LLC) is providing various support and operational services to the Company, as specified in the table above. Therefore, the key customer and counterparty of these subsidiaries is the Company itself, and their activities are primarily aimed at supporting the Company’s core business processes.

Uzbekistan Helicopters LLC operates and maintains civil and commercial helicopters, providing passenger and cargo transportation services, performing aerial works and emergency operations in the territory of the Republic of Uzbekistan. The Company’s revenue is primarily generated from the provision of aviation services, helicopter leasing, and related maintenance.

Toshkent-Humo Xalqaro Aeroport LLC operates as a commercial airport, providing passenger transportation services, cargo handling and related airport services in the territory of Uzbekistan. The airport ensures ground handling, security and operational processes in accordance with the requirements of the national aviation regulator. The main sources of revenue are airline charges, passenger services, cargo handling and income from commercial areas.

1. Organisation and operations (continued)

Information about the Group's aircraft fleet as at 31 December is shown in the table below:

Aircraft type	Type of ownership	Aircraft status	31 December 2025	31 December 2024
Boeing 767	own aircraft	in service	7	6
Boeing 787	own aircraft	in service	6	6
Airbus 320-214	own aircraft	in service	9	9
A320 Neo	leased aircraft	in service	10	10
Airbus A321 NEO	leased aircraft	in service	5	5
Pilatus PC-24	own aircraft	in service	1	1
Airbus H125	own aircraft	in service	2	2
Airbus H130	own aircraft	in service	2	2
MI-8	own helicopter	in service	-	1
Let L-410	own aircraft	in service	4	3
ATR72-212A (600)	own aircraft	in service	3	3
ATR72-212A (600)	leased aircraft	in service	2	2
Boeing 767	own aircraft	in storage	1	2
IL-114-100	own aircraft	in storage	7	7
Total			**59**	**59**

2. Basis of preparation

Statement of compliance

These consolidated financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

Going concern

Management prepared these consolidated financial statements on a going concern basis. In making this judgement management considered the Group's financial position, current intentions, profitability of operations and access to financial resources, and analysed the impact of the recent changes in macroeconomic conditions on the future operations of the Group.

The consolidated financial statements have been prepared on the going concern basis, under the assumption that the Group will continue as a going concern in the foreseeable future and will be able to realise its assets and discharge its liabilities in the normal course of business. However, the Group's future performance and the recoverability of its assets may depend on the further development of the economic environment.

As at 31 December 2025, current liabilities of the Group exceeded its current assets by UZS 5,358 billion (31 December 2024: UZS 1,753 billion). Management believes that there is no material uncertainty regarding the Group's ability to continue as a going concern in the foreseeable future, due to the following factors:

- The Group is profitable and demonstrates an adequate level of profitability, and consistently generates positive cash flows from operating activities, including both the current and prior reporting periods;
- The Group shareholder has neither intention nor necessity to liquidate or significantly reduce the volume of the Group's operations;
- Current liabilities also include non-monetary liabilities to shareholders in the amount of UZS 2,777 billion (31 December 2024: UZS 265 billion). These liabilities do not create a negative impact on the Group's ability to continue as a going concern. Information on liabilities to shareholders is disclosed in Notes 7, 16 and 21;
- In March 2026, the Group raised a loan of USD 19.5 million (UZS 235 billion) from KDB Bank Uzbekistan JSC to finance contractual obligations to The Boeing Company and Airbus S.A.S;

2. Basis of preparation (continued)

- As at 31 December 2025 and 31 December 2024, the non-current portion of the loans and borrowings received by the Group and issued to related parties amounted to UZS 1,087 billion and UZS 429 billion, respectively. If necessary, the maturities of these loans and borrowings may be extended. In March 2026, the Group signed a supplementary agreement with the National Bank of Foreign Economic Activity of the Republic of Uzbekistan JSC ("NBU JSC") to defer current payments on loans in the amount of USD 25.6 million (UZS 310 billion) until September 2026;
- During the reporting period, the Group was engaged in construction of infrastructure facilities, including Toshkent-Humo airport. On 25 February 2026, the Decree of the President No.ПП-74 "On Measures to Improve the Efficiency of Enterprises with State Participation and Commercial Banks" was adopted, under clause 6 of which funding was provided for expenses related to the construction of airports, including Toshkent-Humo airport, from the funds of the social and production infrastructure development programme for 2026–2028. These expected cash inflows represent a significant factor confirming the Company's ability to continue as a going concern. In April 2026, based on the above-mentioned regulatory act, the Group received monetary funds from the government in the amount of UZS 1,200 billion on the condition of the subsequent transfer of Toshkent-Humo, Zaamin and Kokand airports, accounted for on the Group's balance sheet, in fulfilment of the obligations related to the funds received. Information about the related assets is disclosed in Notes 8 and 16 to these consolidated financial statements;
- The Group is a strategically important entity for the government and, therefore, is eligible to financial and other support from the government, when necessary.

Basis of measurement

These consolidated financial statements have been prepared on the historical cost basis using the accrual method, except for initial recognition of financial instruments measured at fair value. The material accounting policies applied in the preparation of these consolidated financial statements are set out below. The accounting policies set out below have been applied consistently by the Group to all periods presented in these consolidated financial statements.

All significant subsidiaries directly or indirectly controlled by the Group are included in these consolidated financial statements. A list of the Group's significant subsidiaries is set out in Note 1.

Functional and presentation currency

The national currency of the Republic of Uzbekistan is Uzbek Soum. Uzbek Soum is also the functional currency of all companies of the Group and presentation currency of the Group. All financial information in these consolidated financial statements is presented in billions of Uzbek Soums ("UZS billion" or "UZS bln"), unless otherwise indicated.

Regional geopolitical conflicts

In February 2022, because of the military conflict between the Russian Federation and Ukraine, a number of countries imposed sanctions against the Russian Federation. The conflict affects not only the economic activity of two countries but the global economy as well.

Management believes that these circumstances have not had a material negative impact on the operations and the financial position of the Group.

In general, the economy of the Republic of Uzbekistan continues to display characteristics of an emerging market. It is particularly sensitive to fluctuations in prices of manufactured goods, gold, textile, and fruit and vegetable products, which constitute a significant share of the country's export. These characteristics include, but are not limited to, the existence of national currency that is not freely convertible outside of the country and a low level of liquidity of securities markets. The high inflation rate, continued political tensions in the region, and the volatility of exchange rate have had, and may continue to have, a negative impact on the economy of the Republic of Uzbekistan, including causing decline in liquidity, and difficulties for attracting international funding.

3. Material accounting policies

The economic environment has a significant impact on the operations and the financial position of the Group. Management takes all necessary measures to ensure the Group's sustainable operations. Nevertheless, the future impact of the current economic situation is difficult to predict, and management's current expectations and estimates may differ from actual results.

Moreover, air transportation service sector of the Republic of Uzbekistan is still impacted by political, legislative, fiscal and regulatory developments. The prospects for future economic stability in the Republic of Uzbekistan are largely dependent upon the effectiveness of economic measures undertaken by the Government of the country, together with legal, controlling and political developments, which are beyond the Group's control.

Foreign currency transactions

Transactions in foreign currencies are translated to the national currency - Soum - at exchange rates of the Central Bank of the Republic of Uzbekistan ("CBU") at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate of the CBU as at the end date of the appropriate reporting period. Foreign exchange differences arising from foreign exchange transactions are charged to financial results as incurred. Non-monetary items in a foreign currency that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

The table below presents US Dollar, Euro and Russian Rouble to UZS exchange rates used for the translation of monetary assets and liabilities into foreign currencies:

	UZS per USD 1	UZS per EUR 1	UZS per RUB 1
At 31 December 2025	12,025.33	14,162.23	155.25
At 31 December 2024	12,920.48	13,436.01	130.17

Depreciation

Items of property, plant and equipment are depreciated on a straight-line basis during their estimated useful lives, based on the cost of the asset less its estimated residual value, starting from the date of acquisition, or in respect of internally constructed assets, from the date that the asset is completed and ready for use.

The estimated useful lives of different components of the Group's fleet of aircraft and aircraft engines and other property, plant and equipment are as follows:

	Estimated useful life
Airframes	20 years
Aircraft engines	12,5 years
Buildings and constructions	25-50 years
Machinery and equipment	12,5 years
Vehicles	10 years
Other	5-10 years

Depreciation methods, expected useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

The Group estimates the residual value of aircraft based on available and reliable information on current aircraft sale transactions. As at 31 December 2025, the residual value of aircraft amounts ranged from 1% to 10% of its historical cost (31 December 2024: from 1% to 10%).

3. Material accounting policies (continued)

Subsequent expenditure

The Group recognises the cost of replacing a component of an item of property, plant and equipment in the carrying amount of the item as incurred, if it is probable that the future economic benefits embodied within the asset will flow to the Group, and the cost of an item property, plant and equipment can be measured reliably. The replaced components are expensed at the time of replacement. All other costs are recognised in the consolidated statement of profit or loss and other comprehensive income during the year.

Capitalised costs on aircraft maintenance and repair: the costs of significant modernisation and reconstruction projects (mainly aircraft modernisation involving replacement of separate elements) are capitalised. The carrying amount of replaced parts is derecognised in the Group's consolidated statement of financial position and included in operating expenses in the Group's consolidated statement of profit or loss and other comprehensive income.

Capitalised costs on the aircraft maintenance and large modernisation and reconstruction projects are amortised using the straight-line method over the period ending on the forecast date of the next inspection or based on their estimated useful lives. The cost of ongoing repairs and maintenance of aircraft is expensed as incurred and included in operating expenses (maintenance) in the Group's consolidated statement of profit or loss and other comprehensive income.

Capitalised loan and borrowing costs: General and specific borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial time to get ready for intended use (qualifying assets) are capitalised as part of the costs of those assets.

The commencement date for capitalisation is when (a) the Group incurs expenditures for the qualifying asset; (b) it incurs borrowing costs; and (c) it undertakes activities that are necessary to prepare the asset for its intended use.

