# Regional Electrical Power Networks JSC

## IFRS Accounting Standards
## Separate Financial Statements and
## Independent Auditor's Report

## 31 December 2024

## Content

# Independent Auditor's Report

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

## Our opinion

In our opinion, the separate financial statements present fairly, in all material respects, the separate financial position of Regional Electrical Power Networks JSC (the "Company") as at 31 December 2024, and the Company's separate financial performance and its separate cash flows for the year then ended in accordance with IFRS Accounting Standards.

**What we have audited**

The Company's separate financial statements comprise:

- the separate statement of financial position as at 31 December 2024;
- the separate statement of profit or loss and other comprehensive income for the year then ended;
- the separate statement of changes in equity for the year then ended;
- the separate statement of cash flows for the year then ended; and
- the notes to the separate 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 separate 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 Company 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 separate 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

Audit Organization "PricewaterhouseCoopers" LLC
88A, prospekt Mustaqillik, Mirzo-Ulugbek district, Tashkent 100000, Republic of Uzbekistan
T: +998 78 120 6101, www.pwc.com/uz

## Responsibilities of management and those charged with governance for the separate financial statements

Management is responsible for the preparation and fair presentation of the separate financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the separate financial statements, management is responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

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

## Auditor's responsibilities for the audit of the separate financial statements

Our objectives are to obtain reasonable assurance about whether the separate 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 separate 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 separate 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 Company'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 Company'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 separate 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 Company 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 separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

4 June 2025

Tashkent, Uzbekistan

| *In millions of Uzbekistan Soums* | Note | 31 December 2024 | 31 December 2023 |
|---|---|---|---|
| **ASSETS** | | | |
| **Non- current assets** | | | |
| Property, plant and equipment | 6 | 20,586,639 | 17,450,833 |
| Intangible assets | 7 | 219,994 | 72,970 |
| Investments in equity securities | 8 | 1,148,169 | 1,145,528 |
| Investments in associates | | 1,879 | 1,879 |
| Prepayments to suppliers and contractors | 9 | 247,770 | 360,351 |
| Deferred tax asset | 26 | 583,048 | 494,441 |
| Trade and other receivables | 11 | 45,117 | 99,064 |
| Other non-current assets | | 716 | 77,305 |
| **Total non-current assets** | | **22,833,332** | **19,702,371** |
| **Current assets** | | | |
| Inventory | 10 | 70,356 | 90,478 |
| Trade and other receivables | 11 | 1,817,566 | 1,369,604 |
| Prepayments to suppliers and contractors | 9 | 1,852,345 | 3,375,055 |
| Income tax prepaid | | 41,427 | 67,004 |
| Prepayments on other taxes | 12 | 210,425 | 128,269 |
| Cash and cash equivalents | 13 | 531,763 | 294,799 |
| **Total current assets** | | **4,523,882** | **5,325,209** |
| **TOTAL ASSETS** | | **27,357,214** | **25,027,580** |
| **EQUITY** | | | |
| Share capital | 14 | 8,461,835 | 8,468,081 |
| Reserve capital | 14 | 18,207 | 22,605 |
| Accumulated deficit | | (4,172,666) | (3,299,165) |
| **TOTAL EQUITY** | | **4,307,376** | **5,191,521** |
| **LIABILITIES** | | | |
| **Non-current liabilities** | | | |
| Borrowings | 15 | 9,577,754 | 485,099 |
| Deferred income | 16 | 4,022,534 | 1,317,748 |
| Deferred tax liabilities | 26 | 13 | 49 |
| Other non-current liabilities | | 52,338 | 30,173 |
| **Total non-current liabilities** | | **13,652,639** | **1,833,069** |
| **Current liabilities** | | | |
| Borrowings | 15 | 1,971,627 | 8,014,198 |
| Trade and other payables | 17 | 3,392,798 | 7,165,978 |
| Contract liabilities | 17 | 3,691,298 | 2,641,827 |
| Income tax payable | | 18,315 | - |
| Other taxes payable | 18 | 109,291 | 84,310 |
| Other liabilities | 19 | 213,870 | 96,677 |
| **Total current liabilities** | | **9,397,199** | **18,002,990** |
| **TOTAL LIABILITIES** | | **23,049,838** | **19,836,059** |
| **TOTAL LIABILITIES AND EQUITY** | | **27,357,214** | **25,027,580** |

Approved for issue and signed on 4 June 2025

Askarov Asrorjon
Acting Chairman of the Board

Primqulov Valijon
Chief Accountant

| *In millions of Uzbekistan Soums* | Note | 2024 | 2023 |
|---|---|---|---|
| Revenue from contracts with customers | 20 | 41,328,144 | 29,785,651 |
| Cost of sales | 21 | (39,442,986) | (27,524,818) |
| **Gross profit** | | **1,885,158** | **2,260,833** |
| General and administrative expenses | 22 | (1,964,226) | (1,573,029) |
| Other income | 23 | 559,804 | 217,864 |
| Net charge for expected credit losses on financial assets | 11 | (156,120) | (1,080,041) |
| **Operating profit / (loss)** | | **324,616** | **(174,373)** |
| Finance income | 24 | 247,402 | 105,378 |
| Finance costs | 25 | (1,337,852) | (1,160,065) |
| **Loss before income tax** | | **(765,834)** | **(1,229,060)** |
| Income tax expense | 26 | 38,562 | 45,613 |
| **Loss for the year** | | **(727,272)** | **(1,183,447)** |
| **Other comprehensive income for the year** | | | |
| *Other comprehensive income not to be reclassified subsequently to profit/loss* | | | |
| Actuarial loss | | (22,150) | - |
| **TOTAL COMPREHENSIVE LOSS FOR THE YEAR** | | **(749,422)** | **(1,183,447)** |

| *In millions of Uzbekistan Soums* | Note | Share capital | Reserve capital | Accumulated deficit | Total equity |
|---|---|---|---|---|---|
| Balance at 1 January 2023 | | 8,468,081 | 24,358 | (2,115,718) | 6,376,721 |
| Loss for the year | | - | - | (1,183,447) | **(1,183,447)** |
| Other comprehensive income | | - | - | - | - |
| **Total comprehensive income for the period** | | **-** | **-** | **(1,183,447)** | **(1,183,447)** |
| Decrease in reserve capital | | - | (1,753) | - | (1,753) |
| Dividends declared | | - | - | - | - |
| **Balance at 31 December 2023** | | **8,468,081** | **22,605** | **(3,299,165)** | **5,191,521** |
| Loss for the year | | | | (727,272) | (727,272) |
| Other comprehensive income | | | | (22,150) | (22,150) |
| **Total comprehensive income for the period** | | | | **(749,422)** | **(749,422)** |
| Decrease in share capital | 14 | (6,246) | - | - | (6,246) |
| Transfers | | - | (4,398) | 4,398 | - |
| Dividends declared | 14 | - | - | (128,477) | (128,477) |
| **Balance at 31 December 2024** | | **8,461,835** | **18,207** | **(4,172,666)** | **4,307,376** |

| *In millions of Uzbekistan Soums* | Note | 2024 | 2023 |
|---|---|---|---|
| **Cash flow from operating activities** | | | |
| Loss before income tax | | (765,834) | (1,229,060) |
| Adjustments for: | | | |
| Depreciation of property, plant and equipment and amortisation of intangible assets | 6, 7 | 783,681 | 885,901 |
| Assets received free of charge | | (129,779) | - |
| Loss on foreign exchange transactions (net) | | 139,394 | 538,874 |
| Net charge for expected credit losses on financial assets | 11 | 311,227 | 1,043,295 |
| Modification of contractual cash flows on long-term receivables | 11 | (155,107) | 36,746 |
| Amortisation of deferred income | 16 | (184,469) | (11,083) |
| Modification of contractual cash flows on loans and borrowings | 15 | (245,262) | (97,169) |
| Interest accrued | 15 | 1,192,432 | 641,654 |
| Recovery of inventory provision | | 13,788 | 13,788 |
| Other | | (21,605) | 994 |
| **Operating cash flows before working capital changes** | | **938,466** | **1,823,940** |
| Increase in trade and other receivables | | (473,546) | (945,061) |
| Decrease in inventory | | 6,334 | (25,937) |
| Increase in prepayments to suppliers and contractors | | 1,522,709 | (2,586,701) |
| Increase in trade and other payables | | (2,814,493) | 2,571,995 |
| Decrease in taxes other than income tax prepaid/payable, net | | (57,174) | (90,214) |
| **Changes in working capital** | | **(877,704)** | **748,022** |
| Income taxes paid | | (42,819) | (103,717) |
| Interest paid | 15 | (864,581) | (273,258) |
| **Net cash from operating activities** | | **(1,785,104)** | **371,047** |
| **Cash flows from investing activities** | | | |
| Government subsidies received for the acquisition of fixed assets | 16 | 517,740 | 580,032 |
| Purchase of fixed assets | | (3,187,480) | (2,967,718) |
| Purchase of intangible assets | | (157,859) | - |
| Dividends received | | - | - |
| Proceeds from the sale of property, plant and equipment | | 188,376 | 70,983 |
| **Net cash used in investing activities** | | **(2,639,223)** | **(2,316,703)** |
| **Cash flows from financing activities** | | | |
| Proceeds from borrowings | 15 | 7,108,120 | 2,322,829 |
| Repayment of borrowings | 15 | (2,354,986) | (543,526) |
| Dividends paid | | (128,476) | - |
| **Net cash from financing activities** | | **4,624,658** | **1,779,303** |
| Effect of exchange rate changes on cash and cash equivalents | | 36,633 | - |
| Cash and cash equivalents at the beginning of the year | | 294,799 | 461,152 |
| **Cash and cash equivalents at the end of the year** | | **531,763** | **294,799** |

## 1 Regional Electrical Power Networks JSC and its Operations

These separate financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the IASB ("IFRS Accounting Standards") for the year ended 31 December 2024 for Regional Electrical Power Networks JSC (the "Company").

