

# **Joint Stock Company Uzbekistan Airports**

Consolidated financial statements for the year  
ended 31 December 2022 and Independent  
Auditor's Report

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# JOINT STOCK COMPANY "UZBEKISTAN AIRPORTS"

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# JOINT STOCK COMPANY “UZBEKISTAN AIRPORTS”

## STATEMENT OF MANAGEMENT’S RESPONSIBILITIES FOR THE PREPARATION AND APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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Management is responsible for the preparation of the consolidated financial statements that present fairly the financial position of JSC “Uzbekistan Airports” (the “Company”) and its subsidiaries (the “Group”) as at 31 December 2022, and the results of its operations, cash flows and changes in equity for the year then ended, in accordance with International Financial Reporting Standards (“IFRSs”).

In preparing the consolidated financial statements, management is responsible for:

- properly selecting and applying accounting policies;
- presenting information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- providing additional disclosures when compliance with the specific requirements in IFRS are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group’s consolidated financial position and consolidated financial performance; and
- making an assessment of the Group’s ability to continue as a going concern.


Management is also responsible for:

- designing, implementing and maintaining an effective and sound system of internal controls throughout the Group;
- maintaining adequate accounting records that are sufficient to show and explain the Group’s transactions and disclose with reasonable accuracy at any time the financial position of the Group, and which enable them to ensure that the financial statements of the Group comply with IFRSs;
- maintaining statutory accounting records in compliance with Uzbekistan legislation and accounting standards;
- taking such steps as are reasonably available to them to safeguard the assets of the Group; and
- preventing and detecting fraud and other irregularities.

The consolidated financial statements of the Group for the year ended 31 December 2022 were approved by management on 1 December 2023.

On behalf of management:

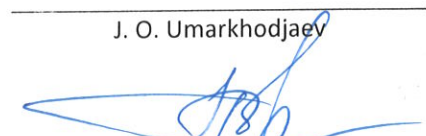
Management Board Chair



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J. O. Umarchodjaev

Chief Financial Officer



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A. A. Abdukadirov

## INDEPENDENT AUDITOR'S REPORT

To the Supervisory Board of JSC "Uzbekistan Airports"

### Qualified Opinion

We have audited the consolidated financial statements of Joint Stock Company "Uzbekistan Airports" and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2022, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matters described in the *Basis for Qualified Opinion* section of our report, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2022, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

### Basis for Qualified Opinion

We were appointed as auditors of the Group on 1 August 2022 and thus did not observe the counting of the physical inventories at the beginning of the year. We were unable to satisfy ourselves by alternative means concerning inventory quantities held at 31 December 2021. Since opening inventories enter into the determination of the financial performance and cash flows, we were unable to determine whether adjustments might have been necessary in respect of the profit for the year reported in the consolidated statement of profit or loss and other comprehensive income and the net cash flows from operating activities reported in the consolidated statement of cash flows as well as accumulated deficit and respective notes to the consolidated financial statements.

Notes 12, 17, and 20 to the consolidated financial statements indicate the outstanding balances with JSC "Uzbekistan Airways", a company under common control. As disclosed in Notes 1, 4, and 20 to the consolidated financial statements, as of 1 October 2019, accounts payable to JSC "Uzbekistan Airways" were formed in the amount of 988 Billion Soums as a result of the reorganisation of the National Air Company "O'zbekiston Havo Yo'llari". However, the terms of the reorganisation were not set out by the counterparties in the final acts of transfer. Accordingly, we were unable to obtain sufficient appropriate audit evidence in respect of the accounts payable to JSC "Uzbekistan Airways", and consequently, we were unable to determine whether any adjustments to accounts payable and accumulated deficit as at 31 December 2022 and respective notes to the consolidated financial statements were necessary. The issue has remained unresolved since 1 October 2019. Our audit opinion on the consolidated financial statements for the year ended 31 December 2021 was modified accordingly.

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Erkin Ayupov, Qualified Auditor/Engagement Partner

We conducted our audit in accordance with International Standards on Auditing (“ISAs”). Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants’ *Code of Ethics for Professional Accountants* (the “IESBA Code”) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in Republic of Uzbekistan, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

### **Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements**

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

In preparing the consolidated financial statements, management is responsible for assessing the Group’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

### **Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements**

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

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

“Deloitte & Touche” Audit Organisation LLC is included in the Register of auditing organizations of the Ministry of Finance of the Republic of Uzbekistan

Erkin Ayupov  
Qualified Auditor/Engagement Partner

Auditor qualification certificate authorizing audit of companies, #04830 dated 22 May 2010 issued by the Ministry of Finance of the Republic of Uzbekistan  
Director  
“Deloitte & Touche” Audit Organisation LLC

1 December 2023  
Tashkent, Uzbekistan

JOINT STOCK COMPANY "UZBEKISTAN AIRPORTS"

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022 Billion Soums	2021 Billion Soums
Revenue	5	2 476	1 701
Cost of sales	6	(1 419)	(787)
<b>Gross profit</b>		<b>1 057</b>	<b>914</b>
Administrative expenses	7	(860)	(221)
Other income		77	5
Other expenses		(24)	(14)
<b>Profit from operating activities</b>		<b>250</b>	<b>684</b>
Finance income		3	2
Finance costs	8	(31)	(18)
Foreign exchange gain		9	19
<b>Profit before tax</b>		<b>231</b>	<b>687</b>
Income tax	9	(45)	(82)
<b>Profit for the year</b>		<b>186</b>	<b>605</b>
<b>Other comprehensive (loss)/income, net of income tax</b>			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Remeasurement of net defined benefit liability		(1)	4
Other comprehensive (loss)/income for the year, net of income tax		(1)	4
<b>Total comprehensive income for the year</b>		<b>185</b>	<b>609</b>

Approved for issue and signed on 1 December 2023.

Management Board Chair

J. O. Umarchodjaev

Chief Financial Officer

A. A. Abdukadirov

# JOINT STOCK COMPANY "UZBEKISTAN AIRPORTS"

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2022

	Notes	31 December 2022 Billion Soms	31 December 2021 Billion Soms
<b>Non-current assets</b>			
Property, plant and equipment	10	2 186	1 915
Deferred tax asset	9	89	45
Other non-current assets		39	19
		<b>2 314</b>	<b>1 979</b>
<b>Current assets</b>			
Inventories	11	142	77
Advances paid		82	55
Trade and other receivables	12	648	450
Income tax prepayment		44	36
Taxes prepaid other than income tax	13	217	66
Bank deposits		-	9
Cash	14	130	415
		<b>1 263</b>	<b>1 108</b>
<b>Total assets</b>		<b>3 577</b>	<b>3 087</b>
<b>Equity</b>			
Share capital	15	5 792	5 792
Accumulated deficit		(5 233)	(5 143)
<b>Total equity</b>		<b>559</b>	<b>649</b>
<b>Non-current liabilities</b>			
Borrowings	16	713	650
Deferred tax liabilities	9	18	17
Retirement benefit obligations		11	20
		<b>742</b>	<b>687</b>
<b>Current liabilities</b>			
Borrowings	16	377	162
Trade and other payables	17	1 631	1 478
Advances received		175	88
Income tax liability		73	7
Tax liabilities other than income tax		20	16
		<b>2 276</b>	<b>1 751</b>
<b>Total liabilities</b>		<b>3 018</b>	<b>2 438</b>
<b>Total equity and liabilities</b>		<b>3 577</b>	<b>3 087</b>

Approved for issue and signed on 1 December 2023.