Capitalisation of borrowing costs continues up to the date when the assets are substantially ready for their use.

The Group capitalises borrowing costs that could have been avoided if it had not made capital expenditure on qualifying assets. Borrowing costs capitalised are calculated at the Group’s average funding cost (the weighted average interest cost is applied to the expenditures on the qualifying assets), except to the extent that funds are borrowed specifically for the purpose of obtaining a qualifying asset. Where this occurs, actual borrowing costs incurred on the specific borrowings less any investment income on the temporary investment of these borrowings are capitalised.

Right-of-use assets

Right-of-use assets are measured at cost comprising the following:

– the amount of the initial measurement of lease liability on a present value basis;

– any lease payments made at or before the commencement date less any lease incentives received;

– any initial direct costs; and

– costs to restore the asset to the conditions required by lease agreements.

3. Material accounting policies (continued)

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. For depreciation of the aircraft right-of-use assets the Group does not separate the aircraft components.

Depreciation on the items of the right-of-use assets is calculated using the straight-line method over their estimated useful lives, but no more than 12 years for A320neo, A321neo and ATR 72-600 aircraft.

Lease liabilities

Liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases of the Group, the Group’s incremental borrowing rate is used, being the rate that the Group would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, collateral and conditions.

Lease payments are allocated between principal and finance costs. The finance costs are charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Short-term lease payments for buildings, constructions, equipment and vehicles and lease payments of any low-value assets are recognised on a straight-line basis as an expense in profit or loss. A short-term lease is a lease agreement with a term not exceeding 12 months.

Accounting for provisions

The Group charges a provision for aircraft maintenance under lease agreements under which the right of use is not transferred to lessees at the end of lease term.

The Group is obligated to perform regular scheduled maintenance of aircraft under the terms of its lease agreements and regulatory requirements relating to aviation safety.

According to certain aircraft lease agreements, the Group makes monthly payments in addition to the lease payments to the lessor’s aircraft maintenance reserve for regular repairs and maintenance specified in the lease agreement during the lease period.

After carrying out repairs that fall within the definition of an event that is reimbursed from a previously accumulated maintenance reserve in accordance with the terms of the lease agreement, the Group receives reimbursement from the lessor in the amount of the actual repair costs, but not more than the accumulated maintenance reserve. At the end of the lease period, any remaining balance in the reserve fund is not reimbursed. The Group accounts for such payments as financial assets.

Major aircraft maintenance relates to airframes, engines, auxiliary power units, and landing gears. The C-check is heavy maintenance with approved performance intervals. It takes place the earliest of every 6,000 - 7,500 flight hours, 3,000 - 5,000 flight cycles and 18-24 months according to aircraft type.

3. Material accounting policies (continued)

6YR and 12YR are heavy maintenance connected with deep aircraft disassembly, structure inspection and anticorrosion prevention programme. 6YR and 12YR take place with an interval of at least every 6 years and every 12 years for aircraft of A320 and A321 type. Scheduled engine repairs are carried out based on the remaining life (by cycles) or based on the results of engine diagnostics.

To account for provisions, the Group applies the provision-based approach as the Group considers it to be the most appropriate and charges provisions as aircraft are utilised in the amount that is calculated on the basis of the 12-year repair expenses from the beginning of a lease term. The Group recognises such expenses in profit or losses as incurred as a "damage" occurs as aircraft are utilised.

The Group's aircraft maintenance liabilities are presented in US Dollars.

Restoration works (not depending on aircraft utilisation)

Once a contract is signed, the Group charges a provision to cover the costs resulting from restoration work required to be performed just before returning aircraft to the lessors, such as painting of the shell. The cost of the right-of-use asset comprises the estimated costs to be incurred during the performance of such works. This complement to the right-of-use asset is amortised over the lease term on a straight-line basis.

Sales revenue

Revenue is recognised at the moment or upon transfer of control over goods or services to the customer at the transaction price. The transaction price is the amount of compensation, the right to which the Group expects to receive in exchange for the transfer of the promised goods or services to customers. Revenue presents amounts due for goods and services sold in the ordinary course of business, net of taxes accrued on the revenue.

Passenger flights: Revenue from the sale of tickets is recognised upon delivery of air-transport services. The price of tickets sold and valid, that have not been used at the reporting date, is recognised in the Group's consolidated statement of financial position as a separate line item 'Contract liabilities' within current liabilities. The balance on this account is reduced as the Group continues to provide related transportation services, or when the passenger returns the ticket.

The price of tickets that have been sold but not used is recognised as sales revenue at the time when the right to return such tickets expires. The Group grants the right to return such tickets during a subsequent year. Revenue from the service for changes in bookings (service fees for changes in booking terms) is recognised when air transportation services are provided.

Where a passenger's itinerary consists of several segments and the transportation for such itinerary is formalised by a single agreement for air transportation, revenue for changes in booking terms is recognised when the first segment of the route is completed.

The Group conducts sales through agents that act as intermediaries distributing tickets among customers. In average, receivables are collected within a month from origination.

Commission fees payable to agents for the sale of air tickets are recognised within expenses in the consolidated statement of profit or loss and other comprehensive income in the period of the provision of the services, as according to current tariffs, the period for meeting obligations on passenger transportation does not exceed one year.

Revenue from passenger flights includes revenue under interline agreements signed between the Group and other airlines, whereby the airlines use their tickets to document transportation on regular flights operated by its partner airlines. The airline can issue tickets for any flights whose one or several segments of one itinerary will be carried out by another carrier. Revenue from any flights that were provided by a partner under an interline agreement, but were documented on the Group's blank forms is recognised when the air transport services have been rendered by the partner, as the Group acts as an agent, in the amount of net income (commission fees), within the traffic revenue, in the Group's consolidated statement of profit or loss and other comprehensive income.

3. Material accounting policies (continued)

The Group is entitled to commission at a point in time when the interline partner has completed a flight, which corresponds to the point in time when the obligation to carry an end customer is performed and it is a basis for making settlement payments with the partner to the interline agreement.

Where a contract of carriage with a passenger includes two or more itinerary segments (performance obligations), with mixed terms and conditions whereby flights are operated by both the Group or partners to interline agreements, revenue from sale of itinerary segments for flights operated by the Group is recognised in full amount at a point in time when air transport services have been provided, and revenue from sale of itinerary segments for flights operated by other airlines is recognised in the amount equal to net income within 'revenue from transportation services' in the Group's consolidated statement of profit or loss and other comprehensive Income.

Cargo service: Revenue from cargo services is recognised in 'revenue from transportation services' when air transport services have been provided. The cost of air cargo services sold but not provided is recognised in the consolidated statement of profit or loss and other comprehensive Income within 'contract liabilities' from contracts with customers.

Charters: Revenue from air charter services (passenger and cargo service) is recognised in 'revenue from transportation services' when air transport services have been provided (charter flights have been completed). The cost of charter services sold but not provided (passenger and cargo service) is recognised in the consolidated statement of financial position within 'contract liabilities' from contracts with customers.

Other revenue: Other revenue from services is recognised at a point in time when such services have been provided.

A financing component: Under the contracts with customers, the expected length of time between when the entity transfers the promised goods or services to the customer and when the customer pays for those goods or services does not exceed one (1) year. Therefore, the Group need not adjust the promised amount of consideration for the effects of a significant financing component.

The Group does not have any substantial assets under the contracts with customers. When a right to consideration becomes unconditional, the Group recognises the receivables. The Group's contract liabilities include unearned revenue from passenger carriage services, obligations under the loyalty programme, and other advances paid by customers (Note 23).

Loyalty programme

Uzbekistan Airways JSC operates the loyalty programme UzAirPlus (the "Programme" or "UzAirPlus Programme") which aims to reward passengers frequently flying with Uzbekistan Airways.

Revenue from bonus points awarded is recognised at a point in time when services, that were paid with bonus points, have been provided to the Programme's participant, or when unused bonus points expired, by reducing current deferred revenue and other current liabilities, based on the estimated value of a bonus point.

The amount of deferred revenue is determined by allocating the transaction price to performance obligations (the tickets sold and bonus points) in proportion to those stand-alone selling prices at contract inception.

The estimated value of bonus points earned but not used by participants of UzAirPlus Programme when travelling on the Group's flights is recognised as current deferred revenue under the loyalty programme, within 'current liabilities' in the consolidated statement of financial position.

Financial assets impairment – allowance for ECL

On a forward-looking basis, the Group assesses the ECL for financial assets measured at amortised cost. The Group measures ECL and recognises allowance for credit losses at each reporting date. The measurement of ECL reflects: (i) an unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes, (ii) time value of money and (iii) all reasonable and supportable information that is available without undue cost and effort at the end of each reporting period about past events, current conditions and forecasts of future conditions.

3. Material accounting policies (continued)

Trade and other receivables are presented in the consolidated statement of financial position net of the loss allowance for ECL.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. Credit loss allowance for trade receivables is determined in accordance with a provision matrix.

For other financial assets within the scope of the IFRS 9 expected credit losses model, the Group applies a three-stage model for impairment, based on changes in credit quality since initial recognition. A financial instrument that is not credit-impaired on initial recognition is classified as Stage 1. Financial assets in Stage 1 have their ECL measured at an amount equal to the portion of lifetime ECL that results from default events possible within the next 12 months or until contractual maturity, if shorter ("12-month ECL").

If the Group identifies a significant increase in credit risk ("SICR") since initial recognition, the asset is transferred to Stage 2 and its ECL is measured based on ECL on a lifetime basis, that is, up until contractual maturity but considering expected prepayments, if any ("Lifetime ECL"). If the Group determines that a financial asset is credit-impaired, the asset is transferred to Stage 3 and its ECL is measured as a Lifetime ECL.

IFRS 9 impairment requirements also apply to cash and cash equivalents, and identified impairment loss was immaterial.

