

**UZBEKISTAN AIRWAYS JOINT STOCK COMPANY  
AND ITS SUBSIDIARIES**

**CONSOLIDATED FINANCIAL STATEMENTS IN ACCORDANCE  
WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS  
FOR THE YEAR ENDED 31 DECEMBER 2024  
AND INDEPENDENT AUDITORS' REPORT**

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# Independent Auditors' Report

## To the Shareholder of JSC «Uzbekistan Airways»

### Opinion

We have audited the consolidated financial statements of JSC «Uzbekistan Airways» (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2024, 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 2024, 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 Auditors' 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.

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.





**JSC «Uzbekistan Airways»**

Independent Auditors' report

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- 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 July 2025



**UZBEKISTAN AIRWAYS JSC AND ITS SUBSIDIARIES**  
**Consolidated Statement of Financial Position**

UZS billion	Note	31 December 2024	31 December 2023
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	8	8,906	7,083
Right-of-use assets	9	5,337	4,646
Receivables from the MEF RUz	10	1,423	1,667
Other non-current assets	11	921	745
Deferred tax assets	26	238	268
<b>Total non-current assets</b>		<b>16,825</b>	<b>14,409</b>
<b>Current assets</b>			
Inventories	12	617	470
Receivables from the MEF RUz	10	420	319
Trade and other receivables	13	569	553
Cash and cash equivalents	14	820	320
Assets for distribution to the shareholder	16	140	-
Income tax prepaid		8	204
Other assets	15	946	1,981
<b>Total current assets</b>		<b>3,520</b>	<b>3,847</b>
<b>TOTAL ASSETS</b>		<b>20,345</b>	<b>18,256</b>
<b>EQUITY</b>			
Share capital	16	4,263	4,263
Accumulated loss		(1,103)	(1,686)
<b>TOTAL EQUITY</b>		<b>3,160</b>	<b>2,577</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Loans and borrowings	17	4,992	6,149
Lease liabilities	18	5,931	4,974
Provisions for liabilities	20	660	289
Deferred income	22	329	157
<b>Total non-current liabilities</b>		<b>11,912</b>	<b>11,569</b>
<b>Current liabilities</b>			
Loans and borrowings	17	1,647	1,503
Lease liabilities	18	454	358
Trade and other payables	21	1,850	1,136
Liabilities under contracts with customers	23	1,302	966
Provisions for liabilities	20	20	147
<b>Total current liabilities</b>		<b>5,273</b>	<b>4,110</b>
<b>TOTAL LIABILITIES</b>		<b>17,185</b>	<b>15,679</b>
<b>LIABILITIES AND EQUITY</b>		<b>20,345</b>	<b>18,256</b>

These consolidated financial statements were approved by management on 1 July 2025 and were signed on its behalf by:

Sh.Sh. Khudaykulov  
Chairman of the Management Board



A.A. Sattarov  
Deputy Chairman of the Management Board

The notes on pages 5 - 38 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**

<i>UZS billion</i>	<b>Note</b>	<b>2024</b>	<b>2023</b>
Revenue from passenger and cargo transportation		17,428	14,783
Other revenue		371	302
<b>Revenue</b>	<b>23</b>	<b>17,799</b>	<b>15,085</b>
Aviation fuel		(5,082)	(4,091)
Ground handling, insurance and air navigation		(3,595)	(2,908)
Employee and crew salary and related tax expenses		(1,848)	(1,467)
Aircraft maintenance and repair		(1,111)	(943)
Depreciation of property, plant and equipment and right-of-use assets	8, 9	(1,019)	(733)
Passenger service and catering		(935)	(785)
Lease of aircraft, engine and other aircraft equipment		(430)	(409)
Agency fee		(281)	(266)
Other operating expenses		(793)	(550)
Other operating income	8	418	141
<b>Operating expenses</b>		<b>(14,676)</b>	<b>(12,011)</b>
<b>Operating income</b>		<b>3,123</b>	<b>3,074</b>
Net foreign exchange loss		(502)	(896)
Finance costs	24	(1,111)	(836)
Finance income	25	240	148
<b>Profit before income tax</b>		<b>1,750</b>	<b>1,490</b>
Income tax expenses	26	(261)	(230)
<b>Profit and total comprehensive income for the year</b>		<b>1,489</b>	<b>1,260</b>

\*Comparative data on operating expenses have been adjusted for consistency with the current year's presentation (see Note 3).

**UZBEKISTAN AIRWAYS JSC AND ITS SUBSIDIARIES**
**Consolidated Statement of Changes in Equity**

<i>UZS billion</i>	Note	Share capital	Accumulated loss	Total
<b>Balance at 1 January 2023</b>		<b>4,263</b>	<b>(2,763)</b>	<b>1,500</b>
Profit for the year		-	1,260	1,260
Other comprehensive income for the year		-	-	-
<b>Total comprehensive income for 2023</b>		<b>-</b>	<b>1,260</b>	<b>1,260</b>
Combination with Silk Avia LLC		-	(14)	(14)
Dividends declared	16	-	(147)	(147)
Other distributions to the Shareholder		-	(22)	(22)
<b>Balance at 31 December 2023</b>		<b>4,263</b>	<b>(1,686)</b>	<b>2,577</b>
Profit for the year		-	1,489	1,489
Other comprehensive income for the year		-	-	-
<b>Total comprehensive income for 2024</b>		<b>-</b>	<b>1,489</b>	<b>1,489</b>
Dividends declared	16	-	(223)	(223)
Other distributions to the Shareholder	4, 16	-	(683)	(683)
<b>Balance at 31 December 2024</b>		<b>4,263</b>	<b>(1,103)</b>	<b>3,160</b>