Management Board Chair

J. O. Umarchodjaev

Chief Financial Officer

A. A. Abduradrov




# JOINT STOCK COMPANY "UZBEKISTAN AIRPORTS"

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	Share capital Billion Soums	Accumulated deficit Billion Soums	Total equity Billion Soums
Balance as at 1 January 2021		<u>5 792</u>	<u>(5 752)</u>	<u>40</u>
Net profit for the year		-	605	605
Other comprehensive income for the year		-	4	4
<b>Total comprehensive income for the year</b>		<u>-</u>	<u>609</u>	<u>609</u>
Balance as at 31 December 2021		<u>5 792</u>	<u>(5 143)</u>	<u>649</u>
Profit for the year		-	186	186
Other comprehensive loss for the year		-	(1)	(1)
<b>Total comprehensive income for the year</b>		<u>-</u>	<u>185</u>	<u>185</u>
Contribution to share capital	15		40	40
Sponsorship in accordance with orders of state regulatory authorities	15		(111)	(111)
Distribution to shareholder	15		(204)	(204)
Balance as at 31 December 2022		<u>5 792</u>	<u>(5 233)</u>	<u>559</u>

Approved for issue and signed on 1 December 2023.

Management Board Chair

  
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J. O. Umarchodjaev

Chief Financial Officer

  
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A. A. Abdukadirov

# JOINT STOCK COMPANY "UZBEKISTAN AIRPORTS"

## CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022 Billion Soums	2021 Billion Soums
<b>Profit before income tax</b>		231	687
Adjustments:			
Depreciation and amortization		145	100
Loss from impairment of property, plant and equipment		578	46
Finance income		(3)	(2)
Finance costs		31	18
Foreign exchange gains		(9)	(19)
(Profit) / loss from the disposal of property, plant and equipment		(5)	(4)
Profit on associate		(15)	-
Difference between pension funding contributions paid and the pension cost charge		(9)	1
<b>Net cash from operating activities before changes in working capital</b>		<b>944</b>	<b>827</b>
Changes in working capital:			
Inventories		(65)	(3)
Advances given		(27)	(45)
Trade and other accounts receivable		(206)	(189)
Taxes prepaid, except for income tax		(151)	(11)
Trade and other accounts payable		153	228
Advances received		87	45
Other non-current assets		(20)	-
Tax liabilities, except for income tax		4	16
<b>Net cash from operating activities before income tax</b>		<b>719</b>	<b>868</b>
Income tax paid		(33)	(85)
<b>Net cash from operating activities</b>		<b>686</b>	<b>783</b>
<b>Investment activities</b>			
Purchases of property, plant and equipment and intangible assets		(1 367)	(417)
Government grants towards purchase of equipment		423	-
Proceeds from the sale of property, plant and equipment		10	8
Interest received		3	2
Proceeds from bank deposits matures		9	-
Dividends received from associate		15	-
<b>Net cash used in investment activities</b>		<b>(907)</b>	<b>(407)</b>
<b>Financing activities</b>			
Proceeds from borrowings	16	475	96
Repayment of borrowings	16	(201)	(120)
Interest paid	16	(36)	(29)
Sponsorship in accordance with orders of state regulatory and supervisory authorities		(111)	-
Distribution to shareholder		(204)	-
<b>Net cash used in financing activities</b>		<b>(77)</b>	<b>(53)</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>		<b>(298)</b>	<b>323</b>
<b>Cash and cash equivalents at the beginning of the year</b>	14	<b>415</b>	<b>93</b>
Effect of foreign exchange rate changes		13	(1)
<b>Cash and cash equivalents at the end of the year</b>	14	<b>130</b>	<b>415</b>

Approved for issue and signed on 1 December 2023.

Management Board Chair

J. O. Umarkhodjaev

Chief Financial Officer

A. A. Abdukadirov

## JOINT STOCK COMPANY “UZBEKISTAN AIRPORTS”

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

#### 1. GENERAL INFORMATION

Joint Stock Company “Uzbekistan Airports” (the “Company”) is a joint stock company registered in the Republic of Uzbekistan. As of 31 December 2022, and 31 December 2021, the ultimate shareholder was the Republic of Uzbekistan represented by Ministry of Finance of the Republic of Uzbekistan.

The Company’s registered office is at Kumaryk Street 13, PO Box 100167, Sergeli District, Tashkent, Uzbekistan.

On 15 August 2019, Presidential Decree No. UP-5584 dated 27 November 2018 “On Measures for Cardinal Improvements to Civil Aviation in the Republic of Uzbekistan” introduced measures to reorganise the National Air Company “O‘zbekiston Havo Yo‘llari” (the “National Air Company”). According to the reorganisation plan, on 1 October 2019, the National Air Company was divided into two company groups – JSC “Uzbekistan Airways” (airline) and JSC “Uzbekistan Airports” (airport activities). The Company acquired 11 national airports (subsidiaries) on its balance sheet together with all of their assets and liabilities to the National Air Company as at the reorganization date.

The main activities of the Company and its subsidiaries (the “Group”) are airport management and operation in Uzbekistan. The Group owns the following subsidiaries:

Core activities	Number of wholly owned subsidiaries	
	31 December 2022	31 December 2021
Airport services	11	11
Aircraft and passenger ground services	1	1
Airline	1	1
Cargo services	1	-

The aircraft and passenger ground services subsidiary was established in 2021. Cargo services subsidiary was established in 2022. The majority of their employees has come from Tashkent airport. The majority of the companies’ property is leased from Tashkent airport.

The airline was established in 2021 and had no operations as at the reporting date.

The Company and all of its subsidiaries are registered and operated in Uzbekistan.

#### 2. BASIS OF THE PREPARATION AND PRESENTATION OF FINANCIAL STATEMENTS

##### Statement of compliance with IFRS

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRSs”).

The financial statements have been prepared on the historical cost basis, except for the revaluation of certain properties and financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

## JOINT STOCK COMPANY “UZBEKISTAN AIRPORTS”

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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The Company and its subsidiaries maintain records and submit financial statements in accordance with accounting and taxation law, and also on the basis of practices applicable in Uzbekistan. These consolidated financial statements have been prepared from the statutory accounting records and have been adjusted to conform to IFRS.

#### Functional currency and presentation currency

The national currency of Uzbekistan is the Uzbek Soum (“Soum”). It is also the functional currency of the Group, as well as the currency in which these consolidated financial statements are presented. All figures are presented in Billions of Soums and rounded up to the nearest integral value.

Foreign currency transactions are translated into the functional currency at the exchange rate prevailing at the reporting date. Foreign exchange gains and losses on these items and from the recalculation of monetary assets and liabilities expressed in foreign currency are recognised in profit or loss.

Weighted average foreign exchange rates set by the Uzbekistan Central Bank are used as official exchange rates in Uzbekistan.

Average USD, Euro and Japanese Yen exchange rates set by the Central Bank as at the reporting dates are as follows:

In Soum	31 December 2022	31 December 2021	2022	2021
1 USD	11 225,46	10 837,66	11 045,70	10 609,98
1 Euro	11 961,85	12 224,88	11 635,78	12 557,31
1 Japanese Yen	84,01	94,24	84,46	96,71

#### Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries made up to 31 December each year. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee;
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the year are included in profit or loss from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with the Group’s accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated on consolidation.