Change in presentation of other receivables in comparative information.

During the reporting period, management reviewed the classification of accounts receivable from trading agents and concluded that amounts previously reflected as other receivables should be more appropriately classified as trade receivables, since they represent sums due from agents arising in the ordinary course of the Group's business.

Accordingly, comparative information has been reclassified to align with the presentation of the current period. The reclassification had no impact on the Group's total assets, equity, or profit for the period.

The impact of the reclassification disclosed in Note 13 as of 31 December 2024 is presented below:

– trade receivables increased by UZS 77 billion;

– other receivables decreased by UZS 77 billion.

4. Significant accounting judgements, estimates and assumptions

The Group makes judgements, estimates and assumptions that affect the amounts recognised in the consolidated financial statements and the carrying amounts of assets and liabilities within the next financial year.

Estimates and judgments are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Management also makes certain judgments, apart from those involving estimations, in the process of applying the accounting policies.

4. Significant accounting judgements, estimates and assumptions (continued)

Judgements that have the most significant effect on the amounts recognised in the consolidated financial statements and estimates that can cause a significant adjustment to the carrying amount of assets and liabilities within the next financial year include:

Useful lives and residual values of items of property, plant and equipment

The assessment of the useful lives of items of property, plant and equipment and their residual values is a matter of management judgement based on the use of similar assets in prior periods. To determine the useful lives and residual value of property, plant and equipment, management considers the following factors: nature of the expected use, estimated technical obsolescence and physical wear.

A change in each of the above conditions or estimates may require the adjustment of future depreciation expenses.

Determining the cash-generating units

The Group operates both long-haul and medium-haul aircraft, as well as light aircraft for regional transportation, as described in Note 1. The state regulates the domestic routes that must be covered by air traffic, and the cost of transportation. Management of the Group manages its fleet of aircraft in such a way as to obtain the maximum benefit from the provision of transportation services. For this purpose, management rotates the aircraft used on different routes and considers that the aircraft are interchangeable. Thus, the Group has determined that aircraft that are interchangeable are a part of a single cash-generating unit.

Receivables from the Ministry of Economy and Finance of the Republic of Uzbekistan (the "MEF RUz")

In accordance with the Decrees of the Cabinet of Ministers and the President of the Republic of Uzbekistan, the MEF RUz is obliged to provide cash funds to the Group for repayment of loans and borrowings and related interest, received for the acquisition and re-equipment of aircraft used solely for the state needs. Cash funds are provided before the scheduled repayments of loans and borrowings are to be made.

The Group has recognised accounts receivable from the MEF RUz in the amount expected to be received in the future. These receivables are subsequently measured at amortised cost. Since accounts receivable do not have a contractual basis, the Group accounts for them in accordance with IFRS 9 by analogy.

Provisions for regular repairs and maintenance of aircraft

The assessment of amount and expected timing of regular repairs and maintenance works are matters of management judgement.

In determining whether the present obligation should be recognised in accordance with IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* the Group applies a unified provision-based approach to accounting as the Group believes it is the most relevant method and makes provisions as aircraft are used.

Estimates of the expected costs are based on the most reliable data on the assessment date. This takes into account the terms of the lease agreements, the age and condition of the aircraft and aircraft engines, the market value of the fixtures, components and assemblies to be replaced and the cost of the work required.

Accounting for sponsorship funds received

The Group received sponsorship funds for the construction of aircraft hangars at Tashkent International Airport. The Group is planning to use these hangars for aircraft repairs and short-term lease to third parties. The planned date of construction completion is Q3 2026. As the funds received have an implied purpose of use, the Group recognised the funds received as deferred income in the consolidated statement of financial position. The Group is planning to recognise income generated from the sponsorship funds received as long as these hangars are used.

4. Significant accounting judgements, estimates and assumptions (continued)

Recognition of revenue from unused air tickets

The passenger transportation agreement assumes that the passenger uses an air ticket within one year after purchase. The passenger can also change the date of the flight an unlimited number of times by paying the required fee in accordance with the applicable tariff.

For non-refundable and non-transferable tickets, revenue from unused tickets is recognised at the time of the flight for which the ticket was issued, if the passenger did not show up for the flight, as when the flight is performed, the Group's obligation to provide transportation ceases. At the same time, airport charges, to the extent that they are refundable to the passenger within 36 months in the event of a no-show, are not recognised as revenue on the date of the flight. For such amounts, the Group estimates, based on historical statistics, the volume of charges that are not expected to be refunded, and recognises the corresponding amounts taking into account the estimate of the unclaimed portion of obligations, while the amount expected to be refunded continues to be recorded as a liability.

Qualifying assets

The Group has begun making advance payments for the acquisition of aircraft under contracts entered into with Airbus SAS and The Boeing Company, as disclosed in Note 28. Aircraft deliveries are not expected before 2029, and management believes that the assembly of the aircraft will be completed within one year prior to the scheduled delivery dates. Accordingly, interest expense on borrowings related to these advance payments has not been capitalised to date, although such aircraft meet the definition of qualifying assets in accordance with IAS 23 *Borrowing Costs.* Capitalisation will commence once assembly begins in the future.

Transfer of assets of Toshkent-Humo Airport

During 2025, the Group acquired incomplete airport infrastructure from another government-related entity. The acquired assets include an unfinished runway, aircraft aprons, fencing, uninstalled equipment, buildings under construction, and project documentation. The transferred assets were in such a state and condition that prevented them from generating revenue. Neither personnel nor agreements with organised workforce were transferred. Accordingly, management concluded that the acquired assets constitute assets rather than a business.

Considering that the assets were obtained from another government-related entity and pursuant to the government decree, management concluded that the transfer constitutes a contribution from a shareholder.

IFRS does not provide explicit guidance on the measurement of assets received from shareholders free of charge. Management applied an approach applicable to comparable transactions under other IFRS standards and decided to recognise the acquired assets at their fair value. To determine the fair value of assets at the date of their transfer (31 March 2025), management engaged an independent professional appraiser.

Pursuant to the government decree, the Company is obligated to issue shares in exchange for the assets received, at their carrying amount for tax accounting purposes in the amount of UZS 868 billion. The difference between fair value and carrying amount is to be recognised in retained earnings on the date the shares are issued. However, as of the reporting date, the shareholders made no decision to increase the authorised capital. Since there is uncertainty as to whether the shares will be issued, the advance payment towards the increase of authorised capital has been fully classified as a liability.

4. Significant accounting judgements, estimates and assumptions (continued)

The majority of Group' property, plant and equipment is specialised in nature and is rarely sold on the open market other than as part of a continuing business. The market for similar property, plant and equipment is not active in the Republic of Uzbekistan and does not provide a sufficient number of sales of comparable property, plant and equipment for using a market-based approach for determining their fair values. Consequently, the fair value of property, plant and equipment received from another state enterprise was determined using depreciated replacement cost method. This method considers the cost to replace similar assets, adjusted for depreciation. Depreciated replacement cost was estimated based on internal sources and analysis of the Uzbekistan and international markets for similar property, plant and equipment. Various market data were collected from published information, catalogues, statistical data etc., and industry experts and suppliers of property, plant and equipment were contacted both in the Republic of Uzbekistan and abroad. In addition to the determination of the depreciated replacement cost, cash flow testing for economical depreciation was conducted. An income approach was applied in determining economic depreciation as part of the application of the cost approach. Due to the absence of an active market for comparable assets, the market (comparative) approach was not applied.

In accordance with IFRS 13, the fair value measurement is classified as Level 3 within the fair value hierarchy. Level 2 and Level 3 inputs were used in the valuation. Level 2 inputs included prices from import contracts, cargo customs declarations, and invoices. Level 3 inputs included adjustments for physical, functional or economical depreciation, and valuation of economic depreciation of specialised assets.

Based on the valuation results, no physical depreciation was identified for certain asset groups, and it was therefore assumed to be 0%, due to the absence of their operational use at the valuation date. Functional obsolescence and economic depreciation were determined based on professional judgement, taking into account the characteristics of the assets and market conditions.

5. Adoption of new and revised standards and interpretations

A number of the following standards and amendments to standards are effective for annual periods beginning on 1 January 2025; they do not have a material effect on the Group.

Amendments to IFRS (IAS) 21 'Lack of Exchangeability' (issued on 15 August 2023 and effective for annual reporting periods beginning on or after 1 January 2025). In August 2023, the IASB issued amendments to IFRS (IAS) 21, which are effective for annual periods beginning on or after 1 January 2025. The amendments provide clarification on determining the spot exchange rate when two currencies lack exchangeability for a specific purpose at the measurement date. In such circumstances, the entity shall determine an estimated spot exchange rate in accordance with the established conceptual framework. Restatement of comparative information on initial application of the amendments is not permitted. The amounts affected shall be translated at the date of initial application, with the corresponding adjustment recognised in retained earnings or cumulative translation reserve.

6. New standards and interpretations

A number of new standards and interpretations has been issued that are mandatory for annual periods beginning on or after 1 January 2025 and that the Group has not early adopted.

Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7) (effective from 1 January 2026). The amendments clarify the requirements for recognition and derecognition of particular financial instruments and provide additional guidance on the 'solely payments of principal and interest' (SPPI) criterion.

IFRS 18 Presentation and Disclosure in Financial Statements (effective from 1 January 2027). IFRS 18 will replace IAS 1 *Presentation of Financial Statements* and applies for annual reporting periods beginning on or after 1 January 2027. The new standard introduces the following key new requirements.

Entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to present a newly-defined operating profit subtotal. Entities' net profit will not change.

Management-defined performance measures (MPMs) are disclosed in a single note in the financial statements.

Enhanced guidance is provided on how to group information in the financial statements.

In addition, all entities are required to use the operating profit subtotal as the starting point for the statement of cash flows when presenting operating cash flows under indirect method.