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 2023 and 31 December 2024 the Company's immediate shareholder is the Ministry of Finance of the Republic of Uzbekistan. The Company's ultimate controlling party is the Government of Uzbekistan.

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.

***Principal activity***

The Company'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 12 territorial distribution and sales branches, and 2 territorial distribution and sales subsidiaries 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.

***Registered address and place of business***

The Company's registered address is Tashkent, Osiyo street, building 8, the Republic of Uzbekistan. The Company's principal place of business is the Republic of Uzbekistan

***Presentation currency***

These separate 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 Company's control.

The Company'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 Company'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 Company is a natural monopoly and is governed by the laws of the Republic of Uzbekistan "On Natural Monopolies". Accordingly, the Company 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 Company's operations.

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

Uzbekistan experienced the following key economic indicators in 2024:

- Official exchange rate as at 31 December 2024: US Dollar 1 per Uzbekistan Soums 12,920.48 (2023: US Dollar 1 per Uzbekistan Soums 12,338.77)
- Inflation: 9.8% (2023: 8.77%);
- GDP growth: 6.5% (2023: 6%);
- Refinancing rate of the Central Bank of Uzbekistan in Uzbekistan Soums – 13.5% (2023: 14%).

## 2 Significant Accounting Policies

***Basis of preparation***

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

In addition, the Company has prepared consolidated financial statements in accordance with IFRS for the Company and its subsidiaries (the "Group"). In the consolidated financial statements, the operations of subsidiaries, defined as those in which the Group directly or indirectly owns more than one half of the voting rights or over which the Company otherwise has the ability to control their financial and operating policies, are fully consolidated. The Group's consolidated financial statements can be obtained at the Company's office located at the following address: Tashkent, street Osiyo, building 8, Republic of Uzbekistan.

Users should read these separate financial statements in conjunction with the consolidated financial statements as of and for the year ended 31 December 2024 to obtain a complete picture of the financial position, results of operations and changes in the financial position of the Company as a whole.

The preparation of financial statements in accordance with IFRS requires the use of certain critical accounting estimates. In addition, management must rely on its judgment in applying the Company's accounting policies. Accounting areas that involve a greater degree of estimation or complexity, as well as areas in which assumptions and estimates are material to the separate financial statements, are disclosed in Note 3.

***Business combinations under common control***

Business combinations under common control are accounted for using the predecessor method of accounting applied retrospectively. Under this method, the Company includes the assets and liabilities of acquirees at their historical carrying amounts from the beginning of the earliest period presented. Any difference between the consideration transferred for acquired entities or the issued share capital and the stated carrying amounts of acquired entities is included in equity.

In these separate financial statements, the results of acquirees are included in the Company's financial statements retrospectively from the earliest period presented, which is 1 January 2022. The data was also adjusted for intra-group turnover, intra-group balances and unrealized gains and losses on transactions with acquired companies were excluded.

***Going concern principle***

In 2024, the Company incurred a loss of Uzbekistan Soums 749,422 million. As at 31 December 2024, the Company's current liabilities exceeded its current assets by Uzbekistan Soums 4,873,317 million (31 December 2023: Uzbekistan Soums 12,677,781 million).

## 2 Significant Accounting Policies (Continued)

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

- The Company 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 Company have no intention or need to liquidate the Company's operations.
- As of 31 December 2024 the Company's current liabilities mainly consist of payables of Uzbekistan Soums 2,168,197 million (2023: Uzbekistan Soums 3,263,119 million) to UzEnergoSotish JSC (UES) (2023: National Electric Grid of Uzbekistan JSC ("NES")), both controlled by the shareholder of the Company. The repayment schedule of payables to UES and 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 Company 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 Company, approved by the shareholder, when considering and approving the distribution of funds between the Company and suppliers of electricity. Management expects that the Company will continue to hold 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 Company with the necessary financial support during the near future.
- 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 households and legal entities, from May 2024 the tariff for the population was significantly increased. According to the document, tariffs were increased in May 2025 and further will be annually adjusted for the inflation.
- Government provides support in the form of funding of the operations and investing activities of the Company. In 2024, the government issued decrees that undermined financial support in the form of government grants for modernization and new networks. The Ministry of Finance also issued an interest-free loan with a maturity of five years to cover the outstanding payable amount to NES. Additionally, in 2025, a new president's decree #330 was issued to fund further modernization and capital expenditure projects of the Company.
- The Smart Electricity Metering System significantly reduced the amount of grid losses in 2024. The Company continues to work in this direction, which should significantly increase its profitability in the future.
- Management believes that the Company 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 separate 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.

***Investments in associated organizations***

Associated entities are entities over which the Company has significant influence (directly or indirectly), but does not control them; typically, the share of voting rights in these organizations is between 20% and 50%. Investments in associates are accounted for using the equity method and are initially recognized at cost and their carrying amount may increase or decrease to reflect the investor's share of the associate's profit or loss in the period after the acquisition date. Dividends received from associates reduce the carrying amount of investments in associates. Other post-acquisition changes in the Company's share of the net assets of associates are reflected as follows: (i) the Company's share of the associates' profits or losses is recognized in profit or loss for the year as a share of the associates' financial results, (ii) the Company's share of other comprehensive income is recognized as a separate line item in other comprehensive income; (iii) all other changes in the Company's share of the carrying amount of net assets of associates are recognized in profit or loss as part of the share of financial results of associates.

However, when the Company's share of an associate's losses equals or exceeds its share of the associate, including any unsecured receivables, the Company ceases to recognize further losses unless it has incurred obligations or made payments on behalf of the associate. Unrealized gains on transactions between the Company and its associates are eliminated in proportion to the Company's interest in those associates; unrealized losses are also eliminated unless the transaction indicates that the transferred asset is impaired.

## 2 Significant Accounting Policies (Continued)

***Investments in subsidiaries***

The Company accounts for investments in subsidiaries in its separate financial statements at cost of acquisition (cost method).

*Recognition and evaluation*

Investments in subsidiaries are initially recognized at cost, which includes the acquisition price and all directly attributable costs.

*Amortization and impairment*

Subsequent to initial recognition, investments in subsidiaries are measured at cost less accumulated impairment losses. At the end of each reporting period, the Company conducts an analysis to determine whether investments may be impaired. If there is an indication of impairment, investments are revalued and adjusted to their recoverable amount. Impairment losses are recognized in the income statement.

***Disposal of subsidiaries or associates***

When the Company loses control or significant influence, the retained interest in the entity is remeasured to its fair value at the date control is lost, with changes in the carrying amount recognized in profit or loss. Fair value represents the initial carrying amount for the purposes of subsequent accounting for the retained interest in an associate, joint venture or financial asset. In addition, all amounts previously recognized in other comprehensive income in respect of the entity are accounted for as if the Company had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are transferred to profit or loss.

If the interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognized in other comprehensive income is transferred to profit or loss, as appropriate.

***Conversion of foreign currencies***

*Functional and presentation currency*

All amounts in these separate financial statements are presented in millions of Uzbekistan Soums (“UZS”) unless otherwise stated. The 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 parent 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 the Republic of Uzbekistan (“CBRU”) prevailing on the date of the transaction. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation of monetary assets and liabilities into the functional currency at year-end official exchange rates of the Central Bank of Uzbekistan are recognized in profit or loss for the year.

At 31 December 2024 the principal rate of exchange used for translating foreign currency balances was US Dollar 1 per Uzbekistan Soums 12,920.48 (31 December 2023: US Dollar 1 per Uzbekistan Soums 12,338.77). 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.

## 2 Significant Accounting Policies (Continued)

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 Company 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:

| | Useful lives in years |
|---|---|
| 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 Company would currently receive from disposal of the asset, after deducting the estimated costs of disposal, if the asset had already reached the end of its useful life and condition at the end of its useful life. The residual value of assets and their useful life are reviewed and, if necessary, adjusted at the end of each reporting period.

***Intangible assets other than goodwill***

The Company'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 Company 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.

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

| | Useful lives in years |
|---|---|
| Software licences | 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.

## 2 Significant Accounting Policies (Continued)

***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 th 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.

***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 Company commits to deliver a financial asset. All other purchases are recognised when the Company becomes a party to the contractual provisions of the instrument.

