



Regional Electrical Power Networks JSC

**International Financial Reporting Standards
Consolidated Financial Statements and
Independent Auditor's Report**

31 December 2023

Contents

Independent Auditor's report

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

Notes to the Consolidated Financial Statements

1	Regional Electrical Power Networks JSC Group and its Operations	5
2	Significant Accounting Policies	6
3	Critical Accounting Estimates and Judgements in Applying Accounting Policies	17
4	New Accounting Pronouncement	18
5	Balances and Transactions with Related Parties.....	18
6	Property, Plant and Equipment.....	20
7	Intangible Assets	21
8	Prepayments to suppliers and contractors.....	21
9	Inventories	21
10	Trade and Other Receivables.....	22
11	Other current tax assets	24
12	Cash and cash equivalents.....	24
13	Equity.....	25
14	Borrowings.....	26
15	Deferred income	32
16	Trade and Other Payables.....	32
17	Other Taxes Payable	33
18	Other Liabilities	33
19	Revenue from Contracts with Customers	33
20	Cost of Sales	34
21	General Administrative Expenses.....	34
22	Other income	34
23	Finance Income	34
24	Finance Cost	35
25	Income Taxes	35
26	Contingencies and Commitment.....	36
27	Non-Controlling Interest.....	38
28	Financial Risk Management	38
29	Management of Capital	43
30	Fair Value Disclosures.....	43
31	Events after the Reporting Period.....	44



Independent Auditor's Report

To the Shareholder and the Board of Directors of Regional Electrical Power Networks JSC:

Our opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Regional Electrical Power Networks JSC (the "Company") and its subsidiaries (together - the "Group") as at 31 December 2023, and the Group's consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

What we have audited

The Group's consolidated financial statements comprise:

- the consolidated statement of financial position as at 31 December 2023;
- the consolidated statement of profit or loss and other comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) together with the ethical requirements of the Code of Professional Ethics for Auditors of Uzbekistan and auditor's independence requirements that are relevant to our audit of the consolidated financial statements in the Republic of Uzbekistan. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the ethical requirements of the Code of Professional Ethics for Auditors of Uzbekistan.



Suhrab Azimov
General Director



Feruz Sultanov
Certified Auditor



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 International Financial Reporting 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.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional 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 auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.



Suhrab Azimov
General Director



Feruz Sultanov
Certified Auditor



- 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance 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.

Suhrab Azimov
General Director
Certificate of auditor No. 05338
dated 7 November 2015 issued by
the Ministry of Finance of
Uzbekistan

Feruz Sultanov
Certified Auditor
Certificate of auditor No. 05855
dated 16 December 2021 issued by
the Ministry of Finance of
Uzbekistan

Audit Organization "PricewaterhouseCoopers" LLC

Audit Organization "PricewaterhouseCoopers" LLC
Tashkent, Uzbekistan
24 June 2024

Regional Electrical Power Networks JSC
Consolidated Statement of Financial Position

<i>In millions of Uzbekistan Soums</i>	Note	31 December 2023	31 December 2022
ASSETS			
Non-current assets			
Property, plant and equipment	6	20,081,437	17,593,240
Intangible assets	7	72,970	83,394
Investments in equity securities		2,341	5,443
Investments in associates		1,879	1,879
Prepayments to suppliers and contractors	8	381,884	75,000
Deferred tax asset	25	543,439	506,220
Trade and other receivables	10	109,494	143,403
Other non-current assets		77,299	71,226
Total non-current assets		21,270,743	18,479,805
Current assets			
Inventory	9	101,225	87,579
Trade and other receivables	10	1,343,991	1,542,023
Prepayments to suppliers and contractors	8	3,415,015	864,762
Income tax prepaid		87,301	49,711
Prepayments on other taxes	11	161,643	84,515
Cash and cash equivalents	12	335,702	540,047
Total current assets		5,444,877	3,168,637
TOTAL ASSETS		26,715,620	21,648,442
EQUITY			
Share capital	13	8,468,081	8,468,081
Reserve capital	13	22,605	24,358
Accumulated deficit		(3,278,865)	(2,021,550)
Equity attributable to the Company's owner		5,211,821	6,470,889
Non-controlling interest	27	295,995	359,273
TOTAL EQUITY		5,507,816	6,830,162
LIABILITIES			
Non-current liabilities			
Borrowings	14	485,099	5,203,543
Deferred income	15	1,539,025	298,302
Deferred tax liabilities	25	-	3,614
Other non-current liabilities		39,224	39,176
Total non-current liabilities		2,063,348	5,544,635
Current liabilities			
Borrowings	14	8,270,260	990,901
Trade and other payables	16	7,556,001	5,026,833
Contract liabilities	16	3,100,686	2,645,868
Income tax payable		1,158	68,619
Other taxes payable	17	91,808	116,460
Other liabilities	18	124,543	424,964
Total current liabilities		19,144,456	9,273,645
TOTAL LIABILITIES		21,207,804	14,818,280
TOTAL LIABILITIES AND EQUITY		26,715,620	21,648,442

Approved for issue and signed on 24 June 2024.



Primqulov Valijon
 Chief Accountant

The accompanying notes on page 5 to 45 are integral part of these consolidated financial statements.

Regional Electrical Power Networks JSC
Consolidated Statement of Profit or Loss and Other Comprehensive Income

<i>In millions of Uzbekistan Soums</i>	Note	2023	2022
Revenue from contracts with customers	19	34,276,379	24,345,836
Cost of sales	20	(31,899,606)	(22,486,038)
Gross profit		2,376,773	1,859,798
General and administrative expenses	21	(1,817,941)	(1,350,258)
Other income	22	259,362	356,230
Net charge for expected credit losses on financial assets	10	(1,081,082)	(810,911)
Operating profit / (loss)		(262,888)	54,859
Finance income	23	139,582	39,737
Finance costs	24	(1,223,352)	(427,072)
Loss before income tax		(1,346,658)	(332,476)
Income tax expense	25	26,065	(106,309)
Loss for the year		(1,320,593)	(438,785)
Other comprehensive income for the year		-	2,415
<i>Other comprehensive income not to be reclassified subsequently to profit/loss</i>			
Actuarial gain		-	2,415
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		(1,320,593)	(433,955)
Loss is attributable to:			
- Shareholder of the Company		(1,257,315)	(417,604)
- Non-controlling interest	27	(63,278)	(21,181)
Net loss for the year		(1,320,593)	(438,785)
Total comprehensive loss is attributable to:			
- Shareholder of the Company		(1,257,315)	(415,189)
- Non-controlling interest	27	(63,278)	(21,181)
Total comprehensive loss for the year		(1,320,593)	(436,370)

The accompanying notes on page 5 to 45 are integral part of these consolidated financial statements.

Regional Electrical Power Networks JSC
Consolidated Statement of Changes in Equity

<i>In millions of Uzbekistan Soums</i>	Note	Share capital	Reserve capital	Other reserves	Retained earnings/ (accumulated deficit)	Total	Non-controlling interest	Total equity
Balance at 1 January 2022		8,468,081	5,326	-	(1,396,797)	7,076,610	380,454	7,457,064
Loss for the year		-	-	-	(417,604)	(417,604)	(21,181)	(438,785)
Other comprehensive income		-	-	-	2,415	2,415	-	2,415
Total comprehensive income for the period		-	-	-	(415,189)	(415,189)	(21,181)	(436,370)
Transfers		-	19,032	-	(19,032)	-	-	-
Dividends declared	13	-	-	-	(190,532)	(190,532)	-	(190,532)
Balance at 31 December 2022		8,468,081	24,358	-	(2,021,550)	6,470,889	359,273	6,830,162
Loss for the year		-	-	-	(1,257,315)	(1,257,315)	(63,278)	(1,320,593)
Other comprehensive income		-	-	-	-	-	-	-
Total comprehensive loss for the period		-	-	-	(1,257,315)	(1,257,315)	(63,278)	(1,320,593)
Transfers		-	(1,753)	-	-	(1,753)	-	(1,753)
Dividends declared		-	-	-	-	-	-	-
Balance at 31 December 2023		8,468,081	22,605	-	(3,278,866)	5,211,820	295,996	5,507,816

The accompanying notes on page 5 to 45 are integral part of these consolidated financial statements.

Regional Electrical Power Networks JSC
Consolidated Statement of Cash Flows

<i>In millions of Uzbekistan Soums</i>	Note	2023	2022.
Cash flow from operating activities			
Loss before income tax		(1,346,658)	(332,476)
Adjustments for:			
Depreciation of property, plant and equipment and amortisation of intangible assets	6, 7	1,037,600	1,107,610
Assets received free of charge		-	(146,622)
Inventory received free of charge		-	(26,865)
Loss on foreign exchange transactions (net)		538,874	178,573
Net charge for expected credit losses on financial assets	10	1,140,939	801,067
Modification of contractual cash flows on long-term receivables		(59,857)	9,835
Other income		(13,516)	(9,774)
Modification of contractual cash flows on loans and borrowings		(136,781)	-
Interest accrued	14	704,236	245,964
(Recovery)/Inventory provision		(6,319)	-
Other		1,348	7,156
Operating cash flows before working capital changes		1,859,866	1,834,468
Increase in trade and other receivables		(855,215)	(689,962)
Decrease in inventory		(7,327)	77,688
Increase in prepayments to suppliers and contractors		(2,550,252)	(669,834)
Increase in trade and other payables		2,649,655	411,256
Decrease in taxes other than income tax prepaid/payable, net		(101,779)	(2,128)
Changes in working capital		994,948	961,488
Income taxes paid		(119,819)	(231,076)
Interest paid	14	(289,729)	(113,159)
Net cash from operating activities		585,400	617,253
Cash flows from investing activities			
Government subsidies received for the acquisition of fixed assets		721,742	-
Purchase of fixed assets		(3,433,942)	(1,219,835)
Dividends received		-	46,395
Proceeds from the sale of property, plant and equipment		72,709	126,905
Net cash used in investing activities		(2,639,491)	(1,046,535)
Cash flows from financing activities			
Proceeds from borrowings		2,459,370	703,618
Repayment of borrowings		(609,624)	(184,522)
Dividends paid		-	(65,833)
Net cash from financing activities		1,849,746	453,263
Effect of exchange rate changes on cash and cash equivalents		-	6,562
Cash and cash equivalents at the beginning of the year		540,047	509,504
Cash and cash equivalents at the end of the year		335,702	540,047

The accompanying notes on page 5 to 45 are integral part of these consolidated financial statements.

1 Regional Electrical Power Networks JSC Group and its Operations

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards for the year ended 31 December 2023 for Regional Electrical Power Networks JSC (the “Company”) and its subsidiaries (the “Group”).

The Company is a state joint stock company incorporated and domiciled in the Republic of Uzbekistan. Its main functions are the management of enterprises of territorial electricity networks that distribute and sell electrical energy to end consumers. The Company was incorporated as a result of reorganisation of Uzbekenergo JSC in accordance with the decree of the President of the Republic of Uzbekistan dated 27 March 2019 No. PP-4249 “On the strategy for further development and reform of the electric power industry of the Republic of Uzbekistan”. As a result of reorganisation, in 2019 the enterprises of territorial electrical networks (the “ETEN”) and other subsidiaries of Uzbekenergo JSC were transferred to the Company as contribution to its share capital.

As of 31 December 2022 and 31 December 2023 the Group’s immediate shareholder is the Ministry of Finance of the Republic of Uzbekistan. The Company’s ultimate controlling party is the Government of Uzbekistan.

Principal activity

The Group’s principal business activity is sale of electricity to end-users, both legal entities and individuals with further billing and collection procedures within the Republic of Uzbekistan. The supply of electricity to consumers nationwide is the responsibility of the low-voltage electricity grids of 14 territorial distribution and sales enterprises, which operate in each territorial entity as joint-stock companies under the control of the Company. The enterprises own power transmission lines with a total length of more than 250 thousand kilometres, and 1,700 substations with voltage of up to 110 kV.

The structure of the Group presented below:

Name	Nature of business	Percentage of ownership and voting rights		Country of registration
		31 December 2023	31 December 2022	
Subsidiaries *				
Fergana ETEN JSC	Power distribution	53.70%	53.70%	Uzbekistan
Bukhara ETEN JSC	Power distribution	53.10%	53.10%	Uzbekistan
TEMIR-BETON TAYANCH LLC	Manufacture of concrete construction materials	100%	100%	Uzbekistan
QO`SHKO`PIR LEKTROTEXNIKA ZAVODI LLC	Manufacture of electrical products	100%	100%	Uzbekistan

*ETEN – enterprise of territorial electrical networks

Based on Resolution of the Cabinet of Ministers of the Republic of Uzbekistan No. 126 dated March 24, 2022, from January 1, 2023, 12 ETENs (not including Fergana and Bukhara) were reorganized into branches. This did not have any impact on the Group or its activities.

Registered address and place of business

The Company’s registered address is Tashkent, Osiyo Street, building 8, the Republic of Uzbekistan. The Group’s principal place of business is the Republic of Uzbekistan.

Presentation currency

These consolidated financial statements are presented in millions of Uzbekistan Soums, unless otherwise stated.

Republic of Uzbekistan

The Uzbekistan economy continues to display characteristics of an emerging market, including but not limited to, a currency that is not freely convertible outside of the country and a low level of liquidity in debt and equity markets.

Economic stability in Uzbekistan is largely dependent upon the effectiveness of economic measures undertaken by the Government of Uzbekistan, together with other legal, regulatory and political developments, all of which are beyond the Group’s control.

1 Regional Electrical Power Networks JSC Group and its Operations (Continued)

The Group's financial position and operating results will continue to be affected by future political and economic developments in Uzbekistan including the application and interpretation of existing and future legislation and tax regulations, which greatly impact Uzbek Power and Utilities industry and the economy overall. Management is taking necessary measures to ensure sustainability of the Group's operations. However, the future effects of the current economic situation are difficult to predict and management's current expectations and estimates could differ from actual results.

The Group is a natural monopoly and is governed by the laws of the Republic of Uzbekistan "On Natural Monopolies". Accordingly, the Group sells electricity under contracts with individuals and legal entities at tariffs approved by the Government of the Republic of Uzbekistan.

Tariff decisions are strongly influenced by social and political issues. Economic, social and other policies of the Government of the Republic of Uzbekistan may have a significant impact on the Group's operations.

Uzbekistan experienced the following key economic indicators in 2023

- Official exchange rate as at 31 December 2023 US Dollar 1 per Uzbekistan Soums 12,338.77 (2022 US Dollar 1 per Uzbekistan Soums 11,225.46)
- Inflation 8.77% (2022 12.3%),
- GDP growth 6% (2022 5.4 %),
- Refinancing rate of the Central Bank of Uzbekistan in Uzbekistan Soums – 14% (2022 15%).

2 Significant Accounting Policies

Basis of preparation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") under the historical cost convention. The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

The preparation of consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 3.

