Uzbektelecom JSC

Consolidated financial statements

For the year ended 31 December 2025
together with independent auditor's report

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Independent auditor's report

To the Shareholders, Supervisory Board and Management of Joint Stock Company "Uzbektelecom"

Opinion

We have audited the consolidated financial statements of Joint Stock Company "Uzbektelecom" and its subsidiaries (hereinafter, the "Group"), which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of profit and 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 material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2025 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code), as applicable to audits of financial statements of public interest entities together with the ethical requirements that are relevant to our audit of the consolidated financial statements of public interest entities in the Republic of Uzbekistan. We have also fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

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Key audit matter	How our audit addressed the key audit matter
Revenue recognition from the provision of telecommunications services	
Recognition and measurement of revenue from provision of telecommunication services was one of the matters of most significance in our audit. The risk of improper revenue recognition arises because the Group provides diversified services offerings with varying tariff structures to a large number of customers. In addition, the effect of accounting treatment of changing tariff structures and multi-element arrangements on revenue could be significant. Further, the Group posts manual adjustments into the general ledger at year-end to correct billed revenue from monthly tariff plans, by deferring unearned portion to contract liabilities due to subscribers, for services not provided in the current period. The development and application of revenue recognition policies, including the application of IFRS 15 Revenue from contracts with customers, involve a number of key judgements and estimates by management, and therefore revenue could be subject to misstatement, whether due to fraud or error, including untimely recognition. The Group's disclosure of information in respect of the accounting policies on revenue recognition is included in Note 3 to the consolidated financial statements, and disclosures by types of revenue are included in Note 27 to the consolidated financial statements.	We have considered the relevant IT systems and the design of controls and tested the operating effectiveness of internal controls over capturing and recording data, and calculation of amounts billed to the customers. We examined the authorising of changes in tariffs implemented in the billing system. We performed analytical procedures, including monthly fluctuations analysis and analysis of changes in the number of subscribers and tariffs impacting revenue, and compared trends in financial data with trends in non-financial data. We recalculated the amounts of manual adjustments posted by the Group related to the deferral of unearned portion of revenue to contract liabilities. We performed tests of details on revenue recognition by inspecting both key items selected based on risk considerations and items selected on a random basis. We examined underlying contracts and supporting documentation to assess whether the timing and amount of revenue recognised were in accordance with IFRS 15. We analysed the key judgements and estimates used by management in the accounting for revenue. We evaluated the Group's accounting policy for revenue recognition. We analysed the disclosures related to revenue recognition.
Compliance with debt covenants	
In accordance with the terms of certain financing arrangements, the Group should comply with certain financial and non-financial covenants. Breaching covenants could result in funding shortages. Compliance with the covenants is one of the matters of most significance in the audit since it has a major impact on the going concern assumption used in the preparation of the consolidated financial statements, and on the classification of interest-bearing liabilities in the consolidated statement of financial position. Information on compliance with covenants is disclosed in Note 19 to the consolidated financial statements.	We analysed the terms and conditions of the Group's financing arrangements to identify financial and non-financial covenants. We compared data used in the financial covenants' calculations for compliance with the consolidated financial statements. We tested the mathematical accuracy of the financial covenants' calculations. We analysed the disclosures in respect of debt covenants compliance in the consolidated financial statements of the Group.

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Other information included in The Group's 2025 Annual Report

Other information consists of the information included in the Group's 2025 Annual Report, other than the consolidated financial statements and our auditor's report thereon. Management is responsible for the other information. The Group's 2025 Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Responsibilities of management and the Supervisory Board for the consolidated financial statements

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

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

The Supervisory Board is 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.

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As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism 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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Supervisory Board 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.

We also provide the Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

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From the matters communicated with the Supervisory Board, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The partner in charge of the audit resulting in this independent auditor's report is Ruslan Khoroshvili.

Tashkent, Republic of Uzbekistan
26 May 2026

Ruslan Khoroshvili
Engagement Partner

On behalf of Audit Company "Ernst & Young" LLC, registered in the register of audit organizations of the Ministry of Economy and Finance of the Republic of Uzbekistan

Mukhammadyokubkhuja Sharafitdinkhodjaev
General Director / Qualified Auditor

Auditor's qualification certificate authorizing audit practice No. 06392 dated 24 August 2024 issued by "Buxgalterlar va auditorlar imtihon markazi"

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As of December 31, 2025

In thousand soums	Note	31 December 2025	31 December 2024
Assets			
Non-current assets			
Property and equipment	7	**12,827,964,961**	12,476,638,705
Investment properties	8	**130,872,217**	–
Right-of-use assets	20	**500,722,775**	293,483,470
Intangible assets	9	**121,678,895**	77,272,069
Investment in an associate and a joint venture	10	**64,544,065**	443,546,157
Investments at FVTPL	11	**315,892,678**	–
Advances paid for non-current assets	7	**285,873,904**	197,587,281
Cost to obtain a contract	12	**6,295,816**	24,234,285
Other non-current financial assets		**25,707,623**	6,089,303
Total non-current assets		**14,279,552,934**	13,518,851,270
Current assets			
Inventories	13	**522,698,221**	392,029,637
Trade receivables	14	**424,419,457**	477,325,557
Advances paid	15	**129,998,446**	163,954,639
Other current financial assets	16	**42,598,669**	14,450,000
Cost to obtain a contract – short-term portion	12	**40,873,585**	36,383,267
Income tax prepaid		–	5,640,191
Cash and cash equivalents	17	**281,892,453**	106,279,870
Total current assets		**1,442,480,831**	1,196,063,161
Total assets		**15,722,033,765**	14,714,914,431
Equity and liabilities			
Share capital	18	**326,171,556**	326,171,556
Additional paid-in-capital	18	**299,146,535**	100,852,325
Retained earnings		**3,465,063,731**	2,897,316,203
Equity attributable to shareholders of the parent		**4,090,381,822**	3,324,340,084
Non-controlling interests		**9,416,023**	6,660,444
Total equity		**4,099,797,845**	3,331,000,528

The accompanying notes on pages 8 to 78 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

In thousand soums	Note	31 December 2025	31 December 2024
Non-current liabilities			
Borrowings	19	**5,733,650,963**	6,517,914,344
Lease liabilities	20	**403,239,198**	237,514,644
Contract liabilities	23	**53,108,828**	57,130,223
Employee benefits obligations	21	**86,324,580**	86,311,070
Provisions		**25,055,075**	13,549,184
Government grants	26	**70,000,000**	70,000,000
Other non-current financial liabilities		**195,562**	2,542,303
Deferred tax liabilities	34	**446,439,298**	403,921,702
Total non-current liabilities		**6,818,013,504**	7,388,883,470
Current liabilities			
Trade accounts payable	22	**1,271,150,131**	1,375,443,397
Contract liabilities	23	**540,899,342**	460,633,562
Borrowings	19	**2,532,483,743**	1,869,793,239
Income tax payable		**52,803,848**	–
Employee benefits obligations	21	**7,965,719**	7,680,392
Lease liabilities	20	**149,298,952**	83,676,736
Other current non-financial liabilities	25	**98,449,044**	63,043,975
Other current financial liabilities	24	**151,171,637**	134,759,132
Total current liabilities		**4,804,222,416**	3,995,030,433
Total liabilities		**11,622,235,920**	11,383,913,903
Total equity and liabilities		**15,722,033,765**	14,714,914,431