The Group is still in the process of assessing the impact of the new standard, particularly with respect to the structure of the Group's statement of profit or loss, the statement of cash flows and the additional disclosures required for MPMs. The initially expected significant effects on the Group's consolidated financial statements are as follows:

- New disclosures will be introduced, including a reconciliation for each line item in the statement of profit or loss between the restated amounts presented in accordance with IAS 18, and the amounts previously presented in accordance with IFRS 1.
- Interest paid will be classified in the statement of cash flows within 'financing activities'.

The Group is also assessing the impact on how information is grouped in the financial statements, including for items currently labelled as "other".

IFRS 19 Subsidiaries without Public Accountability: Disclosures (effective from 1 January 2027). IFRS 19 permits eligible subsidiaries to apply IFRS with reduced disclosure requirements, thereby lowering the cost of preparing financial statements while preserving the usefulness of information for users.

Contracts Referencing Nature-dependent Electricity (Amendments to IFRS 9 and IFRS 7) (effective from 1 January 2026). The amendments clarify the accounting treatment of contracts for electricity dependent on natural factors (e.g. power purchase agreements (PPAs)), including the application of the own-use exemption, hedge accounting requirements, and additional disclosure requirements.

Annual Improvements to IFRS Accounting Standards (effective from 1 January 2026). The Annual Improvements introduce minor amendments and clarifications to several standards (including IAS 1, IFRS 7, IFRS 9, IFRS 10, IFRS 16 and IFRS 7) to eliminate inconsistencies, refine wording, and improve consistency of requirements across standards without altering the underlying accounting principles.

Unless otherwise stated above, the new standards and interpretations are not expected to have a material impact on the Group's consolidated financial statements. The Group has not presented in this Note other new accounting provisions that are either clearly not applicable to the Group or will not have a material impact on the Group's consolidated financial statements.

7. Balances and transactions with related parties

Parties are generally considered to be related if the parties are under common control, or one party has the ability to control the other party, or if one party can exercise significant influence or joint control over the other party in making financial and operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form.

Parent company and ultimate controlling party of the Group

The shareholders of the Company are a government body and a state-owned fund company. Accordingly, the Group's ultimate controlling party is the Government of the Republic of Uzbekistan.

Transactions with government-related entities

The Group transacts with a number of entities that are controlled or jointly controlled by, or under significant influence of, the Government of the Republic of Uzbekistan. The Group applies the exemption in IAS 24 *Related Party Disclosures* that allows to present reduced related party disclosures regarding transactions with government-related entities. Transactions with other organisations associated with the Government of the Republic of Uzbekistan, which are not significant individually, but are significant in aggregate, amount to UZS 383 billion for 2025 (2024: UZS 324 billion) are represented mainly by taxes, duties, bank services, and utilities transactions.

The Group primarily purchases fuel from entities under common control and ground handling and maintenance services. In addition, one of the types of such transactions is aviation fuel commodity loans. Under these agreements, the Group receives aviation fuel from a government-related entity on a loan basis as needed, and subsequently returns fuel in the same volume and of the same quality upon receipt of respective supplies from its main suppliers. These transactions are carried out without cash settlements and reflect the business needs of the parties.

In addition, during the reporting year the Group acquired an incomplete airport infrastructure from another government-related entity with the fair value of UZS 2,214 billion as an additional contribution from the MEF RUz to the Company's share capital (Note 4). As at the reporting date, this contribution is stated within the liabilities to the shareholder, as the necessary corporate and legal procedures required for its registration as the authorised capital have not been completed.

These assets also include the items of property, plant and equipment in the amount of UZS 137 billion related to construction of Terminal 1 in Toshkent-Humo airport. Said facility is used exclusively for the state needs. The Group does not recognise this facility as an asset as the Group has no control over it. Accordingly, the cost of Terminal 1, less the related tax effect of UZS 21 billion, was recorded directly in the Group's equity as decrease in retained earnings. According to the Group's management, such approach reflects the economic substance of the transaction.

7. Balances and transactions with related parties (continued)

	Transaction value for the year ended 31 December		Outstanding balance as at 31 December	
UZS billion	**2025**	**2024**	**2025**	**2024**
Sale of goods and services:				
Entities under common control	58	58	25	153
Parent company	31	14	50	35
Purchase of goods and services:				
Entities under common control	(3,754)	(2,477)	(494)	(356)
Transactions with the MEF RUz:				
Receivables from the MEF RUz - cash receipts	836	484	1,456	1,843
Payables to the MEF RUz	(920)	-	(1,185)	(265)
Loans and borrowings:				
Principal amount received/paid net/payable:				
- Entities under common control	1,069	(308)	(3,238)	(2,241)
- Parent company	645	-	(508)	-
Interest paid/payable				
- Entities under common control:	(188)	(291)	(148)	(46)
- Parent company	(2)	-	(14)	-
Cash and cash equivalents:				
Entities under common control	-	-	151	106
Short-term deposits placed:				
Entities under common control	(447)	787	-	447
Commodity loan provided:				
Entities under common control	29	65	39	36
Commodity loan received:				
Entities under common control	(28)	(48)	(28)	-

Other distributions to the shareholders are disclosed in Note 16.

Key management remuneration

Key management personnel (the members of the Management Board and Supervisory Board) of the Group received the short-term remuneration including salary, paid leave allowance and sick leave pay, bonuses as well as other compensations, and per diem allowances. The Group has stopped paying remuneration to the members of the Supervisory Board since August 2024 in accordance with the Order of the Government of the Republic of Uzbekistan, except for the independent members. The total remuneration of the Group's key management personnel amounted to UZS 12 billion in 2025 (2024: UZS 13 billion).

8. Property, plant and equipment

UZS billion	Aircraft, including air frames and engines	Buildings and constructions	Machinery and equipment	Other property, plant and equipment	Construction-in-progress and advances paid for PPE acquisition	Total
Cost at 1 January 2024	8,976	130	156	97	660	**10,019**
Accumulated depreciation at 1 January 2024	(2,706)	(76)	(97)	(57)	-	**(2,936)**
Carrying amount at 1 January 2024	**6,270**	**54**	**59**	**40**	**660**	**7,083**
Additions	388	2	18	25	1,865	2,298
Capitalised expenses on loans and borrowings	-	-	-	-	67	67
Transfer from one category to another	180	5	-	8	(193)	-
Transfer to assets for distribution to the Shareholder	-	-	-	-	(24)	(24)
Disposals	(18)	-	-	-	(7)	(25)
Depreciation	(469)	(3)	(8)	(13)	-	(493)
Carrying amount at 31 December 2024	**6,351**	**58**	**69**	**60**	**2,368**	**8,906**
Cost at 31 December 2024	9,396	137	172	137	2,368	**12,210**
Accumulated depreciation at 31 December 2024	(3,045)	(79)	(103)	(77)	-	**(3,304)**
Carrying amount at 31 December 2024	**6,351**	**58**	**69**	**60**	**2,368**	**8,906**
Additions	627	21	47	12	5,546	6,253
Capitalised expenses on loans and borrowings	-	-	-	-	173	173
Transfer from one category to another	72	4,987	383	-	(5,442)	-
Transfer to assets for distribution to the Shareholder	-	-	-	-	(40)	(40)
Disposals	(3)	(2)	(1)	(1)	-	(7)
Depreciation	(578)	(33)	(28)	(12)	-	(651)
Carrying amount at 31 December 2025	**6,469**	**5,031**	**470**	**59**	**2,605**	**14,634**
Cost at 31 December 2025	10,073	5,142	597	144	2,605	**18,561**
Accumulated depreciation at 31 December 2025	(3,604)	(111)	(127)	(85)	-	**(3,927)**
Carrying amount at 31 December 2025	**6,469**	**5,031**	**470**	**59**	**2,605**	**14,634**

During the reporting year the Group purchased and put into service one Let L-410 aircraft for the amount of UZS 101 billion, and one LEAP-1A33 aircraft engine (for Airbus A321neo) for the amount of UZS 222 billion and two PW4062-3 aircraft engines (for Boeing 767) for a total amount of UZS 243 billion, recorded in 'Aircraft, including air frames and engines' caption. In addition, the overhaul of aircraft and aircraft engines was performed for the amount of UZS 130 billion.

8. Property, plant and equipment (continued)

Furthermore, during the reporting year the Group commissioned a building, runway and terminal aprons in Toshkent-Humo airport worth of UZS 4,987 billion, and other airport equipment for the amount of UZS 383 billion. These receipts include property, plant and equipment received from O'zbekiston temir yo'llari JSC, the fair value of which amounted to UZS 2,077 billion as at the recognition date (Notes 4 and 7).

Included in the construction in progress and advances paid for PPE acquisition as at 31 December 2025 are: advance payments for purchase of aircraft in the amount of UZS 1,847 billion (31 December 2024: UZS 643 billion); costs of construction of two aircraft hangars in the amount of UZS 365 billion (31 December 2024: UZS 323 billion), modernisation and reconstruction of the building of Uzbekistan Airways Technics LLC for the amount of UZS 230 billion.

As at 31 December 2025, the cost of fully depreciated property, plant and equipment of the Group, which are still in use amounted to UZS 373 billion (31 December 2024: UZS 387 billion).

Three Boeing 787 aircraft, nine Airbus 320-214 aircraft and two Let L-410 aircraft are pledged. Their net book value amounted to UZS 2,705 billion, UZS 236 billion and UZS 95 billion, respectively, as at 31 December 2025 (31 December 2023: three Boeing 787 aircraft and three ATR 72-600 aircraft with net book value of UZS 2,854 billion and US 523 billion, respectively).

The increase in expenses under ‘Maintenance and repairs" caption in the consolidated statement of profit or loss and other comprehensive income has been due to an increase in aircraft flight hours and, as a consequence, an increase in the volume of scheduled maintenance work. Unscheduled repairs on certain aircraft and aircraft engines also contributed to the increase. Furthermore, during the reporting period there was an increase in the cost of spare parts and services from maintenance providers, which also contributed to the increase in related expenses.