## 2 Significant Accounting Policies (Continued)

***Financial assets – classification and subsequent measurement – measurement categories***

The Company 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 Company'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 Company manages the assets in order to generate cash flows – whether the Company'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 Company undertakes to achieve the objective set out for the portfolio available at the date of the assessment. Factors considered by the Company 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 Company 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 Company 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 Company did not change its business model during the current and comparative period and did not make any reclassifications.

***Financial assets impairment – credit loss allowance for ECL***

The Company 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 Company 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 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 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.

## 2 Significant Accounting Policies (Continued)

The Company applies simplified approach for impairment of trade and lease receivable. For other financial assets the Company 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 Company 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 Company determines when a SICR has occurred. If the Company 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 Company'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 Company incorporates forward-looking information in the ECL models.

***Financial assets – write-off***

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

***Financial assets – derecognition***

The Company derecognises financial assets when (a) the assets are redeemed or the rights to cash flows from the assets otherwise expire or (b) the Company 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 Company sometimes renegotiates or otherwise modifies the contractual terms of the financial assets. The Company 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 Company 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 Company 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.

In a situation where the renegotiation was driven by financial difficulties of the counterparty and inability to make the originally agreed payments, the Company 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 Company 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.

## 2 Significant Accounting Policies (Continued)

***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 Company 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 Company 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 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 cash flow statement.

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 supplies, are initially recognised at fair value and are subsequently measured at amortised cost using the effective interest method.

## 2 Significant Accounting Policies (Continued)

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 Company has obtained control of the asset and it is probable that future economic benefits associated with the asset will flow to the Company. 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 Company 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 Company capitalizes borrowing costs that could have been avoided if it had not made capital expenditure on qualifying assets. Borrowing costs capitalised are calculated at the Company'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 Company 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 statement of financial position as an asset.

***Operating lease***

Where the Company 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 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.

## 2 Significant Accounting Policies (Continued)

***Income taxes***

Income taxes have been provided in the separate 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 separate 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 organisation of the Company.

The Company controls the reversal of temporary differences relating to taxes chargeable on dividends from subsidiaries or on gains upon their disposal. The Company 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 Company'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 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 Company has obtained control of the asset and it is probable that future economic benefits associated with the asset will flow to the Company. 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 separate 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 Company 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 Company's ordinary activities. Revenue is recognised in the amount of transaction price. Transaction price is the amount of consideration to which the Company 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.

Revenue of the Company 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 Company's subsidiaries, obligations to be performed are identified when concluding the relevant contract.

The Company 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 Company 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.

## 2 Significant Accounting Policies (Continued)

*Sale of electric power*

The Company 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 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 Company, 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 Company 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 Company. The Company 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 Company makes estimates and assumptions that affect the amounts recognised in the separate 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 separate financial statements and estimates that can cause a significant adjustment to the carrying amount of assets and liabilities within the next financial year:

***Impairment of property, plant and equipment and intangible assets***

The Company's management has analysed external and internal indicators of impairment of property, plant and equipment and intangible assets. The management of the Company concluded that there is no indication of impairment. Accordingly, the management of the Company has elected not to test for impairment of property, plant and equipment and intangible assets as at 31 December 2024.

***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 Company regularly reviews and validates the models and inputs of the models to reduce any differences between expected credit loss estimates and actual credit loss.

## 3 Critical Accounting Estimates and Judgements in Applying Accounting Policies (Continued)

***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 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 Pronouncements

Certain new standards and interpretations have been issued that are mandatory for the annual periods beginning on or after 1 January 2025 or later, and which the Company has not early adopted.

- Amendments to IAS 21 Lack of Exchangeability (Issued on 15 August 2023 and effective for annual periods beginning on or after 1 January 2025).
- Amendments to the Classification and Measurement of Financial Instruments - Amendments to IFRS 9 and IFRS 7 (issued on 30 May 2024 and effective for annual periods beginning on or after 1 January 2026).
- Contracts Referencing Nature-dependent Electricity Amendments to IFRS 9 and IFRS 7 (Issued on 18 December 2024 and effective from 1 January 2026).
- IFRS 18 Presentation and Disclosure in Financial Statements (Issued on 9 April 2024 and effective for annual periods beginning on or after 1 January 2027).
- 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 Company is currently assessing the impact of the amendments on its separate 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 Company. The Company 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 Company’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 Company 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 12,18 and 26.

As the Government related entities, the balances and transactions with “Navoi MMC” JSC, “Almalyk MMC” JSC, “Maxam Chirchiq” JSC, “O’zbekiston Metalurgiya Kombinati” JSC, “Navoi Uran” JSC, “Uzbekneftegaz” JSC, “Qarshi magistral kanal” JSC and state owned banks are disclosed.

## 5 Balances and Transactions with Related Parties (Continued)

At 31 December 2024, the outstanding balances with related parties were as follows:

| *In millions of Uzbekistan Soums* | Note | Government and entities under government control | Associates |
|---|---|---|---|
| Cash and cash equivalents | 13 | 271,958 | - |
| Trade and other receivables | 11 | 384,494 | - |
| Prepayments to suppliers | 9 | 1,632,276 | - |
| Deferred income | 16 | 4,022,534 | - |
| Borrowings | 15 | 5,021,538 | - |
| Trade and other payables | 17 | 3,382,613 | 83,027 |

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

| *In millions of Uzbekistan Soums* | Note | Government and entities under government control | Associates |
|---|---|---|---|
| Cash and cash equivalents | 13 | 269,307 | - |
| Trade and other receivables | 11 | 513,520 | - |
| Prepayments to suppliers | 9 | 1,157,574 | - |
| Deferred income | 16 | 1,292,591 | - |
| Borrowings | 15 | 6,168,830 | - |
| Trade and other payables | 17 | 6,516,821 | 30,260 |

The income and expense items with related parties for the years ended 31 December 2024 were as follows:

| *In millions of Uzbekistan Soums* | Note | Government and entities under government control | Associates |
|---|---|---|---|
| Revenue | | 9,978,196 | |
| Purchases of electricity | 21 | 37,056,087 | |
| Interest expense | 25 | 584,894 | |

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

| *In millions of Uzbekistan Soums* | Note | Government and entities under government control | Associates |
|---|---|---|---|
| Revenue | | 9,092,747 | - |
| Purchases of electricity | 21 | 25,402,615 | - |
| Interest expense | 25 | 641,654 | - |

In 2024, the Company purchased smart meters in amount of Uzbekistan Soums 175 billion (2023: Uzbekistan Soums 117 billion) from associate.

***Key management compensation***

Key management as of 31 December 2024 includes 6 members of Management Board (2023: 6 members of Management Board).

## 5 Balances and Transactions with Related Parties (Continued)

Key management compensation is presented below:

| *In millions of Uzbekistan Soums* | 2024 Expense | 2024 Accrued liability | 2023 Expense | 2023 Accrued liability |
|---|---|---|---|---|
| **Short-term benefits:** | | | | |
| - Salaries | 3,340 | | 2,246 | - |
| - Short-term bonuses | 1,277 | | 554 | - |
| - Social insurance | 515 | | 306 | - |
| **Total key management compensation** | **5,132** | | **3,106** | - |

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:

| *In millions of Uzbekistan Soums* | Buildings and premises | Machinery and equipment | Vehicles | Other | Constraction in progress | Total |
|---|---|---|---|---|---|---|
| Cost at 1 January 2023 | 421,904 | 15,777,076 | 187,583 | 133,284 | 1,851,144 | 18,370,991 |
| Accumulated depreciation | (67,524) | (3,004,608) | (72,158) | (41,156) | - | (3,185,446) |
| **Carrying amount at 1 January 2023** | **354,380** | **12,772,468** | **115,425** | **92,128** | **1,851,144** | **15,185,545** |
| Additions | 1,063 | 81,001 | 1,009 | 33 | 3,035,729 | 3,118,835 |
| Capitalised borrowing costs | - | - | - | - | 92,520 | 92,520 |
| Transfers | 11,562 | 755,455 | 20,769 | 6,331 | (794,117) | - |
| Disposals | (2,563) | (11,748) | (46) | (168) | (56,065) | (70,590) |
| Depreciation charge | (14,507) | (823,793) | (17,876) | (19,301) | - | (875,477) |
| Cost at 31 December 2023 | 432,154 | 16,599,109 | 209,377 | 139,173 | 4,129,211 | 21,509,024 |
| Accumulated depreciation | (82,219) | (3,825,726) | (90,096) | (60,150) | - | (4,058,191) |
| **Carrying amount at 31 December 2023** | **349,935** | **12,773,383** | **119,281** | **79,023** | **4,129,211** | **17,450,833** |
| Additions | 1,411 | 148,409 | 4 | 2,352 | 3,830,852 | 3,983,028 |
| Capitalised borrowing costs | - | - | - | - | 120,247 | 120,247 |
| Transfers | 53,669 | 2,211,514 | 27,533 | 75,280 | (2,367,996) | - |
| Disposals | (4,858) | (19,865) | (190) | (94) | (169,616) | (194,623) |
| Depreciation charge | (14,980) | (718,041) | (20,125) | (19,700) | - | (772,846) |
| Cost at 31 December 2024 | 481,814 | 18,934,476 | 240,105 | 212,589 | 5,542,698 | 25,411,682 |
| Accumulated depreciation | (96,637) | (4,539,076) | (113,602) | (75,728) | - | (4,825,043) |
| **Carrying amount at 31 December 2024** | **385,177** | **14,395,400** | **126,503** | **136,861** | **5,542,698** | **20,586,639** |

Construction in progress consists mainly of modernization and reconstruction of low-voltage electrical networks and high-voltage equipment. Upon completion, the assets are transferred to buildings, machinery and equipment. Addition to construction in progress include capitalized borrowing costs of Uzbekistan Soums 120,247 million (2023: Uzbekistan Soums 92,520 million). The capitalization rate was 8.32% (2023: 10.02%).