**UZBEKISTAN AIRWAYS JSC AND ITS SUBSIDIARIES**
**Consolidated Statement of Cash Flows**

<i>UZS billion</i>	<b>Note</b>	<b>2024</b>	<b>2023</b>
<b>Cash flows from operating activities</b>			
Profit for the year		1,489	1,260
<i>Adjustments for:</i>			
Depreciation of property, plant and equipment	8	493	407
Depreciation of right-of-use assets	9	526	326
(Gain)/loss on disposal of PPE and other		(318)	17
Income tax expenses	26	261	230
Interest accrued	24	883	783
Discount on other non-current assets	24	228	30
Effect of early repayment and modification of loans and borrowings	24	-	17
Interest income	25	(226)	(140)
Net foreign exchange loss		502	896
Charge of allowance for expected credit losses		77	1
Change in provision for liabilities	20	227	232
Profit from recovery of non-liquid inventories		(24)	(13)
Profit from write-offs of accounts payable		-	(85)
Adjustments to accounts payable to passengers		(47)	(186)
Other income and expenses, net		(14)	(36)
<b>Cash flows from operating activities before changes in working capital</b>		<b>4,057</b>	<b>3,739</b>
<b>Changes in working capital:</b>			
Inventories		(158)	(111)
Trade and other receivables		(97)	(267)
Other non-current assets		(514)	(329)
Other assets		(10)	(141)
Trade and other payables		507	234
Liabilities under contracts with customers		380	200
<b>Changes in working capital</b>		<b>108</b>	<b>(414)</b>
Interest paid	19	(1,045)	(787)
Interest received		17	-
Income tax paid		(49)	(103)
<b>Net cash from operating activities</b>		<b>3,088</b>	<b>2,435</b>
<b>Cash flows from investing activities</b>			
Acquisition of property, plant and equipment	8	(2,298)	(1,271)
Disposal of property, plant and equipment		330	1
Placement of term deposits	11, 15	(1,346)	(1,366)
Receipts from repayment of deposits		2,723	6
Payments under the government project	10	(140)	-
Reimbursement of payments under the government project	10	50	-
Dividends received		14	-
<b>Net cash flows used in investing activities</b>		<b>(667)</b>	<b>(2,630)</b>
<b>Cash flows from financing activities</b>			
Repayment of loans and borrowings	19	(1,186)	(1,768)
Repayment of lease liabilities	19	(436)	(314)
Sponsorship received	22	172	157
Dividends paid	16	(112)	(154)
Asset payments for distribution to shareholders		(116)	-
Other distributions to the Shareholder	4	(638)	(22)
Receipt of funds from the MEF RUz		410	474
<b>Net cash flows used in financing activities</b>		<b>(1,906)</b>	<b>(1,627)</b>
<b>Net change in cash and cash equivalents</b>		<b>515</b>	<b>(1,822)</b>
Effect of movements in exchange rates on cash and cash equivalents		(15)	22
<b>Cash and cash equivalents at the beginning of the year</b>	14	<b>320</b>	<b>2,120</b>
<b>Cash and cash equivalents at the end of the year</b>	14	<b>820</b>	<b>320</b>

The notes on pages 5 - 38 form an integral part of these consolidated financial statements.

**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, Republic of Uzbekistan.

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

<b>Enterprise</b>	<b>Activity</b>	<b>31 December 2024</b>	<b>31 December 2023</b>
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%
Air Training Center LLC	Educational activity	100%	100%
Directorate for Construction of Buildings and Structures LLC	Construction works project management	100%	100%

The principal activity of the subsidiaries (except for Uzbekistan Helicopters 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.

In March 2024, Silk Avia LLC (100% subsidiary) was consolidated with Uzbekistan Helicopters LLC.

## 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**	Uzbekistan Airways JSC At 31 December		Uzbekistan Helicopters LLC		Silk Avia LLC		Total for the Group	
			2024	2023	2024	2023	2024	2023	2024	2023
Boeing 767	own aircraft	In service	6	6	-	-	-	-	6	6
Boeing 787	own aircraft	In service	6	6	-	-	n/a-	-	6	6
Boeing 757-23P	own aircraft	In service	-	1	-	-	n/a	-	-	1
Airbus 320-214	own aircraft	In service	9	9	-	-	n/a	-	9	9
A320 Neo	leased aircraft	In service	10	8	-	-	n/a	-	10	8
Airbus A321 NEO	leased aircraft	In service	5	5	-	-	n/a	-	5	5
Pilatus PC-24	own aircraft	In service	1	1	-	-	n/a	-	1	1
Airbus H125	own aircraft	In service	-	-	2	2	n/a	-	2	2
Airbus H130	own aircraft	In service	-	-	2	2	n/a	-	2	2
MI-8	own aircraft	In service	-	-	1	5	n/a	-	1	5
Let L-410	own aircraft	In service	1	-	2	2	n/a	-	3	2
ATR72-212A(600)	own aircraft	In service	-	-	3	-	n/a	3	3	3
ATR72-212A(600)	leased aircraft	In services	-	-	2	-	n/a	-	2	-
Boeing 757-23P	own aircraft	In storage	-	1	-	-	n/a	-	-	1
Boeing 767	own aircraft	In storage	2	2	-	-	n/a	-	2	2
IL-76TD	own aircraft	In storage	-	6	-	-	n/a	-	-	6
IL-114-100	own aircraft	In storage	7	7	-	-	n/a	-	7	7
<b>Total</b>			<b>47</b>	<b>52</b>	<b>12</b>	<b>11</b>	<b>-</b>	<b>3</b>	<b>59</b>	<b>66</b>

## 2. Basis of preparation

### Statement of compliance

These 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 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.

As at 31 December 2024, current liabilities of the Group exceeded its current assets by UZS 1,753 billion (31 December 2023: UZS 263 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.
- According to cash flow projections, the Group expects to generate sufficient cash inflows from operating activities in 2025–2026, as well as to raise new borrowings and restructure existing loans in order to settle short-term liabilities as they fall due.

## **2 Basis of preparation (continued)**

- The Group shareholder has neither intention nor necessity to liquidate or significantly reduce the volume of the Group's operations.
- As at 31 December 2024 and 31 December 2023, loans and borrowings raised by the Group in the amount of UZS 2,287 billion and UZS 2,644 billion, respectively, were provided by related parties of the Group. The maturities of these loans and borrowings may be extended if needed, as was the case in previous years.
- The Group is 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.