9. Right-of-use assets

UZS billion	**Aircraft type A320, A321**	**Aircraft type ATR72-212A**	**Total**
Balance at 1 January 2024	**4,646**	**-**	**4,646**
Addition	717	500	1,217
Depreciation expenses	(490)	(36)	(526)
Balance at 31 December 2024	**4,873**	**464**	**5,337**
Modification	-	(204)	(204)
Depreciation expenses	(509)	(10)	(519)
Balance at 31 December 2025	**4,364**	**250**	**4,614**

The Group's liabilities under the lease agreements are secured by the lessor's ownership of the leased assets.

Decrease in expenses on “Lease of aircraft, engines and other aircraft equipment’ caption in the consolidated statement of profit or loss and other comprehensive income in 2025 as compared to 2024 has been due to employing two Airbus 330-243 aircraft on the “wet lease” terms during 2024. Said contracts did not meet the lease recognition criteria as required by IFRS 16 and were accounted for as an operating lease with expenses being recorded in profit or loss.

In May 2025, the respective aircraft were returned to the lessors, which resulted in significant decrease of expenses in the reporting period. Expenses on said contracts in 2025 amounted to UZS 150 billion (2024: UZS 286 billion).

10. Receivables from the MEF RUz

UZS billion	31 December 2025	31 December 2024
Non-current portion	1,082	1,432
Current portion	374	420
Total	**1,456**	**1,843**

In accordance with the Decrees of the Cabinet of Ministers of the Republic of Uzbekistan, the Group is legally entitled to receive cash funds from the MEF RUz for repayment of loans and borrowings and related interest, received for the acquisition and re-equipment of aircraft used solely for the state needs. The Group has not recognised these aircraft as assets, as the Group has no control over these aircraft. IFRS 9 *Financial Instruments* requires that financial assets are initially recognised at fair value. As part of receivables was non-current and non-interest-bearing at initial recognition, the carrying amount of such receivables was recognised by discounting future cash flows in accordance with the agreed repayment schedule, using the interest rates ranging from 3.7% to 6.8% per annum. As at 31 December 2025 the entire receivables are categorised into Stage 1 (31 December 2024: Stage 1).

Settlements under a state project

During the reporting year the Group made payments for a total amount of UZS 442 billion (2024: UZS 140 billion) under the state project - construction of Terminal 1 at Toshkent-Humo airport on behalf of the MEF RUz. During the year the MEF RUz partially repaid the above sum - in the amount of UZS 470 billion (2024: UZS 50 million). The Company expects to receive the remaining amount from the MEF RUz during 2026.

11. Other non-current assets

UZS billion	31 December 2025	31 December 2024
Payments to provisions for maintenance of leased aircraft	778	714
A security deposit for leased aircraft	149	158
Other	104	49
Total	**1,031**	**921**

Payments to provisions for maintenance of leased aircraft are transferred to the lessor to secure the lessee's full and timely fulfilment of its obligations for maintenance of leased aircraft. Payments include a monthly fixed amount and an amount depending on the number of flight hours. Payments to provisions for maintenance of leased aircraft is recoverable where the Group provides maintenance itself.

A security deposit for leased aircraft is held with the lessor to secure the lessee's fulfilment of its obligations in full, on a timely basis and in good faith. The security deposit is transferred to the lessor in a single instalment or in several instalments. The security deposit is usually equal from one to three monthly lease payments. The security deposit can be offset against the last lease payment or any payment if there is any non-fulfilment of obligations by the lessee The security deposit is returned subsequent to the lease agreement's termination/cancellation or the return of the aircraft immediately after the date the lease is terminated, and lessee fulfils its obligations.

All amounts paid to provision for maintenance of leased aircraft and security deposits for leased aircraft as at 31 December 2025 and 31 December 2024 are placed with lessors rated A1, A2 and Ba1 (Moody's).

12. Inventories

UZS billion	31 December 2025	31 December 2024
Spare parts and other materials	539	418
Fuel	229	193
Work-in-progress	10	6
Total inventories	**778**	**617**

The cost of spare parts and other materials written off in 2025, totalling UZS 581 billion is included in aircraft maintenance and repair expenses (2024: UZS 531 billion).

13. Trade and other receivables

UZS billion	31 December 2025	31 December 2024
Trade receivables from third parties	439	351
Trade receivables from related parties	25	188
Other receivables	121	91
Less: allowance for expected credit losses	*(163)*	*(86)*
Total financial assets within trade and other receivables	***422***	***544***
Receivables due from employees on other transactions	25	25
Total trade and other receivables	**447**	**569**

The Group's exposure to credit and currency risks and impairment losses related to trade and other receivables are disclosed in Note 27.

14. Cash and cash equivalents

UZS billion	31 December 2025	31 December 2024
Cash on hand and in current bank accounts denominated in foreign currency	264	228
Short-term bank deposits	123	447
Cash on hand and in current bank accounts denominated in UZS	56	145
Total cash and cash equivalents	**443**	**820**

As at 31 December 2025 and 31 December 2024, 35% and 28% of the Group's cash are held with National Bank of Foreign Economic Activity of the Republic of Uzbekistan JSC ("NBU JSC"), which is under control of the state and rated Ba3 (Moody's). The bank balances are neither past due nor impaired and are categorised into Stage 1.

15. Other assets

UZS billion	31 December 2025	31 December 2024
Advances paid to suppliers of goods/services	554	534
Payments to provisions for maintenance of leased aircraft	254	-
Taxes prepaid	259	179
Short-term bank deposits	-	158
Other	77	75
Total	**1,144**	**946**

Taxes prepaid include mostly VAT prepaid.

16. Share capital

Share capital

As at 31 December 2025 and 31 December 2024, share capital of Uzbekistan Airways JSC was equal to UZS 4,263 billion and is divided into 42,632,403,418 ordinary shares with a par value of UZS 100 (one hundred) per share.

As at 31 December 2025 and 31 December 2024, the Company's shareholders and their shares are as follows:

	Share capital		*Interest in the Group*	
UZS billion	31 December 2025	31 December 2024	31 December 2025	31 December 2024
The MEF RUz	3,197	4,263	75%	100%
National Investment Fund of the RUz	1,066	-	25%	0%
Total share capital	**4,263**	**4,263**	**100%**	**100%**

During the reporting year, in accordance with the Decree of the President of the Republic of Uzbekistan No.УП-303 dated 27 April 2025, the MEF RUz transferred a 25% block of shares of the Company to the National Investment Fund of the RUz. This transfer was recorded in the financial statements as change in the Government's interest in the Company's share capital.

Dividends

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company.

In 2025, the shareholders made decision to distribute dividends in the amount of UZS 353 billion or UZS 8.3 per each of 42.6 billion shares (2024: UZS 205 billion or UZS 4.77 per each of 43 billion shares). Out of the total amount of dividends, UZS 105 billion were paid in fact to the MEF RUz and UZS 90 billion are payable to the shareholder - the National Investment Fund of the RUz, while the remaining part of UZS 158 billion has been used to increase the share capital.

Recognition of assets and liabilities for distribution to the shareholder

During 2023-2025 the Group reconstructed Zamin airport for the total amount of UZS 148 billion and Kokand airport for the total amount of UZS 40 billion in accordance with the Government order. According to the decision of the state authorities, these assets are transferrable to another state-owned company Reconstruction is financed at the expense of decrease in the MEF RUz interest in the Company's share capital. Therefore, the Group recognised assets for distribution to the shareholder in the amount of UZS 188 billion as at 31 December 2025 (31 December 2024: UZS 140 billion). In addition, at the same date the Group recognised liabilities to the shareholder in correspondence with the retained earnings in equity.

17. Loans and borrowings

UZS billion	31 December 2025			31 December 2024		
	Non-current portion	**Current portion**	**Total**	**Non-current portion**	**Current portion**	**Total**
China Development Bank	2,220	804	**3,024**	3,203	950	**4,153**
NBU JSC	1,412	436	**1,848**	224	369	**593**
The Fund for Reconstruction and Development of the Republic of Uzbekistan	1,081	457	**1,538**	1,565	129	**1,694**
The MEF RUz	327	194	**521**	-	-	**-**
KDB Bank Uzbekistan JSC	231	1	**232**	-	-	**-**
BOC Aviation	188	21	**209**	-	-	**-**
Komerční banka, a.s. (Czech Republic)	140	17	**157**	-	-	**-**
Islamic Development Bank	-	-	**-**	-	199	**199**
Total	**5,599**	**1,930**	**7,529**	**4,992**	**1,647**	**6,639**

China Development Bank

During 2012- 2021, the Group received loans with a limit of USD 537,4 million (equivalent of UZS 4,223 billion) through NBU JSC, to purchase A-320-200 and Boeing 787 aircraft; loans bear interest rates of LIBOR 6m+3%/3.1% (inclusive of NBU margin of 0.5% per annum) and LIBOR 6m+2.6% (inclusive of NBU margin of 0.1% per annum), where part of borrowings was received to purchase aircraft intended to be operated solely for the state needs. As at 31 December 2025 and 31 December 2024, the carrying value of loans was UZS 3,024 billion and UZS 4,153 billion, respectively, including the loans for the state needs of UZS 701 billion and UZS 968 billion, respectively. The loans were granted for 10 years, with a grace period of 3 years. The loans are secured by the guarantee of the Government of Uzbekistan. In December 2023, the lender's interest rates were changed to fixed rates of 5.1% - 6.15%. The loans are repayable before 2030.

NBU JSC

During 2014-2019, the Group received loans with a limit of USD 121 million (UZS 326 billion) from NBU JSC to purchase Boeing 787 aircraft. The loans bear rates of 4.5% per annum. In December 2019, addenda were signed to convert the outstanding debt in US Dollars to Uzbek Soums which amounted to UZS 822 billion, and to change the interest rate to 16%. In April 2020, addenda were signed to decrease the interest rates to 10%. The loans are repayable during 2025-2026. The loans are secured by the guarantee of the Government of the Republic of Uzbekistan.