## 7 Intangible Assets

Software and licenses were acquired for ASKUE Billing Center.

| *In millions of Uzbekistan Soums* | **Acquired software licences** |
|---|---|
| Cost at 1 January 2023 | 104,242 |
| Accumulated amortisation | (20,848) |
| **Carrying amount at 1 January 2023** | **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** |
| Additions | 157,859 |
| Amortisation charge | (10,835) |
| Cost at 31 December 2024 | 262,101 |
| Accumulated amortisation | (42,107) |
| **Carrying amount at 31 December 2024** | **219,994** |

## 8 Investments in subsidiaries

The table below provides information on the Company's investments in subsidiaries:

| *In millions of Uzbekistan Soums* | **Share** | **31 December 2024** | **31 December 2023** |
|---|---|---|---|
| Bukhara ETEN JSC | 53.10% | 485,944 | 485,944 |
| Fergana ETEN JSC | 53.70% | 657,456 | 657,456 |
| Others | | 4,769 | 2,128 |
| **Total** | | **1,148,169** | **1,145,528** |

The main activity of Bukhara ETEN JSC and Fergana ETEN JSC is the sale of electricity to end consumers, both legal entities and individuals, with further invoicing and collections on the territory of the Republic of Uzbekistan.

## 9 Prepayments to suppliers and contractors

| *In millions of Uzbekistan Soums* | **31 December 2024** | **31 December 2023** |
|---|---|---|
| Prepayment for non-current assets | 247,770 | 360,351 |
| **Current part of prepayments:** | | |
| - Prepayments for electricity | 1,611,556 | 2,755,443 |
| - Prepayments for goods, materials and services | 89,662 | 162,912 |
| - Prepayment to the founder | 151,127 | 456,700 |
| **Total prepayments to suppliers and contractors** | **2,100,115** | **3,735,406** |

## 10 Inventories

| *In millions of Uzbekistan Soums* | 31 December 2024 | 31 December 2023 |
|---|---|---|
| Materials | 59,198 | 86,001 |
| Products and goods for resale | - | - |
| Spare parts | 21,379 | 18,265 |
| Less: provision for write down to net realisable value and provision for slow-moving and obsolete inventories | (10,221) | (13,788) |
| **Total inventories** | **70,356** | **90,478** |

Presented below are movements in the Compan's inventory provision:

| *In millions of Uzbekistan Soums* | 2024 | 2023 |
|---|---|---|
| Provision at 1 January | (13,788) | (18,303) |
| Recovery of provision | 3,567 | 4,515 |
| **Provision at 31 December** | **(10,221)** | **(13,788)** |

## 11 Trade and other receivables

| *In millions of Uzbekistan Soums* | 31 December 2024 | 31 December 2023 |
|---|---|---|
| **Current trade receivables** | | |
| Trade receivables from sales of electricity to individuals | 1,070,877 | 1,222,563 |
| less: ECL on collective assessment of individual customers | (568,768) | (718,810) |
| less: ECL on individual assessment of individual customers | (284,516) | (284,521) |
| **Trade receivables from sales of electricity to corporate customers** | **3,178,133** | **2,507,027** |
| less: ECL on collective assessment of corporate customers | (1,285,400) | (812,770) |
| less: ECL on individual assessment of corporate customers | (754,136) | (752,981) |
| Trade receivables from subsidiaries | 383,962 | 153,443 |
| Other receivables | - | 12,549 |
| **Total financial assets** | **1,740,152** | **1,326,500** |
| Prepaid expenses | 295 | 283 |
| Prepayments to staff | 12,130 | 32,313 |
| Others | 64,989 | 10,508 |
| **Total trade and other receivables** | **1,817,566** | **1,369,604** |

In the current reporting period, revenue in the amount of Uzbekistan Soums 2,641,827 million Uzbekistan soums was recognized (2023: 2,294,344 million Uzbekistan Soums) in respect of contract liabilities for 31 December 2024.

## 11 Trade and other receivables (Continued)

The Company 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. Companies 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 Company has applied the sovereign credit rating of Uzbekistan and accordingly adjusts the historical loss rates based on expected changes in this factor.

| *In millions of Uzbekistan Soums* | **31 December 2024** | **31 December 2023** |
|---|---|---|
| **Other long-term accounts receivable** | | |
| Other long-term accounts receivable | 105,974 | 328,185 |
| Less: impact of modification of other long-term receivables | (42,618) | (198,371) |
| Less: ECL | (18,239) | (30,750) |
| **Total financial assets within long-term trade and other receivable** | **45,117** | **99,064** |

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 Company 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 the Company has applied a probability weighted default rate of 32.26%.

In 2023, the Company carried out stock take of accounts receivable from individuals and corporate clients. Based on the results of the inventory, doubtful debts for electricity were identified in the amount of 284,521 million Uzbekistan Soums for individuals and 752,981 million Uzbekistan Soums for corporate clients. The Company recognized a provision for expected credit losses for these amounts in 2023 as part of the individual assessment.

## 11 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* | 31 December 2024 | | | | 31 December 2023 | | | |
|---|---|---|---|---|---|---|---|---|
| *In % of gross value* *In millions of Uzbekistan Soums* | Loss Rate | Gross carrying amount | Life-time ECL | Net carrying value | Loss Rate | Loss Rate Gross carrying amount | Life-time ECL | Net carrying value |
| ***Trade receivables*** | | | | | | | | |
| - Current | 8.37% | 598,493 | (50,096) | 548,397 | 7.72% | 553,856 | (42,732) | 511,124 |
| - 30 to 60 days overdue | 20.59% | 222,083 | (45,720) | 176,363 | 17.88% | 205,839 | (36,796) | 169,043 |
| - 61 to 90 days overdue | 30.20% | 142,192 | (42,944) | 99,248 | 26.01% | 125,770 | (32,715) | 93,055 |
| - 91 to 120 days overdue | 37.84% | 122,383 | (46,307) | 76,076 | 31.55% | 61,288 | (19,335) | 41,953 |
| - 121 to 150 days overdue | 44.82% | 176,363 | (79,053) | 97,310 | 36.79% | 67,131 | (24,696) | 42,435 |
| - 151 to 360 days overdue | 69.14% | 457,573 | (316,370) | 141,203 | 65.03% | 239,225 | (155,559) | 83,666 |
| - over 360 days overdue | 100.00% | 704,910 | (704,910) | - | 100.00% | 500,937 | (500,937) | - |
| **Total** | **53.03%** | **2,423,997** | **(1,285,400)** | **1,138,597** | **47.16%** | **1,754,046** | **(812,770)** | **941,276** |

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* | 31 December 2024 | | | | 31 December 2023 | | | |
|---|---|---|---|---|---|---|---|---|
| *In % of gross value* *In millions of Uzbekistan Soums* | Loss Rate | Gross carrying amount | Life-time ECL | Net carrying value | Loss Rate | Loss Rate Gross carrying amount | Life-time ECL | Net carrying value |
| ***Trade receivables*** | | | | | | | | |
| - Current | 21.08% | 103,743 | (21,871) | 81,872 | 15.79% | 83,793 | (13,232) | 70,561 |
| - 30 to 60 days overdue | 30.09% | 46,802 | (14,082) | 32,720 | 22.10% | 48,102 | (10,629) | 37,473 |
| - 61 to 90 days overdue | 36.04% | 26,034 | (9,382) | 16,652 | 27.18% | 34,110 | (9,273) | 24,837 |
| - 91 to 120 days overdue | 41.58% | 18,247 | (7,588) | 10,659 | 32.44% | 29,299 | (9,504) | 19,795 |
| - 121 to 150 days overdue | 47.38% | 13,211 | (6,259) | 6,952 | 38.60% | 28,135 | (10,859) | 17,276 |
| - 151 to 360 days overdue | 70.85% | 235,825 | (167,087) | 68,738 | 70.23% | 165,566 | (116,276) | 49,290 |
| - over 360 days overdue | 100.00% | 342,499 | (342,499) | - | 100.00% | 549,037 | (549,037) | - |
| **Total** | **72.33%** | **786,361** | **(568,768)** | **217,593** | **75.19%** | **938,042** | **(718,810)** | **219,232** |

## 11 Trade and other receivables (Continued)

Movements in impairment provision of current trade and other receivables during 2023 and 2024 are presented in the table below:

| *In millions of Uzbekistan Soums* | 2024 | 2023 |
|---|---|---|
| Allowance for credit losses on trade receivables at 1 January | (2,569,082) | (1,413,007) |
| Accrual of allowance for the year | (323,738) | (1,156,075) |
| **Allowance for credit losses on trade receivables at 31 December** | **(2,892,820)** | **(2,569,082)** |