Khasanov N.N. General Director

Tokhtiyarov A.N. Deputy General Director of the Financial Affairs

Sattarov Kh.I. Chief accountant

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2025

In thousand soums	Note	2025	2024
Revenue	27	**10,615,834,185**	8,884,090,368
Cost of sales	28	**(6,406,659,837)**	(5,771,176,600)
Gross profit		**4,209,174,348**	3,112,913,768
Selling expenses	29	**(1,038,794,551)**	(699,755,350)
General and administrative expenses	30	**(1,071,626,719)**	(890,098,287)
Other operating income	33	**189,671,775**	108,939,814
Reversal of impairment losses on non-financial assets	31	**203,321**	6,345,455
Accrual of allowance for expected credit losses	31	**(463,619,422)**	(117,012,420)
(Loss)/Income from disposal of property, plant and equipment	7	**(123,831,186)**	27,208,557
Impairment loss of investment properties	8	**(70,603,782)**	–
Operating profit		**1,630,573,784**	1,548,541,537
Finance income	32	**42,212,352**	16,389,666
Finance costs	32	**(749,108,392)**	(607,164,891)
Net foreign exchange (loss)/gain		**(85,581,141)**	113,759,974
Share of profit/(loss) of associates and joint ventures	10	**25,512,090**	(19,496,421)
Loss on disposal of associate	10	**(92,143,400)**	–
Profit before tax		**771,465,293**	1,052,029,865
Income tax expenses	34	**(161,692,609)**	(250,765,176)
Profit for the year		**609,772,684**	801,264,689
Other Comprehensive income			
Other comprehensive income not to be reclassified to profit or loss in subsequent periods (net of tax)			
Actuarial gain on defined benefits plans	34	**12,916,773**	2,127,309
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods		**12,916,773**	2,127,309
Other comprehensive income for the year, net of tax		**12,916,773**	2,127,309
Total comprehensive income for the year, net of tax		**622,689,457**	803,391,998
Profit attributable to:			
Equity holders of the Parent		**607,017,105**	799,496,602
Non-controlling interests		**2,755,579**	1,768,087
		609,772,684	801,264,689
Total comprehensive income attributable to:			
Equity holders of the Parent		**619,933,878**	801,623,911
Non-controlling interests		**2,755,579**	1,768,087
		622,689,457	803,391,998
Basic and diluted, profit for the year attributable to ordinary equity holders of the parent, Uzbek soums	18	**2,215**	2,971

Khasanov N.N. General Director

Tokhtiyarov A.N. Deputy General Director of the Financial Affairs

Sattarov Kh.I. Chief accountant

The accompanying notes on pages 8 to 78 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2025

	Attributable to equity holders of the Parent					
In thousand soums	Share capital	Additional paid-in capital	Retained earnings	Equity attributable to shareholders	Non-controlling interests	Total Equity
At 31 December 2024	326,171,556	100,852,325	2,897,316,203	3,324,340,084	6,660,444	3,331,000,528
Net profit for the year	–	–	607,017,105	607,017,105	2,755,579	609,772,684
Other comprehensive income	–	–	12,916,773	12,916,773	–	12,916,773
Total comprehensive income	–	–	619,933,878	619,933,878	2,755,579	622,689,457
Effect of the initial recognition of below-market-rate loans at fair value, net of the related deferred tax *(Note 18)*	–	198,294,210	–	198,294,210	–	198,294,210
Transaction with shareholders *(Note 18)*	–	–	(43,789,310)	(43,789,310)	–	(43,789,310)
Dividends declared to Shareholders *(Note 18)*	–	–	(8,397,040)	(8,397,040)	–	(8,397,040)
At 31 December 2025	326,171,556	299,146,535	3,465,063,731	4,090,381,822	9,416,023	4,099,797,845

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

	Attributable to equity holders of the Parent					
In thousand soums	Share capital	Additional paid-in capital	Retained earnings	Equity attributable to shareholders	Non-controlling interests	Total Equity
At 31 December 2023	319,776,035	74,962,330	2,311,039,443	2,705,777,808	8,742,693	2,714,520,501
Net profit for the year	–	–	799,496,602	799,496,602	1,768,087	801,264,689
Other comprehensive income	–	–	2,127,309	2,127,309	–	2,127,309
Total comprehensive income	–	–	**801,623,911**	**801,623,911**	**1,768,087**	**803,391,998**
Issuance of shares *(Note 18)*	6,395,521	26,856,755	–	33,252,276	–	33,252,276
Transfer of subsidiary to government *(Note 18)*	–	(966,760)	(67,343,536)	(68,310,296)	(3,850,336)	(72,160,632)
Transactions with shareholders *(Note 18)*	–	–	(135,825,970)	(135,825,970)	–	(135,825,970)
Dividends declared to shareholders *(Note 18)*	–	–	(2,438,340)	(2,438,340)	–	(2,438,340)
Other	–	–	(9,739,305)	(9,739,305)	–	(9,739,305)
At 31 December 2024	**326,171,556**	**100,852,325**	**2,897,316,203**	**3,324,340,084**	**6,660,444**	**3,331,000,528**

Khasanov N.N. General Director

Tokhtiyarov A.N.. Deputy General Director of the Financial Affairs

Sattarov Kh.I. Chief accountant

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2025

In thousand soums	Note	2025	2024
Operating activities			
Profit before tax for the year		**771,465,293**	1,052,029,865
Adjustments for:			
Share of (profit)/loss of associates and joint ventures	10	**(25,512,090)**	19,496,421
Loss /(Income) from disposal of property and equipment	7	**123,831,186**	(33,823,658)
Income from write-off of payables	33	**(6,714,427)**	(11,775,125)
Depreciation of property and equipment and right of use assets	7, 20	**1,620,610,697**	972,735,026
Amortization of intangible assets	9	**153,895,855**	143,667,041
Amortization of cost to obtain a contract	12	**366,849,920**	146,496,886
Recovery of provision for advances paid for inventories and services, net	31	**(1,497,835)**	(6,345,455)
Accruals/(recovery) of provision for non-current advances paid, net	31	**1,294,514**	(6,112,856)
Net foreign exchange loss / (gain), net		**85,581,141**	(113,759,974)
Accrual of provision for unused vacation		**(8,187,885)**	17,600,294
Finance costs	32	**749,108,392**	607,164,891
Finance income	32	**(42,212,352)**	(16,389,666)
Accrual of allowance for expected credit losses, net	14, 31	**463,619,422**	117,012,420
Provision for retirement benefit obligations	21	**230,828**	8,492,868
Loss on disposal of associate	10	**92,143,400**	–
Impairment of investment property	8	**70,603,782**	–
Inventory write-down to NRV	13	**5,479,908**	–
Operating cash flows before changes in operating assets and liabilities		**4,420,589,749**	2,896,488,978
Changes in operating assets and liabilities			
Change in trade receivables		**(428,777,972)**	(473,398,248)
Change in inventories		**(136,148,492)**	(17,431,378)
Change in advances paid		**34,056,528**	(1,772,203)
Change in contract liabilities		**76,244,385**	55,316,298
Change in trade accounts payable		**332,766,381**	(421,446,030)
Change in cost to obtain contracts		**(353,401,769)**	(151,623,520)
Changes in other current and non-current liabilities		**62,517,194**	70,160,903
Changes in other current and non-current assets		**(21,955,149)**	(83,721,680)
Cash flows from operating activities		**3,985,890,855**	1,872,573,120

CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

In thousand soums	Note	2025	2024
Interest paid	37	**(664,069,977)**	(546,408,409)
Income tax paid		**(98,003,501)**	(31,218,473)
Net cash flows from operating activities		**3,223,817,377**	1,294,946,238
Investing activities			
Purchase of property and equipment		**(1,637,472,217)**	(2,958,110,921)
Purchase of intangible assets		**(198,302,681)**	(132,052,664)
Proceeds from sale of property and equipment		**26,819,842**	96,478,528
Interest received	32	**42,212,352**	16,389,666
Receipt of government grants	26	**–**	17,000,000
Dividends received from associates	10	**2,000,206**	–
Net cash flows used in investing activities		**(1,764,742,498)**	(2,960,295,391)
Financing activities			
Borrowings received	37	**779,936,244**	4,071,782,418
Borrowings repaid	37	**(1,915,507,929)**	(2,256,652,162)
Proceeds from issue of shares	18	**–**	33,252,276
Distribution to shareholders	18	**(43,789,310)**	(44,342,985)
Dividends paid to Shareholders	18	**(8,397,040)**	(2,438,340)
Repayment of principal portion of lease liabilities	37	**(54,131,448)**	(31,059,466)
Deferred financing cost paid	16	**(25,811,839)**	–
Net cash flows used in/(from) financing activities		**(1,267,701,322)**	1,770,541,741
Effect of exchange rate changes on cash and cash equivalents		**(14,682,220)**	(18,905,535)
Less: Allowance for expected credit loss	17	**(1,078,754)**	–
Net change in cash and cash equivalents		**175,612,583**	86,287,053
Cash and cash equivalents, as at 1 January	17	**106,279,870**	19,992,817
Cash and cash equivalents, as at 31 December	17	**281,892,453**	106,279,870

Disclosure of significant non-cash transactions is presented in *Note 35*.