Going concern principle

In 2023, the Group incurred a loss of UZS 1,320,593 million. Also, in 2023, the Group failed to fulfill its obligations for timely payment of loans to the Ministry of Economy and Finance of the Republic of Uzbekistan and the Fund for Reconstruction and Development of the Republic of Uzbekistan. As a result, as of December 31, 2023, all borrowings from these lenders were classified as payable on demand. As at 31 December 2023, the Group's current liabilities exceeded its current assets by UZS 13,674,422 million (31 December 2022 UZS 6,105,008 million).

These conditions may indicate that there is uncertainty about the Group's ability to continue as a going concern. Management has prepared these consolidated financial statements on a going concern basis. Management's decision is based on the Group's financial position, its current intentions, profitability of operations, access to financial resources and support from the Government of Uzbekistan. In assessing the Group's ability to continue as a going concern, the following factors were taken into account

- The Group is a natural monopoly in the distribution and trade of electricity in the territory of the Republic of Uzbekistan, therefore it is of strategic importance for ensuring the reliability of Uzbekistan's power system and stable supply of the electricity to end users. The management and shareholder of the Group have no intention or need to liquidate the Group's operations.
- As of 31 December 2023 the Group's current liabilities mainly consist of payables of Uzbekistan Soums 3,965,701 million (2022 Uzbekistan Soums 4,051,323 million) to National Electric Grid of Uzbekistan JSC ("NES"), controlled by the shareholder of the Group. The repayment schedule of payables to NES is determined by the interdepartmental tariff commission (the 'Commission') of the Cabinet of Ministers of the Republic of Uzbekistan, which also regulate the distribution of funds collected from the sale of electricity by the Group in accordance with the Cabinet of Ministers decree #633 dated 30 July 2019. The Commission takes into account the investment plan and the budget of the Group, approved by the shareholder, when considering and approving the distribution of funds between the Group and NES. Management expects that the Group will continue to hold

2 Significant Accounting Policies (Continued)

a significant portion of the cash collected from the sale of electricity to finance its operations for the foreseeable future. Management expects that the Ministry of Finance, as a sole shareholder, will provide the Group with the necessary financial support during the near future.

- As of December 31, 2023, the Group's short-term liabilities are also represented by loans from the Ministry of Economy and Finance and the Fund for Reconstruction and Development in the amount of UZS 5,618,759 million, which were reclassified from long-term due to non-financial covenant breaches (Ex. 26). In February 2024, the Group obtained a one-year deferral on loans from the Ministry from the date of the decision, amounting to 1,549,448 million Uzbekistan Soums. Also in 2024, the Group received official letters waiving the right to early claim the amount of loans from the Ministry of Economy and Finance and the Fund for Reconstruction and Development.
- The Cabinet of Ministers of the Republic of Uzbekistan issued a resolution on a significant increase in tariffs for the sale of electricity for legal entities from October 2023, and in May 2024 the tariff for the population was significantly increased. According to the document, it is also planned to increase tariffs in April 2025.
- The Smart Electricity Metering System significantly reduced the amount of grid losses in 2023. The Group continues to work in this direction, which should significantly increase its profitability in the future.
- Management believes that the Group will generate sufficient operating cash flows, have access to sufficient financing and will receive the support of the Cabinet of Ministers of the Republic of Uzbekistan in meeting its obligations in the ordinary course of business, and can therefore continue as a going concern for the foreseeable future for at least the next twelve months.

These consolidated financial statements do not include any adjustments to the carrying amounts of assets and liabilities, income and expenses, and the classification of the statement of financial position, which would be necessary in case of inability to continue operating, such adjustments can be significant.

Consolidated financial statements

Subsidiaries are those investees, that the Group controls because the Group (i) has power to direct the relevant activities of the investees that significantly affect their returns, (ii) has exposure, or rights, to variable returns from its involvement with the investees, and (iii) has the ability to use its power over the investees to affect the amount of the investor's returns. The existence and effect of substantive rights, including substantive potential voting rights, are considered when assessing whether the Group has power over another entity. For a right to be substantive, the holder must have a practical ability to exercise that right when decisions about the direction of the relevant activities of the investee need to be made. The Group may have power over an investee even when it holds less than the majority of the voting power in an investee. In such a case, the Group assesses the size of its voting rights relative to the size and dispersion of holdings of the other vote holders to determine if it has de-facto power over the investee. Protective rights of other investors, such as those that relate to fundamental changes of the investee's activities or apply only in exceptional circumstances, do not prevent the Group from controlling an investee. Subsidiaries are consolidated from the date on which control is transferred to the Group (acquisition date) and are deconsolidated from the date on which control ceases.

The acquisition method of accounting is used to account for the acquisition of subsidiaries other than those acquired from parties under common control. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest.

The Group measures non-controlling interest that represents present ownership interest and entitles the holder to a proportionate share of net assets in the event of liquidation on a transaction by transaction basis, either at (a) fair value, or (b) the non-controlling interest's proportionate share of net assets of the acquiree. Non-controlling interests that are not present ownership interests are measured at fair value.

Goodwill is measured by deducting the net assets of the acquiree from the aggregate of the consideration transferred for the acquiree, the amount of non-controlling interest in the acquiree and the fair value of an interest in the acquiree held immediately before the acquisition date. Any negative amount ("negative goodwill" or a "bargain purchase") is recognised in profit or loss, after management reassesses whether it identified all the assets acquired and all the liabilities and contingent liabilities assumed and reviews the appropriateness of their measurement.

The consideration transferred for the acquiree is measured at the fair value of the assets given up, equity instruments issued and liabilities incurred or assumed, including the fair value of assets or liabilities from contingent consideration arrangements, but excludes acquisition related costs such as advisory, legal, valuation and similar professional services. Transaction costs related to the acquisition of and incurred for issuing equity instruments are deducted from equity, transaction costs incurred for issuing debt as part of the business combination are deducted from the carrying amount of the debt and all other transaction costs associated with the acquisition are expensed.

2 Significant Accounting Policies (Continued)

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated, unrealised losses are also eliminated unless the cost cannot be recovered. The Company and all of its subsidiaries use uniform accounting policies consistent with the Group's policies.

Non-controlling interest is that part of the net results and of the equity of a subsidiary attributable to interests which are not owned, directly or indirectly, by the Group. Non-controlling interest forms a separate component of the Group's equity.

Purchases and sales of non-controlling interests

The Group applies the economic entity model to account for transactions with owners of non-controlling interest in transactions that do not result in a loss of control. Any difference between the purchase consideration and the carrying amount of non-controlling interest acquired is recorded as a capital transaction directly in equity. The Group recognises the difference between sales consideration and the carrying amount of non-controlling interest sold as a capital transaction in the statement of changes in equity.

Investments in associates

Associates are entities over which the Group has significant influence (directly or indirectly), but not control, generally accompanying a shareholding of between 20 and 50 percent of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. Dividends received from associates reduce the carrying value of the investment in associates. Other post-acquisition changes in the Group's share of net assets of an associate are recognised as follows (i) the Group's share of profits or losses of associates is recorded in the consolidated profit or loss for the year as the share of results of associates, (ii) the Group's share of other comprehensive income is recognised in other comprehensive income and presented separately, (iii), all other changes in the Group's share of the carrying value of net assets of associates are recognised in profit or loss within the share of results of associates.

However, when the Group's share of losses in an associate equal or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate. Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates, unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Disposals of subsidiaries or associates

When the Group ceases to have control or significant influence, any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity, are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

Foreign currency translation

Functional and presentation currency

All amounts in these consolidated financial statements are presented in million Uzbekistan Soums ("UZS"), unless otherwise stated. Functional currency is the currency of the primary economic environment in which the entity operates. The functional currency of subsidiaries, joint ventures, associates and the Company is UZS.

Transactions and balances in foreign currency

Foreign currency transactions are translated into the functional currency using the exchange rate of the Central Bank of Uzbekistan ("CBU") prevailing at the dates of transactions. Foreign exchange gains and losses resulting from the settlement of such transactions or from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

2 Significant Accounting Policies (Continued)

At 31 December 2023 the principal rate of exchange used for translating foreign currency balances was US Dollar 1 per Uzbekistan Soums 12,338.77 (31 December 2022 US Dollar 1 per Uzbekistan Soums 11,225.46). Exchange restrictions and currency controls exist relating to converting the Uzbekistan Soums into other currencies. Currently, Uzbekistan Soum is not freely convertible in most countries outside of the Republic of Uzbekistan.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment, where required. Property, plant and equipment includes assets under construction for future use as property, plant and equipment. Cost includes the purchase price, including import duties and non-refundable purchase taxes, less trade discounts and rebates, and any costs directly attributable to bringing the asset to the site and bringing it to a condition necessary for its intended use. The cost of property, plant and equipment built in-house includes the cost of materials, direct labor costs and a portion of manufacturing overheads. Individual material parts of an item of property, plant and equipment (components) that have a useful life that differs from the useful life of the asset as a whole are depreciated individually using depreciation rates that reflect their expected useful lives.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Costs of minor repairs and day-to-day maintenance are expensed when incurred. Cost of replacing major parts or components of property, plant and equipment items are capitalised and the replaced part is retired.

At the end of each reporting period management assesses whether there is any indication of impairment of property, plant and equipment. If any such indication exists, management estimates the recoverable amount, which is determined as the higher of an asset's fair value less costs of disposal and its value in use. The carrying amount is reduced to the recoverable amount and the impairment loss is recognised in profit or loss for the year. An impairment loss recognised for an asset in prior years is reversed where appropriate if there has been a change in the estimates used to determine the asset's value in use or fair value less costs of disposal.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss for the year.

Depreciation

Land and assets under construction are not depreciated. Depreciation on other items of property, plant and equipment is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives

	<u>Useful lives in years</u>
Buildings	45
Transmitting devices	30
Machinery and equipment	25
Vehicles	10
Other	7

The residual value of an asset is the estimated amount that the Group would currently obtain from the disposal of the asset less the estimated costs of disposal, if the asset was already of the age and in the condition expected at the end of its useful life. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of the each reporting period.

Intangible assets other than goodwill

The Group's intangible assets other than goodwill have definite useful lives and primarily include capitalised software licences.

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring them to use.

Development costs that are directly associated with identifiable and unique software controlled by the Group are recorded as intangible assets if an inflow of incremental economic benefits exceeding costs is probable. Capitalised costs include employee benefits expense of the software development team and an appropriate portion of relevant overheads. All other costs associated with computer software, e.g. its maintenance, are expensed when incurred.

2 Significant Accounting Policies (Continued)

Intangible assets are amortised using the straight-line method over their useful lives

Software licences

Useful lives in years
5 - 10 years

If impaired, the carrying amount of intangible assets is written down to the higher of value in use and fair value less costs of disposal.

Impairment of non-financial assets

Intangible assets that have an indefinite useful life or intangible assets not ready for use are not subject to amortisation and are tested annually for impairment. Assets that are subject to depreciation and amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). Prior impairments of non-financial assets (other than goodwill) are reviewed for possible reversal at each reporting date.

Financial instruments – key measurement terms

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The best evidence of fair value is the price in an active market. An active market is one in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Fair value of financial instruments traded in an active market is measured as the product of the quoted price for the individual asset or liability and the number of instruments held by the entity. This is the case even if a market's normal daily trading volume is not sufficient to absorb the quantity held and placing orders to sell the position in a single transaction might affect the quoted price.

Valuation techniques such as discounted cash flow models or models based on recent arm's length transactions or consideration of financial data of the investees are used to measure fair value of certain financial instruments for which external market pricing information is not available. Fair value measurements are analysed by level in the fair value hierarchy as follows (i) level one are measurements at quoted prices (unadjusted) in active markets for identical assets or liabilities, (ii) level two measurements are valuations techniques with all material inputs observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices), and (iii) level three measurements are valuations not based on solely observable market data (that is, the measurement requires significant unobservable inputs). Transfers between levels of the fair value hierarchy are deemed to have occurred at the end of the reporting period (Note 30).

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial instrument. An incremental cost is one that would not have been incurred if the transaction had not taken place. Transaction costs include fees and commissions paid to agents (including employees acting as selling agents), advisors, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties. Transaction costs do not include debt premiums or discounts, financing costs or internal administrative or holding costs.

Amortised cost ("AC") is the amount at which the financial instrument was recognised at initial recognition less any principal repayments, plus accrued interest, and for financial assets less any allowance for expected credit losses ("ECL"). Accrued interest includes amortisation of transaction costs deferred at initial recognition and of any premium or discount to the maturity amount using the effective interest method. Accrued interest income and accrued interest expense, including both accrued coupon and amortised discount or premium (including fees deferred at origination, if any), are not presented separately and are included in the carrying values of the related items in the consolidated statement of financial position.

The effective interest method is a method of allocating interest income or interest expense over the relevant period, so as to achieve a constant periodic rate of interest (effective interest rate) on the carrying amount. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts (excluding future credit losses) through the expected life of the financial instrument or a shorter period, if appropriate, to the gross carrying amount of the financial instrument. The effective interest rate discounts cash flows of variable interest instruments to the next interest repricing date, except for the premium or discount which reflects the credit spread over the floating rate specified in the instrument, or other variables that are not reset to market rates. Such premiums or discounts are amortised over the whole expected life of the instrument. The present value calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate. For assets that are purchased or originated credit impaired ("POCI") at initial recognition, the effective interest rate is adjusted for credit risk, i.e. it is calculated based on the expected cash flows on initial recognition instead of contractual payments.

2 Significant Accounting Policies (Continued)

Financial instruments – initial recognition

Financial instruments at FVTPL are initially recorded at fair value. All other financial instruments are initially recorded at fair value adjusted for transaction costs. Fair value at initial recognition is best evidenced by the transaction price. A gain or loss on initial recognition is only recorded if there is a difference between fair value and transaction price which can be evidenced by other observable current market transactions in the same instrument or by a valuation.

technique whose inputs include only data from observable markets. After the initial recognition, an ECL allowance is recognised for financial assets measured at AC and investments in debt instruments measured at FVOCI, resulting in an immediate accounting loss.

All purchases and sales of financial assets that require delivery within the time frame established by regulation or market convention (“regular way” purchases and sales) are recorded at trade date, which is the date on which the Group commits to deliver a financial asset. All other purchases are recognised when the Group becomes a party to the contractual provisions of the instrument.

Financial assets – classification and subsequent measurement – measurement categories

The Group classifies financial assets in the following measurement categories FVTPL, FVOCI and AC. The classification and subsequent measurement of debt financial assets depends on (i) the Group’s business model for managing the related assets portfolio and (ii) the cash flow characteristics of the asset.

Financial assets – classification and subsequent measurement – business model

The business model reflects how the Group manages the assets in order to generate cash flows – whether the Group’s objective is (i) solely to collect the contractual cash flows from the assets (“hold to collect contractual cash flows”), or (ii) to collect both the contractual cash flows and the cash flows arising from the sale of assets (“hold to collect contractual cash flows and sell”) or, if neither of (i) and (ii) is applicable, the financial assets are classified as part of “other” business model and measured at FVTPL.