During 2023, a loan from Uzbekistan Airports JSC to NBU JSC received for the purchase of three ATR72-600 aircraft was transferred to the Group under the Debt Assignment Agreement. The loans granted mature in November 2024 and bear an interest rate of SOFR 6m+4.5%. As at 31 December 2025 the loan was fully repaid.

During the reporting period the Group raised borrowings with a limit of USD 50 million (UZS 627 billion), and UZS 906 billion from NBU JSC to finance construction of the new airport Toshkent Humo bearing the interest rates of 8.95% and 21% per annum, respectively. The loans mature in 2030.

The Fund for Reconstruction and Development of the Republic of Uzbekistan

In 2019, the Group received loans with a limit of USD 334 million (UZS 2,477 billion) and EUR 45 million (UZS 452.7 billion) through NBU JSC, to purchase A320 and Boeing 787 aircraft, and the spare aircraft engine; part of the loans bears the interest rates of LIBOR 6m+2.5% per annum (inclusive of NBU margin of 0.5%) and other part of the loans is interest-free.

17. Loans and borrowings (continued)

The residual value of the loans bearing the interest rate of LIBOR 6m+2.5% per annum (inclusive of NBU margin of 0.5%) as at 31 December 2025 and 31 December 2024 is UZS 846 billion and UZS 909 billion, respectively. The loans were granted for 10 years, with a grace period of 3 years. During 2021, the grace period was extended to 2024. The loans are repayable before 2028.

During 2017-2018, interest-free loans denominated in USD and EUR were received to purchase aircraft intended to be operated solely for the state needs. As at 31 December 2025 and 31 December 2024, the residual value of these loans was UZS 692 billion and UZS 785 billion, respectively. The borrowings were granted for 15 years, are repayable during 2032-2033 and have a grace period of 3 years.

IFRS 9 requires initial recognition of financial liabilities based on their fair values. Considering that the interest rate for loans received to purchase special-purpose aircraft is not a market interest rate, carrying amount of the loans was calculated by discounting future cash flows in accordance with the agreed repayment schedule using interest rates of 3.7% and 6.8% per annum.

The MEF RUz

During the reporting period the Group received loans from the MEF RUz in the amount of UZS 645 billion to pay for construction of facilities of non-current assets, bearing an interest rate of 7% per annum. The loans mature in 2028-2030.

The loans were initially recognised at fair value using the effective interest method and were subsequently accounted for at amortised cost. The difference of UZS 140 billion between the fair value and nominal value on initial recognition was stated in additional capital, less tax effect of UZS 21 billion.

KDB Bank Uzbekistan JSC

In June 2025 the Group received a loan of USD 19.2 million (UZS 243 billion) to purchase two PW4062-3 aircraft engines; the loan bears and interest rate of 8.75% per annum and has 2-year grace period to repay the principal. The loan matures in June 2030. The loan is insured.

Komerční banka, a.s.

During April-June 2025 the Group received a loan of EUR 11.6 million (UZS 166 billion) to finance a portion of payments as part of purchase of two Let L-410 aircraft; the loan bears an interest rate of Euribor 3m + 0.9% per annum. The loan matures in April 2035. The loan is secured by the aircraft per se and by insurance cover provided by Export Guarantee and Insurance Corporation (EGAP).

BOC Aviation Limited

In December 2025, the Group signed an agreement with BOC Aviation for one CFM International aircraft engine. Management analysed the terms of transaction and concluded that the transaction did not meet the criteria of sale recognition in accordance with IFRS 15, as control over the asset was not transferred to the customer. Therefore, an engine continues to be recognised within the Group's property, plant and equipment. Cash of USD 17.3 million (UZS 208 billion) received under this transaction was recognised within loans and borrowings as required by IFRS 9.

Information about the Company's exposure to interest rate risk, currency risks and liquidity risk is disclosed in Note 27.

18. Lease liabilities

UZS billion	31 December 2025	31 December 2024
Non-current portion	4,858	5,931
Current portion	483	454
Total	**5,341**	**6,385**

The Group leases aircraft from third parties, the contract currency is US dollars. The aircraft lease term is twelve years.

The list of the Group's aircraft, including those operated under lease contracts as at 31 December 2025 and 31 December 2024 is set out in Note 1.

The Group's liabilities under the lease agreements are secured by the lessor's right to the leased assets.

Information about the Company's exposure to interest rate risk, currency risks and liquidity risk is disclosed in Note 27.

19. Changes in liabilities arising from financing activities

UZS billion	Loans and borrowings	Lease liabilities	Total
Balance at 1 January 2024	**7,652**	**5,332**	**12,984**
Proceeds from loans and borrowings / new lease contracts	-	1,214	**1,214**
Principal payments	(1,186)	(436)	**(1,622)**
Interest accrued	457	474	**931**
Interest payments	(571)	(474)	**(1,045)**
Changes in exchange rate	287	275	**562**
Balance at 31 December 2024	**6,639**	**6,385**	**13,024**
Proceeds from loans and borrowings / new lease contracts	2,796	-	**2,796**
Discount on initial recognition of loans and borrowings	(140)	-	**(140)**
Modification of lease liability	-	(204)	**(204)**
Principal payments	(1,538)	(451)	**(1,989)**
Interest accrued	607	445	**1,052**
Interest payments	(476)	(418)	**(894)**
Changes in exchange rate	(359)	(416)	**(775)**
Balance at 31 December 2025	**7,529**	**5,341**	**12,870**

20. Provisions for liabilities

Provisions for liabilities include provisions for regular repairs and maintenance relating to leased aircraft.

UZS billion	31 December 2025	31 December 2024
Engine	504	315
Engine parts	415	267
6-year engine check	46	48
Auxiliary power unit	41	25
12-year engine check	24	17
Landing gear	12	8
8-year engine check	4	-
4-year engine check	2	-
Total	**1,048**	**680**

The movement in the accrued provision for leased aircraft is as follows:

UZS billion	2025	2024
Balance at 1 January	**680**	**436**
Charge for the year	325	340
Effect of change in accounting estimates	-	(113)
Unwinding of discount	67	17
Use	(24)	-
Balance at 31 December	**1,048**	**680**

As per the terms of the lease agreement, the Group must perform routine aircraft repair and maintenance procedures through the useful life of aircraft and pay for them, as well as to return the aircraft to the lessor in satisfactory condition at the end of the lease.

These provisions are expected to be used as follows:

UZS billion	31 December 2025	31 December 2024
Within first year	241	20
Within second year	83	183
After third year	724	477
Total provision for aircraft maintenance	**1,048**	**680**

Significant judgement is involved in the determination of aircraft repair and maintenance provisions. Management estimates are prepared based on the current technical condition of the aircraft, historical flight hours and flight cycles, the expected level of future aircraft use, taking into account the lease term, as well as condition of aircraft in which they must be returned to the lessor. Estimates are made using the following key assumptions:

- estimated utilisation rate of flight hours and cycles is based on historical data and actual aircraft utilisation;
- the aircraft is assumed to be used under standard practices and regulations;
- in 2025 the Group discounted provisions for periodic repairs and maintenance of leased aircraft using a borrowing rate of 10.1% (2024: 10.1%);
- no provisions have been made for unscheduled maintenance.

21. Trade and other payables

UZS billion	31 December 2025	31 December 2024
Trade payables from third parties	1,230	977
Trade payables from related parties	494	356
Total financial liabilities within trade and other payables	***1,724***	***1,333***
Liabilities to shareholder	2,777	265
Wages and salaries payable	270	191
Other	79	61
Total trade and other payables	**4,850**	**1,850**

The major part of liabilities to the shareholder comprises additional contributions to the Company from the MEF RUz in the form of property, plant and equipment (Note 7). There are also liabilities to issue shares to the shareholders in the amount of UZS 126 billion due to acquisition of Silk Avia LLC in 2023 and reinvestment of dividends in the amount of UZS 158 billion in 2025 (Note 16).

Information about the Company's exposure to interest rate risk, currency risks and liquidity risk is disclosed in Note 27.

22. Deferred income

As at 31 December 2025, deferred income of UZS 329 billion comprise the sponsors' funds received and used to build new hangars located in the territory of the subsidiary Uzbekistan Airways Technics LLC (31 December 2024: UZS 329 billion). As at the reporting date, these facilities have not been commissioned and continue to be accounted for within construction in progress.

23. Revenue from contracts with customers

UZS billion	2025	2024
International flights		
Regular passenger flights	16,288	14,969
Cargo operations	1,011	1,225
Charter air transportation	524	619
Domestic flights		
Regular passenger flights	819	606
Charter air transportation	9	7
Cargo operations	2	2
Total revenue from passenger flights and cargo operations	***18,653***	***17,428***
Other revenue	558	371
Total revenue	**19,211**	**17,799**

The share of revenue from cargo operations attributable to one counterparty in 2025 was 28% (2024: 51%).

During the reporting period, the Company expanded its destination network by opening new destinations, including Nha Trang, Makhachkala, Goa, Phu Quoc, Sanya and others. In addition, the Company increased the frequency of flights to a number of existing destinations in response to the growing passenger demand. These measures contributed to the growth of revenue from passenger flights and promoted further strengthening of the Company's market position.

The Group's revenues are denominated in UZS, as payments by customers are primarily made within the territory of the Republic of Uzbekistan.

Other income primarily consists of revenue from the sale of fuel products to other domestic air companies.

Contract balances

The following table provides information about receivables and liabilities from contracts with customers that are expected to be settled within the next year.

UZS billion	31 December 2025	31 December 2024
Trade receivables	301	453
Liabilities under contracts with customers - advances received	(1,010)	(1,106)
Liabilities under contracts with customers – customer loyalty programme	(229)	(196)

During 2025, revenue in the amount of UZS 1,106 billion were recognised from liabilities under contracts as of 31 December 2024 (2024: 662 billion UZS in respect of liabilities under contracts as of 31 December 2023).