	Khasanov N.N.	General Director
	Tokhtiyarov A.N.	Deputy General Director of the Financial Affairs
	Sattarov Kh.I.	Chief accountant

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

1. GENERAL INFORMATION

Uzbektelecom JSC (the "Company" or "Uzbektelecom") was established in 1992 in accordance with the legislation of the Republic of Uzbekistan.

On 30 June 2000, in accordance with the Decree of the Cabinet of Ministers of the Republic of Uzbekistan, state telecommunication enterprises "Uzbektelecom" were combined into the Joint Stock Company "Uzbektelecom" ("the Company"). As at 31 December 2025, the legal address of the Company is: Mirzo Ulugbek, Street Muminov, 4/2, Tashkent, Republic of Uzbekistan.

The Company provides the following services:

- Mobile and fixed communications in GSM standards;
- Fixed line communications;
- Internet access;
- Video conferencing and television services:

The Government of the Republic of Uzbekistan is the ultimate controlling shareholder of the Company. During 2025, the Company transferred 25.00% of its shares to JSC "National Investment Fund of the Republic of Uzbekistan" ("UzNIF"), a government-owned entity established under the control of the Government of the Republic of Uzbekistan and owned by 100% the Ministry of Economy and Finance as at 31 December 2025. As a result of this transfer, the Ministry of Economy and Finance held 67.17% of the Company's shares as at 31 December 2025 (2024: 92.17%), while UzNIF held 25.00%. The remaining shares are held by other legal entities and individuals.

Below is a list of the Company's shareholders as at 31 December 2025:

	31 December 2025	31 December 2024
Ministry of Economy and Finance of the Republic of Uzbekistan	**67.17%**	92.17%
JSC "National Investment Fund of the Republic of Uzbekistan"	**25.00%**	–
Other legal entities and individuals (individually hold less than 1%)	**7.83%**	7.83%
	100.00%	100.00%

Preference shares of the Company are listed in the Republican Stock Exchange "Toshkent".

The Company operates under the following licenses issued by the technologies and communications of the Republic of Uzbekistan:

Type of License	**Number**	**Issued**	**Valid until**
Provision of mobile radiotelephone (cellular) communication networks	AA0005717	3 November 2015	3 November 2030
Provision of international telecommunication networks	AA0005659	03 January 2017	03 January 2032
Provision of local telecommunication networks	AA0005657	23 February 2017	23 February 2032
Provision of data transfer services	AA0007407	25 February 2022	Unlimited
Provision of broadcasting networks	AA0007400	25 February 2022	25 February 2027
Provision of long-distance telecommunication networks	AA0005718	3 November 2015	3 November 2030

These consolidated financial statements of the Company and its subsidiaries (collectively, the Group) were approved for issue by the Chairman of the Management Board on behalf of the Management of the Company on 26 May 2026.

2. BASIS OF PREPARATION

These consolidated financial statements of the Group have been prepared in accordance with IFRS accounting standards (hereinafter, "IFRS"). as issued by International Accounting Standard Board (hereinafter, "IASB").

These consolidated financial statements have been prepared on a historical cost basis, except as described in the accounting policies and the notes to these consolidated financial statements

The consolidated financial statements are presented in Uzbek soums ("soums") and all amounts are rounded to the nearest thousands, except when otherwise indicated.

Going concern

As at 31 December 2025, the Group's current liabilities exceeded its current assets by 3,361,741,585 thousand soums (2024: 2,798,967,272 thousand soums). The Group's current liabilities mainly comprise short-term borrowings of 2,532,483,743 thousand soums, trade accounts payable of 1,271,150,131 thousand soums and other current financial and non-financial liabilities. The Group's net profit and net cash generated from operating activities for the year ended 31 December 2025 amounted to 609,772,684 thousand soums and 3,223,817,377 thousand soums, respectively (2024: 801,264,689 thousand soums and 1,294,946,238 thousand soums, respectively).

Management believes that the Group will continue to operate as a going concern in the foreseeable future. Management's assessment is based on the following facts and assumptions:

- On 21 June 2025, the Group entered into the loan agreement with Eximbank of CNY 3,638,080,084 (equivalent of approximately 6,243,818,563 thousand soums at the exchange rate as at 31 December 2025). The purpose of financing is to fund the expansion of its 5G and wire networks, as well as the modernization of its existing 4G/3G infrastructure. These investment plans are in line with its strategy to develop of wired and mobile data transmission networks in the eastern and western rural areas of Uzbekistan. Subsequent to the reporting date, trade accounts payable related to the acquisition of equipment of 532,463,107 thousand soums as at 31 December 2025 was refinanced under the Eximbank loan agreement and reclassified as non-current liability. In addition, the Group subsequently acquired equipment with a value of approximately 1,530,105,168 thousand soums under this financing arrangement.
- On 27 January 2023, the Group entered into the loan agreement with JBIC for the amount of 19,375,190,740 Japanese Yen (equivalent of approximately 1,490,533,424 thousand soums at the exchange rate as at 31 December 2025) for the purpose to finance the acquisition of the goods and services from "Toyota Tsusho Corporation", which are required for the implementation and completion of the Project "Expansion of telecom infrastructure". The loan is issued at fixed interest rate and has a maturity date of 17 December 2034. Unutilized amount of the loan under the loan agreement was 3,805,220,865 Japanese Yen (equivalent of approximately 292,735,641 thousand soums at the exchange rate as at 31 December 2025), which the Group expects to utilize to fund capital expenditures in 2026 and 2027;
- In January 2026, the Group entered into a loan agreement with IpotekaBank to support working capital. The agreement provides access to a credit facility of up to 30 million US dollars (equivalent of approximately 360,759,900 thousand soums at the exchange rate as at 31 December 2025). The loan bears fixed interest and has a total maturity of three years, including a grace period of up to one year. Up to the issuance date of these consolidated financial statements, the Group have drawn 5.5 million US dollars (equivalent of 66,762,347 thousand soums).
- During years 2021-2025, the Group achieved an average growth in revenues of 19% per annum, driven by increase in customer base, types of services and pricing. The Group expects the growth to continue in a foreseeable future, resulting in further increase in operating inflows.
- During the first four months of 2026, the Group repaid principal amounts and related interests on existing borrowings totaling 714,589,664 thousand soums, in accordance with the contractual terms.

Management believes that the Group generates, and will continue to generate, sufficient operating profit and cash flows from operating activities to support its growth and maintain access to funding. As a result of the above, management believes that the Group will continue as a going concern in the foreseeable future. These consolidated financial statements do not include any adjustments that would be necessary should the Group be unable to continue as going concern.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

2. BASIS OF PREPARATION (continued)

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 December 2025. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee;
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee;
- Rights arising from other contractual arrangements;
- The Group's voting rights and potential voting rights.

The Group re-assesses 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. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flow relating to transactions among members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it derecognizes the related assets (including goodwill), liabilities, noncontrolling interest and other components of equity, while any resultant gain or loss is recognized in profit or loss. Any investment retained is recognized at fair value.

3. MATERIAL ACCOUNTING POLICIES

New and amended standards and interpretations

The Group applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2025 (unless otherwise stated). The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Lack of exchangeability – Amendments to IAS 21

For annual reporting periods beginning on or after 1 January 2025, Lack of Exchangeability – Amendments to IAS 21 *The Effects of Changes in Foreign Exchange Rates* specifies how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments also require disclosure of information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows.

The amendments did not have a material impact on the Group's financial statements.