Movements in impairment provision of long-term trade and other receivables during 2023 and 2024 are presented in the table below:

| *In millions of Uzbekistan Soums* | 2024 | 2023 |
|---|---|---|
| Allowance for credit losses on long-term trade receivables at 1 January | (228,475) | (305,155) |
| Accrual of allowance for the year | 12,511 | 39,288 |
| Modification of contractual cash flows | 155,107 | 36,746 |
| **Allowance for credit losses on long-term trade receivables a t31 December** | **(60,857)** | **(229,121)** |

## 12 Other current tax assets

| *In millions of Uzbekistan Soums* | 31 December 2024 | 31 December 2023 |
|---|---|---|
| Input VAT | 161,459 | 75,990 |
| Property tax | 2,522 | 1,733 |
| Land tax | 11,224 | 7,779 |
| Income tax | 2,933 | 1,256 |
| Others | 32,287 | 41,511 |
| **Total current tax assets other than taxes on income** | **210,425** | **128,269** |

## 13 Cash and cash equivalents

| *In millions of Uzbekistan Soums* | 31 December 2024 | 31 December 2023 |
|---|---|---|
| Cash and cash equivalents | | |
| Bank balances payable on demand – USD | 8,833 | 8,372 |
| Bank balances payable on demand – UZS | 522,930 | 286,427 |
| Cash on hand | - | - |
| **Total cash and cash equivalents** | **531,763** | **294,799** |

## 13 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 2024:

| *In millions of Uzbekistan Soums* | Bank balances payable on demand | Rating |
|---|---|---|
| Ministry of Economy and Finance of the Republic of Uzbekistan | 64,731 | Ba3 Moody's |
| JSCB National Bank for Foreign Economic Activity of the Republic of Uzbekistan | 37,036 | BB- (FitchRatings) |
| JSCB Uzpromstroybank | 148,530 | BB- (FitchRatings) |
| JSC XT Xarid texnologiyalari | 16,200 | Ba3 (Moody's) |
| Uzbek Commodity Exchange | 6,401 | B (FitchRatings) |
| Center for Digital Transformation under the Ministry of Investment and Foreign Trade | 15,078 | Ba3 (Moody's) |
| JSCB Ipoteka-Bank | 385 | Ba3 (Moody's) |
| Cash in transit | 243,402 | - |
| **Total cash and cash equivalents, excluding cash on hand** | **531,763** | |

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

| *In millions of Uzbekistan Soums* | Bank balances payable on demand | Rating |
|---|---|---|
| Ministry of Economy and Finance of the Republic of Uzbekistan | 92,485 | Ba3 Moody's |
| JSCB National Bank for Foreign Economic Activity of the Republic of Uzbekistan | 67,875 | BB- (FitchRatings) |
| JSCB Uzpromstroybank | 32,414 | BB- (FitchRatings) |
| JSC XT Xarid texnologiyalari | 20,609 | Ba3 (Moody's) |
| Uzbek Commodity Exchange | 8,461 | B (FitchRatings) |
| Center for Digital Transformation under the Ministry of Investment and Foreign Trade | 2,848 | Ba3 (Moody's) |
| JSCB Ipoteka-Bank | 334 | Ba3 (Moody's) |
| Cash in transit | 69,773 | - |
| **Total cash and cash equivalents, excluding cash on hand** | **294,799** | |

## 14 Equity

| *In millions of Uzbekistan Soums* | 31 December 2024 | 31 December 2023 |
|---|---|---|
| Number of outstanding shares | 84,618,347,342 | 84,680,814,487 |
| Nominal and paid-in amount | 8,461,834 | 8,468,081 |

| *In millions of Uzbekistan Soums* | Number of outstanding shares | Ordinary shares | Share Premium | Preference shares |
|---|---|---|---|---|
| At 1 January 2023 | 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** |
| Share redemption | (62,467,145) | (62,467,145) | - | - |
| **At 31 December 2024** | **84,628,531,067** | **84,618,347,342** | **-** | **10,183,725** |

## 14 Equity (Continued)

***Dividends***

In 2024, following Shareholder Resolution No. 5 dated 20 August 2024, section 7, an amendment was made to the prior Shareholder Resolution No. 3 from 15 August 2022. The original dividend amount of Uzbekistan Soums 190,531 million (2.25 UZS per share) was adjusted to Uzbekistan Soums 319,007 million (3.767 Uzbekistan Soums per share), thereby resulting in an additional accrual of Uzbekistan Soums 128,477 million.

The Company did not declare any dividends in 2023.

The total authorised number of preference shares is 10,184 thousand shares (2023: 10,184 thousand shares) with an average par value of Uzbekistan Soums 143 per share (2023: 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 Company distributes profits as dividends on the basis of the separate financial statements prepared in accordance with International Financial Reporting Standards.

## 15 Borrowings

| *In millions of Uzbekistan Soums* | **31 December 2024** | **31 December 2023** |
|---|---|---|
| Ministry of Economy and Finance | 3,648,043 | 1,273,476 |
| Ministry of Economy and Finance (ADB & AFD) | 3,011,384 | 3,246,726 |
| Adria General Trading #AGT-RES-2023 | 2,078,425 | 825,836 |
| Asian Development Bank #2779 | 1,389,882 | 1,518,667 |
| Fund for Reconstruction and Development of the Republic of Uzbekistan #254 | 735,549 | 843,159 |
| JSCB UzpromstroyBank #79 | 147,060 | - |
| Asian Development Bank #4347 | 138,143 | - |
| JSCB UzpromstroyBank (Eximbank of China) | 112,490 | 127,850 |
| JSCB UzpromstroyBank #566 | 100,327 | - |
| Administration of the Republic of Uzbekistan | 103,140 | 226,426 |
| Agence Francaise De Development CUZ 1043 01 P | 47,812 | - |
| Uzbekistan Fund for Reconstruction and Development (UFRD) #219 | 27,386 | 31,340 |
| JSCB UzpromstroyBank #698 | 9,740 | 26,389 |
| JSCB UzpromstroyBank short-term loans | - | 378,968 |
| Local finance lease providers | - | 460 |
| **Total borrowings** | **11,549,381** | **8,499,297** |

| *In millions of Uzbekistan Soums* | **31 December 2024** | **31 December 2023** |
|---|---|---|
| *Short term part* | | |
| On demand | - | 6,913,368 |
| Up to 1 year | 1,971,627 | 1,100,830 |
| **Total short-term part** | **1,971,627** | **8,014,198** |
| *Long term part* | | |
| From 2 to 5 years | 7,453,642 | 485,099 |
| More than 5 years | 2,124,112 | - |
| **Total long-term part** | **9,577,754** | **485,099** |
| **Total borrowings** | **11,549,381** | **8,499,297** |

The Company's borrowings are denominated in currencies as follows:

## 15 Borrowings (Continued)

| *In millions of Uzbekistan Soums* | 31 December 2024 | 31 December 2023 |
|---|---|---|
| **Borrowings denominated in:** | | |
| - Uzbekistan Soums | 3,936,031 | 1,693,588 |
| - US Dollars | 5,414,833 | 5,777,378 |
| - EURO | 47,812 | - |
| - Russian Rubles | 2,150,705 | 1,028,331 |
| **Total Borrowings** | **11,549,381** | **8,499,297** |

Movements in the Company's borrowings were as follows:

| *In millions of Uzbekistan Soums* | 2024 | 2023 |
|---|---|---|
| Borrowings at 1 January | 8,499,297 | 5,993,815 |
| **Cash flows** | | |
| Loan drawdowns | 7,108,120 | 2,322,829 |
| Repayments of principal | (2,354,986) | (543,526) |
| Interest payments | (864,581) | (273,258) |
| **Interest payments** | | |
| Interest accrued | 1,192,432 | 641,654 |
| Interest accrued and capitalized to construction in progress | 120,247 | 92,520 |
| Changes in fair values | (245,262) | (114,226) |
| Foreign exchange adjustments | 139,394 | 538,874 |
| Gain on initial recognition (deferred income) | (2,048,468) | (168,915) |
| Other | 3,188 | 9,530 |
| **Liabilities from financing activities at 31 December** | **11,549,381** | **8,499,297** |