### ***Going concern***

These consolidated financial statements have been prepared on a going concern basis, which provides for asset sales and settlement of obligations in the ordinary course of business. Recoverability of the Group's assets, as well as its future operations can be significantly affected by the current and future economic environment.

### ***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 had not have 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.

## **2 Basis of preparation (continued)**

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.

## **3. Material accounting policies**

### ***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:

	<b>UZS per USD 1</b>	<b>UZS per EUR 1</b>	<b>UZS per RUB 1</b>
At 31 December 2024	12,920.48	13,436.01	130.17
At 31 December 2023	12,338.77	13,731.82	136.36

### ***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:

	<b>Estimated useful life</b>
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. In 2024, based on updated market data and industry trends, the Group revised its estimate of the residual value of aircraft. As of 31 December 2024, the residual value of aircraft will range from 1% to 10% of its historical cost (compared to a range of 1% to 6% as of 31 December 2023).



### **3. Material accounting policies (continued)**

#### ***Subsequent expenditure***

As a result of the re-estimation, depreciation of certain aircraft airframes was discontinued, since their residual value became lower than the newly estimated residual value. The effect of the change in estimate resulted in decrease in the amount of depreciation charge for 2024 by UZS 60 billion. Change in estimates is applied prospectively in accordance with IFRS requirements.

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 (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 the A320neo, A321neo and ATR-72 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)**

#### ***Accounting for provisions (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)***

#### ***Sales revenue***

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 performance of such works. This complement to the right-of-use asset is amortised over the lease term on a straight-line basis.

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.

### **3. Material accounting policies (continued)**

#### ***Sales revenue (continued)***

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.

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.

### **3. Material accounting policies (continued)**

#### ***Loyalty programme (continued)***

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 credit loss allowance for ECL 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.

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 operating expenses in the consolidated statement of profit or loss and other comprehensive income***

In prior years, the Group presented operating expenses in the consolidated statement of profit or loss and other comprehensive income classified by function. Starting from 2024, the Group shifted to presentation of operating expenses classified by nature. The Group believes that such change ensures reliable and more relevant information and promotes better comparability with other airlines' financial performance, in line with industry trends. In accordance with IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, the change is applied retrospectively, and the presentation of comparative information has been adjusted accordingly.

#### ***Change in presentation of deferred income in the consolidated statement of financial position***

The Group recognised sponsorship funds received within other payables as at 31 December 2023. The Group reclassified UZS 157 billion from trade and other payables to deferred income as at 31 December 2023.



### **3. Material accounting policies (continued)**

#### ***Restatement of comparative data***

During preparation of the consolidated financial statements for the year ended 31 December 2024, the Group detected an error in its calculations related to unused passenger air tickets. The Group sells tickets in advance and recognises revenue as transportation services are provided. Unused tickets are recognised as contract liabilities until they are used or until their validity period expires.

The restatement had the following effect in the consolidated financial statements:

- Retained earnings at 1 January 2023 increased by UZS 119 billion (as a result of increase in revenue by UZS 140 billion and recognition of the effect of deferred tax of UZS 21 billion).
- Revenue for the year ended 31 December 2023 decreased by UZS 164 billion.
- Contract liabilities as at 31 December 2023 increased by UZS 23 billion.
- Income tax expense for 2023 decreased by UZS 25 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.

Judgments 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. As disclosed in Note 3, the Group reviewed the residual value of property, plant and equipment during 2024.

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, 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.

#### **4. Significant accounting judgments, estimates and assumptions (continued)**

##### ***Receivables from the Ministry of Economy and Finance of the Republic of Uzbekistan (the “MEF RUz”) (continued)***

The Group has recognised accounts receivable from 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.

##### ***Other distributions to the shareholder***

Payments to the state-related public charity fund. In 2024, the Group made payments of UZS 638 billion to the public charity fund established by the state. Based on the nature of the transactions, it was decided that the payments do not meet the criteria for recognition as an expense in profit or loss. Therefore, these payments, net of the related tax effect of UZS 95 billion, were recognised directly in the Group's equity as a decrease in retained earnings. In the opinion of the Group's management, such approach to accounting reflects the economic substance of the transaction, i.e. in essence, a distribution of the Company's retained earnings approved by the Group's ultimate controlling party, and not an expense incurred in the ordinary course of business (2023: there were no payments to the state-related public charity fund).

##### ***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 2025. 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.

##### ***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. Based on historical data from previous years, the Group recognises revenue from passenger transportation in relation to the percentage of tickets sold that will not be used or returned at the moment of ticket sale.

#### **5. Adoption of new and revised standards and interpretations**

A number of new standards and amendments to standards are effective for annual periods beginning on 1 January 2024; they do not have a material effect on the Group:

***Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback (issued on 22 September 2022, effective for annual periods beginning on or after 1 January 2024).*** Amendments are related to sale and leaseback transactions that meet the requirements of IFRS 15 to be accounted for as a sale. They also require that variable lease payments, regardless of the index or rate, should be included in the initial valuation of the liability to ensure consistency in accounting and to avoid the recognition of unrealistic gains.

## **5. Adoption of new and revised standards and interpretations (continued)**

***Classification of Liabilities as Current or Non-Current - amendments to IAS 1 (initially issued on 23 January 2020 and subsequently amended on 15 July 2020 and 31 October 2022; finally effective for annual periods beginning on or after 1 January 2024).*** The amendments clarify that liabilities are classified as current or non-current based on the rights existing at the end of the reporting period.

***Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements (issued on 25 May 2023).*** In response to concern of the users of financial statements about insufficient or misleading disclosures of supplier finance arrangements, in May 2023 the IASB issued amendments to IAS 7 and IFRS 7, which require the entities to disclose information about such arrangements (Supplier Finance Arrangements - SFA).