Standards issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

3. MATERIAL ACCOUNTING POLICIES (continued)

Standards issued but not yet effective (continued)

IFRS 18 Presentation and Disclosure in Financial Statements

In April 2024, the IASB issued IFRS 18, which replaces IAS 1 *Presentation of Financial Statements*. IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Furthermore, entities are required to classify all income and expenses within the statement of profit or loss into one of five categories: operating, investing, financing, income taxes and discontinued operations, whereof the first three are new.

The standard requires disclosure of newly defined management-defined performance measures, subtotals of income and expenses, and it also includes new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements (PFS) and the notes.

In addition, narrow-scope amendments have been made to IAS 7 *Statement of Cash Flows*, which include changing the starting point for determining cash flows from operations under the indirect method, from 'profit or loss' to 'operating profit or loss' and removing the optionality around classification of cash flows from dividends and interest. In addition, there are consequential amendments to several other standards.

IFRS 18, and the amendments to the other standards, are effective for reporting periods beginning on or after 1 January 2027, but earlier application is permitted and must be disclosed. IFRS 18 will apply retrospectively.

The Group is currently working to identify all impacts the amendments will have on the primary financial statements and notes to the financial statements. The initial expected material impacts on Group's financial statements are, as follows:

- Rental income and share of profit or an associate and a joint venture will be classified in the investing category within the statement of profit or loss;
- Foreign exchange difference will be classified in the category where the related income and expense form the item giving rising to the foreign exchange difference;
- New disclosure will be added: (a) management-defined performance measures; (b) specified expense by nature if expenses are presented by function in the operating category of the statement of profit or loss; and (c) a reconciliation for each line item in the statement of profit or loss between the restated amounts presented applying IFRS 18 and the amounts previously presented applying IAS 1;
- Interest paid will be classified in the financing activities, respectively, on the statement of cash flows.

The Group is currently working to implement the standard impact that will have effect on the primary financial statements and notes to the financial statements.

IFRS 19 Subsidiaries without Public Accountability: Disclosures

In May 2024, the IASB issued IFRS 19, which allows eligible entities to elect to apply its reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other IFRS accounting standards. To be eligible, at the end of the reporting period, an entity must be a subsidiary as defined in IFRS 10, cannot have public accountability and must have a parent (ultimate or intermediate) that prepares consolidated financial statements, available for public use, which comply with IFRS accounting standards.

IFRS 19 will become effective for reporting periods beginning on or after 1 January 2027, with early application permitted.

Amendments to the Basis for Conclusions on IFRS 19 Subsidiaries without Public Accountability: Disclosures

In August 2025, the International Accounting Standards Board (IASB) issued Amendments to IFRS 19 Subsidiaries without Public Accountability: Disclosures. The Amendments further reduce disclosure requirements in IFRS 19 by simplifying the reduced disclosure framework for new IFRS Accounting Standards and amendments issued between February 2021 and May 2024. In particular, certain disclosure objectives were removed to avoid creating the impression that entities applying IFRS 19 are required to provide the same level of disclosures as entities applying full IFRS Accounting Standards. The Amendments are effective for annual reporting periods beginning on or after 1 January 2027, with earlier application permitted.

As the Group's equity instruments are listed and traded in public markets, the Group is publicly accountable and therefore does not meet the criteria for applying IFRS 19 or its Amendments. Accordingly, the Amendments to IFRS 19 are not applicable to the Group.

3 MATERIAL ACCOUNTING POLICIES (continued)

Standards issued but not yet effective (continued)

Amendments to the Classification and Measurement of Financial Instruments—Amendments to IFRS 9 and IFRS 7

In May 2024, the IASB issued Amendments to IFRS 9 and IFRS 7, Amendments to the Classification and Measurement of Financial Instruments (the Amendments). The Amendments include: A clarification that a financial liability is derecognized on the 'settlement date' and the introduction of an accounting policy choice (if specific conditions are met) to derecognize financial liabilities settled using an electronic payment system before the settlement date Additional guidance on how the contractual cash flows for financial assets with environmental, social and corporate governance (ESG) and similar features should be assessed Clarifications on what constitute 'non-recourse features' and what are the characteristics of contractually linked instruments The introduction of disclosures for financial instruments with contingent features and additional disclosure requirements for equity instruments classified at fair value through other comprehensive income (OCI) The Amendments are effective for annual periods starting on or after 1 January 2026 with early adoption permitted for classification of financial assets and related disclosures only. The Group does not anticipate that the amendments will have a material effect on the Group's financial statements.

Annual Improvements to IFRS Accounting Standards - Volume 11

In July 2024, the IASB issued nine narrow scope amendments as part of its periodic maintenance of IFRS accounting standards. The amendments include clarifications, simplifications, corrections or changes to improve consistency in IFRS 1 *First-time Adoption of International Financial Reporting Standards*, IFRS 7 *Financial instruments: Disclosure* and its accompanying Guidance on implementing IFRS 7, IFRS 9 *Financial Instruments*, IFRS 10 *Consolidated Financial Statements* and IAS 7 *Statements of Cash Flows.*

The amendments will be effective for reporting periods beginning on or after 1 January 2026. Earlier application is permitted and must be disclosed.

The amendments are not expected to have a material impact on the Group's financial statements.

Contracts Referencing Nature-dependent Electricity – Amendments to IFRS 9 and IFRS 7

In December 2024, the IASB issued Amendments to IFRS 9 and IFRS 7 - *Contracts Referencing Nature-dependent Electricity.* The amendments apply only to contracts that reference nature-dependent electricity; the amendments:

- Clarify the application of the 'own-use' requirements for in-scope contracts;
- Amend the designation requirements for a hedged item in a cash flow hedging relationship for in-scope contracts;
- Add new disclosure requirements to enable investors to understand the effect of these contracts on a company's financial performance and cash flows.

The amendments will take effect for annual reporting periods starting on or after 1 January 2026. Early adoption is allowed, but it must be disclosed. The amendments concerning the own-use exception are to be applied retrospectively, while the hedge accounting amendments should be applied prospectively to new hedging relationships designated from the initial application date. Additionally, the IFRS 7 disclosure amendments must be implemented alongside the IFRS 9 amendments. If an entity does not restate comparative information, it cannot present comparative disclosures.

The Group does not expect that the amendments will have a material impact on its financial statements.

Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Translation to a Hyperinflationary Presentation Currency (issued on 13 November 2025)

In November 2025, the International Accounting Standards Board (IASB) amended the relevant Standard to revise the translation procedures applicable when an entity's presentation currency is that of a hyperinflationary economy. The amendments apply when an entity translates its own results and financial position, or those of a foreign operation, from a functional currency of a non-hyperinflationary economy into a presentation currency of a hyperinflationary economy. The amendments were introduced to improve the usefulness and consistency of financial information, as the previous requirements did not always provide relevant information and resulted in diversity in practice. The IASB concluded that the revised approach enhances comparability and provides more decision-useful information in a cost-effective manner.

3. MATERIAL ACCOUNTING POLICIES (continued)

Improvements to International Financial Reporting Standards

IFRS 1 First-time Adoption of International Financial Reporting Standards - Hedge Accounting by a First-time Adopter

Paragraphs B5 and B6 of IFRS 1 have been amended to include cross references to the qualifying criteria for hedge accounting in paragraph 6.4.1(a), (b) and (c) of IFRS 9. These amendments are intended to address potential confusion arising from an inconsistency between the wording in IFRS 1 and the requirements for hedge accounting in IFRS 9.

- An entity applies the amendments for annual reporting periods beginning on or after 1 January 2026. Earlier application is permitted.

The amendments are not expected to have a material impact on the Group's financial statements.

IFRS 7 Financial Instruments: Disclosures

Gain or Loss on Derecognition

The amendments update the language on unobservable inputs in paragraph B38 of IFRS 7 and include a cross reference to paragraphs 72 and 73 of IFRS 13 Fair Value Measurement.

An entity applies the amendments for annual reporting periods beginning on or after 1 January 2026. Earlier application is permitted.

Introduction

The amendments to paragraph IG1 of the Guidance on implementing IFRS 7 clarify that the guidance does not necessarily illustrate all the requirements in the referenced paragraphs of IFRS 7, nor does it create additional requirements.