Business model is determined for a group of assets (on a portfolio level) based on all relevant evidence about the activities that the Group undertakes to achieve the objective set out for the portfolio available at the date of the assessment. Factors considered by the Group in determining the business model include the purpose and composition of a portfolio, past experience on how the cash flows for the respective assets were collected, how risks are assessed and managed, how the assets’ performance is assessed and how managers are compensated.

Financial assets – classification and subsequent measurement – cash flow characteristics

Where the business model is to hold assets to collect contractual cash flows or to hold contractual cash flows and sell, the Group assesses whether the cash flows represent solely payments of principal and interest (“SPPI”). Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are consistent with the SPPI feature. In making this assessment, the Group considers whether the contractual cash flows are consistent with a basic lending arrangement, i.e. interest includes only consideration for credit risk, time value of money, other basic lending risks and profit margin.

Where the contractual terms introduce exposure to risk or volatility that is inconsistent with a basic lending arrangement, the financial asset is classified and measured at FVTPL through profit or loss. The SPPI assessment is performed on initial recognition of an asset and it is not subsequently reassessed.

Financial assets – reclassification

Financial instruments are reclassified only when the business model for managing the portfolio as a whole changes. The reclassification has a prospective effect and takes place from the beginning of the first reporting period that follows after the change in the business model. The Group did not change its business model during the current and comparative period and did not make any reclassifications.

2 Significant Accounting Policies (Continued)

Financial assets impairment – credit loss allowance for ECL

The Group assesses, on a forward-looking basis, the ECL for debt instruments measured at AC and FVOCI and for the exposures arising from loan commitments and financial guarantee contracts, for contract assets. The Group measures ECL and recognises net impairment losses on financial and contract assets 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.

Debt instruments measured at AC, trade and other receivables, loans issued and contract assets are presented in the consolidated statement of financial position net of the allowance for ECL. For loan commitments and financial guarantees, a separate provision for ECL is recognised as a liability in the consolidated statement of financial position. For debt instruments at FVOCI, changes in amortised cost, net of allowance for ECL, are recognised in profit or loss and other changes in carrying value are recognised in OCI as gains less losses on debt instruments at FVOCI. Other changes in carrying amount are recorded in other comprehensive income as gains less losses on debt instruments measured through other comprehensive income.

The Group applies simplified approach for impairment of trade and lease receivable. For other financial assets 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 in 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 Months 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"). Refer to Note 28 for a description of how the Group determines when a SICR has occurred. 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. The Group's definition of credit impaired assets and definition of default is explained in Note 28. For financial assets that are purchased or originated credit-impaired ("POCI Assets"), the ECL is always measured as a Lifetime ECL.

Note 28 provides information about inputs, assumptions and estimation techniques used in measuring ECL, including an explanation of how the Group incorporates forward-looking information in the ECL models.

Financial assets – write-off

Financial assets are written-off, in whole or in part, when the Group exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovery. The write-off represents a derecognition event. The Group may write-off financial assets that are still subject to enforcement activity when the Group seeks to recover amounts that are contractually due, however, there is no reasonable expectation of recovery.

Financial assets – derecognition

The Group derecognises financial assets when (a) the assets are redeemed or the rights to cash flows from the assets otherwise expire or (b) the Group has transferred the rights to the cash flows from the financial assets or entered into a qualifying pass-through arrangement whilst (i) also transferring substantially all the risks and rewards of ownership of the assets or (ii) neither transferring nor retaining substantially all the risks and rewards of ownership but not retaining control. Control is retained if the counterparty does not have the practical ability to sell the asset in its entirety to an unrelated third party without needing to impose additional restrictions on the sale.

Financial assets – modification

The Group sometimes renegotiates or otherwise modifies the contractual terms of the financial assets. The Group assesses whether the modification of contractual cash flows is substantial considering, among other, the following factors [any new contractual terms that substantially affect the risk profile of the asset, significant change in interest rate or a significant extension of a loan when the borrower is not in financial difficulties.

If the modified terms are substantially different, the rights to cash flows from the original asset expire and the Group derecognises the original financial asset and recognises a new asset at its fair value. The date of renegotiation is considered to be the date of initial recognition for subsequent impairment calculation purposes, including determining whether a SICR has occurred. The Group also assesses whether the new loan or debt instrument meets the SPPI criterion. Any difference between the carrying amount of the original asset derecognised and fair value of the new substantially modified asset is recognised in profit or loss, unless the substance of the difference is attributed to a capital transaction with owners.

2 Significant Accounting Policies (Continued)

In a situation where the renegotiation was driven by financial difficulties of the counterparty and inability to make the originally agreed payments, the Group compares the original and revised expected cash flows to assess whether the risks and rewards of the asset are substantially different as a result of the contractual modification. If the risks and rewards do not change, the modified asset is not substantially different from the original asset and the modification does not result in derecognition. The Group recalculates the gross carrying amount by discounting the modified contractual cash flows by the original effective interest rate (or credit-adjusted effective interest rate for POCI financial assets) and recognises a modification gain or loss in profit or loss.

Financial liabilities – measurement categories

Financial liabilities are classified as subsequently measured at AC, except for (i) financial liabilities at FVTPL this classification is applied to derivatives, financial liabilities held for trading (e.g. short positions in securities), contingent consideration recognised by an acquirer in a business combination and other financial liabilities designated as such at initial recognition and (ii) financial guarantee contracts and loan commitments.

Financial liabilities – derecognition

Financial liabilities are derecognised when they are extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expires).

An exchange between the Group and its original lenders of debt instruments with substantially different terms, as well as substantial modifications of the terms and conditions of existing financial liabilities, are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability. In addition, other qualitative factors, such as the currency that the instrument is denominated in, changes in the type of interest rate, new conversion features attached to the instrument and change in loan covenants are also considered. If an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are amortised over the remaining term of the modified liability.

Modifications of liabilities that do not result in extinguishment are accounted for as a change in estimate using a cumulative catch up method, with any gain or loss recognised in profit or loss, unless the economic substance of the difference in carrying values is attributed to a capital transaction with owners.

Financial liabilities designated at FVTPL

The Group may designate certain liabilities at FVTPL at initial recognition. Gains and losses on such liabilities are presented in profit or loss except for the amount of change in the fair value that is attributable to changes in the credit risk of that liability (determined as the amount that is not attributable to changes in market conditions that give rise to market risk), which is recorded in OCI and is not subsequently reclassified to profit or loss. This is unless such a presentation would create, or enlarge, an accounting mismatch, in which case the gains and losses attributable to changes in credit risk of the liability are also presented in profit or loss.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position only when there is a legally enforceable right to offset the recognised amounts, and there is an intention to either settle on a net basis, or to realise the asset and settle the liability simultaneously. Such a right of set off (a) must not be contingent on a future event and (b) must be legally enforceable in all of the following circumstances (i) in the normal course of business, (ii) in the event of default and (iii) in the event of insolvency or bankruptcy.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and cash at current bank accounts. Cash and cash equivalents are carried at AC because (i) they are held for collection of contractual cash flows and those cash flows represent SPPI, and (ii) they are not designated at FVTPL.

Restricted balances are excluded from cash and cash equivalents for the purposes of the consolidated cash flow statement.

2 Significant Accounting Policies (Continued)

Balances restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period are included in other non-current assets, balances restricted for more than three months but less than twelve months after the reporting period are included in other current assets.

Trade and other receivables

Trade and other receivables, except for prepaid taxes and advances to suppliers, are initially recognised at fair value and are subsequently measured at amortised cost using the effective interest method.

Advances to suppliers are carried at cost less provision for impairment. Advances are classified as non-current when the goods or services relating to the advances are expected to be obtained after one year, or when advances relate to an asset which will itself be classified as non-current upon initial recognition. Advances to acquire assets are transferred to the carrying amount of the asset once the Group has obtained control of the asset and it is probable that future economic benefits associated with the asset will flow to the Group. Other advances are written off to profit or loss when the goods or services relating to the advances are received. If there is an indication that the assets, goods or services relating to advances will not be received, the carrying value of the advances is written down accordingly, and a corresponding impairment loss is recognised in the profit or loss for the year. Prepaid taxes are stated at actual amounts paid less impairment provision.

Trade and other payables

Trade payables are accrued when the counterparty performs its obligations under the contract and are recognised initially at fair value and subsequently carried at AC using the effective interest method.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred, and are subsequently carried at AC using the effective interest method.

Capitalisation of 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 or sale (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 or sale.

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

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.

Financial guarantees

Financial guarantees require the Group to make specified payments to reimburse the holder of the guarantee for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. Financial guarantees are initially recognised at their fair value, which is normally evidenced by the amount of fees received. This amount is amortised on a straight line basis over the life of the guarantee. At the end of each reporting period, the guarantees are measured at the higher of (i) the amount of the loss allowance for the guaranteed exposure determined based on the expected loss model and (ii) the remaining unamortised balance of the amount at initial recognition. In addition, an ECL loss allowance is recognised for fees receivable that are recognised in the consolidated statement of financial position as an asset.

Operating lease

Where the Group is a lessor in a lease which does not transfers substantially all the risks and rewards incidental to ownership to the lessee (i.e. operating lease), lease payments from operating leases are recognised as other income

2 Significant Accounting Policies (Continued)

on a straight-line basis. Modification of a lease is accounted for by the lessor as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease.

Income taxes

Income taxes have been provided for in the consolidated financial statements in accordance with legislation enacted or substantively enacted by the end of the reporting period. The income tax charge comprises current tax and deferred tax and is recognised in profit or loss for the year, except if it is recognised in other comprehensive income or directly in equity because it relates to transactions that are also recognised, in the same or a different period, in other comprehensive income or directly in equity.

Current tax is the amount expected to be paid, or recovered, in respect of taxable profits or losses for the current and prior periods. Taxable profits or losses are based on estimates if the consolidated financial statements are authorised prior to filing relevant tax returns. Taxes other than on income are recorded within operating expenses.

Deferred income tax is provided using the balance sheet liability method for tax loss carry forwards and temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. In accordance with the initial recognition exemption, deferred taxes are not recorded for temporary differences on initial recognition of an asset or a liability in a transaction other than a business combination if the transaction, when initially recorded, affects neither accounting nor taxable profit. Deferred tax liabilities are not recorded for temporary differences on initial recognition of goodwill, and subsequently for goodwill which is not deductible for tax purposes. Deferred tax balances are measured at tax rates enacted or substantively enacted at the end of the reporting period, which are expected to apply to the period when the temporary differences will reverse or the tax loss carry forwards will be utilised.

Deferred tax assets for deductible temporary differences and tax loss carry forwards are recorded only to the extent that it is probable that the temporary difference will reverse in the future and there is sufficient future taxable profit available against which the deductions can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis. Deferred tax assets and liabilities are netted only within the individual companies of the Group.

The Group controls the reversal of temporary differences relating to taxes chargeable on dividends from subsidiaries or on gains upon their disposal. The Group does not recognise deferred tax liabilities on such temporary differences except to the extent that management expects the temporary differences to reverse in the foreseeable future.

Uncertain tax positions

The Group's uncertain tax positions are reassessed by management at the end of each reporting period. Liabilities are recorded for income tax positions that are determined by management as more likely than not to result in additional taxes being levied if the positions were to be challenged by the tax authorities. The assessment is based on the interpretation of tax laws that have been enacted or substantively enacted by the end of the reporting period, and any known court or other rulings on such issues. Liabilities for penalties, interest and taxes other than on income are recognised based on management's best estimate of the expenditure required to settle the obligations at the end of the reporting period. Adjustments for uncertain income tax positions, other than interest and fines, are recorded within the income tax charge. Adjustments for uncertain income tax positions in respect of interest and fines are recorded within finance costs and other gains/(losses), net, respectively.

Value added tax

Output value added tax related to sales is payable to tax authorities on the earlier of (a) collection of receivables from customers or (b) delivery of goods or services to customers. Input VAT is generally recoverable against output VAT upon receipt of the VAT invoice. The tax authorities permit the settlement of VAT on a net basis. VAT related to sales and purchases is recognised in the consolidated statement of financial position on a gross basis and disclosed separately as an asset and a liability. Where provision has been made for ECL of receivables, the impairment loss is recorded for the gross amount of the debtor, including VAT.

2 Significant Accounting Policies (Continued)

Prepayments

Prepayments are carried at cost less provision for impairment. A prepayment is classified as non-current when the goods or services relating to the prepayment are expected to be obtained after one year, or when the prepayment relates to an asset which will itself be classified as non-current upon initial recognition. Prepayments to acquire assets are transferred to the carrying amount of the asset once the Group has obtained control of the asset and it is probable that future economic benefits associated with the asset will flow to the Group. Other prepayments are written off to profit or loss when the services relating to the prepayments are received. If there is an indication that the assets, goods or services relating to a prepayment will not be received, the carrying value of the prepayment is written down accordingly and a corresponding impairment loss is recognised in profit or loss for the year.

Share capital

Ordinary shares and non-redeemable preference shares with discretionary dividends are both classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds. Any excess of the fair value of consideration received over the par value of shares issued is recorded as share premium in equity.

Dividends

Dividends are recorded as a liability and deducted from equity in the period in which they are declared and approved. Any dividends declared after the reporting period and before the consolidated financial statements are authorised for issue are disclosed in the subsequent events note. The statutory accounting reports of the Company are the basis for profit distribution and other appropriations. Uzbekistan legislation identifies the basis of distribution as the current year net profit.

Provisions for liabilities and charges

Provisions for liabilities and charges are non-financial liabilities of uncertain timing or amount. They are accrued when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as an interest expense within finance costs.

Levies and charges, such as taxes other than income tax or regulatory fees based on information related to a period before the obligation to pay arises, are recognised as liabilities when the obligating event that gives rise to pay a levy occurs, as identified by the legislation that triggers the obligation to pay the levy. If a levy is paid before the obligating event, it is recognised as a prepayment.

Revenue recognition

Revenue is income arising in the course of the Group's ordinary activities. Revenue is recognised in the amount of transaction price. Transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring control over promised goods or services to a customer, excluding the amounts collected on behalf of third parties. Revenue is recognized net of value added tax (VAT) and discounts. Revenue from the sale of electricity is recognized over the period.

Consolidated revenue of the Group is mainly attributed to sale and transmission of electricity. Sale of each type of the goods/services is documented in a separate, identifiable contract with an individual customer.

According to the contracts for sale of the electricity of the Group's subsidiaries, obligations to be performed are identified when concluding the relevant contract.

The Group does not assume concluding contracts which provide for a period between transfer of the promised goods or services to the customer and payment by the customer to be more than one year. Accordingly, the Group does not adjust transaction prices for time value for money.

According to the contracts for selling electricity, the contract amount is the price for the sold amount of electricity.