No information has been disclosed regarding the remaining contractual obligations with an initial expected duration of one year or less as of 31 December 2025 and 31 December 2024 in accordance with IFRS 15 standards.

24. Finance costs

UZS billion	Note	2025	2024
Interest on loans and borrowings		607	457
Lease interest		445	474
Discount on other non-current assets		257	228
Interest on discounting provisions for liabilities		67	17
Other		7	2
Total finance costs		***1,383***	***1,178***
Less: capitalised finance costs	8	(173)	(67)
Total finance costs		**1,210**	**1,111**

25. Finance income

UZS billion	2025	2024
Interest income from the MEF RUz	74	87
Interest income on deposits	32	105
Dividend income	13	14
Other	66	34
Total finance income	**185**	**240**

26. Income tax

Income tax expense components

The Group is a payer of the standard tax rate. In 2025 and 2024 the income tax rate is 15%.

UZS billion	**2025**	**2024**
Current income tax	(233)	(231)
Deferred tax	(113)	(30)
Income tax expense	**(346)**	**(261)**

Reconciliation of income tax expense with the amount of profit or loss multiplied by applicable tax rate

Reconciliation of calculated and actual income tax expense is presented below:

UZS billion	**2025**	**2024**
Profit before income tax	**2,119**	**1,750**
Estimated income tax expense at applicable statutory tax rate of 15%:	(318)	(263)
Non-deductible expenses	(20)	-
Other tax effects	(8)	2
Income tax expense for the year	**(346)**	**(261)**

The Group recognises deferred tax assets insofar as it is probable that future taxable income will be sufficient to enable the utilization of relevant income tax allowances.

Deferred taxes broken down by types of temporary differences

The tax effect of the movements in these temporary differences for the year ended 31 December 2025 is detailed below:

UZS billion	**31 December 2024**	**Recognised in equity**	**Recognised in profit or loss**	**31 December 2025**
Tax effect of deductible/(taxable) temporary differences				
Property, plant and equipment	(172)	21	(81)	(232)
Right-of-use assets	(801)	-	108	(693)
Loans and borrowings	70	(21)	(39)	10
Lease liabilities	958	-	(157)	801
Provisions for liabilities	102	-	50	152
Other assets and liability	81	-	6	89
Net deferred tax assets	**238**	**-**	**(113)**	**125**
Recognised deferred tax asset	1,211	21	(182)	1,050
Recognised deferred tax liability	(973)	(21)	69	(925)
Net deferred tax assets	**238**	**-**	**(113)**	**125**

26. Income tax (continued)

The tax effect of the movements in these temporary differences for the year ended 31 December 2024 is detailed below:

UZS billion	1 January 2024	Recognised in profit or loss	31 December 2024
Tax effect of deductible/(taxable) temporary differences			
Property, plant and equipment	(23)	(149)	(172)
Right-of-use assets	(697)	(104)	(801)
Loans and borrowings	108	(38)	70
Lease liabilities	800	158	958
Liability provisions	65	37	102
Other assets and liability	(3)	84	81
Recognised tax losses	18	(18)	-
Net deferred tax assets	**268**	**(30)**	**238**
Recognised deferred tax asset	991	220	1,211
Recognised deferred tax liability	(723)	(250)	(973)
Net deferred tax assets	**268**	**(30)**	**238**

27. Risk management

Financial risk management

The Group has exposure to the following risks from its use of financial instruments:

- credit risk;
- liquidity risk; and
- market risk (including currency risk, interest rate risk and other price risks).

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk.

Further quantitative disclosures are included throughout these consolidated financial statements.

Risk management framework

Management of the Group has overall responsibility for the establishment and oversight of the Group's risk management framework, for developing and monitoring the Group's risk management policies.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

Management of the Group controls the compliance with policy and procedures of the Group in risk management and analyses adequacy of risk management system regarding the risk faced by the Group.

27. Risk management (continued)

Credit risk

The Group's exposure to credit risk arises as a result of a counterparty's potential default on its payment obligations. Financial assets that expose the Group to potential credit risk consist primarily of trade receivables from sales agents, accounts receivable from the MEF RUz and bank balances and other receivables, as well as payments to the maintenance reserve and insurance deposits for leased aircraft and engines. Credit risk is the single largest risk for the Group's business. Management therefore carefully manages its exposure to credit risk. To mitigate credit risk, the Group enters into transactions with known and creditworthy parties that have a reliable credit history.

The Group's maximum exposure to credit risk by class of financial assets includes the following:

UZS billion	Note	31 December 2025	31 December 2024
Receivables from the MEF RUz	10	1,456	1,843
Payments to maintenance provisions and insurance coverage for leased aircraft and engines	11	927	872
Trade and other receivables	13	433	544
Cash and cash equivalents	14	443	820
Short-term bank deposits	15	-	158
Total		**3,259**	**4,237**

35% of the Group's cash in bank accounts and short-term deposits as at 31 December 2025 and 31 December 2024 are held with NBU JSC. Taking into account the state control of the bank and high probability of state support, credit risk is assessed as low and the relevant financial instruments have been classified as in Stage 1 under the expected loss model (see Notes 14 and 15). If trade receivables are less than 12 months, the Group reflects expected credit losses through the timely establishment of adequate allowances for expected credit losses. When calculating the level of expected credit losses, the Group considers information on the level of historical losses for each category of customers. Given the short life of the assets, the projected macroeconomic factors have no significant impact on the level of losses. In case of adverse developments in the economy, the factors can be adjusted.

Measurement of expected credit losses

The Group applies the IFRS 9 simplified approach to measuring expected credit losses (ECL) which uses a lifetime expected loss allowance for trade receivables.

To measure the expected credit losses, trade and other receivables have been grouped based on shared credit risk characteristics and the days past due. For purposes of measuring PD, the Group defines default as a situation when the exposure meets one or more of the following criteria:

- the borrower is more than 90 days past due on its contractual payments;
- international rating agencies have classified the borrower in the default rating class;
- the borrower meets the unlikeliness-to-pay criteria listed below:
  - the borrower is insolvent;
  - it is becoming likely that the borrower will enter bankruptcy.

27. Risk management (continued)

The assessment whether or not there has been a significant increase in credit risk since initial recognition is performed on an individual basis. The Group constantly monitors and verifies the criteria used to determine whether there is a significant increase in credit risk in terms of their appropriateness. The assumption that there has been a significant increase in credit risk since initial recognition when financial assets are more than 30 days past due, is not rebutted.

The Group considers a significant increase in credit risk for a financial instrument when one or more of the following quantitative, qualitative or restrictive criteria are met. For trade and other receivables:

- 30 days past due; and
- relative threshold value: The Group monitors borrowers with high credit risk on a regular basis and, depending on the assessment of macroeconomic, industry and other relevant factors, determines whether such counterparties have a significant increase in credit risk.

The following table provides information on the quality of trade and other receivables, including receivables from the MEF RUz, before ECL allowance as at 31 December 2025.

UZS billion	**Gross carrying amount**	**Impairment allowance**	**Credit-impaired**
Not past due	1,802	-	No
Past due 31-90 days	50	-	No
Past due 91-180 days	22	(1)	Yes
Past due 181-270 days	25	(19)	Yes
Past due more than 360 days	153	(143)	Yes
Total	**2,052**	**(163)**	

The following table provides information on the quality of trade and other receivables, including receivables from the MEF RUz, before ECL allowance as at 31 December 2024:

UZS billion	**Gross carrying amount**	**Impairment allowance**	**Credit-impaired**
Not past due	2,202	-	No
Past due 31-90 days	52	(1)	No
Past due 91-180 days	19	(1)	Yes
Past due 181-270 days	34	(1)	Yes
Past due more than 360 days	166	(83)	Yes
Total	**2,473**	**(86)**	

All debt is classified as in Stage 1, except for certain amounts that have signs of increased credit risk and are attributed to Stage 2.

Currency risk

The Group is exposed to currency risk on revenue, purchases and borrowings that are denominated in a currency other than the Uzbek Soum. The currency risk mainly arises from transactions in US Dollars, Euro and Russian Roubles.

Due to inadequate currency risk management tools in the financial market of the Republic of Uzbekistan, the Group does not have insurance coverage against currency risks.

27. Risk management (continued)

The financial statements items exposed to significant currency risk as at 31 December 2025 and 31 December 2024:

	Monetary financial assets						Monetary financial liabilities			
UZS billion	**Receivables from the MEF RUz**	**Accounts receivable**	**Other non-current assets**	**Other assets**	**Short-term bank deposits**	**Cash and cash equivalents**	**Loans and borrowings**	**Accounts payable**	**Lease liabilities**	**Net currency position**
31 December 2025										
- USD	1,058	63	927	254	-	84	(5,283)	(415)	(5,341)	**(8,653)**
- EUR	335	1	-	-	-	15	(492)	(38)	-	**(179)**
- RUB	-	27	-	-	-	72	-	-	-	**99**
Total	**1,393**	**91**	**927**	**254**	**-**	**171**	**(5,775)**	**(453)**	**(5,341)**	**(8,733)**
31 December 2024										
- USD	1,341	74	872	-	138	570	(5,813)	(490)	(6,385)	**(9,693)**
- EUR	411	28	-	-	-	25	(354)	(26)	-	**84**
- RUB	-	34	-	-	-	24	-	-	-	**58**
Total	**1,752**	**136**	**872**	**-**	**138**	**619**	**(6,167)**	**(516)**	**(6,385)**	**(9,551)**

27. Risk management (continued)

The following table presents the sensitivity of profit or loss, inclusive of the income tax, and equity to reasonably possible changes in exchange rates applied as at the date of the consolidated financial statements, on the basis that all other variables remain constant:

UZS billion	31 December 2025	31 December 2024
USD (10% appreciation)	(736)	(824)
USD (10% depreciation)	736	824
EUR (10% appreciation)	(15)	7
EUR (10% depreciation)	15	7
RUB (10% appreciation)	8	5
RUB (10% depreciation)	(8)	5

Liquidity risk

Liquidity risk is defined as the risk that the Group will encounter difficulty in meeting financial liabilities. The Group manages its liquidity position to ensure that funds be available at any time to meet all payment obligations as they become due. The Group monitors the operating profit-to-interest ratio and other liquidity ratios to prevent the liquidity gap.