## **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.

- ***Amendments to IAS 21 - Lack of Exchangeability (issued on: 15 August 2023, effective from: 1 January 2025).*** The amendments contain guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not.
- ***Amendments to IFRS 9 and IFRS 7 – Classification and Measurement of Financial Instruments (issued on: 30 May 2024, effective from: 1 January 2026).*** Clarify requirements relating to the contractual cash flow characteristics, derecognition and disclosures for financial assets.
- ***IFRS 18 Presentation and Disclosure in Financial Statements (issued on: 9 April 2024, effective from: 1 January 2027).*** Introduces a new standard that improves requirements to presentation and disclosure of information in the financial statements; it replaces IAS 1.
- ***IFRS 19 – Subsidiaries without Public Accountability: Disclosures (issued on: 9 May 2024, effective from: 1 January 2027).*** Sets out simplified disclosure requirements for subsidiaries without public accountability that apply IFRS.

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 provision 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 one party has the ability to control the other party, the parties are under common control, 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 sole shareholder of the Company is the Ministry of Economy and Finance of the Republic of Uzbekistan. 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 by, or under significant influence or joint control 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 Uzbekistan Government, which are significant not individually but in the aggregate, and total UZS 324 billion for 2024 (2023: UZS 295 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.

## 7. Balances and transactions with related parties (continued)

### *Transactions with government-related entities (continued)*

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.

<i>UZS billion</i>	Transaction value for the year ended 31 December		Outstanding balance at 31 December	
	2024	2023	2024	2023
<b>Sale of goods and services:</b>				
Entities under common control	72	72	188	179
<b>Purchase of goods and services:</b>				
Entities under common control	(2,477)	(2,443)	(356)	(289)
<b>Transactions with the MEF RUz:</b>				
Receivables from the MEF RUz	200	474	1,843	1,986
Payables to the MEF RUz	-	-	(265)	(126)
<b>Loans and borrowings:</b>				
Entities under common control — principal amount paid, net/payable	(308)	(951)	(2,241)	(2,460)
Entities under common control — interest paid/payable	(291)	(122)	(46)	(184)
<b>Cash and cash equivalents:</b>				
Entities under common control	-	-	106	82
<b>Short-term deposits placed</b>				
Entities under common control	787	(1,234)	447	1,234

Other distributions to the shareholder 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 13 billion in 2024 (2023: UZS 11 billion).

## 8. Property, plant and equipment

<i>UZS billion</i>	Aircraft, including air frames and engines	Buildings and constructions	Machinery and equipment	Vehicles	Other property, plant and equipment	Construction- in-progress	Total
Cost at 1 January 2023	7,818	93	148	16	55	104	<b>8,234</b>
Accumulated depreciation at 1 January 2023	(2,364)	(50)	(84)	(11)	(39)	-	<b>(2,548)</b>
<b>Carrying amount at 1 January 2023</b>	<b>5,454</b>	<b>43</b>	<b>64</b>	<b>5</b>	<b>16</b>	<b>104</b>	<b>5,686</b>
Additions	643	37	9	11	15	556	1,271
Acquisition of Silk Avia LLC	551	-	-	-	-	-	551
Disposals	(18)	-	-	-	-	-	(18)
Depreciation	(360)	(26)	(14)	(3)	(4)	-	(407)
<b>Carrying amount at 31 December 2023</b>	<b>6,270</b>	<b>54</b>	<b>59</b>	<b>13</b>	<b>27</b>	<b>660</b>	<b>7,083</b>
Cost at 31 December 2023	8,976	130	156	27	70	660	<b>10,019</b>
Accumulated depreciation at 31 December 2023	(2,706)	(76)	(97)	(14)	(43)	-	<b>(2,936)</b>
<b>Carrying amount at 31 December 2023</b>	<b>6,270</b>	<b>54</b>	<b>59</b>	<b>13</b>	<b>27</b>	<b>660</b>	<b>7,083</b>
Additions	388	2	18	12	13	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)	(3)	(10)	-	(493)
<b>Carrying amount at 31 December 2024</b>	<b>6,351</b>	<b>58</b>	<b>69</b>	<b>22</b>	<b>38</b>	<b>2,398</b>	<b>8,906</b>
Cost at 31 December 2024	9,396	137	172	37	100	2,398	<b>12,210</b>
Accumulated depreciation at 31 December 2024	(3,045)	(79)	(103)	(15)	(62)	-	<b>(3,304)</b>
<b>Carrying amount at 31 December 2024</b>	<b>6,351</b>	<b>58</b>	<b>69</b>	<b>22</b>	<b>38</b>	<b>2,398</b>	<b>8,936</b>

In November 2024, one Let L-410 aircraft in the amount of UZS 94 billion was purchased and put into service. During the reporting year, one Boeing 767 aircraft engines were also repaired and put into service for a total amount of UZS 180 billion. In addition, in May 2024, the Group acquired two Boeing 767 aircraft engines for the amount of UZS 207 billion.

During 2024, two Boeing 757-23P aircraft, all six Il-76 aircraft, four MI-8 helicopters, and 117 used spare aircraft engines were sold to third parties. Income from disposal of these assets amounted to UZS 326 billion and is recorded in other operating income.

Included in the work in progress as at 31 December 2024 are: advance payments for purchase of aircraft in the amount of UZS 643 billion (31 December 2023: UZS 444 billion); advance payments and construction costs at Tashkent-Vostochny Airport in the amount of UZS 815 billion; costs of construction of two aircraft hangars in the amount of UZS 323 billion, as well as other reconstruction works. Additionally, in 2024, advance payments were made for the procurement of spare aircraft engines for A321NEO aircraft in the amount of UZS 143 billion.

Three Boeing 787 aircraft and three ATR 72-600 aircraft are pledged. Their carrying value amounted to UZS 3,377 billion as at 31 December 2024 (31 December 2023: UZS 3,571 billion).