## JOINT STOCK COMPANY “UZBEKISTAN AIRPORTS”

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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#### New or revised standards in issue but not yet effective

At the date of authorisation of these consolidated financial statements, the Group has not applied the following new and revised IFRS Standards that have been issued but are not yet effective:

Standard	Applicable to reporting periods beginning from
IFRS 17 Insurance contracts	1 January 2023
Amendments to IFRS 17 Insurance contracts	1 January 2023
Amendments to IFRS 4 – Extension of the Temporary Exemption from Applying IFRS 9	1 January 2023
Amendments to IAS 8 – Definition of Accounting Estimates	1 January 2023
Amendments to IAS 1 and IFRS Practice Statement 2 – Disclosure of Accounting Policies	1 January 2023
Amendments to IAS 12 – Deferred Tax Relating to Assets and Liabilities Arising from a Single Transaction	1 January 2023
Amendments to IFRS 17 – Initial Application of IFRS 17 and IFRS 9 - Comparative Information	1 January 2023
Amendments to IAS 1 – Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to IFRS 16 – Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to IAS 1 – Non-current Liabilities with Covenants	1 January 2024

Management believes that the adoption of the above standards and amendments will not have a significant impact on the consolidated financial statements of the Group in the future.

#### Operating environment

Emerging markets such as Uzbekistan are subject to different risks than more developed markets, including economic, political and social, and legal and legislative risks. Laws and regulations affecting businesses in Uzbekistan continue to change rapidly, tax and regulatory frameworks are subject to varying interpretations. The future economic direction of Uzbekistan is heavily influenced by the fiscal and monetary policies adopted by the government, together with developments in the legal, regulatory, and political environment.

Because Uzbekistan produces and exports gold in large volume, its economy is sensitive to the price of gold on the world market.

During 2022, the gold price was subject to significant fluctuations with the average price of 1 801,87 USD per troy ounce (2021: 1 798,89 USD per troy ounce). At the end of 2022 the Uzbekistan's gross domestic product (“GDP”) grew by 5.7%. In 2022, the highest inflation over the past three years was recorded in the country, amounting to 12.3% per annum (in 2021, inflation was 9.98% per annum).

The military and political conflict between Russia and Ukraine escalated in early 2022. As a result, several countries introduced economic sanctions against Russia and Belarus, including measures to ban new investment and restrict interaction with major financial institutions and many state enterprises. As a result of these sanctions, the export of labour to Russia and the related level of remittances may also reduce, which could have a negative impact on the economy of Uzbekistan.

Moreover, in March 2022, the Uzbekistan Soum depreciated against major foreign currencies amid the external geopolitical situation. In order to reduce the negative impact of external factors on the economy of Uzbekistan, the Central Bank of the Republic of Uzbekistan made a number of adjustments to the base rate throughout 2022 and fixed it at 15% per annum at the end of the year comparing to 14% per annum at the beginning of the period. In addition, interventions on the currency market were performed to support the Uzbekistan Soum exchange rate against foreign currencies. However, there is uncertainty related to the future developments of geopolitical risks and their impact on the economy of the Republic of Uzbekistan.

Management of the Group is monitoring developments in the economic, political and geopolitical situation and taking measures that it considers necessary to support the sustainability and development of the Group’s business for the foreseeable future. However, the consequences of these events and related future changes may have a significant impact on the Group’s operations.

#### **Public private partnership in Samarkand**

In 2019, a decision was made to upgrade Samarkand airport to enable it to receive Shanghai Cooperation Organisation guests and significantly increase capacity. The reconstruction of the airport allowed it to significantly increase its capacity. In 2019-2021, the Group carried out a significant volume of construction work to upgrade the airport complex, such as runway (including taxi lanes), radiolocation system and other upgrade work.

On 7 February 2022, the Group (public partner) signed an addendum to clarify the parameters of a public-private partnership with a private partner, Air Marakanda. The private partner had already begun construction work as its part of the arrangement before key parameters of the public-private partnership were agreed.

Under the agreement, the private partner provides 93 million USD (1 011 Billion Soums) to finance the construction of a new international passenger terminal at Samarkand airport. After completing construction, the private partner manages the Samarkand air terminal (passenger terminal) for 20 years, while the Group continues to manage the airport complex. Once the public-private partnership period ends, control over all air terminal property passes to the Group. All public partner property pertaining to the air terminal complex is given to the private partner for use during the public-private partnership, while it also employs public partner employees already working at the air terminal. While the agreement is in force, the private partner is entitled to charge airlines a fee for use of the air terminal (including aircraft maintenance and catering), and also lease premises in the air terminal complex. In this respect, the private partner sets its own service tariffs, except tariffs for JSC “Uzbekistan Airways”, which are governed by the government (but at no lower than those stated in the public-private partnership agreement).

The Group continues to generate revenue from providing access to the air terminal and providing take-off and landing services at Samarkand airport. From 1 April 2027, the private partner will also start paying an additional 5% of revenue generated to the public partner, and from 1 April 2031 until the agreement expires – 10% of revenue. In addition, between December 2022 and December 2029, the private partner will commit to pay a total of 81 million Japanese Yen (8 Billion Soums) to the public partner, which will be used by it to repay loans taken by it to develop Samarkand airport.

In March 2022, the main upgrade of the Samarkand airport (including the portion of the work to be performed by the private partner) had been completed. Property, plant and equipment belonging to the Group were commissioned. The private partner began generating revenue in accordance with the public-private partnership agreement.

## JOINT STOCK COMPANY "UZBEKISTAN AIRPORTS"

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

#### Going concern

At the time of approving the consolidated financial statements, Group management reasonably believed that the Group possessed the required resources to continue operating for the foreseeable future.

The Group's current assets as at 31 December 2022 exceeded its current liabilities (as at 31 December 2021 current liabilities exceeded its current assets). However, the majority of current liabilities of 988 Billion Soums (as at 31 December 2022 and 31 December 2021) were due to JSC "Uzbekistan Airways" and created before reorganisation of the National Air Company (Notes 17 and 20). The Group is currently in discussions with JSC "Uzbekistan Airways" to clarify the nature of the amount due and reduce it. Given that both companies are under control of the same shareholder (Uzbekistan Ministry of Finance) and have strategic importance for the country's economy, the Group expects a favourable outcome, which includes the government's potential increase of share capital of the Group.

	31 December 2022 Billion Soums	31 December 2021 Billion Soums
Current assets	1 263	1 108
Current liabilities	(2 276)	(1 751)
<b>Working capital</b>	<b>(1 013)</b>	<b>(643)</b>
Other accounts payable to JSC "Uzbekistan Airways" created at reorganization	(988)	(988)
<b>Working capital net of the amount outstanding to JSC "Uzbekistan Airways" created at reorganization</b>	<b>(25)</b>	<b>345</b>

The Group was profitable in 2022 and 2021 years, despite the coronavirus restrictions in 2021 year. The Group pays all its liabilities arising during its current activities.

### 3. SIGNIFICANT ACCOUNTING POLICIES

The following are examples of the main provision of accounting policies.

#### Revenue recognition

Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer. The Group recognises revenue when it transfers control of a product or service to a customer. As a rule, control transfers at the moment the counter party receives the services. The Group provides the majority of its services within one working day (except for lease revenue, cargo and aviation fuel storage, which is recognised as services are provided).

Revenue is classified based on the structure of organisational divisions serving airlines. The Group Management Board sets tariffs for each revenue type differently for residents and non-residents. Tariffs for residents are government regulated. Tariffs for non-residents are not regulated and are set unilaterally for all non-resident airlines. In this respect, non-resident airlines may be eligible for reductions in accordance with Group marketing policy (depending on passenger traffic, flight volume and other factors). Chargeable natural benchmarks differ for different revenue streams.

***Ground services (handling services)***

Ground services include a wide range of services provided to airlines from the moment the aircraft land until the subsequent takeoff, such as:

- airport complex use; passenger servicing from check in to boarding; baggage collection and handling;
- cargo handling (including hazardous cargo, perishables, valuable cargo, medicines, live animals and others) and mail.

Ground service tariffs are set depending on passenger traffic (for passengers), service volume (aircraft handling) or cargo weight and storage time (cargo handling). The Group is entitled to compensation at the moment the service is provided.