Disclosure of Deferred Difference between Fair Value and Transaction Price

Paragraph IG14 of the Guidance on implementing IFRS 7 has been amended mainly to make the wording consistent with the requirements in paragraph 28 of IFRS 7 and with the concepts and terminology used in IFRS 9 and IFRS 13.

Credit Risk Disclosures

Paragraph IG20B of the Guidance on implementing IFRS 7 has been amended to simplify the explanation of which aspects of the IFRS requirements are not illustrated in the example.

IFRS 9 Financial Instruments - Lessee Derecognition of Lease Liabilities

Paragraph 2.1 of IFRS 9 has been amended to clarify that, when a lessee has determined that a lease liability has been extinguished in accordance with IFRS 9, the lessee is required to apply paragraph 3.3.3 and recognize any resulting gain or loss in profit or loss. However, the amendment does not address how a lessee distinguishes between a lease modification as defined in IFRS 16 and an extinguishment of a lease liability in accordance with IFRS 9. An entity applies the amendments for annual reporting periods beginning on or after 1 January 2026. Earlier application is permitted.

The amendments are not expected to have a material impact on the Group's financial statements.

IFRS 9 Financial Instruments - Transaction Price

Paragraph 5.1.3 of IFRS 9 has been amended to replace the reference to 'transaction price as defined by IFRS 15 *Revenue from Contracts with Customers'* with 'the amount determined by applying IFRS 15'. The use of the term 'transaction price' in relation to IFRS 15 was potentially confusing and so it has been removed. The term was also deleted from Appendix A of IFRS 9. An entity applies the amendments for annual reporting periods beginning on or after 1 January 2026. Earlier application is permitted.

The amendments are not expected to have a material impact on the Group's financial statements.

3. MATERIAL ACCOUNTING POLICIES (continued)

Improvements to International Financial Reporting Standards (continued)

IFRS 10 Consolidated Financial Statements - Determination of a 'De Facto Agent'

Paragraph B74 of IFRS 10 has been amended to clarify that the relationship described in paragraph B74 is just one example of various relationships that might exist between the investor and other parties acting as de facto agents of the investor. The amendments are intended to remove the inconsistency with the requirement in paragraph B73 for an entity to use judgement to determine whether other parties are acting as de facto agents. An entity applies the amendments for annual reporting periods beginning on or after 1 January 2026. Earlier application is permitted.

The amendments are not expected to have a material impact on the Group's financial statements. material

IAS 7 Statement of Cash Flows - Cost Method

Paragraph 37 of IAS 7 has been amended to replace the term 'cost method' with 'at cost', following the prior deletion of the definition of 'cost method'.

An entity applies the amendments for annual reporting periods beginning on or after 1 January 2026. Earlier application is permitted.

The amendments are not expected to have a material impact on the Group's financial statements.

IFRS Practice Statement 1: Management Commentary (Revised)

Companies are permitted to apply the revised guidance in the Practice Statement (revised PS) to financial statements prepared any time after 23 June 2025. The revised PS is not an IFRS accounting standard, and an entity can prepare IFRS compliant financial statements without preparing management commentary that complies with the revised PS.

The revised PS includes more extensive and comprehensive guidance on management commentary.

- Identifying management commentary and other related general purpose financial reports – The IASB decided to update and clarify some procedural requirements for entities that are required or choose to prepare management commentary by applying the revised PS;
- The objective of management commentary – The IASB has clarified that the objective of management commentary is to improve users' understanding of the entity's financial performance and financial position as presented in the financial statements;
- Material information and key matters and areas of content – The IASB decided to provide guidance that will assist management in identifying information that is material in the context of management commentary;
- Attributes of useful information in management commentary – The revised PS includes a description of each attribute of useful information;
- Coherence – The revised PS requires information to be provided in the management commentary in a way that makes clear the relationships between related matters and the relationships between related pieces of information;
- Metrics – The revised PS includes requirements and guidance on providing metrics in management commentary.

The amendments are not expected to have a material impact on the Group's financial statements.

Foreign currency translation

The consolidated financial statements of the Group are presented in Uzbek soums, which is the functional currency of the Company and its subsidiaries. Uzbek soum ("UZS" or "soums") is the currency of the primary economic environment in which the Company and its subsidiaries operate. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions and balances

Transactions in foreign currencies are initially recorded by the Group entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are retranslated at the official rate published by the Central Bank of the Republic of Uzbekistan (the "CBU") at the reporting date. All translation differences are recognized in the consolidated statement of profit or loss.

3. MATERIAL ACCOUNTING POLICIES (continued)

Foreign currency translation (continued)

Transactions and balances (continued)

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognized in OCI or profit or loss are also recognized in OCI or profit or loss, respectively).

Foreign exchange rates are presented in the following table:

In soums	**31 December 2025**	31 December 2024
US dollar	**12,025**	12,920
Euro	**14,162**	13,436
Japanese Yen	**77**	82
Russian Rubles	**155**	130

During consolidation the assets and liabilities of foreign operation are translated into soums at the rate of exchange prevailing at the reporting date and its statement of profit or loss is translated at exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognized in other comprehensive income.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in general and administrative expenses.

The Group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contributes to the ability to create outputs. The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organized workforce with the necessary skills, knowledge, or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 *Financial Instruments*, is measured at fair value with the changes in fair value recognized in the statement of profit or loss in accordance with IFRS 9. Other contingent consideration that is not within the scope of IFRS 9 is measured at fair value at each reporting date with changes in fair value recognized in profit or loss.

3. MATERIAL ACCOUNTING POLICIES (continued)

Current versus non-current classification

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

The Group presents assets and liabilities in the consolidated statement of financial position based on current/non-current classification. An asset as current when it is:

- Expected to be realized or intended to sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within 12 (twelve) months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 (twelve) months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within 12 (twelve) months after the reporting period; or
- it does not have the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period;

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

Fair value measurement

Fair value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed, are summarized in the *Note 37*.

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 fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. MATERIAL ACCOUNTING POLICIES (continued)

Fair value measurement (continued)

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 − quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 − valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable;
- Level 3 − valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the consolidated financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The respective unit of the Group (hereinafter, the "Working Group") determines the policies and procedures for both recurring fair value measurement, such as investment properties and unquoted financial assets at fair value through profit or loss (FVTPL), and for non-recurring measurement, such as assets held for distribution in discontinued operations. The composition of the Working Group is determined by the Management of the Group.

External valuers are involved for valuation of significant assets, such as investment properties and unquoted financial assets, and significant liabilities, such as contingent consideration. Involvement of external valuers is determined annually by the Working Group after discussion with and approval by the Group's Supervisory Board. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. Valuers are normally rotated every three years. The Working Group decides, after discussions with the Group's external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, the Working Group analyses the movements in the values of assets and liabilities which are required to be remeasured or re-assessed as per the Group's accounting policies. For this analysis, the Working Group verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The Working Group also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

The Working Group and external valuers of the Group provide valuation results to the Supervisory Board and independent auditors of the Group on a regular basis that assumes discussion of main assumptions used in valuation.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

3. MATERIAL ACCOUNTING POLICIES (continued)

Property and equipment

Property and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the property and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the property and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met. Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets, as follows:

	Years
Buildings	25-60
Constructions	15-30
Telecommunication equipment	10-15
Transport vehicles	7-15
Furniture and office equipment	5-7
Other	5-7

Land is not depreciated.

An item of property and equipment and any significant component initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of profit or loss when the asset is derecognized.

The residual values, useful lives and methods of depreciation of property and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Construction-in-progress

Construction-in-progress represents property and equipment under construction and machinery and equipment awaiting installation and is recorded at cost. Construction-in-progress includes cost of construction and equipment and other direct costs. When construction of such assets is completed or when the machinery and equipment are ready for their intended use, construction-in-progress is transferred to the appropriate category of depreciable assets. Construction-in-progress is not depreciated.

Investment properties

Investment property is initially measured at cost, including the purchase price and any directly attributable expenditures such as taxes, duties and professional fees.