Terms and conditions of outstanding loans were as follows:

| | | | | Carrying amount | |
|---|---|---|---|---|---|
| *In millions of Uzbekistan sums* | Currency | Nominal interest rate | Year of maturity | 31 December 2024 | 31 December 2023 |
| Ministry of Economy and Finance | UZS | 5.00% | 2024-2026 | 3,648,043 | 1,273,476 |
| Ministry of Economy and Finance (ADB & AFD) | USD | Libor 6 month plus 1.25% | 2035 | 3,011,384 | 3,246,726 |
| Adria General Trading #AGT-RES-2023 | RUB | Fixed - 5.65% Variable - Key rate + 2.75%/4.65% | 2028 | 2,078,425 | 825,836 |
| Asian Development Bank #2779 | USD | Libor 6 month plus 0.40% | 2036 | 1,389,882 | 1,518,667 |
| Fund for Reconstruction and Development of the Republic of Uzbekistan #254 | USD | 4.00% | 2031 | 735,549 | 843,159 |
| JSCB UzpromstroyBank #79 | UZS | 26.00% | 2026 | 147,060 | - |
| Asian Development Bank #4347 | USD | SOFR+0.60%+1% | 2049 | 138,143 | - |
| JSCB UzpromstroyBank (Eximbank of China) #04-135 | USD | 2.20% | 2029 | 112,490 | 127,850 |
| JSCB UzpromstroyBank #566 | UZS | 26.00% | 2025 | 100,327 | - |
| Administration of the city of Tashkent | RUB | 12.55% | 2025 | 72,280 | 202,495 |
| Agence Francaise De Development CUZ 1043 01 P | EUR | EURIBOR+0,75%+ 1% | 2044 | 47,812 | - |
| Administration of the Republic of Uzbekistan | UZS | 5.00% | 2026 | 30,860 | 23,931 |
| Fund for Reconstruction and Development of the Republic of Uzbekistan #219 | USD | 2.00% | 2029 | 27,386 | 31,340 |
| JSCB UzpromstroyBank #698 | UZS | CBU rate +0.5% | 2024-2025 | 9,740 | 26,389 |
| Local finance lease providers | UZS | 0.00% | 2024-2025 | - | 460 |
| **Total borrowings** | | | | **11,549,381** | **8,499,297** |

## 15 Borrowings (Continued)

***Ministry of Economy and 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 Company 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.

In accordance with the Resolution of the President of the Republic of Uzbekistan No. 409 dated 9 November 2023, on 1 April 2024, the Company signed a loan agreement with the Ministry of Finance in the amount of US Dollars 200 million and Euro 70 million to finance the implementation of the project "Digital transformation and increasing the sustainability of the distribution network" with an annual interest rate of SOFR plus 1.6% and EURIBOR plus 1.75% with a grace period of 5 years. The maturity date is March 2029. According to the resolution, the loans are financed by the Asian Development Bank and the French Development Agency, through the Ministry of Finance. The Company concluded that the contractual rates represent market rates for similar loans guaranteed by the Government of the Republic of Uzbekistan, and the fair value of the loans is approximately equal to their carrying amount.

***Ministry of Economy and 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, Surkhandaryo 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%.

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%.

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%.

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%.

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%.

## 15 Borrowings (Continued)

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 it's fair value applying the discounted cash flow method and using the prevailing market interest rate of 22.9%.

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%.

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 #152 dated 10 May 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%.

In accordance with Presidential presence meeting dated 11 May 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%.

In accordance with Presidential presence meeting dated 6 April 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%.

In accordance with the meeting of the President of the Russian Federation on 11 May 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%.

In accordance with Presidential presence meeting dated 22 December 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%.

In accordance with the Resolution of the Cabinet of Ministers of the Republic of Uzbekistan dated 20 September 2024, the Ministry of Economy and Finance of the Republic of Uzbekistan allocated a targeted budget loan for RES, Fergana and Bukhara totalling 5,789 billion Uzbekistan Soums. This loan is intended to reduce mutual and creditor liabilities of enterprises in the energy sector and to cover their indebtedness on loans issued from the state budget, with a preferential repayment period and interest-free equal monthly payments over a term of 5 years. Additionally, a targeted budgetary loan of UZS 300 billion was allocated to RES to repay the debt owed to "UzEnergoSotish" JSC under the aforementioned conditions. The borrowed funds were initially recognized at fair value using the discounted cash flow method and the prevailing market interest rate of 22.63%.

## 15 Borrowings (Continued)

In accordance with the Resolution of the President of the Republic of Uzbekistan dated 30 April 2021 No. PK 5101 and Appendix 19 to the Resolution of the President of the Republic of Uzbekistan dated 25 December 2023 No. PK 404, the Ministry of Economy and Finance of the Republic of Uzbekistan allocated a targeted budget loan for RES, Fergana and Bukhara in the amount of 252 billion Uzbekistan Soums to provide electricity to special economic zones, small industrial zones, small industrial and entrepreneurship zones and large production projects with a premium of 5% for a period of 3 years. Borrowed funds were initially recognized at fair value using the discounted cash flow method and the prevailing market interest rate of 22.63%.

In accordance with the Decree of the President of the Republic of Uzbekistan dated 9 December 2021 No. PF-32 "On measures for the development of the New Uzbekistan arrays and ensuring the socio-economic development of the regions", the Resolution of the Cabinet of Ministers of the Republic of Uzbekistan dated 1 September 2023 No. 554-F and the Resolution of the Presidium of the Cabinet of Ministers dated 11 December 2024 No. 137, the Ministry of Economy and Finance of the Republic of Uzbekistan allocated a targeted budget loan in the amount of 26.9 billion Uzbekistan Soums to RES and Fergana RES to ensure external power supply to the New Uzbekistan arrays. The budget loan is provided for a period of 3 years with an interest rate of 7 percent per annum.

In accordance with the instructions given by the President of the Republic of Uzbekistan during his visit to the Jizzakh region on 8-9 April 2024, in accordance with Statement No. 23, Resolution of the Jizzakh Regional Kengash of People's Deputies No. VI-55-160-3-0-K / 24 dated 20 July 2024 and Resolution of the Cabinet of Ministers of the Republic of Uzbekistan No. 290 dated 1 June 2022, a targeted budget loan in the amount of 207.2 million soums and 130 million for the installation of 1 transformer was allocated for the construction of power grids for large investment projects and new tourism facilities around the Aydar-Arnasay reservoir. The budget loan is provided for a period of 3 years with an interest rate of 5% per annum.

The Company concluded that the Ministry of Economy and Finance is acting as the Government of the Republic of Uzbekistan rather than as a shareholder of the Company, and accordingly recognized the gain from the initial recognition of these loans as a government grant within deferred income in the separate statement of financial position. The Company concluded that the Ministry of Finance is acting as the Government of the Republic of Uzbekistan rather than as a shareholder of the Company, and accordingly recognized the gain from the initial recognition of these loans as a government grant within deferred income in the separate statement of financial position.

***Administration of the Republic of Uzbekistan***

In accordance with various resolutions by the Cabinet of Ministers, President, and regional authorities in Uzbekistan, several regional electric network companies have been allocated targeted budget loans for infrastructure development projects, all with similar terms of repayment. The Bukhara ETEN received a loan of 237.5 million soums at an annual interest rate of 5%, with repayments commencing on 15 April 2024. The Fergana ETEN was allocated a loan of approximately 6.97 billion soums under the same conditions, with repayments starting on 26 July 2024. The Samarkand regional branch received two loans totaling over 13.7 billion soums, with repayments on the first loan commencing 1 January 2024, and the second beginning 1 January 2025. Additionally, the Khorezm regional branch was granted a 3.6 billion soum loan, and the Syrdarya territorial branch was allocated 3 billion soums, each with a 3-year repayment period and an annual interest rate of 5%.

***Administration of the city of Tashkent***

In accordance with the Decree of the President of the Republic of Uzbekistan No. 91 dated 11 March 2023, Tashkent City RES received loans totaling 1.7 billion rubles with an interest rate of 12.55% for the construction of substations. The grace period is 1 year (Tashkent City Administrative Department) and the repayment period is March 2025.

***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 Company 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.

## 15 Borrowings (Continued)

***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 Company 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.

The loan agreement between the Company and Uzpromstroybank was concluded in August 2024 for the amount of 150 billion soums with an interest rate of 26%, a grace period of 12 months and a repayment period of February 2026 to replenish working capital, purchase metering devices and pay off debts for the implementation of an automated electricity metering system.

The loan agreement was signed between RES and Uzpromstroybank in 2024, resulting in loans totaling Uzbekistan Soums 100 billion with an interest rate of 26% and maturity in 2024-2025 for working capital replenishment.

***Adria General Trading***

In accordance with the Presidential Decree of the Republic of Uzbekistan #91 dated 11 March 2023 "The measures to ensure stable energy supply to consumers in Tashkent," the Company 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 31 December 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 Company'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 Company does not apply hedge accounting and has not entered into any hedging arrangements in respect of its foreign exchange liabilities or interest rate exposures.

## 16 Deferred income

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

| *In millions of Uzbekistan Soums* | 2024 | 2023 |
|---|---|---|
| Deferred income at 1 January | 1,317,748 | 237,810 |
| New grants received | 2,889,255 | 1,091,021 |
| Amortisation of deferred income to match related depreciation | (184,469) | (11,083) |
| **Deferred income at 31 December** | **4,022,534** | **1,317,748** |

Government grants were recognised from the initial recognition of loans received from the Ministry of Economy and Finance received in 2021-2024 at below-market interest rates. The loans were provided for the construction and modernization of networks and infrastructure. In 2024, the Ministry of Economy and Finance has also provided an interest free loan for the repayment of the outstanding accounts payable amount to NES.

During 2024, in accordance with the government regulations, the Company was provided with subsidies in the amount of 805,807 million Uzbekistan Soums (2023: 721,741 million Uzbekistan Soums) for the construction and modernization of the networks and infrastructure.