Sale of electric power

The Group sells electricity under agreements with individuals and legal entities based on the tariffs approved by the Government. Sales to legal entities are recognised in the reporting period in which electricity is consumed, according to readings of the metering devices. A legal entity agreement requires prepayments up to 30-50% of expected

2 Significant Accounting Policies (Continued)

volume of electricity consumption for the billing month and payment of the remaining balance within the month following after billing.

Sales to individuals are recognised in the reporting period in which electric power is consumed. Revenues from individuals include revenues for the period after the last reading of the metering devices, which are recognised on average from the electricity consumed for the previous two months. An agreement with individuals provides for payment until the 10th day of the month following the billing month based on the payment document to be issued by the Group, except for consumers with smart metering devices where prepayment is required. The billing period is one calendar month.

Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received, and the Group will comply with all attached conditions. Government grants relating to costs are deferred and recognised in profit or loss for the year as other operating income over the period necessary to match them with the costs that they are intended to compensate.

Employee benefits

Wages, salaries, contributions to the Republic of Uzbekistan state pension and social insurance fund, paid annual leave and sick leave, bonuses, and non-monetary benefits (such as health services and kindergarten services) are accrued in the year in which the associated services are rendered by the employees of the Group. The Group has no legal or constructive obligation to make pension or similar benefit payments beyond the payments to the statutory defined contribution scheme.

3 Critical Accounting Estimates and Judgements in Applying Accounting Policies

The Group makes 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 judgements 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 judgements, apart from those involving estimations, in the process of applying the accounting policies. Judgements that have the most significant effect on the amounts recognised in the consolidated financial statements and estimates that can cause a significant adjustment to the carrying amount of assets and liabilities within the next financial year include

Impairment of property, plant and equipment and intangible assets

The Group's management has analysed external and internal indicators of impairment of property, plant and equipment and intangible assets. The management of the Group concluded that there is no indication of impairment. Accordingly, the management of the Group has elected not to test for impairment of property, plant and equipment and intangible assets as at 31 December 2023.

ECL measurement

Measurement of ECLs is a significant estimate that involves determination methodology, models and data inputs. Details of ECL measurement methodology are disclosed in Note 28. The following components have a major impact on credit loss allowance definition of default, SICR, probability of default ("PD"), exposure at default ("EAD"), and loss given default ("LGD"), as well as models of macro-economic scenarios. The Group regularly reviews and validates the models and inputs of the models to reduce any differences between expected credit loss estimates and actual credit loss.

Recognition of a deferred tax asset

The recognised deferred tax assets represent income taxes recoverable through future deductions from taxable profits and are recorded in the consolidated statement of financial position. Deferred income tax assets are recorded to the extent that realisation of the related tax benefit is probable. This includes temporary difference expected to reverse in the future and the availability of sufficient future taxable profit against which the deductions can be utilised. The future taxable profits and the amount of tax benefits that are probable in the future are based on the medium term business plan prepared by management and extrapolated results thereafter. The business plan is based on management expectations that are believed to be reasonable under the circumstances.

4 New Accounting Pronouncement

Certain new standards and interpretations have been issued that are mandatory for the annual periods beginning on or after 1 January 2024 or later, and which the Group has not early adopted.

- Amendments to IFRS 16 Leases Lease Liabilities in Sale and Leasebacks (issued on 22 September 2022 and effective for annual periods beginning on or after 1 January 2024).
- Classification of Liabilities as Current or Long-Term, Deferred Effective Date - Amendments to IAS 1 (issued on 15 July 2020 and effective for annual periods beginning on or after 1 January 2024).
- Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments Disclosures Supplier Financing Arrangements (issued 25 May 2023).
- Amendments to IAS 21 Lack of Exchangeability (issued 15 August 2023).
- Sale or contribution of assets between an investor and its associate or joint venture - Amendments to IFRS 10 and IAS 28 (issued on 11 September 2014 and effective for annual periods beginning on a date to be determined by the Board). IFRS.

The Group is currently assessing the impact of the amendments on its consolidated financial statements.

5 Balances and Transactions with Related Parties

Parties are generally considered to be related if the parties are under common control or if one party has the ability to control the other party or 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.

The Government of Uzbekistan has control over the Group. The Group decided to apply the exemption from disclosure of individually insignificant transactions and balances with the government and parties that are related to the entity. Transactions with government-run companies are not disclosed if they are carried out in the ordinary course of business in accordance with conditions consistent with all public and private companies i) when they are not individually significant, ii) if the Group's services are provided on standard terms available to all consumers, or iii) provided there is no choice of providers of services such as electricity distribution and sales.

The Group purchases from and sells electricity to a large number of government related entities. Such purchases and sales are individually insignificant and are generally entered into on an arm's length basis. Transactions with the state also include taxes which are detailed in Notes 11, 17 and 25.

As the Government related entities, the balances and transactions with "Navoi MMC" JSC, "Almalyk MMC" JSC, "Maxam Chirchiq" JSC, "O'zbekiston Metalurgiya Kombinat" JSC, "Navoi Uran" JSC, "Fargonaazot" JSC, "Uzbekneftegaz" JSC, "Qarshi magistral kanal" JSC and state owned banks are disclosed

At 31 December 2023, the outstanding balances with related parties were as follows

<i>In millions of Uzbekistan Soums</i>	Note	Government and entities under government control	Associates
Cash and cash equivalents	12	335,368	-
Trade and other receivables	10	84,005	-
Prepayments to suppliers	8	3,223,831	-
Deferred income	15	1,539,025	-
Borrowings	14	6,425,265	-
Trade and other payables	16	7,183,542	30,260

5 Balances and Transactions with Related Parties (Continued)

At 31 December 2022, the outstanding balances with related parties were as follows

<i>In millions of Uzbekistan Soums</i>	Note	Government and entities under government control	Associates
Cash and cash equivalents	12	420,205	-
Trade and other receivables	10	101,919	-
Prepayments to suppliers	8	459,535	-
Deferred income	15	298,302	-
Borrowings	14	4,604,887	-
Trade and other payables	16	4,510,858	17,195

The income and expense items with related parties for the years ended 31 December 2023 were as follows

<i>In millions of Uzbekistan Soums</i>	Note	Government and entities under government control	Associates
Revenue		9,270,743	-
Purchases of electricity	20	29,475,096	-
Interest expense	24	704,236	-

The income and expense items with related parties for the years ended 31 December 2022 were as follows

<i>In millions of Uzbekistan Soums</i>	Note	Government and entities under government control	Associates
Revenue		5,802,343	-
Purchases of electricity	20	20,095,967	-
Interest expense	24	271,037	-

The Group purchased smart meters in amount of Uzbekistan Soums 117 million (2022 Uzbekistan Soums 609 billion) from associate.

Key management compensation

Key management as of 31 December 2023 includes 6 members of Management Board (2022 4 members of Management Board).

Key management compensation is presented below

<i>In millions of Uzbekistan Soums</i>	2023		2022	
	Expense	Accrued liability	Expense	Accrued liability
Short-term benefits				
- Salaries	2,246	-	1,693	-
- Short-term bonuses	554	-	574	-
- Social insurance	306	-	223	-
Total key management compensation	3,106	-	2,490	-

Short-term bonuses fall due wholly within twelve months after the end of the period in which management rendered the related services.

6 Property, Plant and Equipment

Movements in the carrying amount of property, plant and equipment were as follows

<i>In millions of Uzbekistan Soums</i>	Buildings and premises	Machinery and equipment	Vehicles	Other	Construction in progress	Total
Cost at 1 January 2022	380,725	16 845,325	196,249	709 534	1,936,446	20,068,279
Accumulated depreciation	(62,803)	(2 481,671)	(65,430)	(41 004)	-	(2,650,908)
Carrying amount at 1 January 2022	317,922	14,363,654	130,819	668,530	1,936,446	17,417,371
Additions	907	84,173	6,083	69	1,276 565	1 367,797
Capitalised borrowing costs	-	-	-	-	32 163	32,163
Transfers	89,159	1,564,659	18,584	(541,197)	(1,131,205)	-
Disposals	(5,989)	(21,004)	(1,538)	(539)	(97,835)	(126 905)
Depreciation charge	(16,613)	(1 037 185)	(21 860)	(21 528)	-	(1,097,186)
Cost at 31 December 2022	462,863	18 480 308	218,334	167 046	2,016,134	21,344,685
Accumulated depreciation	(77,477)	(3 526 011)	(86,246)	(61 711)	-	(3,751,445)
Carrying amount at 31 December 2022	385,386	14,954,297	132,088	105,335	2,016,134	17,593,240
Additions	1 063	83 352	1,009	33	3,410,105	3,495 562
Capitalised borrowing costs	-	-	-	-	92,520	92,520
Transfers	16,815	930,384	23,131	9,635	(979,965)	-
Disposals	(2,563)	(13 354)	(46)	(171)	(56,575)	(72,709)
Depreciation charge	(16,814)	(967 175)	(21 000)	(22 187)	-	(1,027,176)
Cost at 31 December 2023	478,366	19,477 528	242,354	176 230	4,482,219	24,856 697
Accumulated depreciation	(94,479)	(4 490 024)	(107,172)	(83 585)	-	(4,775,260)
Carrying amount at 31 December 2023	383,887	14,987,504	135,182	92,645	4,482,219	20,081,437

Construction in progress consists mainly of Smart Electricity Metering System's ("ASKUE") implementation, modernisation and reconstruction of low-voltage electric networks. Upon completion, assets are transferred to building, machinery and equipment. Additions to construction in progress include capitalised borrowing costs of Uzbekistan Soums 92,520 million (2022 Uzbekistan Soums 32,163 million). The capitalisation rate was 10.02% (2022 7.28%).

7 Intangible Assets

Software and licenses were acquired for ASKUE Billing Center.

<i>In millions of Uzbekistan Soums</i>	Acquired software licences
Cost at 1 January 2022	104,242
Accumulated amortisation	(10,424)
Carrying amount at 1 January 2022	93,818
Amortisation charge	(10,424)
Cost at 31 December 2022	104,242
Accumulated amortisation	(20,848)
Carrying amount at 31 December 2022	83,394
Amortisation charge	(10,424)
Cost at 31 December 2023	104,242
Accumulated amortisation	(31,272)
Carrying amount at 31 December 2023	72,970

8 Prepayments to suppliers and contractors

<i>In millions of Uzbekistan Soums</i>	31 December 2023	31 December 2022
Prepayment for non-current assets	381,884	75,000
Current part of prepayments:		
- Prepayments for electricity	2,755,443	459,535
- Prepayments for goods, materials and services	223,353	405,227
- Prepayment to the founder	456,700	-
Total prepayments to suppliers and contractors	3,817,380	939,762

9 Inventories

<i>In millions of Uzbekistan Soums</i>	31 December 2023	31 December 2022
Materials	93,740	86,428
Products and goods for resale	-	9,208
Spare parts	22,672	13,449
Less provision for write down to net realisable value and provision for slow-moving and obsolete inventories	(15,187)	(21,506)
Total inventories	101,225	87,579

Presented below are movements in the Group's inventory provision

<i>In millions of Uzbekistan Soums</i>	2023	2022
Provision at 1 January	(21,506)	(21,506)
Recovery/(accrual) of provision	6,319	-
Provision at 31 December	(15,187)	(21,506)

10 Trade and Other Receivables

<i>In millions of Uzbekistan Soums</i>	31 December 2023	31 December 2022
Current trade receivables		
Trade receivables from sales of electricity to individuals	1,311,379	826,952
less ECL on individual assessment of individuals	(770,343)	(617,153)
less ECL on collective assessment of individuals	(286,898)	
Trade receivables from sales of electricity to corporate customers	2,719,687	2,249,021
less ECL on collective assessment of corporate customers	(916,389)	(975,052)
less ECL on individual assessment of corporate customers	(776,494)	-
Total financial assets	1,280,942	1,483,768
Prepaid expenses	283	301
Prepayments to staff	4,545	10,295
Others	58,221	47,659
Total trade and other receivables	1,343,991	1,542,023

In the current reporting period, revenue in the amount of Uzbekistan Soums 2,645,868 million Uzbekistan Soums was recognized (2022 Uzbekistan Soums 2,259,827 million) in respect of contract liabilities for 31 December 2023.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade and other receivables. To measure the expected credit losses, trade and other receivables have been grouped based on shared credit risk characteristics, the days past due and others. The groups include

- Receivables from sales of electricity to individuals – ECL is assessed on a collective and individual basis.
- Receivables from sales of electricity to corporate customers – ECL is assessed on collective and individual basis.

The expected loss rates for receivables from sales of electricity to households and corporate customers are based on the payment profiles of customers over a period of 36 month before each balance sheet date and the corresponding historical credit losses experienced within this period. The historical loss rates of corporate customers are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has applied the sovereign credit rating of Uzbekistan and accordingly adjusts the historical loss rates based on expected changes in this factor.

<i>In millions of Uzbekistan Soums</i>	31 December 2023	31 December 2022
Other long-term accounts receivable		
Other long-term accounts receivable	356,231	466,977
Less impact of modification of other long-term receivables	(191,606)	(251,463)
Less ECL	(55,131)	(72,111)
Total financial assets within long-term trade and other receivable	109,494	143,403

According to the President's decrees the receivables from water utility, water users' association and heat supply companies for the electricity were modified with prolonged payment terms. Therefore, those receivables balance was reclassified to other long-term receivables. For estimation of the effect of modification the Group has discounted other receivables to their present value using the effective interest rate and estimated future cash flows for each financial asset separately. To calculate expected credit losses for the Group has applied a probability weighted default rate of 32.26%

In 2023, the Group carried out stock take of accounts receivable from individuals and corporate clients. Based on the results of the stock take, doubtful debts for electricity were identified in the amount of 286,898 million Uzbekistan Soums for individuals and 776,494 million Uzbekistan Soums for corporate clients. The Group recognized a provision for expected credit losses for these amounts in 2023 as part of an individual assessment.

Regional Electrical Power Networks JSC
Notes to the Consolidated Financial Statements – 31 December 2023

10 Trade and Other Receivables (continued)

The credit loss allowance for trade receivables from corporate customers is determined according to the provision matrix presented in the table below. The provision matrix is based on the number of days that an asset is past due, adjusted for external risk rating of Uzbekistan.

Corporate customers - collective approach

<i>In % of gross value In millions of Uzbekistan Soums</i>	31 December 2023				31 December 2022			
	Loss Rate	Gross	Life-time ECL	Net carrying	Loss Rate	Gross	Life-time ECL	Net carrying
		carrying amount		value		carrying amount		value
Trade receivables								
- current	7.72%	598,869	(46,206)	552,663	3.48%	509,190	(17,714)	491,476
- 30 to 60 days overdue	17.88%	221,968	(39,679)	182,289	3.48%	101,235	(3,522)	97,713
- 61 to 90 days overdue	26.01%	138,428	(36,007)	102,421	16.45%	107,815	(17,730)	90,085
- 91 to 120 days overdue	31.55%	69,298	(21,862)	47,436	23.27%	107,030	(24,906)	82,124
- 121 to 150 days overdue	36.79%	75,074	(27,618)	47,456	29.92%	324,891	(97,201)	227,690
- 151 to 360 days overdue	64.80%	268,567	(174,028)	94,539	42.08%	491,854	(206,973)	284,881
- over 360 days overdue	100.00%	570,989	(570,989)	-	100.00%	607,006	(607,006)	-
Total	47.16%	1,943,193	(916,389)	1,026,804	43.35%	2,249,021	(975,052)	1,273,969

The credit loss allowance for trade receivables from individuals is determined according to provision matrix presented in the table below. The provision matrix is based the number of days that an asset is past due.