The Group applies the cost model, whereby investment properties are measured at cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated using the straight-line method over the estimated useful lives of the buildings

Transfers to or from investment property are made only when there is a change in use, evidenced by the commencement or end of owner-occupation or leasing to third parties, or a decision to sell the property in the ordinary course of business.

The Group discloses the fair value of investment property in the notes to the financial statements. The fair value of investment property is determined based on market data, including prices for similar properties where available. In the absence of an active market, valuation techniques such as discounted cash flow models or income-based approaches are applied. Where appropriate, valuations are performed by independent external appraisers.

Rental income from investment property is recognized on a straight-line basis over the lease term in accordance with IFRS 16 (lessor accounting). Costs related to maintenance, including repairs, property taxes and utilities, are recognized in profit or loss as incurred unless such costs are recoverable from tenants.

3. MATERIAL ACCOUNTING POLICIES (continued)

Investment properties (continued)

Investment property is derecognized upon disposal or when it is permanently withdrawn from use and no future economic benefits are expected. Any gain or loss arising on derecognition of the asset, calculated as the difference between the net disposal proceeds and the carrying amount, is recognized in profit or loss in the period of derecognition.

Land is not depreciated. The residual values, useful lives and methods of depreciation are reviewed at each reporting date and adjusted prospectively, if appropriate

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangibles, excluding capitalized development costs, are not capitalized and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

Intangible assets have finite and indefinite useful lives.

Intangible assets with finite useful lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. Expenses on amortization of intangible assets with finite useful life are recognized in the consolidated statement of profit or loss in the category of expenses, which corresponds to the function of the intangible asset.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the consolidated statement of profit or loss when the asset is derecognized.

Intangible assets are amortized on a straight-line basis within the following estimated useful lives.

	Years
Licenses	1-5
License for data transfer services	Indefinite
Computer software	1-10

Research and development costs

Research costs are expensed as incurred. Development expenditures on an individual project are recognized as an intangible asset when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale;
- Its intention to complete and its ability and intention to use or sell the asset;
- How the asset will generate future economic benefits;
- The availability of resources to complete the asset;
- The ability to measure reliably the expenditure during development.

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete, and the asset is available for use. It is amortized over the period of expected future benefit. Amortization is recorded in cost of sales. During the period of development, the asset is tested for impairment annually.

3. MATERIAL ACCOUNTING POLICIES (continued)

Investment in an associate and a joint venture

The group holds an interest in joint ventures and an interest in associates *(Note 10).* The Group uses the associate's/joint venture's financial information for the same reporting period and, where necessary, adjusts it to conform to the Group's accounting policies.

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group's investment in its associate and joint venture are accounted for using the equity method. The aggregate of the Group's share of profit or loss of an associate and a joint venture is shown on the face of the statement of profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate or joint venture.

Under the equity method, the investment in an associate or a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment separately. Thus, reversals of impairments may effectively include reversal of goodwill impairments. Impairments and reversals are presented within 'Share of profit of an associate and a joint venture' in the statement of profit or loss.

The statement of profit or loss reflects the Group's share of the results of operations of the associate or joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

The aggregate of the Group's share of profit or loss of an associate and a joint venture is shown on the face of the statement of profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate or joint venture.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and then recognises the loss within 'Share of profit of an associate and a joint venture' in the statement of profit or loss.

Where the Group's ownership interest in an associate or joint venture is diluted as a result of the investee issuing additional equity interests and the Group does not participate proportionately, the resulting dilution gain or loss is recognised in profit or loss in 'Share of profit of an associate and a joint venture'. The gain or loss on the dilution of an interest in an equity-accounted investee is calculated as the difference between:

a) the Group's ownership interest in the new assets received by the investee for the subscription of the new shares (e.g. the cash paid by the other party); and

b) the reduction in ownership interest in the previous carrying amount.

The carrying amount of the investment after the transaction equals the carrying amount of the investment immediately before the transaction plus/(minus) the dilution gain/(loss). Following the dilution, the investment continues to be accounted for using the equity method, unless the transaction results in the loss of significant influence or joint control.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

3. MATERIAL ACCOUNTING POLICIES (continued)

Impairment of non-financial assets(continued)

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's or cash-generating unit's (CGU) recoverable amount is the higher of: the fair value of an asset (cash generating unit) less costs of disposal and its value in use (cash generating unit).

The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of 5 (five) years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognised in the consolidated statement of profit or loss in those expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the consolidated statement of profit or loss.

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

3. MATERIAL ACCOUNTING POLICIES (continued)

Financial assets (continued)

Initial recognition and measurement (continued)

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Financial assets of the Group include cash and cash equivalents, trade receivables, financial assets at amortized cost and other current financial assets.

Subsequent measurement

For purposes of subsequent measurement financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments);
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments);
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments);
- Financial assets at fair value through profit or loss.

Financial assets at amortised cost (debt instruments)

This category is the most relevant to the Group. The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost includes trade receivables, loans to employees, bank deposits and other non-current and current financial assets.

Financial assets on FVTPL

Derecognition

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e. removed excluded from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, the Group evaluates if it has retained the risks and rewards of the property, and to which extent, if any. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

3. MATERIAL ACCOUNTING POLICIES (continued)

Financial assets on FVTPL (continued)

Impairment of financial assets

Financial assets carried at amortised cost

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

For long-term trade receivable that contain a significant financing component the Group measures the loss allowance at an amount equal to lifetime expected losses. An entity applies the simplified approach for ECL calculation of long-term trade receivables

The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities comprise trade accounts payable, loans and borrowings, lease liabilities, debt component of preferred shares.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification, as described below:

Loans and borrowings

This category is the most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in the consolidated statement of profit or loss.

This category generally applies to interest-bearing loans and borrowings. Further details are contained in *Note 19*.

3. MATERIAL ACCOUNTING POLICIES (continued)

Financial liabilities (continued)

Financial guarantee obligations

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of the loss allowance determined in accordance with IFRS 9 *Financial Instruments* and the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with IFRS 15 *Revenue from Contracts with Customers*.

Debt component of preferred shares recorded in liabilities

The debt component of the preferred shares that exhibits characteristics of a liability is recognised as a liability in the consolidated statement of financial position, net of transaction costs. The corresponding minimal guaranteed dividends on those shares are charged as interest expense in the consolidated statement of profit or loss. On initial recognition, the fair value of the liability component is determined by discounting expected future cash flows at a market interest rate for a comparable debt instrument. The fair value of the equity component on initial recognition is assigned the residual amount after deducting from the initial carrying amount of the instrument as a whole the fair value determined for the liability component. Subsequently, the liability component is measured according to the same principles used for loans and borrowings, and the equity component is not remeasured in subsequent years.

Trade accounts payable

Liabilities for trade accounts payable are recognised at fair value to be paid in the future for goods and services received, whether or not billed to the Group.

Derecognition

Financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the consolidated statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are only offset and reported at the net amount in the consolidated statement of financial position when there is a legally enforceable right to offset the recognised amounts and the Group intends to either settle on a net basis, to realise the asset and settle the liability simultaneously.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease

3. MATERIAL ACCOUNTING POLICIES (continued)

Leases (continued)

Group as a lessee (continued)

liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

	Years
Sites and base stations	10
Offices and warehouses	10

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in section *Impairment of non-financial assets.*

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

In the event of changes in lease payments during the reporting period that are individually or in aggregate immaterial and do not result in a significant change in the lease liability, the Group applies a practical expedient whereby the present value of lease payments is calculated based on averaged parameters. This practical expedient is applied consistently and does not have a material impact on the Group's financial position, financial performance or cash flows.

Short-term leases

The Group applies the short-term lease recognition exemption to its short-term leases of property and equipment that have a lease term of 12 months or less from the commencement date. Lease payments on short-term leases are recognised as expense on a straight-line basis over the lease term.

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

3. MATERIAL ACCOUNTING POLICIES (continued)

Inventories

Inventories are valued at the lower of: cost of acquisition and net realisable value.

Cost comprise expenses incurred in bringing inventory to its present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale. The same cost formula is used for all inventories having a similar nature and use. All inventories are determined based on weighted average cost method.