***Airport services***

Revenue from airport and related services includes amounts charged to airlines for take-off and landing, excess aircraft parking, aircraft storage, taxiing and pre-take off services, such as cleaning, de-icing, snow and ice removal, onboard catering, engine starts and for missing landing slots. Airport service tariffs are based on maximum aircraft take-off mass and the volume of services provided. The Group is entitled to compensation at the moment services are provided.

***Aircraft fuelling services***

The Group generates income from fuelling aircraft and providing aviation fuel. The Group is entitled to compensation at the moment control over goods transfers to the customer. For aircraft fuelling services, the Group is entitled to compensation at the moment services are provided.

***Aviation security***

Aviation security services include passenger and baggage checks, flight instructions, cargo handling, airport aircraft security, pre-flight inspections, and restricted area security. Aviation security tariffs are set based on the quantity of departing passengers, take-off and landing rates or cargo weight. The Group is entitled to compensation for these services at the moment it provides the services.

***Non-aeronautical revenue***

Airline fuel needs are met both by the Group and third parties. Third parties (including JSC "Uzbekistan Airways") store their fuel in Group tanks.

If aviation fuel belongs to third parties, but is stored in airport tanks, the Group generates income from storing it and providing aircraft fuelling services. Aviation fuel supply and storage tariffs are based on the weight of the aviation fuel being provided or stored, and also the amount of time it is stored (for fuel storage services). The Group is entitled to compensation for aircraft fuelling services at the moment services are provided, and for storage services – as the services are provided.

The Group leases several airport premises as trading and catering points, and also as premises for airline representatives. Any such lease agreements are classified as operating leases, as lessees are only entitled to use the premises and do not receive any other benefits or risks related to title. Lease tariffs are set based on area covered.



## JOINT STOCK COMPANY “UZBEKISTAN AIRPORTS”

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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In addition to income from leasing premises, non-aeronautical revenue also includes income from leasing parking places and income from advertising space. Lease income and income from providing advertising space is recognised as services are provided, which are as a rule, monthly. Income from leasing parking spaces is recognised at the moment services are provided, daily.

The Group also charges commission to local airlines for airport ticket sales, and also for providing weather information to airlines. Income from these services is recognised at the moment the services are provided and included in non-aeronautical revenue.

Non-aeronautical revenue also includes revenue from business class lounges and income from other services provided to third parties. Income from these services is recognised at the moment services are provided.

#### **Short-term employee benefits**

The Group recognises a liability for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date.

#### **Interest on borrowings**

Borrowing interest directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

The Group determines the interest on borrowings permitted for capitalisation purposes to the extent it borrows funds for general purposes and uses them to acquire a qualified asset, by multiplying the capitalisation rate by costs for the asset in question.

All other interest on borrowings is recorded in the consolidated statement of profit or loss and other comprehensive income as it is generated.

## Taxation

Income tax expenses include current and deferred tax.

### *Deferred taxes*

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither taxable profit nor accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated using the tax rates that have been enacted or substantively enacted at the reporting date, and are expected to apply in the period when the liability is settled or the asset is realised.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset in the consolidated financial statements when there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

### *Current tax and deferred tax for the year*

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

### Property, plant and equipment

Property, plant and equipment and items of construction in progress intended for use in providing services, selling product or for administrative purposes are carried in the consolidated statement of financial position at historical cost, which is purchase cost less accumulated depreciation and impairment losses. As at the transition date to IFRS, the Group estimated its property, plant and equipment at fair value, which was then used as the conditional initial cost of items of property, plant and equipment.

Depreciation is accrued on items of property, plant and equipment from the moment they are ready for their planned use.

Depreciation is accrued to write off the actual cost of property, plant and equipment (except for construction in progress) equally during the expected useful life:

Buildings	10 – 60 years
Machinery and equipment	3 – 14 years
Vehicles	3 – 13 years

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the consolidated statement of profit or loss and other comprehensive income.

Part of the property used by the Group in operating activities is owned by the government (represented by State assets management agency of the Republic of Uzbekistan) and not controlled by the Group. It incorporates runways, taxi lanes, government terminals and a number of other facilities. The Group uses the property free of charge under 49-year lease agreements. The Group does not account for the facilities as property, plant and equipment.

### Impairment of property, plant and equipment

At each reporting date, the Group reviews the carrying amounts of its property, plant and equipment and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. Impairment testing is performed at the cash-generating unit level. Each airport is treated as a separate cash-generating unit. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). The value of Company assets is divided among cash-generating units.

If the recoverable amount of any cash-generating unit is lower than its carrying amount, the cash-generating unit's carrying amount is reduced to its recoverable amount. Impairment losses are immediately recorded in the consolidated statement of profit or loss and other comprehensive income.

### Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the “first-in first-out” (FIFO) method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

## JOINT STOCK COMPANY "UZBEKISTAN AIRPORTS"

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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#### **Financial instruments**

Financial assets and financial liabilities are initially recognised at fair value when the Group becomes a party to the contractual provisions of the instrument.

The Group subsequently accounts for its financial instruments at amortised cost. The Group's financial instruments include trade and other accounts receivable, bank deposits, cash, borrowings, trade and other accounts payable.

#### **Accounts receivable**

The Group's accounts receivable are formed predominantly as a result of settlements with JSC "Uzbekistan Airways", which, as at the reporting date, had not made payment for services provided to it (Note 12). For the majority of other airlines, the Group uses the advance payment system, while a number of airlines are able to pay for Group services and products post factum.

Accounts receivable for counterparties whose credit risk has been identified as low as at the reporting date are estimated based on expected credit losses ("ECL") arising over the entire period of the instrument. To analyse the probability of the default of counterparties, the Group considers their historical payment data and financial position, accounts receivable periods and other factors.

#### **Bank deposits**

The Group holds temporarily free cash in short-term deposits. Bank deposit interest is accrued at the effective rate and recognised in the "finance income" line of the consolidated statement of profit or loss and other comprehensive income.

The credit risk on bank deposits is recognised as low as at the reporting date and estimated using ECL over the entire period of the instrument. ECL on bank deposits are estimated based on bank public credit ratings.

#### **Cash**

Cash includes balances held by the Group in settlement accounts in various currencies. The Group uses funds in settlement accounts for everyday settlements with its creditors. Interest is not accrued on cash balances in settlement accounts.

Some of the Group's settlement accounts are different and may be used exclusively to make aviation security-related payments.

#### **Borrowings**

Borrowings include loans taken by the Group in USD, Euros and Japanese Yen. Borrowings are initially recognised at fair value, adjusted for directly related transaction costs, and are accounted for at amortised costs using the effective interest method.

Interest on borrowings is recognised in the "finance costs" line of the consolidated statement of profit or loss and other comprehensive income or capitalised.

## JOINT STOCK COMPANY "UZBEKISTAN AIRPORTS"

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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#### *Accounts payable*

Group accounts payable include predominantly those to JSC "Uzbekistan Airways", which was formed before the National Air Company reorganisation (Note 17). The remaining portion of the accounts payable relate to settlements with suppliers and contractors, settlements with staff and others.

#### **Government grants**

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received. Government grants are recognised in the consolidated statement of profit or loss on a systematic basis simultaneously with recognition in the consolidated statement of profit or loss and other comprehensive income of costs compensated by the grants.

Companies joining the Group after 2010 received government grants for capital work, the majority of which were treated as work to reconstruct the terminal and related airport infrastructure. All grants received previously by the Group are classified as grants related to assets.

Government grants related to assets are presented in the consolidated statement of financial position net by deducting their carrying amount from the carrying amount of the asset to which they relate. A grant is recognised in the consolidated statement of profit or loss and other comprehensive income systematically over the useful life of the asset as a reduction of depreciation costs.