Management believes that target indicators are reasonable and achievable for the foreseeable future. Management of the Group believes that additional sources of financing are accessible by the Group, if such need arises. The MEF RUz provides financing to repay loans and borrowings obtained for the purchase of aircraft and aircraft engines for the state needs. Such funding is provided at the time of loans and borrowings repayment.

The presentation below includes a maturity analysis for the Group's financial instruments based on contractual undiscounted payments, including interest:

UZS billion	Demand and less than 1 month	From 1 to 6 months	From 6 to 12 months	More than 1 year	Total	Carrying amount
31 December 2025						
Loans and borrowings with a floating interest rate	8	214	217	933	1,372	1,211
Loans and borrowings with a fixed interest rate	110	726	929	5,134	6,899	5,626
Non-interest bearing loans and borrowings	-	54	54	676	784	692
Lease	85	377	453	6,941	7,856	5,341
Accounts payable	1,724	-	-	-	1,724	1,724
Total potential future payments on financial liabilities	**1,927**	**1,371**	**1,653**	**13,684**	**18,635**	**14,594**
31 December 2024						
Loans and borrowings with a floating interest rate	-	117	74	989	1,180	1,030
Loans and borrowings with a fixed interest rate	124	707	814	3,899	5,544	4,824
Non-interest bearing loans and borrowings	-	55	55	795	905	785
Lease	44	371	445	7,567	8,427	6,385
Accounts payable	1,333	-	-	-	1,333	1,333
Total potential future payments on financial liabilities	**1,501**	**1,250**	**1,388**	**13,250**	**17,389**	**14,357**

27. Risk management (continued)

Interest rate risk

The Group is exposed to the risk of market interest rate fluctuations on its financial performance and cash flows. Changes in interest rates mainly affect the cost of borrowing money (fixed interest rate) and future cash flows (floating interest rate on loans and borrowings).

At the time of raising new loans and borrowings as well as leases, management makes a decision based on the assumption - which interest rate (fixed or floating) will be more advantageous to the Group for the entire period up to maturity.

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed-rate financial instruments as fair value through profit or loss or through other comprehensive income. Therefore, a change in interest rates at the reporting date would not have an effect in profit or loss or in equity.

Cash flow sensitivity analysis for variable rate instruments

If the interest rates had been 100 basis points lower at 31 December 2025 (2024: 100 basis points lower) with other variables remain constant, annual profit for the year would have been UZS 10 billion higher (2024: UZS 11 billion), mainly as a result of lower interest expense on variable rate loans.

If interest rates had been 100 basis points higher (2024: 100 basis points higher) with other variables remain constant, profit for the year would have been UZS 10 billion lower (2024: UZS 11 billion), mainly as a result of higher interest expense on variable rate loans.

28. Contingencies

Taxation contingencies

The taxation system in the Republic of Uzbekistan continues to evolve and is characterised by frequent changes in legislation, official pronouncements and court decisions, which are sometimes contradictory and subject to varying interpretation by different tax authorities.

Taxes are subject to review and investigation by various levels of authorities, which have the authority to impose severe fines, penalties, and interest charges. A tax year generally remains open for review by the tax authorities during the three subsequent calendar years.

All these circumstances may create tax risks in the Republic of Uzbekistan that are more significant than in other countries. Management believes that it has provided adequately for tax liabilities based on its interpretations of applicable Uzbekistan tax legislation, official pronouncements and court decisions. However, the interpretations of the tax authorities and courts, especially due to reform of the supreme courts that resolve tax disputes, could differ and, if the authorities are successful in enforcing their interpretations, it could impact these consolidated financial statements.

Guarantees

No guarantees were issued by the Group as at 31 December 2025 and 31 December 2024.

Insurance

The Group maintains risk insurance as both compulsory insurance in accordance with the legislation of the Republic of Uzbekistan and voluntary insurance including civil liability risks, risks of loss and damage to aircraft.

28. Contingencies (continued)

Aviation insurance

The Group places risks with internationally recognised and financially reliable insurance and reinsurance companies in accordance with the international aviation risk insurance standards. Types of insurance coverage are stated below:

- All-Risks aviation insurance against property damage to aircraft, engines, spare parts and equipment; Insurance of civil liability of a carrier to third parties and passengers for luggage and cabin baggage, cargo and mail;
- Insurance of aircraft, including spare parts and equipment against war risks and allied risks and excess liability for aviation war risks, hijacking and other perils;
- Deductible insurance of airframe, including spare engines.

The Group does not have full coverage for its plant facilities, business interruption, or third-party liability in respect of property or environmental damage arising from accidents on Group's property or relating to Group's operations. Management believes that the risk of loss or damage to some assets that could have an adverse impact on the Group's operations and financial position, is not significant.

Litigations

During the reporting period, the Group was involved (both as a plaintiff and a defendant) in several litigations arising in the ordinary course of business. Management is unaware of any existing litigations or claims against the Group, which may have a material adverse effect on the operations and financial position of the Group.

Capital commitments

As at 31 December 2025 the Group has contract liabilities to Airbus S.A.S. to purchase 14 new A321 NEO aircraft for an estimated amount of USD 934 million (UZS 11,238 billion) with estimated delivery during 2029-2030 (31 December 2024: UZS 10,668 billion).

As at 31 December 2025 the Group also has contract liabilities to The Boeing Company to purchase 22 new Boeing 787-9 aircraft for a total amount of USD 4,901 million (UZS 58,939 billion) with estimated delivery during 2031–2036 (31 December 2024: no liabilities).

The Group has also capital commitments to the contracting organisations for construction of airports in the total amount of UZS 136 billion (31 December 2024: UZS 1,720 billion). Commitments in the amount of UZS 146 billion are repayable by the MEF RUz (31 December 2024: UZS 136 billion).

In addition, the Group has contract liabilities to CFM International to purchase one new aircraft engine in the amount of USD 11.4 million (UZS 137 billion) with delivery during 2026 (31 December 2024: no liabilities).

Obligations on aircraft not received under the lease agreements

During 2024 and 2025, the Group concluded long-term lease agreements for ten Airbus A321NEO aircraft with delivery during 2026-2028.

Total amount of future lease liabilities under said contracts was USD 699 million (UZS 8,414 billion) (31 December 2024: UZS 1,820 billion). These amounts have not been recognised as a lease liability as a lease term has not started at the reporting date.

29. Fair value of financial instruments

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Management believes that the fair value of the Group's financial assets and liabilities approximate their carrying amount, with the exceptions of loans and borrowings. Fair values were determined for measurement and disclosure purposes based on the following valuation technique:

Trade and other receivables and payables

Trade and other receivables and payables – for receivables and payables with a maturity of less than 1 year – fair value does not differ materially from the carrying amount as the effect of the time value of money is insignificant.

Loans and borrowings

As at 31 December 2025 and 31 December 2024, the Group held both fixed and floating rate instruments. Management of the Group performs analysis of the fair value of loans at each reporting date by comparing similar loans and borrowings in the market. As a result of this analysis, the interest rates of financial instruments did not differ significantly from market interest rates as at 31 December 2025 and 31 December 2024. Management believes that the fair value of the Group's fixed rate financial instruments and non-interest-bearing financial instruments at 31 December 2025 is UZS 7,047 billion (31 December 2024: UZS 5,166 billion). The estimated fair value is based on discounting cash flows using current interest rates for new instruments with similar credit risk and maturity. The fair value of loans and borrowings was allocated to Level 3 of the fair value hierarchy.

Fair value of cash and cash equivalents was allocated by management to Level 2 of the fair value hierarchy and all other financial assets and liabilities - to Level 3 of the fair value hierarchy.

30. Capital management

The Group does not have a formal policy for capital management, but seeks to maintain a sufficient capital base for meeting the Group's operational and strategic needs, and to maintain confidence of market participants. This is achieved with efficient cash management, constant monitoring of Group's revenues and profit, and long-term investment plans mainly financed by the Group's operating cash flows. With these measures the Group aims for steady profits growth.

31. Subsequent events

Debt financing

In March 2026, the Group obtained a loan of USD 19.5 million (UZS 235 billion) from KDB Bank Uzbekistan JSC with a five-year maturity and an interest rate of 8% per annum, to finance contractual obligations to The Boeing Company and Airbus S.A.S.

Payment of dividends

In March 2026, the Group paid dividends to the National Investment Fund of the RUz in the amount of UZS 90 billion.

Impact of events in Iran on operations

On 28 February 2026, escalating geopolitical tensions in the Middle East, driven by developments in the Islamic Republic of Iran, led to the introduction of airspace restrictions across several countries in the region.

In response, the Company rerouted its international flights to avoid the airspace of Iran and neighbouring territories and adjusted its flight schedules accordingly. In the initial period of these restrictions, some flights were required to return to their departure airports, and flights to certain destinations in the Middle East were temporarily suspended.

At the same time, the Company operated selected repatriation flights to facilitate the return of passengers. The operational measures undertaken, including the reallocation of capacity to alternative routes, helped partially offset the potential impact.

As of the date of approval of the financial statements, the Company continues to evaluate the impact of these events.

Transfer of Toshkent-Humo Airport

In April 2026, the Company received funds from the state in the amount of UZS 1,200 billion, subject to the subsequent transfer of Toshkent-Humo, Zaamin, and Kokand airports, which are recognised on the Company's balance sheet. The assets will be transferred at their construction cost, with a corresponding decrease in liabilities arising from the funds received during 2026, resulting in the derecognition of the related liabilities.

Detailed information on these assets is disclosed in Notes 8 and 16 to these consolidated financial statements.