Cash and short-term deposits

Cash and short-term deposits in the consolidated statement of financial position comprise cash at banks and on hand and short-term highly liquid deposits with a maturity of three months or less, that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

Provisions

General

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the consolidated statement of profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Decommissioning liability

Decommissioning liabilities are recognized in respect of the estimated future costs of closure and restoration and for environmental rehabilitation costs (which include the dismantling and demolition of infrastructure, removal of residual materials and remediation of disturbed areas) in the reporting period when the related environmental disturbance occurs. Decommissioning costs are recorded at the discounted value of expected liability settlement costs calculated using estimated cash flows and recognized as part of the initial cost of the particular asset. Cash flows are discounted at the current rate before tax, which reflects risks inherent to the decommissioning obligations. Unwinding of discount is expensed as incurred and recognised in the consolidated statement of profit or loss as finance costs. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. Changes in the estimated future costs, or in the discount rate applied, are added to or deducted from the cost of the asset.

Government grants

Grants from the Government are recognized where there is a reasonable assurance that the grant will be received, and the Group will comply with all attached conditions. Government grants relating to the purchase of property, plant and equipment are included in non−current liabilities as deferred income and are credited to profit or loss on a straight−line basis over the expected lives of the related assets.

When the grant relates to an expense item, it is recognized as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed.

Employee benefits

Social tax

The Group pays social tax according to the current statutory requirements of the Republic of Uzbekistan. Social tax expenses are charged to expenses as incurred.

Besides, the Group withholds 0.1% of the salary of employees paid as contributions of employees to the accumulating pension funds. Under the legislation, employees are responsible for their retirement benefits and the Group has no present or future obligation to further compensate its employees upon their retirement, except as provided below.

3. MATERIAL ACCOUNTING POLICIES (continued)

Employee benefits (continued)

Pension payments

The Group does not incur any expenses in relation to provision of pensions or other post-employment benefits to its employees. In accordance with the legal requirements of the Republic of Uzbekistan, the Group withholds pension contributions from employee salaries and transfers them into state or private pension funds on behalf of its employees. Pension contributions are the responsibility of employees, and the Group has no current or future obligations to make payments to employees following their retirement. Upon retirement of employees, all pension payments are administered by the pension funds directly.

Defined benefits pension plan

In accordance with the Collective Agreement the Group provides certain long-term and retirement benefits to some of its employees (the "Defined Benefit Scheme").

Long-term benefits are paid to employees upon completion of a certain number of years of service whereas retirement benefits represent one-off payments paid upon retirement in accordance with the the Collective Agreement. Both items vary according to the employee's average salary and length of service.

Cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit obligation and the return on plan assets (excluding amounts included in net interest on the net defined benefit obligation), are recognised immediately in the consolidated statement of financial position with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss on the earlier of:

- The date of the plan amendment or curtailment; and
- The date that the Group recognises related restructuring costs.

Net interest is calculated by applying the discount rate to the net defined benefit obligation or asset. The Group recognises the outlined changes of net defined benefit obligation in the lines: "cost of sales", "general and administrative expenses" in the consolidated statement of profit or loss.

Cash dividend and non-cash distribution to equity holders of the Parent

The Group recognises a liability to make cash or non-cash distributions to equity holders of the Parent when the distribution is authorised and the distribution is no longer at the discretion of the Group. According to the legislation, distribution is approved by the shareholders. A corresponding amount is recognised directly in equity.

Non-cash distributions are measured at the fair value of the assets to be distributed with fair value remeasurement recognised directly in equity.

Upon distribution of non-cash assets, any difference between the carrying amount of the liability and the carrying amount of the assets distributed is recognised in the consolidated statement of profit or loss.

Treasury shares

Own equity instruments that are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the acquisition, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognised in equity.

Revenue from contracts with customers

Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

3. MATERIAL ACCOUNTING POLICIES (continued)

Revenue from contracts with customers (continued)

The Group's activities mainly relates to the provision of data transmission services, rendering of fixed line and wireless phone services, rent of channels, local, intercity and international calls, interconnect / traffic transmission of other operators, value added services and sale of equipment and mobile devices.

At the beginning of the contract, the Group assesses the goods and services promised in the contract with the buyer and defines as a performance obligation each promise to transfer to the buyer a certain product or service or a set of certain goods or services.

The Group has concluded that it is acting as a principal in all of its revenue arrangements, since in all cases it is the main party that assumed obligations under the contract, controls the goods and services before transferring them to the customer.

Interconnection fees from domestic and foreign telecommunication operators are recognized when the services are rendered based on the actual minutes of traffic transferred through the network.

Revenue from international and intercity calls and calls to local operators are recognized at the time the call is made over the Group's network.

Subscription fees, consisting primarily of monthly charges for access to broadband and other internet services or voice services, are recognised as revenue over time on a straight-line basis. Revenue from dial up internet is recognized based on the actual airtime provided to the customers.

Revenue from the rental of analogue and digital channels and private circuits as well as wholesale access revenue is recognised on a straight-line basis over the period to which it relates.

Non-refundable upfront consideration received for initial connection of new subscribes to fixed line networks are deferred and recognized during the expected period of the subscriber lifetime. The expected period of the subscriber lifetime is based on past history of subscriber lifetime period and industry practice.

Equipment provided to customers

The Group provides Internet and other data transmission services and equipment for the provision of these services, including modem, routers and others.

Equipment provided to customers (continued)

The Group provides internet transmission services that are either sold separately or bundled together with the sale of equipment to a subscriber. Contracts for bundled sales of equipment and internet transmission services are comprised of two performance obligations because the equipment and internet transmission services are both sold on a stand-alone basis and are distinct within the context of the contract. Based on the analysis of current operating indicators, the Group concluded that equipment that can be used by the subscriber separately from the services of the Group. Accordingly, the Group allocates the transaction price based on the relative stand-alone selling prices of the equipment and installation services. The Group recognises revenue from internet transmission services over time because the customer simultaneously receives and consumes the benefits provided to them. The Gorup recognises revenue from the equipment at the point in time when control of the asset is transferred to the subscriber, generally on delivery of the equipment at the subscriber's location.

Sale of equipment and mobile devices

The Group may bundle services and products into one customer offering. Offerings may involve the delivery of telecommunication equipment or performance of multiple products, services, or rights to use assets (multiple deliverables). In some cases, the arrangements include initial installation, connection, or activation services and involve consideration in the form of a fixed fee or a fixed fee coupled with a continuing payment stream. Costs associated with delivery of telecommunication equipment and performance of multiple services are recognised when revenue is recognised. The revenue is allocated to the distinct telecommunication equipment and services based on their relative stand-alone selling prices.

3. MATERIAL ACCOUNTING POLICIES (continued)

Revenue from contracts with customers (continued)

Sale of equipment and mobile devices (continued)

The stand-alone selling prices are determined based on the list prices at which the Group sells telecommunication equipment and services separately. In revenue arrangements where more than one performance obligation, transaction price is allocated between the distinct goods and services using a relative stand-alone selling price method. Determining the transaction price for each separate performance obligation can require complex estimates. The Group generally determines the stand-alone selling price for each separate performance obligation based on prices at which the good or services are regularly sold on a stand-alone basis after considering volume discounts where appropriate.

Significant financing component

Generally, the Group receives short-term advances from its customers. Using the practical expedient in IFRS 15, the Group does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less.

The Group also receives long-term advances from customers for the connection to international telecommunication network. The transaction price for such contracts is discounted, using the rate that would be reflected in a separate financing transaction between the Group and its customers at contract inception, to take into consideration the significant financing component.

Costs to obtain a contract

The Group sells part of payment scratch cards, sim cards, and handsets using sales agents. The Group pays commission to sales agents for new connected subscribers in the B2C segment. The commission to sales agents is capitalized as costs to obtain a contract in the consolidated statements of financial position. Costs to obtain a contract are amortized over the period the service is provided to the customer.