## 9. Right-of-use assets

<i>UZS billion</i>	Aircraft type		Total
	A320, A321	ATR72-212A	
<b>Balance at 1 January 2023</b>	<b>2,966</b>	-	<b>2,966</b>
Addition	2,006	-	2,006
Depreciation expenses	(326)	-	(326)
<b>Balance at 31 December 2023</b>	<b>4,646</b>	-	<b>4,646</b>
Addition	717	500	1,217
Depreciation expenses	(490)	(36)	(526)
<b>Balance at 31 December 2024</b>	<b>4,873</b>	<b>464</b>	<b>5,337</b>

During 2024, the Group leased and put into service another 2 Airbus A320-NEO aircraft and 2 ATR72-600 aircraft (2023: 5 Airbus A320-NEO aircraft).

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

## 10. Receivables from the MEF RUz

<i>UZS billion</i>	31 December 2024	31 December 2023
Non-current portion	1,423	1,667
Current portion	420	319
<b>Total</b>	<b>1,843</b>	<b>1,986</b>

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 2024 the entire receivables are categorised into Stage 1 (31 December 2023: Stage 1).

### **Settlements under a state project**

During the reporting year the Group made payments for a total amount of UZS 140 billion under the state project - construction of Terminal 1 at Tashkent Vostochny airport on behalf of the MEF RUz. During the year the MEF RUz partially repaid the above sum - in the amount of UZS 50 billion. The Company expects to receive the remaining amount from MEF RUz during 2025.

## 11. Other non-current assets

	31 December 2024	31 December 2023
<i>UZS billion</i>		
Payments to provisions for maintenance of leased aircraft	714	434
A security deposit for leased aircraft	158	94
Long-term bank deposit	-	132
Other	49	85
<b>Total</b>	<b>921</b>	<b>745</b>

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 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 2024 and 31 December 2023 are placed with lessors rated A1 and Aaa (Moody's) and are categorised into Stage 1.

## 12. Inventories

	31 December 2024	31 December 2023
<i>UZS billion</i>		
Spare parts and other materials	418	325
Fuel	193	141
Work-in-progress	6	4
<b>Total inventories</b>	<b>617</b>	<b>470</b>

The cost of spare parts and other materials written off in 2024, totalling UZS 531 billion is included in aircraft maintenance and repair expenses (2023: UZS 352 billion).

## 13. Trade and other receivables

	31 December 2024	31 December 2023
<i>UZS billion</i>		
Trade receivables from third parties	273	186
Trade receivables from related parties	188	179
Other receivables	168	172
<i>Less: allowance for expected credit losses</i>	<i>(86)</i>	<i>(9)</i>
<b>Total financial assets within trade and other receivables</b>	<b>543</b>	<b>528</b>
Receivables due from employees on other transactions	25	25
<b>Total trade and other receivables</b>	<b>568</b>	<b>553</b>

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

<i>UZS billion</i>	31 December 2024	31 December 2023
Short-term bank deposits	447	-
Cash on hand and in current bank accounts denominated in foreign currency	228	227
Cash on hand and in current bank accounts denominated in UZS	145	93
<b>Total cash and cash equivalents</b>	<b>820</b>	<b>320</b>

As at 31 December 2024 and 31 December 2023, 28% and 26% 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

<i>UZS billion</i>	31 December 2024	31 December 2023
Advances paid to suppliers of goods/services	534	554
Taxes prepaid	179	146
Short-term bank deposits	158	1,254
Other	75	27
<b>Total</b>	<b>946</b>	<b>1,981</b>

Taxes prepaid include mostly VAT prepaid.

#### 16. Share capital

##### **Share capital**

As at 31 December 2024 and 31 December 2023, 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 2024 and 31 December 2023, the Company's sole Shareholders is MEF RUZ.

##### **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.

Since all ordinary shares of the Company are owned by the sole shareholder, decisions on payment of dividends are made by the shareholder at its own discretion. In July 2024, the shareholder of the Company made decision to distribute dividends in the amount of UZS 205 billion, or UZS 4.77 per each of 43 billion shares (2023: UZS 147 billion or UZS 3.42 per each per each of 43 billion shares). Dividends of UZS 111 billion were paid by means of decrease of advance payment on income tax. In addition, the Company also paid the shareholder the dividends of UZS 18 billion at the expense of the subsidiary's profit according to the shareholder's request. The payment amounts to UZS 0.42 per share, for a total of 43 billion shares.

## 16. Loans and borrowings

### **Recognition of assets and liabilities for distribution to the shareholder**

During 2023-2024 the Group reconstructed Zamin airport for the total amount of UZS 140 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 140 billion as at 31 December 2024. In addition, at the same date to Group recognised liabilities to the shareholder in correspondence with the retained earnings in equity.

<i>UZS billion</i>	<b>China Development Bank</b>	<b>The Fund for Reconstruction and Development of the Republic of Uzbekistan</b>	<b>JSC NBU</b>	<b>Islamic Development Bank</b>	<b>Total</b>
<b>31 December 2024</b>					
- Non-current portion	3,203	1,565	224	-	<b>4,992</b>
- Current portion	950	129	369	199	<b>1,647</b>
<b>Total loans and borrowings as at 31 December 2024</b>	<b>4,153</b>	<b>1,694</b>	<b>593</b>	<b>199</b>	<b>6,639</b>
<b>31 December 2023</b>					
- Non-current portion	3,909	1,594	456	190	<b>6,149</b>
- Current portion	909	253	341	-	<b>1,503</b>
<b>Total loans and borrowings as at 31 December 2023</b>	<b>4,818</b>	<b>1,847</b>	<b>797</b>	<b>190</b>	<b>7,652</b>

The Group has a number of financial and non-financial covenants under loan agreements. As at 31 December 2024, the Group has fulfilled all covenants specified in the loan agreements (31 December 2023: the Group had fulfilled all the covenants of the loan agreements).