During 2024, in accordance with the government regulations, the Company was provided with subsidies in the form of equipment amounting to 323,047 million Uzbekistan Soums (2023: 334,546 million Uzbekistan Soums). This investment operation was excluded from the separate cash flow statement.

## 17 Trade and Other Payables

| *In millions of Uzbekistan Soums* | 31 December 2024 | 31 December 2023 |
|---|---|---|
| ***Current trade payables:*** | | |
| Payable for purchased electricity | 2,168,197 | 6,018,562 |
| Payable for construction works and supplied equipment | 751,013 | 520,872 |
| Others | 473,588 | 626,544 |
| **Total trade and other payables** | **3,392,798** | **7,165,978** |
| Contract liabilities for electricity | 3,691,298 | 2,641,827 |
| **Total trade and other payables and contract liabilities** | **7,084,096** | **9,807,805** |

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

| *In millions of Uzbekistan Soums* | 31 December 2024 | 31 December 2023 |
|---|---|---|
| Uzbekistan Soums | 3,387,330 | 7,083,337 |
| US Dollars | 1,840 | 78,614 |
| Euro | 3,628 | 4,027 |
| **Total** | **3,392,798** | **7,165,978** |

## 18 Other Taxes Payable

| *In millions of Uzbekistan Soums* | 31 December 2024 | 31 December 2023 |
|---|---|---|
| Property tax | 47,380 | 33,141 |
| Unified social payment | 21,532 | 28,320 |
| Personal income tax | 22,724 | 11,250 |
| Land tax | 7,114 | - |
| Pension fund | 54 | 4,575 |
| Value added tax | - | 54 |
| Others | 10,487 | 6,970 |
| **Total taxes payable other than taxes on income** | **109,291** | **84,310** |

## 19 Other Liabilities

| *In millions of Uzbekistan Soums* | 31 December 2024 | 31 December 2023 |
|---|---|---|
| Payables to staff | 151,426 | 17,084 |
| Dividents payable | - | 19,007 |
| Others | 62,444 | 60,586 |
| **Total other liabilities** | **213,870** | **96,677** |

## 20 Revenue from Contracts with Customers

| *In millions of Uzbekistan Soums* | 2024 г. | 2023 г. |
|---|---|---|
| *Electricity sales to end users:* | | |
| Corporates | 34,782,698 | 25,363,015 |
| Individuals | 6,314,917 | 4,191,386 |
| Other income | 230,529 | 231,250 |
| **Total revenue recognized over time** | **41,328,144** | **29,785,651** |

## 21 Cost of Sales

| *In millions of Uzbekistan Soums* | 2024 | 2023 |
|---|---|---|
| Electricity purchase | 32,223,654 | 21,964,056 |
| Grid losses | 4,832,433 | 3,437,722 |
| Staff costs and other deductions related to remuneration | 1,220,554 | 928,715 |
| Depreciation and amortisation | 753,295 | 853,246 |
| Materials | 297,951 | 241,134 |
| Cost of installation and construction work | 84,012 | 50,291 |
| Repair and technical maintenance | 17,632 | 32,828 |
| Others | 13,455 | 16,826 |
| **Total cost of sales** | **39,442,986** | **27,524,818** |

## 22 General Administrative Expenses

| *In millions of Uzbekistan Soums* | 2024 | 2023 |
|---|---|---|
| Staff cost | 1,062,841 | 879,917 |
| Taxes other than income tax | 322,051 | 240,234 |
| State energy supervision service | 190,730 | 104,128 |
| Bank fees | 129,965 | 95,486 |
| Charity and donations | 60,527 | 48,162 |
| Depreciation and amortisation | 30,386 | 34,056 |
| Fines and penalties | 52,047 | 31,428 |
| Materials | 14,876 | 12,563 |
| Consulting services | 19,570 | 11,515 |
| Loss on disposal of property, plant and equipment and inventory | 16,825 | 7,943 |
| Other | 64,408 | 107,597 |
| **Total general and administrative expenses** | **1,964,226** | **1,573,029** |

## 23 Other income

| *In millions of Uzbekistan Soums* | 2024 | 2023 |
|---|---|---|
| Fines and penalties | 126,385 | 90,872 |
| Assets received free of charge | 129,779 | 76,466 |
| Government grant | 184,469 | 39,443 |
| Other | 119,171 | 11,083 |
| **Total other income** | **559,804** | **217,864** |

## 24 Finance Income

| *In millions of Uzbekistan Soums* | 2024 | 2023 |
|---|---|---|
| Modification of contractual cash flows of borrowings | 245,462 | 97,169 |
| Interest income | - | 6,213 |
| Other finance income | 1,940 | 1,996 |
| **Total finance income** | **247,402** | **105,378** |

## 25 Finance Cost

| *In millions of Uzbekistan Soums* | 2024 | 2023 |
|---|---|---|
| Interest expense | 1,312,342 | 734,174 |
| Loss on foreign exchange transactions, net | 145,110 | 518,411 |
| Other finance cost | 647 | - |
| Total finance costs | 1,458,099 | 1,252,585 |
| Less capitalized finance costs | (120,247) | (92,520) |
| **Total finance costs recognised in profit or loss** | **1,337,852** | **1,160,065** |

The Company 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 8.32% (2023: 10.02%).

## 26 Income Taxes

Income tax expense recorded in profit or loss comprises the following:

| *In millions of Uzbekistan Soums* | 2024 | 2023 |
|---|---|---|
| Current tax charge | 50,081 | - |
| Deferred tax benefit | (88,643) | (45,613) |
| **Income tax expenses for the year** | **(38,562)** | **(45,613)** |

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

| *In millions of Uzbekistan Soums* | 2024 | 2023 |
|---|---|---|
| Loss before tax | 765,834 | 1,229,060 |
| Theoretical tax benefit at statutory rate 15% (2023: 15%) | (114,875) | (184,359) |
| Tax effect of items which are non-deductible or assessable for taxation purposes: | | |
| Non-deductible expenses | 133,936 | (4,408) |
| Unrecognised deferred tax liability | (49,070) | - |
| Unrecognised tax loss carried forward | - | 156,797 |
| Others | (8,553) | (13,643) |
| **Income tax expenses for the year** | **(38,562)** | **(45,613)** |

Differences between IFRS and the tax legislation of the Republic of Uzbekistan result in temporary differences between the carrying amounts of assets and liabilities for the purpose of preparing separate financial statements and their basis for calculating income taxes.

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

| *In millions of Uzbekistan Soums* | 1 January 2024 | Credited to profit or loss | 31 December 2024 |
|---|---|---|---|
| **Tax effects of (deductible)/taxable temporary differences** | | | |
| Trade and other receivables | 439,178 | 84,428 | 523,606 |
| Long-term trade and other receivables | 34,271 | (19,559) | 14,712 |
| Other liabilities | 49,507 | (31,320) | 18,187 |
| Borrowings | (28,564) | 55,094 | 26,530 |
| **Net deferred tax asset** | **494,392** | **88,643** | **583,035** |
| Recognized deferred tax asset | 494,441 | 88,607 | 583,048 |
| Recognised deferred tax liability | (49) | 36 | (13) |
| **Net deferred tax asset** | **494,392** | **88,643** | **583,035** |

In the context of the Company's current structure, tax losses and current tax assets of different Company organisations may not be offset against current tax liabilities and taxable profits of other Company organisations 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.

## 26 Income taxes (Continued)

The tax effect of the movements in the temporary differences for the year ended 31 December 2023 are:

| *In millions of Uzbekistan Soums* | **1 January 2023** | **Credited to profit or loss** | **31 December 2023** |
|---|---|---|---|
| **Tax effects of (deductible)/taxable temporary differences** | | | |
| Property, plant and equipment | 26,082 | (26,082) | - |
| Trade and other receivables | 350,628 | 88,550 | 439,178 |
| Long-term trade and other receivables | 43,197 | (8,926) | 34,271 |
| Other liabilities | 44,808 | 4,699 | 49,507 |
| Borrowings | (15,936) | (12,628) | (28,564) |
| **Net deferred tax asset** | **448,779** | **45,613** | **494,392** |
| Recognized deferred tax asset | 452,393 | 42,048 | 494,441 |
| Recognised deferred tax liability | (3,614) | 3,565 | (49) |
| **Net deferred tax asset** | **448,779** | **45,613** | **494,392** |

Management estimates that the Company will have sufficient future taxable income to utilize the deferred tax asset recognized at December 31, 2024.

## 27 Contingencies and Commitment

### *Legal proceedings*

The Company may be subject to claims from time to time in the normal course of business. On the basis of its own assessment, management is of the opinion that no material losses will be incurred in respect of claims in these separate financial statements.

### *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 Company. Consequently, tax positions taken by management and the formal documentation supporting the tax positions may be 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 incompliant 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 was 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 Uzbekistan Tax Code 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 Company'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 Company. As Uzbekistan tax legislation does not provide detailed guidance in certain areas, the Company adopts, from time to time, interpretations of such legislation and regulations that reduce the overall tax burden of the Company. 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 Company.