#### **4. KEY SOURCES OF ESTIMATION UNCERTAINTY**

In applying the Group's accounting policies, which are described in note 3, the directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

#### **Critical judgements in applying the Group's accounting policies**

The following are the critical judgements, apart from those involving estimations (which are presented separately below), that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

***Sponsorship in accordance with orders of state regulatory authorities***

Note 15 describes sponsorship made in accordance with orders of state regulatory authorities. These expenses were made based on Orders of the government of the Republic of Uzbekistan. Management of the Group considered the criteria for the classification of such expenses and recognised such payment as equity deduction.

***Key sources of estimation uncertainty***

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

***Accounts payable with JSC "Uzbekistan Airways" and payment deadlines***

On 1 October 2019 (reorganisation date), the National Air Company was split into two company groups – JSC "Uzbekistan Airways" (air transportation) and Uzbekistan Airports (the Group, airport activities). As at the reorganisation date, the airports making up the Group had an accounts payable to JSC "Uzbekistan Airways" (Note 17).

The counterparties did not record the exact amount of the outstanding amount and repayment deadline in final acts of transfer and have not agreed them. The Group is in discussions with JSC "Uzbekistan Airways" to reduce the outstanding amount.

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

The Group tests for indications of impairment all its property, plant and equipment objects at each reporting date. This process is linked to the high level of uncertainty in relation to a large number of factors, including changes in competitive environment, expected sector growth, the expected cost of raising capital, and technological changes.

If any such indications are discovered, the Group tests property, plant and equipment for impairment. For this, the recoverable amount of assets for each cash-generating business unit is compared to its carrying amount. An impairment loss is recognised if the recoverable amount is lower than the carrying amount of assets.

After analysis, the Group concluded that the recoverable amount of property, plant and equipment as at each reporting date exceeds their carrying amount for the majority of subsidiaries recognised as cash-generating units. In this respect, for Karshi, Termez, Andijan, Nukus, Navoi and Samarkand airports, the Group recognised impairment as at 31 December 2022.

## JOINT STOCK COMPANY “UZBEKISTAN AIRPORTS”

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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The recoverable amount of property, plant and equipment is the most sensitive to changes in the following key assumptions used in discounted cash flow models as at each of the following reporting dates:

	Effect on the carrying amount of property, plant and equipment following 10% change	
	31 December 2022 Billion Soums	31 December 2021 Billion Soums
Air passenger traffic	(171)	(23)
Operating costs	(114)	(111)

#### *Useful life of property, plant and equipment*

The useful life of property, plant and equipment was measured using professional judgement based on experience in relation to similar assets.

Future economic benefits related to these assets will be received predominantly as a result of their use. However, other factors such as obsolescence, from a technological or commercial perspective, as well as equipment depreciation, frequently result in reduced economic benefits related to these assets. Management measures the remaining useful life of property, plant and equipment based on the current technical condition of assets and the estimated period during which they will bring the Group economic benefits. In this respect, the following main factors are considered:

- the expected useful life of assets;
- the expected physical depreciation of equipment, which depends on operating characteristics and technical maintenance regulations;
- the obsolescence of equipment from a technological and commercial perspective as a result of a change in market conditions.

Thus, any changes in useful life may impact the carrying amount of property, plant and equipment. A 10% increase in the useful life of property, plant and equipment could bring about a decrease in accrual depreciation of 10 Billion Soums in 2022 (2021: 11 Billion Soums).

#### *Interpretation of tax law*

The Group pays taxes, including income tax and value added tax in Uzbekistan. The amount of tax due is a matter of subjectivity due to the complexity of the legislative base. There is a significant number of transactions and settlements where a final tax liability cannot be determined accurately. The Group recognises a tax liability that may arise after tax audits on the basis of potential additional tax liabilities. If the final result in various tax disputes differs from amounts recorded, the difference will impact current and deferred income tax in the period in which it is revealed.

## JOINT STOCK COMPANY "UZBEKISTAN AIRPORTS"

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

#### 5. REVENUE

	2022 Billion Soms	2021 Billion Soms
Ground handling	953	878
Airport services	371	321
Fueling	866	199
Aviation security	149	163
<b>Aeronautical revenue</b>	<b>2 339</b>	<b>1 561</b>
Non-aeronautical revenue	137	140
<b>Total</b>	<b>2 476</b>	<b>1 701</b>

In 2022, the Group adjusted tariffs for fuelling services to airlines. This made it possible to increase the share of fuel provided to airlines directly by the Group, which resulted in an increase in revenue from fuelling services.

#### 6. COST

	2022 Billion Soms	2021 Billion Soms
Personnel costs	486	382
Fuel and lubricants	672	155
Depreciation and amortization	144	99
Repair of buildings and vehicles	14	28
Airport maintenance	25	24
Materials except for fuel and lubricants	28	15
Utilities costs	14	13
Other costs	36	71
<b>Total</b>	<b>1 419</b>	<b>787</b>

#### 7. ADMINISTRATIVE COSTS

	2022 Billion Soms	2021 Billion Soms
Loss from impairment of property, plant and equipment	578	46
Personnel costs	134	60
Land and property tax payments	66	65
Expected credit losses	37	6
Third party services	17	20
Depreciation and amortization	4	3
Other costs	24	21
<b>Total</b>	<b>860</b>	<b>221</b>



## JOINT STOCK COMPANY “UZBEKISTAN AIRPORTS”

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

#### 8. FINANCE COSTS

	2022 Billion Soums	2021 Billion Soums
Interest on borrowings	44	40
Net of amounts included in qualifying assets	(15)	(24)
Interest on borrowings, net	29	16
Net interest expenses on actuary liabilities	2	2
<b>Total</b>	<b>31</b>	<b>18</b>

Borrowing costs included in the cost of qualifying assets are related to borrowings attracted to upgrade Samarkand and Termez airports (Note 16).

#### 9. INCOME TAX EXPENSES

	2022 Billion Soums	2021 Billion Soums
Current income tax expenses	91	64
Deferred income tax (benefit)/expenses	(46)	18
<b>Total</b>	<b>45</b>	<b>82</b>

The standard corporate income tax rate in Uzbekistan was 15% in 2022 and 2021. A 0% rate is applied to profit generated from export services (services to overseas airlines with which contracts are in foreign currencies).

A reconciliation of income tax for the year and pre-tax profit is provided in the following table:

	2022 Billion Soums	2021 Billion Soums
Profit before income tax	231	687
Income tax at 15%	35	103
Tax effect of the application of a lower income tax rate	(20)	(31)
Tax losses carried forward, on which a deferred tax asset was not recognised	-	5
Tax effect on non-deductible expenses	30	5
<b>Income tax expenses</b>	<b>45</b>	<b>82</b>

The following table provides a breakdown of deferred tax assets and liabilities as at the reporting dates:

## JOINT STOCK COMPANY "UZBEKISTAN AIRPORTS"

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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	31 December 2022 Billion Soums	31 December 2021 Billion Soums
Property, plant and equipment	4	(41)
Tax loss carried forward	61	65
Other	6	1
<b>Total deferred tax assets / (liabilities), net</b>	<b>71</b>	<b>25</b>
<b>Including:</b>		
Deferred tax assets	89	45
Deferred tax liabilities	(18)	(20)
<b>Total</b>	<b>71</b>	<b>25</b>

The Group performed revaluation of investments in Group's subsidiaries as at the reorganisation date and recognized in tax accounting related intangible assets. Such assets are not qualified as assets under IFRS rules. Before the start of 2022, Uzbekistan tax law allowed the depreciation of these assets for income tax deduction purposes.