### **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 2024 and 31 December 2023, the carrying value of loans was UZS 4,153 billion and UZS 4,818 billion, respectively,

including the residual value of loans for the state needs of UZS 968 billion and UZS 1,133 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.

### **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.

## **16. Loans and borrowings (continued)**

### ***The Fund for Reconstruction and Development of the Republic of Uzbekistan (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 2024 and 31 December 2023 is UZS 909 billion and UZS 994 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 2024 and 31 December 2023, the residual value of these loans was UZS 785 billion and UZS 853 billion, respectively. The borrowings were granted for 15 years, are repayable during 2032-2033 and have a grace period of 3 years.

IFRS 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.

### ***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%. The maturity period for these loans was extended till August 2025. The loan is secured by three purchased ATR72-600 aircraft.

### ***Islamic Development Bank (IDB)***

During 2013, the Group received loans with a limit of USD 208,6 million (UZS 438 billion) through NBU JSC, to purchase Boeing 767-300ER aircraft; IDB extra charge being SWAP+1.85% per annum (inclusive of NBU margin of 0.5%). The loans were issued for a period of 12 years. The loans are secured by the guarantee of the Government of the Republic of Uzbekistan.

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

## **17. Lease liabilities**

	31 December	31 December
<i>UZS billion</i>	2024	2023
Non-current portion	5,931	4,974
Current portion	454	358
<b>Total</b>	<b>6,385</b>	<b>5,332</b>

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 2024 and 31 December 2023 is set out in Note 1.

## 17. Lease liabilities (continued)

In 2024, the Group discounted the lease payments using borrowing rates of 10.1% (2023: 10.1%).

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

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

## 18. Changes in liabilities arising from financing activities

<i>UZS billion</i>	<b>Loans and borrowings</b>	<b>Lease liabilities</b>	<b>Total</b>
<b>Balance at 1 January 2023</b>	<b>8,196</b>	<b>3,263</b>	<b>11,459</b>
Proceeds from loans and borrowings/new lease contracts	487	2,006	<b>2,493</b>
Principal payments	(1,768)	(314)	<b>(2,082)</b>
Interest accrued	538	245	<b>783</b>
Interest payments	(542)	(245)	<b>(787)</b>
Changes in exchange rate	724	377	<b>1,101</b>
Effect from modification	17	-	<b>17</b>
<b>Balance at 31 December 2023</b>	<b>7,652</b>	<b>5,332</b>	<b>12,984</b>
Proceeds from loans and borrowings/new lease contracts	-	1,214	<b>1,214</b>
Principal payments	(1,186)	(436)	<b>(1,622)</b>
Interest accrued	457	474	<b>931</b>
Interest payments	(571)	(474)	<b>(1,045)</b>
Changes in exchange rate	287	275	<b>562</b>
<b>Balance at 31 December 2024</b>	<b>6,639</b>	<b>6,385</b>	<b>13,024</b>

## 19. Provisions for liabilities

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

<i>UZS billion</i>	<b>31 December 2024</b>	<b>31 December 2023</b>
Engine	315	228
Engine parts	267	152
6-year engine check	48	26
12-year engine check	17	10
Landing gear	8	5
Auxiliary power unit	25	15
<b>Total</b>	<b>680</b>	<b>436</b>

## 19. Provisions for liabilities (continued)

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

<i>UZS billion</i>	<b>2024</b>	<b>2023</b>
<b>Balance at 1 January</b>	<b>436</b>	<b>204</b>
Charge for the year	340	232
Effect of change in accounting estimates	(113)	-
Unwinding of discount	17	-
<b>Balance at 31 December</b>	<b>680</b>	<b>436</b>

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.

### **Change in estimate**

In 2024, the Group revised its estimate of the timing of the 5-year check as previously scheduled maintenance was not performed in the reporting year and is not expected in 2025. As a result, the estimated interval for the 5-year checks was extended to 7 years. Change in estimate is applied prospectively in accordance with IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* and is reflected in the calculation of the provision.

These provisions are expected to be used as follows:

<i>UZS billion</i>	<b>31 December 2024</b>	<b>31 December 2023</b>
Within first year	20	147
Within second year	183	63
After third year	477	226
<b>Total provision for aircraft maintenance</b>	<b>680</b>	<b>436</b>

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; and
- no provisions have been made for unscheduled maintenance.

## 20. Trade and other payables

<i>UZS billion</i>	31 December 2024	31 December 2023
Trade payables from third parties	977	536
Trade payables from related parties	356	289
<b>Total financial liabilities within trade and other payables</b>	<b>1,333</b>	<b>825</b>
Wages and salaries payable	191	141
Liabilities to shareholder	265	126
Other	61	44
<b>Total trade and other payables</b>	<b>1,850</b>	<b>1,136</b>

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

## 21. Deferred income

As at the reporting date, deferred income in the amount of UZS 329 billion includes sponsorship funds received and used for construction of hangars located on the territory of the subsidiary Uzbekistan Airways Technics LLC (31 December 2023: sponsorship funds for the construction of hangars in the amount of UZS 157 billion are reflected).

## 22. Revenue from contracts with customers

<i>UZS billion</i>	2024	2023
<b>International flights</b>		
Regular passenger flights	14,969	12,573
Cargo operations	1,225	1,066
Charter air transportation	619	658
<b>Domestic flights</b>		
Regular passenger flights	606	480
Charter air transportation	7	5
Cargo operations	2	1
<b>Total revenue from passenger flights and cargo operations</b>	<b>17,428</b>	<b>14,783</b>
Other revenue	371	302
<b>Total revenue</b>	<b>17,799</b>	<b>15,085</b>

The share of revenue from cargo operations attributable to one counterparty in 2024 is 51% (2023: 43%).

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 companies.



## **22. Revenue from contracts with customers (continued)**

### **Contract balances**

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

<i>UZS billion</i>	<b>31 December 2024</b>	<b>31 December 2023</b>
Trade receivables	375	356
Liabilities under contracts with customers - advances received	(1,106)	(876)
Liabilities under contracts with customers – customer loyalty programme	(196)	(90)

During the current reporting period, revenues in the amount of UZS 662 billion were recognized, as of 31 December 2023 (2023 year: 832 billion UZS in respect of contractual obligations as of 31 December 2022).