Individuals - collective approach

<i>In % of gross value In millions of Uzbekistan Soums</i>	31 December 2023				31 December 2022			
	Loss Rate	Gross	Life-time ECL	Net carrying	Loss Rate	Gross	Life-time ECL	Net carrying
		carrying amount		value		carrying amount		value
Trade receivables								
- current	15.79%	103,362	(16,317)	87,045	14.25%	92,059	(13,117)	78,942
- 30 to 60 days overdue	22.10%	56,622	(12,512)	44,110	14.25%	48,241	(6,874)	41,367
- 61 to 90 days overdue	27.18%	38,353	(10,426)	27,927	53.33%	42,254	(22,535)	19,719
- 91 to 120 days overdue	32.44%	32,465	(10,530)	21,935	58.14%	34,272	(19,924)	14,348
- 121 to 150 days overdue	38.60%	31,033	(11,978)	19,055	62.65%	50,825	(31,841)	18,984
- 151 to 360 days overdue	70.20%	181,452	(127,386)	54,066	81.63%	198,308	(161,869)	36,439
- over 360 days overdue	100.00%	581,194	(581,194)	-	100.00%	360,993	(360,993)	-
Total	75.19%	1,024,481	(770,343)	254,138	74.63%	826,952	(617,153)	209,799

10 Trade and Other Receivables (Continued)

Movements in impairment provision of current trade and other receivables during 2022 and 2023 are presented in the table below

<i>In millions of Uzbekistan Soums</i>	2023	2022
Allowance for credit losses on trade receivables at 1 January	(1,592,205)	(790,552)
Accrual of allowance for the year	(1,157,919)	(801,653)
Allowance for credit losses on trade receivables at 31 December	(2,750,124)	(1,592,205)

Movements in impairment provision of long-term trade and other receivables during 2022 and 2023 are presented in the table below

<i>In millions of Uzbekistan Soums</i>	2023	2022
Allowance for credit losses on long-term trade receivables at 1 January	(323,574)	(314,326)
Accrual of allowance for the year	16,980	587
Modification of contractual cash flows	59,857	(9,835)
Allowance for credit losses on long-term trade receivables at 31 December	(246,737)	(323,574)

11 Other current tax assets

<i>In millions of Uzbekistan Soums</i>	31 December 2023	31 December 2022
Input VAT	103,579	58,297
Property tax	2,844	3,778
Land tax	8,861	5,159
Employer social contribution	1,560	2,240
Employer social contribution	1,256	23
Others	43,543	15,018
Total current tax assets other than taxes on income	161,643	84,515

12 Cash and cash equivalents

<i>In millions of Uzbekistan Soums</i>	31 December 2023	31 December 2022
Bank balances payable on demand		
Bank balances payable on demand – USD	327,330	172,263
Bank balances payable on demand – UZS	8,372	367,763
Cash on hand	-	21
Total cash and cash equivalents	335,702	540,047

12 Cash and cash equivalents (continued)

The table below discloses the credit quality of cash and cash equivalents balances based on credit risk grades at 31 December 2023

<i>In millions of Uzbekistan Soums</i>	Bank balances payable on demand	Rating
Ministry of Economy and Finance of the Republic of Uzbekistan	108,355	Ba3 Moody's
JSCB "National Bank for Foreign Economic Activity of the Republic of Uzbekistan"	67,875	BB- (FitchRatings)
JSCB "Uzpromstroybank"	43,129	BB- (FitchRatings)
JSC «Xarid texnologiyalari»	20,694	Ba3 (Moody's)
Uzbek Commodity Exchange	12,978	B (FitchRatings)
Center for Digital Transformation under the Ministry of Investment and Foreign Trade	2,888	Ba3 (Moody's)
JSCB "Ipoteka-Bank"	334	Ba3 (Moody's)
Cash in transit	79,449	-
Total cash and cash equivalents, excluding cash on hand	335,702	

The table below discloses the credit quality of cash and cash equivalents balances based on credit risk grades at 31 December 2022

<i>In millions of Uzbekistan Soums</i>	Bank balances payable on demand	Rating
JSCB "Uzpromstroybank" Head office	417,761	BB- (FitchRatings)
Aloqabank JSC	36,060	Ba3 (Moody's)
Xalq bank	31,044	BB- (FitchRatings)
Ministry of Economy and Finance of the Republic of Uzbekistan	14,874	Ba3 (Moody's)
Universalbank	1,455	B- (FitchRatings)
JSC Bank "Orient Finans" Samarqand branch	281	B+ (S&P)
Cash in transit	38,572	-
Total cash and cash equivalents, excluding cash on hand	540,047	

13 Equity

<i>In millions of Uzbekistan Soums</i>	31 December 2023	31 December 2022
Number of outstanding shares	84,680,814,487	84,680,814,487
Number of outstanding shares	8,468,081	8,468,081

<i>In millions of Uzbekistan Soums</i>	Number of outstanding shares	Ordinary shares	Ordinary shares	Preference shares
At 1 January 2022	84,690,998,212	84,680,814,487	-	10,183,725
New shares issued	-	-	-	-
At 31 December 2022	84,690,998,212	84,680,814,487	-	10,183,725
New shares issued	-	-	-	-
At 31 December 2023	84,690,998,212	84,680,814,487	-	10,183,725

13 Equity (continued)

Dividends

The Group did not declare any dividends in 2023.

On 15 August 2022, the Group announced the payment of dividends for 2021 in the amount of Uzbekistan Soums 2.25 per share which resulted in the total amount of Uzbekistan Soums 190,532 million. Dividend paid on ordinary shares to the sole shareholder are included in the financial activities of the consolidated statement of cash flows in the amount of Uzbekistan Soums 65,833 million.

The total authorised number of preference shares is 10,184 thousand shares (2021 10,184 thousand shares) with an average par value of Uzbekistan Soums 143 per share (2021 Uzbekistan Soums 143 per share). All issued preference shares are fully paid. The preference shares are not redeemable and rank ahead of the ordinary shares in the event of the Company's liquidation and presented in other long-term payables.

All dividends are declared and paid in Uzbekistan Soums. In accordance with Uzbekistan legislation, the Group distributes profits as dividends on the basis of financial statements prepared in accordance with International Financial Reporting Standards.

14 Borrowings

<i>In millions of Uzbekistan Soums</i>	31 December 2023	31 December 2022
Ministry of Finance (ADB and FDA)	3,246,726	2,838,494
Asian Development Bank	1,518,667	1,398,513
Uzbekistan Fund for Reconstruction and Development (UFRD) #219	31,340	33,264
Uzbekistan Fund for Reconstruction and Development (UFRD) #254	843,159	754,563
Ministry of Economy and Finance	1,529,540	806,325
JSCB UzpromstroyBank (Eximbank of China)	127,850	136,816
JSCB UzpromstroyBank #698	26,389	35,424
Administrations of the Republic of Uzbekistan	226,426	-
JSCB UzpromstroyBank #31 factoring	-	187,441
JSCB UzpromstroyBank short-term loans	378,968	-
Adria Genral Trading #AGT-RES-2023	825,836	-
Local leasing firms	458	3,604
Total borrowings	8,755,359	6,194,444

<i>In millions of Uzbekistan Soums</i>	31 December 2023	31 December 2022
<i>Short term part</i>		
On demand	7,196,429	-
Up to 1 year	1,073,831	990,901
Total short-term part	8,270,260	990,901
<i>Long term part</i>		
From 2 to 5 years	485,099	2,030,322
More than 5 years	-	3,173,222
Total long-term part	485,099	5,203,543
Total borrowings	8,755,359	6,194,444

14 Borrowings (continued)

The Group's borrowings are denominated in currencies as follows

<i>In millions of Uzbekistan Soums</i>	31 December 2023	31 December 2022
Borrowings denominated in:		
- Uzbekistan Soums	1,959,286	1,033,744
- US dollars	5,767,742	5,160,700
- Russian rubles	1,028,331	-
Total borrowings	8,755,359	6,194,444

Movements in the Group's borrowings were as follows

<i>In millions of Uzbekistan Soums</i>	2023	2022
Borrowings at 1 January	6,194,444	5,472,345
Cash flows		
Loan drawdowns	2,459,370	703,618
Repayments of principal	(609,624)	(184,522)
Interest payments	(289,729)	(113,159)
Non-cash changes		
Interest accrued	704,236	245,964
Interest accrued and capitalised to CIP (Note 6)	92,520	32,163
Changes in fair values	(343,890)	(147,700)
Foreign exchange loss	538,874	178,573
Others	9,158	7,162
Liabilities from financing activities at 31 December	8,755,359	6,194,444

14 Borrowings (Continued)

Terms and conditions of outstanding loans were as follows

<i>In millions of Uzbekistan Soums</i>	Currency	Nominal interest rate	Year of maturity	Carrying amount	
				31 December 2023	31 December 2022
Ministry of Finance (ADB & AFD)	USD	Libor 6 month. Plus 1.25%	2035	3,246,726	2,838,494
Asian Development Bank	USD	SOFR 6 month. Plus 0.40%	2036	1,518,667	1,398,513
Fund for Reconstruction and Development of the Republic of Uzbekistan #219	USD	2%	2029	31,340	33,264
Fund for Reconstruction and Development of the Republic of Uzbekistan #254	USD	4%	2031	843,159	754,563
Ministry of Economy and Finance	UZS	5%	2024	1,529,540	806,325
JSCB UzpromstroyBank (Eximbank of China)	USD	2%	2029	148,332	136,816
JSCB UzpromstroyBank #698	UZS	CBU rate +0.5%	2024-2025	26,389	35,424
Administration of the city of Tashkent	RUB	12.55%	2025	202,495	-
Administration of the Republic of Uzbekistan	UZS	5%	2026	23,931	-
JSCB UzpromstroyBank #31 Factoring	UZS	CBU rate +0.5%	2022	-	187,441
JSCB UzpromstroyBank short-term loans	UZS	25%-26%	2024	378,968	-
Adria Genral Trading #AGT-RES-2023	RUB	Fixed - 5.65% Variable - key rate of the Central Bank of Russia + 2.75%/4.65%	2028	825,836	-
Local finance lease providers	UZS	0.00%	2022-2023	458	3,604
Total borrowings				8,775,841	6,194,444

Ministry of Finance (ADB and FDA)

In accordance with the Government Decree of the Republic of Uzbekistan #260 dated 27 April 2020, on 7 December 2020 the Company signed a loan agreement with the Ministry of Finance in the amount of US Dollars 250 million for financing of "Center for Automation of Electricity Metering" project implementation at annual interest rate of SOFR 6 month plus 1.25% and grace period of 3 years. The loan matures in September 2035. According to the decree, the loan is financed by the Asian Development Bank and the French Development Agency, through the Ministry of Finance. The Group concluded that the contractual rates represent market rates for the similar loans guaranteed by the Government of the Republic of Uzbekistan, and the fair value of borrowings approximates their carrying amount.

Ministry of Finance

In accordance with the Presidential Decree of the Republic of Uzbekistan #5101 dated 30 April 2021, on 5 October 2021 the Bukhara ETEN, Namangan ETEN, Surkhondaryo ETEN, Khorezm ETEN, Jizzakh ETEN and Tashkent ETEN received loans for the amount of Uzbekistan Soums 12.5 billion with interest rate of 5% and maturity in September 2024. The loans are secured by the guarantee of Regional Electric Networks JSC. The purpose of the loans is financing construction of external low-voltage electric networks for special economic and industrial zones. The loans were initially recognised at their fair value applying the discounted cash flow method and using the prevailing market interest rate of 23.3%. The Group concluded that the Ministry of Finance acted as the Government of Republic of Uzbekistan rather than the shareholder of the Group, and accordingly recognised gain on initial recognition of these loans as government grant within deferred income in the Consolidated Statement of Financial Position in 2021.

14 Borrowings (Continued)

In accordance with the Presidential Decree of the Republic of Uzbekistan #5101 dated 30 April 2021, on 27 July 2021 the Kashkadarya ETEN and Karakalpak ETEN received loans for the amount of Uzbekistan Soums 6.5 billion with interest rate of 5% and maturity in July 2024. The loans are secured by the guarantee of Regional Electric Networks JSC. The purpose of the loans is financing construction of external low-voltage electric networks for special economic and industrial zones. The loans were initially recognised at their fair value applying the discounted cash flow method and using the prevailing market interest rate of 23.1%. The Group concluded that the Ministry of Finance acted as the Government of Republic of Uzbekistan rather than the shareholder of the Group, and accordingly recognised gain on initial recognition of these loans as government grant deferred income in the Consolidated Statement of Financial Position in 2021.

In accordance with the Presidential Decree of the Republic of Uzbekistan #5101 dated 30 April 2021, on 27 July 2021 the Syrdarya ETEN, Samarkand ETEN, Fergana ETEN and Navoi ETEN received loans for the amount of Uzbekistan Soums 39.2 billion with interest rate of 5% and with maturity in July 2024. The loans are secured by the guarantee of Regional Electric Networks JSC. The purpose of the loans is financing construction of external low-voltage electric networks for special economic and industrial zones. On 1 November 2021 the Syrdarya ETEN, Samarkand ETEN, Fergana ETEN and Navoi ETEN signed addendum #1 with Ministry of Finance where changes in the loan amount were made in the total amount of Uzbekistan Soums 46.7 billion. The loans were initially recognised at their fair value applying the discounted cash flow method and using the prevailing market interest rate of 23.1%. The Group concluded that the Ministry of Finance acted as the Government of Republic of Uzbekistan rather than the shareholder of the Group, and accordingly recognised gain on initial recognition of these loans as government grant deferred income in the Consolidated Statement of Financial Position in 2021.

In accordance with the Government Decree of the Republic of Uzbekistan #164-F dated 9 April 2021, on 13 April 2021 the Tashkent ETEN, Bukhara ETEN, Samarkand ETEN, Fergana ETEN and Kashkadarya ETEN received loans each amounted to Uzbekistan Soums 50 billion (in aggregate amounted to Uzbekistan Soums 250 billion) with interest rate of 5%, grace period of 7 months and maturity in April 2023. The purpose of the loans is financing construction, reconstruction and repair of low-voltage electric networks and the purchase of electrical equipment. The loans were initially recognised at their fair value applying the discounted cash flow method and using the prevailing market interest rate of 21.5%. The Group concluded that the Ministry of Finance acted as the Government of Republic of Uzbekistan rather than the shareholder of the Group, and accordingly recognised gain on initial recognition of these loans as government grant deferred income in the Consolidated Statement of Financial Position in 2021.