Accrued tax losses were created predominantly as a result of the suspension of airport operations in 2020 during the coronavirus period (Note 2). According to the Uzbekistan Tax Code, the Group is entitled to use accrued losses without a statute of limitation. The Group is anticipating on using accrued losses because since the end of the coronavirus pandemic it has generated sufficient profit to offset them. The Group does not recognise deferred tax assets on tax losses generated by the airports in Andijan, Termez, Nukus, Urgench and Navoi because their operations have historically been loss-making.

The deferred tax asset on the deductible temporary difference related to investments in subsidiaries is not recognised because the Group does not expect to generate sufficient profit to offset it. Taxable temporary differences related to investments in subsidiaries, as at 31 December 2022, amounted to 4,996 Billion Soums (as at 31 December 2021: 4,163 Billion Soums).

## JOINT STOCK COMPANY “UZBEKISTAN AIRPORTS”

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

#### 10. PROPERTY, PLANT AND EQUIPMENT

	Buildings	Machinery and equipment	Vehicles	Construction in progress	Total
	Billion Soums	Billion Soums	Billion Soums	Billion Soums	Billion Soums
<b>Cost</b>					
As at 1 January 2021	909	218	239	418	1 784
Additions	-	-	-	422	422
Transfers	147	58	7	(212)	-
Disposals	(1)	(1)	(3)	-	(5)
<b>As at 31 December 2021</b>	<b>1 055</b>	<b>275</b>	<b>243</b>	<b>628</b>	<b>2 201</b>
Additions	-	-	-	999	999
Transfers	861	183	24	(1 068)	-
Disposals	(2)	(3)	(4)	-	(5)
<b>As at 31 December 2022</b>	<b>1 914</b>	<b>455</b>	<b>263</b>	<b>559</b>	<b>3 191</b>
<b>Accumulated depreciation and impairment</b>					
As at 1 January 2021	(35)	(50)	(41)	(15)	(141)
Depreciation charge	(22)	(43)	(35)	-	(100)
Disposals	-	1	-	-	1
(Impairment) / reversal of impairment	13	(12)	1	(48)	(46)
<b>As at 31 December 2021</b>	<b>(44)</b>	<b>(104)</b>	<b>(75)</b>	<b>(63)</b>	<b>(286)</b>
Depreciation charge	(48)	(61)	(36)	-	(145)
Disposals	1	1	2	-	4
(Impairment) / reversal of impairment	(415)	(44)	(12)	(107)	(578)
<b>As at 31 December 2022</b>	<b>(506)</b>	<b>(208)</b>	<b>(121)</b>	<b>(170)</b>	<b>(1 005)</b>
<b>Net book value</b>					
As at 31 December 2022	1 408	247	142	389	2 186
As at 31 December 2021	1 011	171	168	565	1 915
As at 1 January 2021	874	168	198	403	1 643

#### Construction in progress

	31 December 2022	31 December 2021
	Billion Soums	Billion Soums
Tashkent	143	-
Silk Avia	141	-
Samarkand	10	460
Other	96	105
<b>Total</b>	<b>389</b>	<b>565</b>

The Group purchased three aircrafts for 141 Billion Soums, which are planned to be used to launch the budget airline Silk Avia. Also, the Group has not yet completed a number of works related to the reconstruction of the airports in Tashkent and Samarkand (Note 18). The remaining objects of construction in progress relate mainly to transport and machinery that were paid for by the Group but not yet delivered, or delivered but not cleared by customs.

In 2022, the Group received government grant of 227 Billion Soums for runway construction costs in Termez, 125 Billion Soums – for Samarkand airport upgrade work, and 97 Billion Soums – for major runway repairs in Tashkent. The Group incurred these costs in 2021-2022.

## JOINT STOCK COMPANY "UZBEKISTAN AIRPORTS"

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

#### Pledged property, plant and equipment

According to the terms of credit agreements with the National Bank for Foreign Economic Activity of Uzbekistan, Tashkent, Urgench, Navoi, Namangan, Fergana airports property and other liquid property, plant and equipments have been pledged with the bank. The Group borrowed the funds to develop Samarkand and Termez airports and to launch new airline company. The book value of the pledged property, plant and equipment, as at 31 December 2022 was 712 Billion Soums (31 December 2021: 257 Billion Soums).

#### 11. INVENTORIES

	31 December 2022 Billion Soums	31 December 2021 Billion Soums
Aviation fuel and lubricants	98	40
Spare parts	15	12
Materials	32	35
Vehicle fuel	14	12
Other	11	4
Allowance	(28)	(26)
<b>Total</b>	<b>142</b>	<b>77</b>

#### 12. TRADE AND OTHER ACCOUNTS RECEIVABLE

	31 December 2022 Billion Soums	31 December 2021 Billion Soums
Trade accounts receivable:		
JSC "Uzbekistan Airways"	512	390
from third parties	142	59
from other related parties	-	1
Other accounts receivable	24	8
Allowance for expected credit losses	(30)	(8)
<b>Total</b>	<b>648</b>	<b>450</b>

#### 13. TAXES PREPAID, EXCEPT FOR INCOME TAX

	31 December 2022 Billion Soums	31 December 2021 Billion Soums
VAT receivable	192	57
Other taxes prepaid	25	9
<b>Total</b>	<b>217</b>	<b>66</b>

JOINT STOCK COMPANY “UZBEKISTAN AIRPORTS”

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022

14. CASH

	31 December 2022 Billion Soums	31 December 2021 Billion Soums
Cash in Soum	24	130
Cash in USD	72	210
Cash in EUR	21	75
Cash in RUB	13	-
<b>Total</b>	<b>130</b>	<b>415</b>

Cash are placed by the Group in a credit institution with rating BB-.

15. SHARE CAPITAL

As at 31 December 2022 and 31 December 2021 the Group has 57 923 319 666 ordinary issued shares at 100 Soums each. The Group have one class of common nominal shares without the right to a fixed income.

The Group is entitled to issue an additional 442 858 675 184 common nominal share at 100 Soums each.

In 2022 Governor of Tashkent decided to transfer parking near Tashkent airport to the Group. Market cost was determined by independent appraiser as 41 Billion Soums. As at reporting date, the updated charter of the Group has not been authorized.

During 2022, following the Order of the state regulatory authorities the Group made sponsorship contributions in the amount of 111 Billion Soums.

During 2022, the Group has distributed funds to the shareholder in the amount of 203 Billion Soums.

16. BORROWINGS

	31 December 2022 Billion Soums	31 December 2021 Billion Soums
<b>Unsecured borrowings</b>		
Loans in USD	-	65
Loans in Euros	217	244
Loans in Japanese Yen	134	186
<b>Secured borrowings</b>		
Loans in USD	684	248
Loans in Euros	55	69
<b>Total borrowings</b>	<b>1 090</b>	<b>812</b>
Including:		
Short-term portion	377	162
Long-term portion	713	650
<b>Total</b>	<b>1 090</b>	<b>812</b>

## JOINT STOCK COMPANY “UZBEKISTAN AIRPORTS”

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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#### Loans in USD

In 2021, the Group raised additional 1.5 million USD (16 Billion Soums at the issue date exchange rate) to upgrade Samarkand airport under the agreement National Bank for Foreign Economic Activity of Uzbekistan with at 6%. The loan is issued until 2027.

In 2021, the Group raised 8 million USD (80 Billion Soums at the issue date exchange rate) until 2025 at 6% from the National Bank for Foreign Economic Activity of Uzbekistan to build a new runway and upgrade existing airport surfaces and extend the apron at Termez airport. In 2022 the Group raised additional 11 million USD (117 Billion Soums at the issue date exchange rate).