No information has been disclosed regarding the remaining contractual obligations with an initial expected duration of one year or less as of 31 December 2024 and 31 December 2023 in accordance with IFRS 15 standards.

## **23. Finance costs**

<i>UZS billion</i>	<b>2024</b>	<b>2023</b>
Lease interest	474	245
Interest on loans and borrowings	457	538
Discount on other non-current assets	228	30
Effect from modification	-	17
Other	19	6
<b>Total finance costs</b>	<b>1,178</b>	<b>836</b>
Less: capitalised finance costs	(67)	-
<b>Total finance costs</b>	<b>1,111</b>	<b>836</b>

## **24. Finance income**

<i>UZS billion</i>	<b>2024</b>	<b>2023</b>
Interest income on deposits	105	3
Interest income from MEF RUz	87	130
Dividend income	14	8
Other	34	7
<b>Total finance costs</b>	<b>240</b>	<b>148</b>

## 25. Income tax

### *Income tax expense components*

The Group is a payer of the standard tax rate. In 2024 and 2023 the income tax rate is 15%.

<i>UZS billion</i>	<b>2024</b>	<b>2023</b>
Current income tax	(231)	(15)
Deferred tax	(30)	(215)
<b>Income tax expense</b>	<b>261</b>	<b>(230)</b>

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

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

<i>UZS billion</i>	<b>2024</b>	<b>2023</b>
<b>Profit before income tax</b>	<b>1,750</b>	<b>1,490</b>
Estimated income tax expense at applicable statutory tax rate of 15%:	(263)	(224)
Other tax effects	2	(6)
<b>Income tax expense for the year</b>	<b>(261)</b>	<b>(230)</b>

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

The tax effect of the movements in temporary differences for the year ended 31 December 2024 is as follows:

<i>UZS billion</i>	<b>31 December 2023</b>	<b>Recognised in profit or loss</b>	<b>31 December 2024</b>
<b>Tax effect of (taxable)/deductible temporary differences</b>			
Property, plant and equipment	(23)	(156)	(172)
Right-of-use assets	(697)	(104)	(801)
Loans and borrowings	108	(38)	70
Lease liabilities	800	158	958
Provisions for liabilities	65	37	102
Other assets and liability	(3)	88	82
Recognised tax losses	18	(18)	-
<b>Net deferred tax assets</b>	<b>268</b>	<b>(33)</b>	<b>239</b>
Recognised deferred tax asset	991	221	1,212
Recognised deferred tax liability	(723)	(254)	(973)
<b>Net deferred tax assets</b>	<b>268</b>	<b>(30)</b>	<b>239</b>

## **26. Income tax (continued)**

### **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 2023 is detailed below:

<i>UZS billion</i>	<b>1 January 2023</b>	<b>Recognised in profit or loss</b>	<b>31 December 2023</b>
<b>Tax effect of deductible/(taxable) temporary differences</b>			
Property, plant and equipment	158	(181)	(23)
Right-of-use assets	(445)	(252)	(697)
Loans and borrowings	153	(45)	108
Lease liabilities	489	311	800
Provisions for liabilities	32	33	65
Other assets and liability	26	(29)	(3)
Recognised tax losses	70	(52)	18
<b>Net deferred tax assets</b>	<b>483</b>	<b>(215)</b>	<b>268</b>
Recognised deferred tax asset	928	63	991
Recognised deferred tax liability	(445)	(278)	(723)
<b>Net deferred tax assets</b>	<b>483</b>	<b>(215)</b>	<b>268</b>

## **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. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

## **27. Risk management (continued)**

### ***Risk management framework (continued)***

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.

### ***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:

<i>UZS billion</i>	<b>Note</b>	<b>31 December 2024</b>	<b>31 December 2023</b>
Receivables from the MEF RUz	10	1,843	1,986
Payments to maintenance provisions and insurance coverage for leased aircraft and engines	11	872	528
Short-term bank deposits	15	159	1,254
Trade and other receivables	13	543	528
Cash and cash equivalents	14	820	320
Long-term bank deposits	11	-	132
<b>Total</b>		<b>4,237</b>	<b>4,748</b>

The majority of the Group's cash in bank accounts and short-term deposits as at 31 December 2024 and 31 December 2023 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;

## 27. Risk management (continued)

### Measurement of expected credit losses (continued)

- the borrower meets the unlikeliness-to-pay criteria listed below:
  - the borrower is insolvent;
  - it is becoming likely that the borrower will enter bankruptcy.

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 before ECL allowance as at 31 December 2024:

<i>UZS billion</i>	<b>Gross carrying amount</b>	<b>Impairment allowance</b>	<b>Credit-impaired</b>
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
<b>Total</b>	<b>2,473</b>	<b>(86)</b>	

The following table provides information on the quality of trade and other receivables before ECL allowance as at 31 December 2023:

<i>UZS billion</i>	<b>Gross carrying amount</b>	<b>Impairment allowance</b>	<b>Credit-impaired</b>
Not past due	2,281	-	No
Past due 31-90 days	43	-	No
Past due 91-180 days	25	(2)	Yes
Past due 181-270 days	15	(1)	Yes
Past due more than 360 days	159	(6)	Yes
<b>Total</b>	<b>2,523</b>	<b>(9)</b>	

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.