In accordance with the Presidential Decree of the Republic of Uzbekistan #4929 dated 18 December 2020, on 29 April 2021 the Karakalpak ETEN, Jizzakh ETEN, Kashkadarya ETEN, Navoi ETEN, Samarkand ETEN, Surkhandarya ETEN, Tashkent ETEN and Khorezm ETEN received loans for the amount of Uzbekistan Soums 75 billion with interest rate of 5% and maturity in April 2024. The loans are secured by the guarantee of Regional Electric Networks JSC. The purpose of the loans is financing construction and reconstruction of external low-voltage electric networks. The loans were initially recognised at their fair value applying the discounted cash flow method and using the prevailing market interest rate of 22.7%. The Group concluded that the Ministry of Finance acted as the Government of Republic of Uzbekistan rather than the shareholder of the Group, and accordingly recognised gain on initial recognition of these loans as government grant deferred income in the Consolidated Statement of Financial Position in 2021.

In accordance with the Government Decree of the Republic of Uzbekistan #397-F dated 14 July 2021, on 13 August 2021 the Bukhara ETEN received loan for the amount of Uzbekistan Soums 57.5 billion with interest rate of 5% and maturity in August 2024. The loan is secured by the guarantee of Regional Electric Networks JSC. The purpose of the loan is financing construction of low-voltage electric networks in Vobkent, Romitan, Peshku and Karavulbozor districts of Bukhara region. The loan was initially recognised at its fair value applying the discounted cash flow method and using the prevailing market interest rate of 22.9%. The Group concluded that the Ministry of Finance acted as the Government of Republic of Uzbekistan rather than the shareholder of the Group, and accordingly recognised gain on initial recognition of this loan as government grant deferred income in the Consolidated Statement of Financial Position in 2021.

In accordance with the Government Decree of the Republic of Uzbekistan #69-F dated 14 July 2021, on 1 April 2021 the Syrdarya ETEN received interest-free loan for the amount of Uzbekistan Soums 14.3 billion and maturity in December 2021. The purpose of the loan is financing purchase of electrical equipment for the operation of the substation "Wang Da Rolling Steel" from JSC "Uzbekteleapparat -Electroshield". The loan was initially recognised at its fair value applying the discounted cash flow method and using the prevailing market interest rate of 21.4%. The Group concluded that the Ministry of Finance acted as the Government of Republic of Uzbekistan rather than the shareholder of the Group, and accordingly recognised gain on initial recognition of this loan as government grant deferred income in the Consolidated Statement of Financial Position in 2021.

14 Borrowings (Continue)

In accordance with the Government Decree of the Republic of Uzbekistan #69-F dated 15 June 2022, the Fergana ETEN, Kashkadarya, Andijon, Khorezm, Samarkand, Syrdaryo, Navoiy, Toshkent, Qorokolpok, Bukhara, Surkhandaryo received loan for the amount of Uzbekistan Soums 152.1 billion and maturity in June 2025. The loans are secured by the guarantee of Regional Electric Networks JSC. The purpose of the loans is financing construction of external lowvoltage electric networks for special economic and industrial zones. The loans were initially recognised at their fair value applying the discounted cash flow method and using the prevailing market interest rate of 23.3%

In accordance with the Government Decree of the Republic of Uzbekistan #69-F dated 15 June 2022, the Jizakh, Namangan, Toshkent City received loan for the amount of Uzbekistan Soums 26.4 billion and maturity in August 2025. The loans are secured by the guarantee of Regional Electric Networks JSC. The purpose of the loans is financing construction of external low-voltage electric networks for special economic and industrial zones. The loans were initially recognised at their fair value applying the discounted cash flow method and using the prevailing market interest rate of 23.3%

In accordance with Decree of the President of the Republic of Uzbekistan # 5101 dated April 30, 2021, and Decree of the President of the Republic of Uzbekistan #465 dated December 30, 2022, REPN, Fergana ETEN and Bukhara ETEN received loans for a total of Uzbekistan Soums 364.2 billion with an interest rate of 5% and a repayment period in March 2026. The loans are secured by a guarantee from Regional Electric Networks JSC. The purpose of the loans is to finance the construction of external electricity networks in special economic and small industrial zones. Borrowings were initially recognized at fair value using the discounted cash flow method and the prevailing market interest rate of 24.14%. The Group concluded that the Ministry of Finance acts as the Government of the Republic of Uzbekistan and not as a shareholder of the Group and, accordingly, recognized the gain on the initial recognition of these loans as a government grant in deferred income in the consolidated statement of financial position in 2023

In accordance with Decree of the President of the Republic of Uzbekistan # 32 dated December 9, 2021, REPN, Fergana ETEN and Bukhara ETEN received loans for a total of 121.6 billion Uzbekistan Soums with an interest rate of 7% and a repayment period in July 2026. The loans are secured by a guarantee from Regional Electric Networks JSC. The purpose of the loans is to finance the construction of external electricity networks in "Yangi Uzbekistan" massifs. Borrowings were initially recognized at fair value using the discounted cash flow method and the prevailing market interest rate of 24.14%. The Group concluded that the Ministry of Finance acts as the Government of the Republic of Uzbekistan and not as a shareholder of the Group and, accordingly, recognized the gain on the initial recognition of these loans as a government grant in deferred income in the consolidated statement of financial position in 2023

In accordance with Decree of the President of the Republic of Uzbekistan #152 dated May 10, 2023, REPN received loans for a total of 76.9 billion Uzbekistan Soums with an interest rate of 7% and a repayment period in July 2026. The purpose of the loans is to finance construction of infrastructure facilities in the "Al-Khorazmi" complex. Borrowings were initially recognized at fair value using the discounted cash flow method and the prevailing market interest rate of 24.14%. The Group concluded that the Ministry of Finance acts as the Government of the Republic of Uzbekistan and not as a shareholder of the Group and, accordingly, recognized the gain on the initial recognition of these loans as a government grant in deferred income in the consolidated statement of financial position in 2023

In accordance with Presidential presence meeting dated May 11, 2023, REPN received loans for a total of 100 billion Uzbekistan Soums with an interest rate of 5% and a repayment period in May 2025. The purpose of the loans is to finance the construction of external electricity networks. Borrowings were initially recognized at fair value using the discounted cash flow method and the prevailing market interest rate of 24.14%. The Group concluded that the Ministry of Finance acts as the Government of the Republic of Uzbekistan and not as a shareholder of the Group and, accordingly, recognized the gain on the initial recognition of these loans as a government grant in deferred income in the consolidated statement of financial position in 2023.

In accordance with Presidential presence meeting dated April 6, 2022, REPN received loans for a total of 50 billion Uzbekistan Soums with an interest rate of 7% (50% of key rate Uzbekistan) and a repayment period in April 2026. The purpose of the loans is to finance construction of new substations and electrical networks. Borrowings were initially recognized at fair value using the discounted cash flow method and the prevailing market interest rate of 24.14%. The Group concluded that the Ministry of Finance acts as the Government of the Republic of Uzbekistan and not as a shareholder of the Group and, accordingly, recognized the gain on the initial recognition of these loans as a government grant in deferred income in the consolidated statement of financial position in 2023.

14 Borrowings (Continued)

In accordance with the meeting of the President of the Russian Federation on May 11, 2023, REPN received loans totaling Uzbekistan soums 50 billion with an interest rate of 5% and a repayment period in June 2025. The purpose of the loans is to finance the repair work of existing electrical networks. The borrowings were initially recognized at fair value using the discounted cash flow method and the prevailing market interest rate of 24.14%. The Group concluded that the Ministry of Finance acts as the Government of the Republic of Uzbekistan and not as a shareholder of the Group and, accordingly, recognized the gain on the initial recognition of these loans as a government grant in deferred income in the consolidated statements. financial position in 2023

In accordance with Presidential presence meeting dated December 22, 2023, REPN received loans for a total of 150 billion Uzbekistan Soums with an interest rate of 7% and a repayment period in December 2026. The purpose of the loans is to finance the construction of external electricity networks. Borrowings were initially recognized at fair value using the discounted cash flow method and the prevailing market interest rate of 24.14%. The Group concluded that the Ministry of Finance acts as the Government of the Republic of Uzbekistan and not as a shareholder of the Group and, accordingly, recognized the gain on the initial recognition of these loans as a government grant in deferred income in the consolidated statement of financial position in 2023.

Fund for Reconstruction and Development of the Republic of Uzbekistan

In accordance with the Presidential Decree of the Republic of Uzbekistan #3638 dated 29 March 2018, on 6 December 2019 the Company signed loan agreement with Fund for Reconstruction and Development of the Republic of Uzbekistan amounted to US Dollars 11,280 thousand for the purpose of construction of external power supply for the Tashkent Metallurgical Plant with interest rate of 2%, grace period of 2 years and maturity in August 2029

In 27 April 2021, the Company signed loan agreement with Fund for Reconstruction and Development of the Republic of Uzbekistan amounted to US Dollars 75 million for the purpose of financing modernization and reconstruction of low-voltage electric networks with interest rate of 4%, grace period of 3 years and maturity in April 2031. The Group concluded that the contractual rates represent market rates for the similar loans guaranteed by the Government of the Republic of Uzbekistan, and the fair value of borrowings approximates their carrying amount.

Asian Development Bank

In accordance with the Presidential Decree of the Republic of Uzbekistan #1705 dated 14 February 2012, the loan agreement signed between Republic of Uzbekistan with Asian Development Bank on 16 February 2012 for the amount of US Dollars 150 million for the purpose of financing projects related to substantial reduction of commercial and collection losses in respect of low voltage electricity users in Samarkand, Jizzakh and Bukhara regions. The principal amount is payable in August 2036 with Libor plus 0.6% minus 0.2% and grace period of 5 years. Subsidiary Loan Agreement signed between Republic of Uzbekistan and Uzbekenergo JSC on 8 November 2012, where Uzbekenergo JSC is a Sub-borrower. Addendum #1 to Subsidiary Loan Agreement signed on 3 December 2019 where the Company is a new Sub-borrower replacing Uzbekenergo JSC. Project agreement signed between Asian Development Bank and Uzbekenergo JSC on 21 February 2012. Addendum #URM-2019-794 to the Project agreement was signed on 14 October 2019 where the Company is the new Project Executing Agency replacing Uzbekenergo JSC. As per Amendment dated 11 October 2018, the project closing date was extended until 31 December 2020. The Group concluded that the contractual rates represent market rates for the similar loans guaranteed by the Government of the Republic of Uzbekistan, and the fair value of borrowings approximates their carrying amount.

JSCB "UzpromstroyBank"

In accordance with the Presidential Decree of the Republic of Uzbekistan #2661 dated 23 November 2016, agreements signed between Uzbekenergo JSC with JSCB UzpromstroyBank in 4 July 2018, for the amount of Uzbekistan Soums 100 billion with grace period of 1 year for the purpose of financing modernization and reconstruction of low-voltage electric networks..

In accordance with the Presidential Decree of the Republic of Uzbekistan #1115 dated 21 May 2009, loan agreement signed between Uzbekenergo JSC with JSCB UzpromstroyBank in June 2009 in the amount of US Dollars 26,355 thousands with interest rate of 2.2%, grace period of 5 years and maturity in August 2029 for the purpose of construction of substations in Tashkent City. On 1 June 2020 the Company signed four Debt transfer agreements #1 with JSCB UzpromstroyBank through concession from Uzbekenergo JSC in the amount of Uzbekistan Soums 18.102 million with interest rate of 2.2% and maturity in August 2029. The construction of power sub-stations was completed in 2012. The loans are secured by shares and fixed assets insurance of Kashkadarya ETEN JSC, the Company's subsidiary.

14 Borrowings (Continued)

Adria General Trading

In accordance with the Presidential Decree of the Republic of Uzbekistan #91 dated March 11, 2023 “The measures to ensure stable energy supply to consumers in Tashkent,” the Group entered into an agreement with Adria General Trading for the supply of electrical equipment and installation supervision with a total credit line amount of Uzbekistan Soums 2.7 trillion (17.2 billion Russian Rubles) with a fixed interest rate of 5.65% and a variable rate according to the formula key rate of the Russian Federation + 4.5% / 2.75% depending on the country of origin of the goods for the construction purposes of substations. The grace period for the principal amount of the debt is 1 year and the validity period of the credit line is valid until December 31, 2028 and can be extended by mutual agreement. The Tashkent city ETEN has a special limited cash account with the NBU, on the basis of which payments are made in the form of repayments and interest. In addition, the Special Purpose Account Agreement must include an obligation for the Ministry of Economy and Finance of the Republic of Uzbekistan to ensure the availability of sufficient funds in the Special Account to fulfill the Buyer’s obligations under this Agreement.

The exposure of the Group’s borrowings to changes in interest rates, contractual revaluation dates and changes in foreign currency exchange rates at the end of the reporting period is disclosed in Note 28. The Group does not apply hedge accounting and has not entered into any hedging arrangements in respect of its foreign exchange liabilities or interest rate exposures.

15 Deferred income

The Group obtained government grants for construction and modernization of networks and recognized them in deferred income as follows

<i>In millions of Uzbekistan Soums</i>	2023	2022
Deferred income at 1 January	298,302	87,556
New grants received	1,254,239	220,520
Amortisation of deferred income to match related depreciation	(13,516)	(9,774)
Deferred income at 31 December	1,539,025	298,302

Government grants were recognized from the initial recognition of loans received from the Ministry of Economy and Finance received in 2021-2023 at below-market interest rates. The loans were provided for the construction and modernization of networks and infrastructure.

During 2022 and 2023, the state provided a subsidy to the Group for the construction and modernization of the networks and infrastructure in accordance with Resolution #408 of October 25, 2022.

During 2023, in accordance with the government regulations, the Group was provided with subsidies in the amount of 721,741 million Uzbekistan Soums for the construction and modernization of the networks and infrastructure.

During 2023, in accordance with the government regulations, the Group was provided with subsidies in the form of equipment amounting to 334,546 million Uzbekistan Soums. This investment operation was excluded from the consolidated cash flow statement.