In 2022, the Group raised 20 million USD (220 Billion Soums at the issue date exchange rate) until 2023 at 6% from the National Bank for Foreign Economic Activity of Uzbekistan to upgrade Samarkand airport (Note 10).

In 2022, the Group agreed 50 million USD (560 Billion Soums at the issue date exchange rate) loan until 2024 at 6mSOFR + 4.5% from the National Bank for Foreign Economic Activity to launch new airline company. As at reporting date it raised 12 mln USD (135 Billion Soums at the issue date exchange rate) under this loan.

#### Loans in Euros

Between 1995 and 2004, the Group raised, in conjunction with the Ministry of Investment, Industry and Trade, a series of loans from a German bank to develop Tashkent airport. The loans were issued until 2037.

#### Loans in Japanese Yen

In 1996 and 1999, in conjunction with the Ministry of Investment, Industry and Trade, the Group raised a series of loans until 2029 from the Japanese Fund for Overseas Economic Cooperation to develop airports in Urgench, Bukhara and Samarkand.

#### Covenants

The Group has one financial covenant for its borrowings which it complies with (2022: no financial covenants). Non-financial covenants are identical for all loans. They include the presentation of financial statements prepared according to national standards to banks, as well as other financial information. The Group had not violated its covenants as at 31 December 2022 and 31 December 2021.

#### Guarantees and warranties

The Group did not provide any guarantee or warranties for non-Group companies during the reporting period and before the date the consolidated financial statements were signed.

## JOINT STOCK COMPANY “UZBEKISTAN AIRPORTS”

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

#### Available credit limits

As at 31 December 2022, the Group has a credit limit for a special-purpose loan of 38 million USD (425 Billion Soums as at 31 December 2022) to launch budget airline company. As at 31 December 2021, the Group had a credit limit for a special-purpose loan of 11 million USD (118 Billion Soums as at 31 December 2021) to build a new runway and upgrade existing airport surfaces and expand the Termez airport apron.

#### Reconciliation of liabilities arising from financial activities

	2022 Billion Soums	2021 Billion Soums
Borrowing at the beginning of the period	812	846
Debt financing	475	96
Settlement of borrowings	(201)	(120)
Interest paid	(36)	(29)
Non-cash movements:		
Interest on borrowings	44	40
Foreign exchange rate profit	(4)	(21)
	<u>1 090</u>	<u>812</u>
Borrowings at the end of the period		

#### 17. TRADE AND OTHER ACCOUNTS PAYABLE

	31. December 2022 Billion Soums	31 December 2021 Billion Soums
Trade accounts payable:		
to JSC “Uzbekistan Airways”	396	350
to third parties	84	54
Amounts due to personnel	31	27
Amounts due on property, plant and equipment	111	54
Other accounts payable:		
to JSC “Uzbekistan Airways”	988	988
to third parties	21	5
Total	<u>1631</u>	<u>1478</u>

As mentioned in Note 1, the Group was created on 1 October 2019 by the reorganisation of the National Air Company, as a result of which, as at the creation date, the Group had a payable due to JSC “Uzbekistan Airways” of 988 Billion Soums, carried in other accounts payable. The amount was not agreed by the parties, while no agreements, acts nor other documents recording it have been signed. Payment deadlines for the amount due are also not recorded. As a result, the Group classified the liabilities as current non-financial liabilities and recorded them in other accounts payable.

## JOINT STOCK COMPANY "UZBEKISTAN AIRPORTS"

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

Subsequently, as a result of operating activities, the Group generated trade payables to the specified counterparty, which consisted mainly of debt for commission services for the sale of tickets to passengers of JSC "Uzbekistan Airways" and the provision of jet fuel owned by JSC "Uzbekistan Airways" to other airlines (Note 20). In 2020-2021, the Group made no settlements with JSC "Uzbekistan Airways", a company under common shareholder control, neither for accounts payable (including those generated after reorganisation) nor for accounts receivable (Note 12). In 2022, the Group reconciled amounts due with the counterparty, after which the parties began the process of mutual settlements (Note 20).

#### 18. CAPITAL COMMITMENTS

The Group's future liabilities within the framework of capital agreements are as follows:

	31 December 2022 Billion Soums	31 December 2021 Billion Soums
Silk Avia	1 111	-
Tashkent	655	-
Samarkand	118	55
Termez	1	112
Other	104	6
<b>Total</b>	<b>1 989</b>	<b>173</b>

#### 19. RISK MANAGEMENT

##### Classes and categories of financial instruments and their fair value

	31 December 2022 Billion Soums	31 December 2021 Billion Soums
<b>Financial assets</b>		
Trade and other accounts receivable	648	450
Bank deposits	-	9
Cash and cash equivalents	130	415
<b>Total</b>	<b>778</b>	<b>874</b>
<b>Financial liabilities</b>		
Borrowings	1 090	812
Trade and other accounts payable	643	490
<b>Total</b>	<b>1 733</b>	<b>1 302</b>

The fair value of cash, bank deposits, accounts receivable and payable is approximately equal to their carrying amount.



## JOINT STOCK COMPANY “UZBEKISTAN AIRPORTS”

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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The fair value of the borrowings portfolio as at 31 December 2022 and 31 December 2021 was comparable to the amortised cost of borrowings. Borrowings were categorised in the level 3 hierarchy to measure fair value. Their fair value was calculated using the discounted cash flow method. The rate published by the Uzbekistan Central Bank for loans to non-financial organisations (exclusive of concessions) as at the corresponding date, with the corresponding deadline and in the corresponding currency is used to discount future flows.

#### Financial risk management

The Group’s Corporate Treasury function provides services to the business, co-ordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyses exposures by degree and magnitude of risks. These risks include market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk.

#### Market risk

The main risks related to Group activities (changes in foreign currency exchange rates, interest rates and changes in prices for goods and services) are analysed below.

#### *Foreign currency risk management*

The Group undertakes transactions denominated in foreign currencies, consequently, exposing it to exchange rate fluctuations.

The carrying amounts of the Group’s foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

	31 December 2022 Billion Soums	31 December 2021 Billion Soums
Financial assets and liabilities, denominated in:		
USD	(539)	(86)
Euros	(266)	(264)
Japanese Yen	(130)	(186)
Russian Rouble	14	-
<b>Total</b>	<b>(920)</b>	<b>(536)</b>

If during the reporting period, a foreign currency basket increases by 10%, the Group’s comprehensive income / (loss) would be worth 92 Billion Soums less in 2022 and 54 Billion Soums less in 2021.

#### *Interest rate risk management*

As the Group borrows funds at fixed rates, it is not exposed to significant interest rate risk. The exclusion is 12-million-USD loan, which was raised by the Group to finance launching of new airline company (Note 16).

#### *Risk of changes to prices for goods and services*

Prices for goods set by the Group in relation to domestic airlines are state regulated. The Group sets tariffs for overseas airlines itself based on supply and demand analyses.

## JOINT STOCK COMPANY “UZBEKISTAN AIRPORTS”

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

#### Credit risk

Credit risk is understood to mean a counterparty’s inability to meet its liabilities when due. The Group works with the majority of airlines on advance payment terms. An exception is made for JSC “Uzbekistan Airways” and a few airlines. However, the Group also has a significant payable to JSC “Uzbekistan Airways”. The net position of mutual settlements with JSC “Uzbekistan Airways” is shown in Note 20.

As at 31 December 2022 and 31 December 2021 all Group cash was in the National Bank for Foreign Economic Activity of Uzbekistan.