**27. Risk management (continued)**

***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 2024 and 31 December 2023:

<i>UZS billion</i>	Monetary financial assets				Monetary financial liabilities			Net currency position
	Receivables from the MEF RUz	Other non- current assets	Short-term bank deposits	Cash and cash equivalents	Loans and borrowings	Accounts payable	Lease liabilities	
<b>31 December 2024</b>								
- USD	1,432	872	138	570	(5,813)	(490)	(6,385)	<b>(9,676)</b>
- EUR	411	-	-	25	(354)	(26)	-	<b>56</b>
- RUB	-	-	-	24	-	-	-	<b>24</b>
<b>Total</b>	<b>1,843</b>	<b>872</b>	<b>138</b>	<b>619</b>	<b>(6,167)</b>	<b>(516)</b>	<b>(6,385)</b>	<b>(9,596)</b>
<b>31 December 2023</b>								
- USD	1,588	660	1,234	123	(6,767)	(333)	(5,332)	<b>(8,827)</b>
- EUR	398	-	-	28	(398)	(14)	-	<b>14</b>
- RUB	-	-	-	25	-	-	-	<b>25</b>
<b>Total</b>	<b>1,986</b>	<b>660</b>	<b>1,234</b>	<b>176</b>	<b>(7,165)</b>	<b>(347)</b>	<b>(5,332)</b>	<b>(8,788)</b>

## 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:

<i>UZS billion</i>	31 December 2024	31 December 2023
USD (10% appreciation)	(822)	(750)
USD (10% depreciation)	822	750
EUR (10% appreciation)	5	1
EUR (10% depreciation)	5	(1)
RUB (10% appreciation)	2	2
RUB (10% depreciation)	2	(2)

### **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:

<i>UZS billion</i>	Demand and less than 1 month	From 1 to 6 months	From 6 to 12 months	More than 1 year	Total	Carrying amount
<b>31 December 2024</b>						
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
<b>Total carrying amount and potential future payments on financial liabilities</b>	<b>1,501</b>	<b>1,250</b>	<b>1,388</b>	<b>13,250</b>	<b>17,389</b>	<b>14,357</b>
<b>31 December 2023</b>						
Loans and borrowings with a floating interest rate	-	329	194	1,021	1,544	1,304
Loans and borrowings with a fixed interest rate	-	612	582	5,328	6,522	5,494
Non-interest-bearing loans and borrowings	-	54	54	892	1,000	854
Lease	63	313	376	6,969	7,721	5,332
Accounts payable	825	-	-	-	825	825
<b>Total carrying amount and potential future payments on financial liabilities</b>	<b>888</b>	<b>1,308</b>	<b>1,206</b>	<b>14,210</b>	<b>17,612</b>	<b>13,809</b>



## **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 2024 (2023: 100 basis points lower) with other variables remain constant, annual profit for the year would have been UZS 11 billion higher (2023: UZS 11 billion), mainly as a result of lower interest expense on variable rate loans.

If interest rates had been 100 basis points higher (2023: 100 basis points higher) with other variables remain constant, profit for the year would have been UZS 11 billion lower (2023: 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 five subsequent 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 2024 and 31 December 2023.

### ***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)**

### ***Insurance (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 2024 the Group has contract liabilities to Airbus S.A.S. to purchase 14 new A321 NEO aircraft for an estimated amount of USD 826 million (UZS 10,668 billion) with estimated delivery during 2029-2030 (31 December 2023: UZS 8,567 billion).

In addition, the Group has contract liabilities to CFM International S.A. to purchase two spare aircraft engines for said aircrafts in the amount of USD 22.6 million (UZS 292 billion) (31 December 2023: UZS 421 billion).

The Group has also capital commitments to the contracting organisations for construction of airports in the total amount of UZS 1,720 billion (31 December 2023: no such obligation). Commitments in the amount of UZS 136 billion are repayable by MEF RUZ.

### ***Obligations on aircraft not received under the lease agreements***

During 2024 the Group concluded two long-term aircraft lease agreements. As at 31 December 2024 the aircraft have not been delivered (31 December 2023: no such obligation).

Total amount of future lease liabilities under said contracts was USD 141 million (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.

## **29. Fair value of financial instruments (continued)**

- 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 2024 and 31 December 2023, 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 floating rate financial instruments did not differ significantly from market interest rates as at 31 December 2024 and 31 December 2023. Management believes that the fair value of the Group's fixed rate financial instruments and non-interest-bearing financial instruments at 31 December 2024 is UZS 5,166 billion (2023: UZS 5,762 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. Subsequent events**

### ***Acquisition of aircraft engines***

In 2025, the Group entered into two contracts with the supplier Hartford Aviation Group, Inc. for the purchase of two PW-4000 aircraft engines in the amount of USD 19.2 million (UZS 248 billion). In June 2025, the Group entered into a long-term loan agreement with KDB Uzbekistan Bank to finance the purchase, for the sum of USD 19.2 million.

### ***Aircraft delivery***

In April 2025, the supplier Omnipol A.S. delivered L-410 aircraft.

### ***Loan drawdown***

As part of the signed loan agreement with Komerchni banka, A.S., an amount of EUR 11.5 million (UZS 155 billion) was withdrawn. Based on the concluded loan agreement, two L-410 aircraft were registered as collateral.

### **30. Subsequent events (continued)**

#### ***Loan drawdown (continued)***

As part of the financing of the construction of the Tashkent-Vostochny airport, a long-term loan agreement was concluded with NBU JSC, within the framework of which a drawdown was made in the amount of 905 billion UZS.

#### ***Mandate agreement with Deutsche Bank***

A mandate agreement was signed with Deutsche Bank to finance the construction project of Tashkent-Vostochny airport in the amount of up to EUR 80 million.

#### ***Transfer of airports***

In April 2025, a decision was made to transfer two airports built in the territory of Zamin and Kokand, with a total value of 85 billion UZS and 40 billion UZS, respectively, to a related party by reducing the authorised capital of the shareholder - the Ministry of Economy and Finance of the Republic of Uzbekistan.

#### ***Commissioning of Boeing 767 aircraft***

In May 2025, the modernisation of the Boeing 767 aircraft was completed, after which it was put into operation.

#### ***Transfer of a block of shares***

In May 2025, in accordance with Presidential Decree No. 303 issued on August 27, 2024, the Company's shareholding to the amount of 25% was transferred to the National Investment Fund of the Republic of Uzbekistan.