## 27 Contingencies and Commitment (Continued)

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

***Capital expenditure commitments***

At 31 December 2024 the Comapny has contractual capital expenditure commitments in respect of property, plant and equipment (2023: had contractual capital expenditure commitments in respect of property, plant and equipment totalling Uzbekistan Soums 381,884 billion), for a total amount of 409,904 million Uzbekistan Soums, with capital expenditures for 2024 planned in the amount of 2,405 billion soums.

The Company has already allocated the necessary resources in respect of these commitments. The Company 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 Company 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 Company must comply with certain conditions, primarily related to loans and borrowings. Failure to meet these conditions could lead to adverse consequences for the Company, 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 Company 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 Company had complied with the terms specified in remaining credit agreements. The Company was in compliance with covenants as of 31 December 2024.

## 28 Financial Risk Management

The risk management function within the Company 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 Company 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.

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

The Company’s maximum exposure to credit risk is reflected in the carrying amounts of financial assets in the separate 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.

## 28 Financial Risk Management (Continued)

***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 Company: 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 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 Company 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 separate 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 Company defines default as a situation when the exposure meets one or more of the following criteria:

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

For purposes of disclosure, the Company 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 Company.

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.

## 28 Financial Risk Management (Continued)

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

The Company 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 Company performs an assessment on an individual basis for the following types of financial assets: clients with unique credit risk characteristics, such as those who have been granted deferral of payment or other modifications to their payment terms.

The Company 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 Company 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 Company measures the loss allowance on a collective basis. The Company analyses its exposures by segments determined on the basis of shared credit risk characteristics, such that exposures within a Company 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 Company 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.

The table below summarizes the Company's exposure to foreign currency exchange rate risk at the end of the reporting period:

| | **At 31 December 2024** | | | **At 31 December 2023** | | |
|---|---|---|---|---|---|---|
| *in millions of Uzbekistan Soums* | **Monetary financial assets** | **Monetary financial liabilities** | **Net position** | **Monetary financial assets** | **Monetary financial liabilities** | **Net position** |
| US dollars | 8,833 | (5,416,673) | (5,407,840) | 8,372 | (5,855,992) | (5,847,620) |
| Euro | - | (51,440) | (51,440) | - | (3,707) | (3,707) |
| Russian Ruble | - | (2,150,705) | (2,150,705) | - | 1,028,331 | 1,028,331 |
| **Total** | **8,833** | **(7,618,818)** | **(7,609,985)** | **8,372** | **(4,831,368)** | **(4,822,996)** |

## 28 Financial Risk Management (Continued)

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 Company entities, with all other variables held constant:

| | At 31 December 2024 | | At 31 December 2023 | |
|---|---|---|---|---|
| *In millions of Uzbekistan Soums* | Impact on profit or loss | Impact on equity | Impact on profit or loss | Impact on equity |
| US Dollar strengthening by 5% (2023: strengthening by 5%) | (263,485) | (263,485) | (292,381) | (292,381) |
| US Dollar weakening by 5% (2023: weakening by 5%) | 263,485 | 263,485 | 292,381 | 292,381 |
| EURO strengthening by 5% (2023: strengthening by 5%) | (2,572) | (2,572) | - | - |
| EURO weakening by 5% (2023: weakening by 5%) | 2,572 | 2,572 | - | - |
| Russian Ruble strengthening by 5% (2023: strengthening by 5%) | (101,535) | (101,535) | 51,417 | 51,417 |
| Russian Ruble weakening by 5% (2023: weakening by 5%) | 101,535 | 101,535 | (51,417) | (51,417) |

***Interest rate risk***

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

| *In millions of Uzbekistan Soums* | 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 2024** | | | | | | |
| Total financial assets | 1,817,566 | - | - | 45,117 | - | 1,862,683 |
| Total financial liabilities | (3,722,145) | (288,120) | (1,354,794) | (9,577,413) | - | (14,942,472) |
| **Net interest sensitivity gap at 31 December 2024** | **(1,904,579)** | **(288,120)** | **(1,354,794)** | **(9,532,296)** | **-** | **(13,079,789)** |
| **31 December 2023** | | | | | | |
| Total financial assets | 1,369,604 | - | - | 99,064 | - | 1,468,668 |
| Total financial liabilities | (14,511,746) | (191,026) | (504,492) | (490,254) | - | (15,697,518) |
| **Net interest sensitivity gap at 31 December 2023** | **(13,142,142)** | **(191,026)** | **(504,492)** | **(391,190)** | **-** | **(14,228,850)** |

All of the Company's debt instruments reprice within 5 years (2023: all reprice within 5 years).

At 31 December 2024, if interest rates at that date had been 200 basis points higher (2023: 200 basis points higher) with all other variables held constant, profit for the year would have been Uzbekistan Soums 230,988 million (2023: Uzbekistan Soums 149,498 million) lower, mainly as a result of higher interest expense on variable interest liabilities.

## 28 Financial Risk Management (Continued)

The Company 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:

| | 31 December 2023 | | | 31 December 2022 | | |
|---|---|---|---|---|---|---|
| *% p.a.* | UZS | USD | RUB | UZS | USD | RUB |
| **Assets** | | | | | | |
| Cash and cash equivalents | 0% | 0% | 0% | 0% | 0% | 0% |
| Trade and other receivables | 0% | 0% | 0% | 0% | 0% | 0% |
| **Liabilities** | | | | | | |
| Borrowings | Refinancing rate of CBU+0.5%, 24%,25%,5% | SOFR plus 0.6% minus 0.2%, SOFR 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%,25%,5% | 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% |
| Trade and other payables | 0% | 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 Company is exposed to daily calls on its available cash resources. Liquidity risk is managed by management of the Company. Management monitors monthly rolling forecasts of the Company's cash flows.

The Company seeks to maintain a stable funding base primarily consisting of borrowings and trade and other payables. The Company invests the funds in diversified portfolios of liquid assets, in order to be able to respond quickly and smoothly to unforeseen liquidity requirements. The Company's liquidity portfolio comprises cash and cash equivalents (Note 13). 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 2024 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 Company 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.

The maturity analysis of financial liabilities at 31 December 2024 is as follows:

| *in millions of Uzbekistan Soums* | 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 15) | 388,636 | 201,392 | 2,127,886 | 9,419,491 | 2,196,430 | 14,333,835 |
| Trade payables (Note 17) | 3,392,798 | - | - | - | - | 3,392,798 |
| **Total future payments, including future principal and interest payments** | **3,781,434** | **201,392** | **2,127,886** | **9,419,491** | **2,196,430** | **17,726,633** |

## 28 Financial Risk Management (Continued)

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

| *In millions of Uzbekistan Soums* | 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 15) | 190,458 | 384,622 | 1,025,693 | 3,025,370 | 2,229,955 | 6,856,098 |
| Trade payables (Note 17) | 7,165,978 | - | - | - | - | 7,165,978 |
| **Total future payments, including future principal and interest payments** | **7,356,436** | **384,622** | **1,025,693** | **3,025,370** | **2,229,955** | **14,022,076** |

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

## 29 Management of Capital

The Company's objectives when managing capital are to safeguard the Company'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 Company 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 Company managed as of 31 December 2024 was Uzbekistan Soums 4,307,376 million (31 December 2023: Uzbekistan Soums 5,191,521 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.

***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:

| | 31 December 2024 | | | | 31 December 2023 | | | |
|---|---|---|---|---|---|---|---|---|
| *In millions of Uzbekistan Soums* | 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 | - | 531,763 | - | 531,763 | - | 294,799 | - | 294,799 |
| Restricted cash | - | - | - | - | - | - | - | - |
| Trade receivables | - | - | 1,817,566 | 1,817,566 | - | - | 1,369,604 | 1,369,604 |
| Other long term receivables | - | - | 45,117 | 45,117 | - | - | 99,064 | 99,064 |
| **Total Assets** | **-** | **531,763** | **1,862,683** | **2,394,446** | **-** | **294,799** | **1,468,668** | **1,763,467** |
| **Liabilities** | | | | | | | | |
| Trade and other payables | - | - | 3,392,798 | 3,392,798 | - | - | 7,165,978 | 7,165,978 |
| Borrowings | - | - | 11,549,381 | 11,549,381 | - | - | 8,499,296 | 8,499,296 |
| **Total Liabilities** | **-** | **-** | **14,942,179** | **14,942,179** | **-** | **-** | **15,665,274** | **15,665,274** |

## 30 Fair Value Disclosures (Continued)

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***

Fair values of financial 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 1 May 2025.

Changes in tariffs are given below:

| Description | Range (kilowatt-hour) | Price in soums (from 1 May 2024) | Price in soums (from 1 May 2025) |
|---|---|---|---|
| III group of consumers, including household consumers | Up to 200 | 450 | 600 |
| | 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 |

***Changes in ownership***

In accordance with President's Decree #303 dated August 2024, the National Investment Fund of the Republic of Uzbekistan was established. Subsequent to the reporting date, in May 2025, a transaction occurred where 40% of the shares of the Company were transferred to the National Investment Fund as was indicated in the decree. As a result of this transaction, the share composition of the Company was adjusted, with the Ministry of Economy and Finance holding 60% and the National Investment Fund holding 40% of the shares.