16 Trade and Other Payables

<i>In millions of Uzbekistan Soums</i>	31 December 2023	31 December 2022
Current trade payables:		
Payable for purchased electricity from NES	6,721,144	4,343,522
Payable for construction works and supplied equipment	610,617	576,658
Others	224,240	106,653
Total trade and other payables	7,556,001	5,026,833
Contract liabilities for electricity	3,100,686	2,645,868
Total trade and other payables and contract liabilities	10,656,687	7,672,701

16 Trade and Other Payables (Continued)

The Group's trade and other payables are denominated in currencies as follows

<i>In millions of Uzbekistan Soums</i>	31 December 2023	31 December 2022
Uzbekistan soums	7,473,360	4,952,082
US dollars	78,614	71,521
Euro	4,027	3,230
Total	7,556,001	5,026,833

17 Other Taxes Payable

<i>In millions of Uzbekistan Soums</i>	31 December 2023	31 December 2022
Property tax	36,850	22,667
Unified social payment	29,371	26,171
Personal income tax	12,511	21,253
Land tax	4,939	1,836
Pension fund	54	23,079
Value added tax	-	18,226
Others	8,083	3,228
Total taxes payable other than taxes on income	91,808	116,460

18 Other Liabilities

<i>In millions of Uzbekistan Soums</i>	31 December 2023	31 December 2022
Payables to staff	71,923	276,593
Dividends payable	-	115,173
Others	52,620	33,198
Total other liabilities	124,543	424,964

19 Revenue from Contracts with Customers

<i>In millions of Uzbekistan Soums</i>	2023	2022
<i>Electricity sales to end users</i>		
Corporate customers	29,166,736	20,031,854
Individual customers	4,965,916	4,090,377
Other revenue	143,727	223,605
Total revenue recognized over time	34,276,379	24,345,836

Regional Electrical Power Networks JSC
Notes to the Consolidated Financial Statements – 31 December 2023

20 Cost of Sales

<i>In millions of Uzbekistan Soums</i>	2023	2022
Electricity purchase	25,323,581	17,445,430
Grid losses	4,151,515	2,650,537
Staff costs and other deductions related to remuneration	1,140,690	1,032,557
Depreciation and amortisation	1,004,348	1,073,385
Materials	167,338	150,370
Cost of installation and construction work	55,615	91,340
Repair and technical maintenance	37,014	17,872
Others	19,505	24,547
Total cost of sales	31,899,606	22,486,038

21 General Administrative Expenses

<i>In millions of Uzbekistan Soums</i>	2023	2022
Staff cost	1,044,741	799,539
Taxes other than income tax	252,666	99,592
Contributions to state energy supervision	116,947	-
Bank fees	115,813	95,432
Sponsorship	48,173	64,314
Fines and penalties	37,004	94,095
Depreciation and amortisation	34,572	34,226
Materials	13,354	21,064
Consulting services	12,468	28,882
Loss on disposal of property, plant and equipment and inventory	9,578	39,605
Others	132,625	73,509
Total general and administrative expenses	1,817,941	1,350,258

22 Other income

<i>In millions of Uzbekistan Soums</i>	2023	2022
Fines and penalties	111,148	86,196
Assets received free of charge	43,973	146,622
Government grant	13,516	9,774
Other	90,725	113,638
Total other income	259,362	356,230

23 Finance Income

<i>In millions of Uzbekistan Soums</i>	2023	2022
Unwinding of discount on accounts receivable	136,781	26,910
Interest income	805	3,907
Other finance income	1,996	8,920
Total finance income	139,582	39,737

24 Finance Cost

<i>In millions of Uzbekistan Soums</i>	2023	2022
Interest expense	796,756	278,127
Loss on foreign exchange transactions, net	518,549	172,934
Other finance cost	567	8,174
Total finance costs	1,315,872	459,235
Less capitalized finance costs	(92,520)	(32,163)
Total finance costs recognised in profit or loss	1,223,352	427,072

The Group capitalised borrowing costs arising on financing directly attributable to the Smart Electricity Metering System's implementation, modernisation and reconstruction of low-voltage electric networks and the construction of external power supply sources. The capitalisation rate was 10.02% (2022 7.28%).

25 Income Taxes

Income tax expense recorded in profit or loss comprises the following

<i>In millions of Uzbekistan Soums</i>	2023	2022
Current tax charge	14,768	273,865
Deferred tax benefit	(40,833)	(167,556)
Income tax expenses for the year	(26,065)	106,309

The income tax rate applicable to the majority of Group's 2023 income is 15% (2022 15%), accordingly. A reconciliation between the expected and the actual taxation charge is provided below.

<i>In millions of Uzbekistan Soums</i>	2023 r.	2022 r.
Loss before tax	1,346,658	332,476
Theoretical tax benefit at statutory rate 15% (2022 15%)	(201,999)	(49,871)
Tax effect of items which are non-deductible or assessable for taxation purposes		
Non-deductible expenses	17,147	105,337
Unrecognised tax loss carried forward	156,797	45,552
Others	1,990	5,291
Income tax expenses for the year	(26,065)	106,309

Differences between IFRS and statutory taxation regulations in Uzbekistan give rise to temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and their tax bases.

25 Income Taxes (Continued)

The tax effect of the movements in these temporary differences is detailed below.

<i>In millions of Uzbekistan Soums</i>	1 January 2023	Credited to profit or loss	31 December 2023
Tax effects of (deductible)/taxable temporary differences			
Property, plant and equipment	29,645	(29,645)	-
Trade and other receivables	377,952	91,722	469,674
Long-term trade and other receivables	48,536	(11,525)	37,011
Other liabilities	64,380	(52,063)	12,317
Borrowings	(17,907)	42,344	24,437
Net deferred tax asset	502,606	40,833	543,439
Recognised deferred tax asset	506,220	37,219	543,439
Recognised deferred tax liability	(3,614)	3,614	-
Net deferred tax asset	502,606	40,833	543,439

In the context of the Group's current structure, tax losses and current tax assets of different Group companies may not be offset against current tax liabilities and taxable profits of other Group companies and, accordingly, taxes may accrue even where there is a consolidated tax loss. Therefore, deferred tax assets and liabilities are offset only when they relate to the same taxable entity.

The tax effect of the movements in the temporary differences for the year ended 31 December 2022 are

<i>In millions of Uzbekistan Soums</i>	1 January 2022	Credited to profit or loss	31 December 2022
Tax effects of (deductible)/taxable temporary differences			
Property, plant and equipment	29,306	339	29,645
Trade and other receivables	244,647	133,305	377,952
Long-term trade and other receivables	48,147	389	48,536
Other liabilities	23,246	41,134	64,380
Borrowings	(10,296)	(7,611)	(17,907)
Net deferred tax asset	335,050	167,556	502,606
Recognised deferred tax asset	336,398	169,822	506,220
Recognised deferred tax liability	(1,348)	(2,266)	(3,614)
Net deferred tax asset	335,050	167,556	502,606

Management estimates that the Group will have sufficient taxable income in future to use the deferred tax asset recognized at 31 December 2023.

26 Contingencies and Commitment

Legal proceedings

From time to time and in the normal course of business, claims against the Group may be received. On the basis of its own estimates, management is of the opinion that no material losses will be incurred in respect of claims.

Tax contingencies

Uzbekistan tax and customs legislation which was enacted or substantively enacted at the end of the reporting period, is subject to varying interpretations when being applied to the transactions and activities of the Group. Consequently, tax positions taken by management and the formal documentation supporting the tax positions may be

26 Contingencies and Commitment (Continued)

challenged tax authorities. Uzbekistan tax administration is gradually strengthening, including the fact that there is a higher risk of review of tax transactions without a clear business purpose or with tax non-compliant counterparties. Fiscal periods remain open to review by the authorities in respect of taxes for five calendar years preceding the year when decisions about the review were made. Under certain circumstances reviews may cover longer periods.

Transfer pricing ("TP") legislation in Uzbekistan is specific and is not fully aligned with the Organization for Economic Cooperation and Development ("OECD") TP recommendations. In particular, the Uzbek TP legislation provides for control of international business transactions and certain transactions carried out on the territory of Uzbekistan. Controls include the need to make adjustments to the tax base if the transaction price is not consistent with the market price. The Group's management is in the process of implementing a control system to ensure that the terms of transactions with its related parties do not differ from market terms to comply with the requirements of the current TP legislation. Tax liabilities arising from controlled transactions are determined on the basis of actual transaction prices. There is a possibility that, with the further development in application of transfer pricing rules in Uzbekistan, actual transaction prices could be challenged by the tax authorities. The impact of any such challenge cannot be reliably estimated, however, it may be significant to the financial position and/or the overall operations of the Group. As Uzbek tax legislation does not provide detailed guidance in certain areas, the Group adopts, from time to time, interpretations of such legislation and regulations that reduce the overall tax burden of the Group. While management currently estimates that the tax positions and interpretations that it has taken can probably be sustained, there is a possible risk that outflow of resources will be required should such tax positions and interpretations be challenged by the tax authorities. The impact of any such challenge cannot be reliably estimated, however, it may be significant to the financial position and/or the overall operations of the Group.

Since the Uzbek tax legislation does not provide clear guidance on certain issues, the Group from time to time applies such interpretations of the law that result in a decrease in the total amount of taxes for the Group. Management currently believes that its position on taxes and the interpretations applied by the Group can be reasonably probable, however, there is a risk that the Group will incur additional costs if management's position on taxes and the interpretations of legislation applied by the Group are challenged by tax authorities. The impact of such a development cannot be reliably estimated, but may be significant in terms of the Group's financial position and/or operations as a whole.

Capital expenditure commitments

At 31 December 2023 the Group has contractual capital expenditure commitments in respect of property, plant and equipment (2022 had contractual capital expenditure commitments in respect of property, plant and equipment totalling Uzbekistan Soums 75 billion), for a total amount of 381,884 million Uzbekistan Soums, with capital expenditures for 2024 planned in the amount of 2,036 billion soums.

The Group has already allocated the necessary resources in respect of these commitments. The Group believes that future net income and funding will be sufficient to cover these and any similar commitments.

Environmental matters

The enforcement of environmental regulation in the Republic of Uzbekistan is evolving and the enforcement posture of government authorities is continually being reconsidered. The Group periodically evaluates its obligations under environmental regulations. As obligations are determined, they are recognised immediately. Potential liabilities, which might arise as a result of changes in existing regulations, civil litigation or legislation, cannot be estimated but could be material. In the current enforcement climate under existing legislation, management believes that there are no significant liabilities for environmental damage.

Compliance with covenants

The Group must comply with certain conditions, primarily related to loans and borrowings. Failure to meet these conditions could lead to adverse consequences for the Group, including increased borrowing costs and declaration of default. As of December 31, 2023, the loans obtained from the Ministry of Economy and Finance of the Republic of Uzbekistan and the Fund for Reconstruction and Development of the Republic of Uzbekistan were classified as short-term, because the Group breached a non-financial covenant related to timely loan repayment on that date, resulting in cross-default on all loans from these creditors. As of December 31, 2023, the Group had complied with the terms specified in remaining credit agreements.

27 Non-Controlling Interest

The following table provides information about each subsidiary that has non-controlling interest that is material to the Group

<i>In millions of Uzbekistan Soums</i>	Proportion of non-controlling interest's voting rights held	Profit or loss attributable to non-controlling interest	Accumulated non-controlling interest in the subsidiary	Dividends paid to non-controlling interest during the year
Year ended 31 December 2023				
Bukhara ETEN JSC	46.90%	4 119	162,779	-
Fergana ETEN JSC	46.30%	(67,397)	133,216	-
Total for the year ended 31 December 2022		(63,278)	295,995	

<i>In millions of Uzbekistan Soums</i>	Proportion of non-controlling interest's voting rights held	Profit or loss attributable to non-controlling interest	Accumulated non-controlling interest in the subsidiary	Dividends paid to non-controlling interest during the year
Year ended 31 December 2022				
Bukhara ETEN JSC	46.90%	531	158,660	-
Fergana ETEN JSC	46.30%	(21,712)	200,613	-
Total for the year ended 31 December 2022		(21,181)	359,273	-

The summarised financial information of these subsidiaries was as follows

<i>In millions of Uzbekistan Soums</i>	At 31 December				Year ended 31 December		Total comprehensive income	
	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Revenue	Profit/(loss)		
31 December 2023								
Bukhara ETEN JSC	345,998	867,044	336,034	80,919	2,035,201	8,783	8,783	
Fergana ETEN JSC	313,790	1,844,742	1,254,292	240,621	2,555,402	(145,565)	(145,565)	
Total for the year ended 31 December 2023		659,788	2,711,786	1,590,326	321,540	4,590,603	(136,782)	(136,782)
31 December 2022								
Bukhara ETEN JSC	344,981	789,145	(325,443)	(420,156)	1,561,115	1,132	1,132	
Fergana ETEN JSC	329,242	1,701,961	(1,111,559)	(559,569)	1,887,366	(46,895)	(46,895)	
Total for the year ended 31 December 2022		674,223	2,491,106	(1,437,001)	(979,726)	3,448,481	(45,763)	(45,763)

28 Financial Risk Management

The risk management function within the Group is carried out with respect to financial risks, operational risks and legal risks. Financial risk comprises market risk (including currency risk, interest rate risk and other price risks), credit risk and liquidity risk. The primary function of financial risk management is to establish risk limits and to ensure that any exposure to risk stays within these limits. The operational and legal risk management functions are intended to ensure the proper functioning of internal policies and procedures in order to minimise operational and legal risks.

Credit risk

The Group exposes itself to credit risk, which is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to meet an obligation.

28 Financial Risk Management (Continued)

Exposure to credit risk arises as a result of the Group's lending and other transactions with counterparties, giving rise to financial assets and off-balance sheet credit-related commitments.

The Group's maximum exposure to credit risk is reflected in the carrying amounts of financial assets in the consolidated statement of financial position. For financial guarantees issued, commitments to extend credit, undrawn credit lines and export/import letters of credit, the maximum exposure to credit risk is the amount of the commitment.

Expected credit loss (ECL) measurement

ECL is a probability-weighted estimate of the present value of future cash shortfalls (i.e., the weighted average of credit losses, with the respective risks of default occurring in a given time period used as weights). An *ECL* measurement is unbiased and is determined by evaluating a range of possible outcomes. *ECL* measurement is based on four components used by the Group: Probability of Default ("PD"), Exposure at Default ("EAD"), Loss Given Default ("LGD") and Discount Rate.

EAD is an estimate of exposure at a future default date, taking into account expected changes in the exposure after the reporting period, including repayments of principal and interest, and expected drawdowns on committed facilities. The *EAD* on credit related commitments is estimated using Credit Conversion Factor ("CCF"). *CCF* is a coefficient that shows the probability of conversion of the committed amounts to an on-balance sheet exposure within a defined period. *PD* is an estimate of the likelihood of default to occur over a given time period. *LGD* is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from any collateral. It is usually expressed as a percentage of the *EAD*. The expected losses are discounted to present value at the end of the reporting period. The discount rate represents the effective interest rate ("EIR") for the financial instrument or an approximation thereof.

Expected credit losses are modelled over instrument's *lifetime period*. The *lifetime period* is equal to the remaining contractual period to maturity of debt instruments, adjusted for expected prepayments, if any. For loan commitments and financial guarantee contracts, it is the contractual period over which the Group has a present contractual obligation to extend credit.

Management models *lifetime ECL*, that is, losses that result from all possible default events over the remaining lifetime period of the financial instrument. The *12-month ECL*, represents a portion of lifetime *ECLs* that result from default events on a financial instrument that are possible within 12 months after the reporting period, or remaining *lifetime period* of the financial instrument if it is less than a year.