#### Liquidity risk management

Liquidity risk is the risk that the Group will not be able to settle its liabilities when due. The Group places strict controls over liquidity and uses the following liquidity risk management methods to ensure funds are sufficient to settle liabilities: detailed budgeting of operations, constant monitoring of forecast and actual cash flows and analyses of the overlap of the settlement of financial assets and liabilities. Liquidity management methods incorporate mid-term forecasting (annual budgets) and short-term forecasting.

	within one year	within two years	within three years	within four years	within five years	over five years	Total
	bln Soums	bln Soums	bln Soums	bln Soums	bln Soums	bln Soums	bln Soums
<b>31 December 2022</b>							
Borrowings							
Principal	380	246	197	97	49	96	1 065
Interest	57	31	18	11	7	21	146
Accounts payable	643	-	-	-	-	-	643
<b>Total</b>	<b>1 080</b>	<b>277</b>	<b>215</b>	<b>108</b>	<b>56</b>	<b>117</b>	<b>1 853</b>
<b>31 December 2021</b>							
Borrowings							
Principal	166	137	124	124	100	148	799
Interest	30	25	20	16	11	29	131
Accounts payable	490	-	-	-	-	-	490
<b>Total</b>	<b>686</b>	<b>162</b>	<b>144</b>	<b>140</b>	<b>111</b>	<b>177</b>	<b>1 420</b>

The above amounts, including interest, represent non-discounted cash flows in accordance with contractual terms.

#### Capital risk management

The Group manages its capital to ensure that Group entities will be able to continue as going concerns while maximising shareholder return through the optimisation of debt and equity balances. The Group’s capital structure consists of net debt (borrowings disclosed in Note 16 after deducting cash and bank balances) and Group equity (comprising share capital and retained earnings). The Group has no obligatory minimum capital requirements.

## 20. RELATED PARTIES

#### Transactions with the government and government related enterprises

The Uzbekistan Government is the Group’s ultimate controlling party, which allows it to influence activities significantly. In addition, the Group transacts with a number of enterprises that are under control or joint control of the government. The Group applies exemptions provided by IAS 24 Related Parties, so that it is entitled to make simplified disclosures for transactions with government-related enterprises.

## JOINT STOCK COMPANY “UZBEKISTAN AIRPORTS”

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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The Group purchases from and provides services to a large number of government-related enterprises. Government-related transactions also include tax and charge payments, as well as other special contributions.

#### Transactions recognized as significant individually due to transaction volume

##### Transactions with JSC “Uzbekistan Airways”

As shown in Note 1, on 1 October 2019 (“Reorganisation Date”), the National Air Company was divided into two company groups – JSC “Uzbekistan Airways” (airline) and JSC “Uzbekistan Airports” (airport activities).

Before reorganisation, the airports comprising the Group operated as subsidiaries in the aviation transportation segment. The tariffs at which the airport segment provided services to the air transportation segment were set lower than cost. Losses generated by the airport segment from providing services to the air transportation segment were compensated against services provided to overseas airlines. However, according to the Regulations “On State Enterprises”, the air transportation segment, as a founder, accounted for all profit generated by the airport segment as airport segment dividend liabilities. These dividends were usually not paid in full because in the context of growing air transportation, airport cash is used to finance their capital costs to expand business and increase working capital. As a result, the airport segment accounts payable to the air transportation segment grew constantly starting from 2000 year till 1 October 2019.

As at the reorganisation date, the airport segment amount due to the air transportation segment was 988 Billion Soums. The parties have not signed an act of reconciliation. As at the approval date of these consolidated financial statements, the parties continue to discuss the reduction of the amount due.

After reorganisation, the parties continued to work together as independent organisations. The Group provides JSC “Uzbekistan Airways” with all core airport services, except for refuelling (the Group stores JSC “Uzbekistan Airways” fuel in its tanks). In this respect, service tariffs remain lower than market. The Group also acts as a commission agent in the sale of tickets to JSC “Uzbekistan Airways” at airports and as an agent in the provision of meteorological information.

On 28 March 2022, the Group and JSC “Uzbekistan Airways” agreed to raise tariffs for the main aviation services the Group provides to JSC “Uzbekistan Airways”.

Likewise, the parties have signed a service level agreement, whereby the Group commits to observe International Air Transport Association airport service quality standards. If it fails to do so, JSC “Uzbekistan Airways” is entitled to impose contractual fines on the Group. From 28 March 2022, the parties transitioned to cash settlements for all transactions concluded after that date. For transactions concluded between the reorganisation date and 28 March 2022, the parties are planning to offset their counter demands, while outstanding amounts will be settled in cash. For Group transactions that arose before reorganisation, the parties are currently discussing a possible settlement mechanism with the Ministry of Finance, which includes the government’s potential pre-capitalisation of the Group’s business.

## JOINT STOCK COMPANY “UZBEKISTAN AIRPORTS”

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

The Group’s balance of settlements with JSC “Uzbekistan Airways” at each of the reporting dates is as follows:

	31 December 2022 Billion Soums	31 December 2021 Billion Soums
<b>Amount due at reorganization</b>		
Other accounts payable	(988)	(988)
<b>Amounts due after reorganization</b>		
Trade accounts receivable	512	390
Advances received	(43)	-
Trade accounts payable	(396)	(350)
<b>Total</b>	<b>(915)</b>	<b>(948)</b>

The Group received the following income from providing services to JSC “Uzbekistan Airways”:

	2022 Billion Soums	2021 Billion Soums
Aeronautical revenue	454	147
Non-aeronautical revenue	7	31
<b>Total revenue from JSC “Uzbekistan Airways”</b>	<b>461</b>	<b>178</b>

Transactions that are significant in aggregate, but are not individually significant

The Group operates in economic conditions in which enterprises under direct or indirect control of the Uzbekistan Government and operating through government-related enterprises dominate.

These transactions are a part of the Group’s usual activities and are performed under conditions comparable to those for interacting with enterprises not related to the government. The Group has established a supply system, pricing strategy and process for approving services, purchasing goods and materials that operates irrespective of whether the transaction party is a government-related enterprise or not.

#### Remuneration of key management personnel

The Group’s key management personnel are the Chair of the Board, deputies and Supervisory Board members. All accruals in favour of these employees are presented in the table below.

	2022 Billion Soums	2021 Billion Soums
Payments to key management personnel	8	4

## 21. EVENTS AFTER THE REPORTING DATE

### Loan receipt and repayment

In 2023, the Group raised another USD 38 million (421 Billion Soums at the reporting date exchange rate) under a previously signed loan agreement taken to launch the business of the low-cost airline Silk Avia.

During September-October 2023 the Group received loan from Hamkorbank on total amount of 5 mln EUR (62 Billion Soums at the issue date exchange rate) to replenish working capital.

## JOINT STOCK COMPANY “UZBEKISTAN AIRPORTS”

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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On November 15, 2023, the Group agreed to receive a loan in the amount of USD 15 million USD (168 Billion UZS at the reporting exchange rate) to replenish working capital.

#### **Transfers of the control**

On 1 March 2023, the president signed Resolution No. ПП-83 On Measures to Accelerate the Reform of State-Owned Enterprises, whereby the shareholder function in 31 state-owned enterprises (including the Group), transfers to the Strategic Reform Agency. State shares in all 31 enterprises will be managed by the specially created UzAssets state investment company. In August 2023 this decree was abolished, and Ministry of Economy and Finance became Group's shareholder again.

#### **Launch of new airline**

On April 25, 2023, Silk Avia, a budget carrier 100% owned by the Group, began its operations. The company's goal is to operate regular budget flights between the cities of Uzbekistan. To operate flights, the airline purchased three ATR 72-600 aircraft using credit funds. On October 16, 2023, Silk Avia (including all its assets and obligations) was transferred to AO Uzbekistan Airways free of charge.

#### **Dividends**

On 4 October 2023, the Group paid 130 Billion Soums as dividends.