The *ECLs* that are estimated by management for the purposes of these consolidated financial statements are point-in-time estimates, rather than through-the-cycle estimates that are commonly used for regulatory purposes. The estimates consider *forward looking information*, that is, *ECLs* reflect probability weighted development of key macroeconomic variables that have an impact on credit risk.

The *ECL* modelling does not differ for Purchased or Originated Credit Impaired ("POCI") financial assets, except that (a) gross carrying value and discount rate are based on cash flows that were recoverable at initial recognition of the asset, rather than based on contractual cash flows, and (b) the *ECL* is always a lifetime *ECL*. POCI assets are financial assets that are credit-impaired upon initial recognition, such as impaired loans acquired in a past business combination.

For purposes of measuring *PD*, the Group defines default as a situation when the exposure meets one or more of the following criteria

- the borrower is more than 90 days past due on its contractual payments,
- international rating agencies have classified the borrower in the default rating class,
- the borrower meets the unlikelihood-to-pay criteria listed below
- the borrower is deceased,
- the borrower is insolvent,
- the borrower is in breach of financial covenant(s),
- it is becoming likely that the borrower will enter bankruptcy, and
- the loans were purchased or originated at a deep discount that reflects the incurred credit losses.

28 Financial Risk Management (Continued)

For purposes of disclosure, the Group fully aligned the definition of default with the definition of credit-impaired assets. The default definition stated above is applied to all types of financial assets of the Group.

An instrument is considered to no longer be in default (i.e. to have cured) when it no longer meets any of the default criteria for a consecutive period of twelve months. This period of twelve months has been determined based on an analysis that considers the likelihood of a financial instrument returning to default status after curing by using different possible definitions of cures.

The Company also performs assessment based on external ratings for cash and cash equivalents in banks.

The Group has three approaches for ECL measurement (i) assessment on an individual basis, (ii) assessment on a portfolio basis internal ratings are estimated on an individual basis but the same credit risk parameters

(e.g. PD, LGD) will be applied during the process of ECL calculations for the same credit risk ratings and homogeneous segments of the loan portfolio, and (iii) assessment based on external ratings.

The Group performs an assessment on an individual basis for the following types of financial assets clients with unique credit risk characteristics, individually significant government customers, that is, individual revenue above Uzbekistan Soums 100,000 million.

The Group performs an assessment on a portfolio basis for the following types of trade receivables corporate customers not assessed individually and households. This approach stratifies the loan pool into homogeneous segments based on borrower-specific information, such as delinquency status, the historical data on losses, location and other predictive information.

ECL assessment on an individual basis is performed by weighting the estimates of credit losses for different possible outcomes against the probabilities of each outcome. The Group defines at least two possible outcomes for each assessed loan, one of which leads to a credit loss even if the probability of such a scenario may be very low. Individual assessment is primarily based on the expert judgement of experienced officers from the Non-Performing Receivables Management Department. Expert judgements are regularly tested in order to decrease the difference between estimates and actual losses.

When assessment is performed on a portfolio basis, the Group measures the loss allowance on a collective basis. The Group analyses its exposures by segments determined on the basis of shared credit risk characteristics, such that exposures within a group have homogeneous or similar risks. The key shared credit characteristics considered is type of customer.

In general, ECL is the sum of the multiplications of the following credit risk parameters EAD, PD and LGD, that are defined as explained above, and discounted to present value using the instrument's effective interest rate. The ECL is determined by predicting credit risk parameters (EAD, PD and LGD) for each future year during the lifetime period for each individual exposure or collective segment. These three components are multiplied together and adjusted for the likelihood of survival (i.e. the exposure has been repaid or defaulted in an earlier month). This effectively calculates an ECL for each future period, that is then discounted back to the reporting date and summed up. The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof.

Market risk

The Group takes on exposure to market risks. Market risks arise from open positions in (a) currency, (b) interest rates and (c) equity products, all of which are exposed to general and specific market movements. Management sets limits on the value of risk that may be accepted, which is monitored on a daily basis. However, the use of this approach does not prevent losses outside of these limits in the event of more significant market movements.

Currency risk

In respect of currency risk, management sets limits on the level of exposure by currency and in total which are monitored daily.

28 Financial Risk Management (Continued)

The table below summarises the Group's exposure to foreign currency exchange rate risk at the end of the reporting period

<i>In millions of Uzbekistan Soums</i>	At 31 December 2023			At 31 December 2022		
	Monetary financial assets	Monetary financial liabilities	Net position	Monetary financial assets	Monetary financial liabilities	Net position
US dollars	8,372	(5,767,742)	(5,759,370)	172,879	(5,232,221)	(5,059,341)
Euro	-	(3,707)	(3,707)	-	(3,230)	(3,230)
Russian Ruble	-	(1,028,331)	(1,028,331)	-	-	-
Total	8,372	(6,820,262)	(6,811,890)	172,879	(5,235,450)	(5,062,571)

The following table presents sensitivities of profit or loss and equity to reasonably possible changes in exchange rates applied at the end of the reporting period relative to the functional currency of the respective Group entities, with all other variables held constant

<i>In millions of Uzbekistan Soums</i>	At 31 December 2023		At 31 December 2022	
	Impact on profit or loss	Impact on equity	Impact on profit or loss	Impact on equity
US Dollar strengthening by 5% (2022 strengthening by 5%)	(287,969)	(287,969)	(253,129)	(253,129)
US Dollar weakening by 5% (2022 weakening by 5%)	287,969	287,969	253,129	253,129
Russian Ruble strengthening by 5% (2022 strengthening by 5%)	(51,417)	(51,417)	-	-
Russian Ruble weakening by 5% (2022 weakening by 5%)	51,417	51,417	-	-

Interest rate risk

The Group takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. Interest margins may increase as a result of such changes, but may reduce or create losses in the event that unexpected movements arise. Management monitors on a daily basis and sets limits on the level of mismatch of interest rate repricing that may be undertaken.

The table below summarises the Group's exposure to interest rate risks. The table presents the aggregated amounts of the Group's financial assets and liabilities at carrying amounts, categorised by the earlier of contractual interest repricing or maturity dates

<i>In millions of Uzbekistan Soums</i>	Demand and less than 1 month	From 1 to 6 months	From 6 to 12 months	More than 1 year	Non-monetary	Total
31 December 2022						
Total financial assets	1,343,991	-	-	109,494	-	1,453,485
Total financial liabilities	(15,146,070)	(191,026)	(504,492)	(490,254)	-	(16,331,842)
Net interest sensitivity gap at 31 December 2022	(13,802,079)	(191,026)	(504,492)	(380,760)	-	(14,878,357)
31 December 2021						
Total financial assets	1,542,023	-	-	143,404	-	1,685,426
Total financial liabilities	(5,227,540)	(547,041)	(249,799)	(5,196,897)	-	(11,221,277)
Net interest sensitivity gap at 31 December 2021	(3,685,517)	(547,041)	(249,799)	(5,053,493)	-	(9,535,851)

28 Financial Risk Management (Continued)

All of the Group's debt instruments reprice within 5 years (2022: all reprice within 5 years).

At 31 December 2023, if interest rates at that date had been 200 basis points higher (2022: 200 basis points higher) with all other variables held constant, profit for the year would have been Uzbekistan Soums 149,498 million (2022: Uzbekistan Soums 116,668 million) lower, mainly as a result of higher interest expense on variable interest liabilities.

The Group monitors interest rates for its financial instruments. The table below summarises interest rates at the respective reporting date based on reports reviewed by key management personnel. For securities, the interest rates represent yields to maturity based on market quotations at the reporting date:

% p.a.	31 December 2023			31 December 2022	
	UZS	USD	RUB	UZS	USD
Assets					
Cash and cash equivalents	0%	0%	0%	0%	0%
Trade and other receivables	0%	0%	0%	0%	0%
Liabilities					
		SOFR plus 0.6% minus 0.2%, Libor 6M plus 1.25%, Base rate + variable spread, 4%-2.2%	Fixed - 5.65% Variable - key rate of the Central Bank of the Russian Federation + 2.75%/4.65%	Refinancing rate of CBU +0.5%, 24%, 5%	SOFR plus 0.6% minus 0.2%, Libor 6M plus 1.25%, Base rate + variable spread, 4%-2.2%
Borrowings	Refinancing rate of CBU+0.5%, 24%,25%,5%				
Trade and other payables	0%	0%	0%	0%	0%

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Group is exposed to daily calls on its available cash resources. Liquidity risk is managed by management of the Group. Management monitors monthly rolling forecasts of the Group's cash flows.

The Group seeks to maintain a stable funding base primarily consisting of borrowings and trade and other payables. The Group invests the funds in diversified portfolios of liquid assets, in order to be able to respond quickly and smoothly to unforeseen liquidity requirements. The Group's liquidity portfolio comprises cash and cash equivalents (Note 12). Management estimates that the liquidity portfolio cash, bank deposits can be realised in cash within a day in order to meet unforeseen liquidity requirements.

The liquidity position is monitored and regular liquidity stress testing under a variety of scenarios covering both normal and more severe market conditions is performed by the Treasury Department.

The table below shows liabilities at 31 December 2023 by their remaining contractual maturity. The amounts disclosed in the maturity table are the contractual undiscounted cash flows, including gross finance lease obligations (before deducting future finance charges), gross loan commitments and financial guarantees. Such undiscounted cash flows differ from the amount included in the statement of financial position because the statement of financial position amount is based on discounted cash flows. Financial derivatives are included at the contractual amounts to be paid or received, unless the Group expects to close the derivative position before its maturity date in which case the derivatives are included based on the expected cash flows. For the purposes of the maturity analysis, embedded derivatives are not separated from hybrid (combined) financial instruments.

When the amount payable is not fixed, the amount disclosed is determined by reference to the conditions existing at the end of the reporting period. Foreign currency payments are translated using the spot exchange rate at the end of the reporting period.

28 Financial Risk Management (Continued)

The maturity analysis of financial liabilities at 31 December 2023 is as follows:

<i>In millions of Uzbekistan Soums</i>	Demand and less than 1 month	From 1 to 3 months	From 3 to 12 months	From 12 months to 5 years	Over 5 years	Total
Liabilities						
Borrowings (Note 14)	7,745,498	186,760	560,707	537,403	-	11,260,323
Trade payables (Note 16)	7,556,001	-	-	-	-	7,556,001
Total future payments, including future principal and interest payments	15,301,499	186,760	560,707	537,403	-	18,816,324

The maturity analysis of financial liabilities at 31 December 2022 is as follows

<i>In millions of Uzbekistan Soums</i>	Demand and less than 1 month	From 1 to 3 months	From 3 to 12 months	From 12 months to 5 years	Over 5 years	Total
Liabilities						
Borrowings (Note 14)	190,458	384,622	1,025,693	3,025,370	2,229,955	6,856,098
Trade payables (Note 16)	5,026,833	-	-	-	-	5,026,833
Total future payments, including future principal and interest payments	5,217,291	384,622	1,025,693	3,025,370	2,229,955	11,882,931

Payments in respect of gross settled forwards will be accompanied by related cash inflows.

29 Management of Capital

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The amount of capital that the Group managed as of 31 December 2023 was Uzbekistan Soums 5,507,816 million (31 December 2022: Uzbekistan Soums 6,830,162 million)

30 Fair Value Disclosures

Fair value measurements are analysed by level in the fair value hierarchy as follows: (i) level one are measurements at quoted prices (unadjusted) in active markets for identical assets or liabilities, (ii) level two measurements are valuations techniques with all material inputs observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices), and (iii) level three measurements are valuations not based on observable market data (that is, unobservable inputs). Management applies judgement in categorising financial instruments using the fair value hierarchy. If a fair value measurement uses observable inputs that require significant adjustment, that measurement is a Level 3 measurement. The significance of a valuation input is assessed against the fair value measurement in its entirety.

30 Fair Value Disclosures (Continued)

Assets and liabilities not measured at fair value but for which fair value is disclosed

Fair values analysed by level in the fair value hierarchy and the carrying value of assets and liabilities not measured at fair value are as follows

In millions of Uzbekistan Soums	31 December 2023				31 December 2022			
	Level 1 fair value	Level 2 fair value	Level 3 fair value	Carrying value	Level 1 fair value	Level 2 fair value	Level 3 fair value	Carrying value
Assets								
Cash and cash equivalents	-	335,702	-	335,702	-	540,048	-	540,048
Restricted cash	-	-	-	-	-	-	-	-
Trade receivables	-	-	1 343 991	1 343 991	-	-	1,542,023	1,542 023
Other long term receivables	-	-	109 494	109 494	-	-	143,403	143 403
Total Assets	-	335,702	1,453,485	1,789,187	-	540,048	1,685,426	2,225,474
Liabilities								
Trade and other payables	-	-	7 556 001	7 556 001	-	-	5,026,833	5,026 833
Borrowings	-	-	8 755 359	8 755 359	-	-	6,194,444	6,194 444
Total Liabilities	-	-	16,311,360	16,311,360	-	-	11,221,277	11,221,277

The fair values in level 2 and level 3 of the fair value hierarchy were estimated using the discounted cash flows valuation technique. The fair value of floating rate instruments that are not quoted in an active market was estimated to be equal to their carrying amount. The fair value of unquoted fixed interest rate instruments was estimated based on estimated future cash flows expected to be received discounted at current interest rates for new instruments with similar credit risks and remaining maturities.

Financial assets carried at amortised cost

The fair value of floating rate instruments is normally their carrying amount. The estimated fair value of fixed interest rate instruments is based on estimated future cash flows expected to be received discounted at current interest rates for new instruments with similar credit risks and remaining maturities. Discount rates used depend on the credit risk of the counterparty.

Liabilities carried at amortised cost

The fair value of Eurobonds is based on market quotations. Fair values of other liabilities were determined using valuation techniques. The estimated fair value of fixed interest rate instruments with stated maturities were estimated based on expected cash flows discounted at current interest rates for new instruments with similar credit risks and remaining maturities.

31 Events after the Reporting Period

The Cabinet of Ministers of the Republic of Uzbekistan issued a resolution on a significant increase in tariffs for the sale of electricity for the population and legal entities from May 1, 2024. According to the document, it is also planned to increase tariffs in April 2025.

31 Events after the Reporting Period (Continued)

Changes in tariffs are given below

Description	Range (kilowatt-hour)	Price in soums (from May 1, 2024)	Price in soums (from April 1, 2025)
	Up to 200	450	600
III group of consumers, including household consumers	from 201 to 1000	900	1,000
	from 1,001 to 5,000	1,350	1,500
	from 5,001 to 10,000	1,575	1,750
	from 10,000 or more	1,800	2,000
Consumers living in apartment buildings and dormitories centrally equipped with electric stoves for cooking	Up to 200	225	300
	from 201 to 1000	450	500
	from 1,001 to 5,000	675	750
	from 5,001 to 10,000	787.5	875
	from 10,000 or more	900	1,000