Contract balances

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

Trade receivables

A receivable is recognised if an amount of consideration that is unconditional is due from the customer (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in section *Financial instruments − initial recognition and subsequent measurement.*

Contract liabilities

A contract liability is recognised if a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

Interest income

For all financial instruments measured at amortised cost and interest-bearing financial assets measured at amortised cost or at fair value through other comprehensive income (FVOCI), interest income is recorded using the effective interest rate (EIR). The EIR is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. The interest income is recorded as part of finance income in the consolidated statement of profit or loss.

3. MATERIAL ACCOUNTING POLICIES (continued)

Expense recognition

Expenses are recognized as incurred and reported in the consolidated statement of profit or loss in the period to which they relate on the accrual basis.

Connection cost

The Group records connection costs incurred and attributable to the related deferred income over the expected period of the customer relationship.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that the Group incurs in connection with the borrowing of funds.

Income tax

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date, in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the consolidated statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in transaction that is not a business combination and, at the same time of transaction, affects neither the accounting profit nor taxable profit or loss;
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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 profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. MATERIAL ACCOUNTING POLICIES (continued)

Income tax (continued)

Deferred tax (continued)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit or loss.

The Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Contingent assets and liabilities

Contingent assets are not recognized in the consolidated financial statements. Where an inflow of economic benefits is probable, they are disclosed.

Contingent liabilities are not recognized in the consolidated financial statements unless an outflow of resources embodying economic benefits has become probable. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

Related parties

In accordance with IAS 24 *Related Party Disclosures*, parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.

Transactions with related parties are used to reflect the status of settlements for property, work and services received from companies or sold to companies that are related parties to the Group. Items of a similar nature are disclosed in aggregate except when separate disclosure is necessary for an understanding of the effects of related party transactions on the consolidated financial statements.

4. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Other disclosures relating to the Group's exposure to risks and uncertainties includes:

- Financial instruments and financial risk management objectives and principles − *Note 37*;
- Sensitivity analyses disclosures − *Note 37*.

4. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements:

Determining significant influence over investees

The Group exercises judgement in assessing whether it has significant influence over investees. In evaluating the existence of significant influence, the Group considers:

- Representation on the board of directors or equivalent governing body;
- Participation in policy making processes, including strategic and operating decision making;
- The existence of material transactions between the Group and the investee; and
- The level of ownership interest, which is generally in the range of 20% to 50%.

Determining the lease term of contracts with renewal and termination options − Group as lessee

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group re-assesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

The Group included the renewal period as part of the lease term for leases of space for technical sites with shorter non-cancellable period. The Group typically exercises its option to renew for these leases because there will be a significant negative effect on production if a replacement asset is not readily available.

Leases − estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

Useful lives of property and equipment and intangible assets

The Group assesses the remaining useful lives of items of property and equipment and intangible assets at least at each financial year-end and, if expectations differ from previous estimates, the changes are accounted for as a change in an accounting estimate in accordance with IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors.*

4. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Impairment of non-current assets

The Group assesses at each reporting date whether there is an indication that non-current assets may be impaired. If any such indication exists, the Group estimates the recoverable amount. As at 31 December 2025, the Group did not identify any indicators of impairment and therefore the test has not been performed.

Impairment of advances paid

Advances paid represents prepayments for goods or services to be received and do not give rise to a contractual right to receive cash are not financial assets and therefore fall outside the scope of IFRS 9. Such advances paid are assessed for impairment in accordance with IAS 36 *Impairment of Assets.*

At each reporting date, the Group assesses whether there are indicators that an advances paid may be impaired. An impairment loss is recognised when the carrying amount of the advances paid exceeds the recoverable amount, which is determined based on the expected receipt of goods or services or other anticipated economic benefits. Advances are written off when it becomes clear that the related goods or services will not be received.

Provision for expected credit losses

The Group recognizes provision for expected credit losses for trade receivables, other current financial assets and funds in credit institutions (cash and cash equivalents, bank deposits).

For trade receivables, the Group has applied the standard's simplified approach and has calculated expected credit losses based on lifetime of these financial instruments. The Group used a provision model that is prepared taking into account Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information.

For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions.

The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in *Note 14*.

For funds in credit institutions (cash and cash equivalents, bank deposits), the Group calculated expected credit losses based on the 12-month period. The 12-month expected credit losses is the portion of lifetime expected credit losses that results from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime expected credit losses.

The Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due. Also, it is considered a financial asset in default when contractual payment are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

4. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Estimates and assumptions (continued)

Provision for expected credit losses (continued)

Thus, as at 31 December 2025 provision for expected credit losses was recognized in the amount of 1,055,478,868 thousand soums (2024: 592,938,200 thousand soums) *(Note 14)*. Changes in the economy, industry or specific customer conditions would have impact to these allowances recorded in the consolidated financial statements.

Costs to obtain a contract

The Group capitalises incremental costs of obtaining a contract with customers, primarily commissions paid to dealers and agents for acquiring new subscribers, when such costs are expected to be recovered. Capitalised costs are amortised on a straight-line basis over the expected period of benefit, which is determined based on average subscriber life derived from historical churn data. The capitalised costs are classified as current or non-current based on the expected timing of amortisation.

Contract liabilities

Deferred revenues are recognized as contract liabilities and recognized over the expected period of the customer relationship. In making its judgments, management considered the detailed criteria for the recognition of revenues from contracts with customers set out in IFRS 15, industry practice and the Group's historical churn rate.

Decommissioning liability

Decommissioning liabilities are recognized in respect of the estimated future costs of closure and restoration and for environmental rehabilitation costs in the reporting period when the related environmental disturbance occurs. Decommissioning costs are recorded at the discounted value of expected liability settlement costs calculated using estimated cash flows and recognized as part of the initial cost of the particular asset. Cash flows are discounted at the current rate before tax, which reflects risks inherent to the decommissioning obligations. Unwinding of discount is expensed as incurred and recognised in the consolidated statement of profit or loss as finance costs. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. Changes in the estimated future costs, or in the discount rate applied, are added to or deducted from the cost of the asset.

Investment in an associate and a joint venture

Investment in an associate and a joint venture includes the entity in which the Group holds less than 20% of the voting power. However, the Group has assessed that it exercises significant influence over these entities despite the ownership interest being below 20%. This significant influence arises from the Group's representation on the supervisory board of the investee and its participation in decisions relating to the relevant activities of this entity.

Employee benefit obligations

The Group uses actuarial valuation method for measurement of the present value of defined employee benefit obligation and related current service cost. This involves the use of demographic assumptions about the future characteristics of current and former employees who are eligible for benefits (mortality, both during and after employment, rates of employee turnover, etc.) as well as financial assumptions (discount rate, future salary increases). Due to the long-term nature of these benefits, such estimates are subject to significant uncertainty.

The current portion of employee benefit obligations represents the obligations which the Group is going to repay within the twelve months period since the end of the annual reporting period.

In determining the appropriate discount rate, management of the Group considers the interest rates of high-yield corporate bonds in respective currencies. If there is no deep market for high-yield corporate bonds, the market yield on government securities at the reporting date is used.

The mortality rate is based on publicly available mortality tables. Future salary increases and pension increases are based on expected future inflation rates.

Further details about employee benefit obligations are contained in *Note 21*.

4. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Estimates and assumptions (continued)

Taxes

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

Climate-related matters

The Group considers climate-related matters in estimates and assumptions, where appropriate. This assessment includes a wide range of possible impacts on the group due to both physical and transition risks. Even though the Group believes its business model and products will still be viable after the transition to a low-carbon economy, climate-related matters increase the uncertainty in estimates and assumptions underpinning several items in the financial statements. Even though climate-related risks might not currently have a significant impact on measurement, the Group is closely monitoring relevant changes and developments, such as new climate-related legislation.

The items and considerations that are most directly impacted by climate-related matters are:

- Useful life of property and equipment. When reviewing the residual values and expected useful lives of assets, the Group considers climate-related matters, such as climate-related legislation and regulations that may restrict the use of assets or require significant capital expenditures;
- Impairment of non-financial assets. The value-in-use may be impacted in several different ways by transition risk in particular, such as climate-related legislation and regulations and changes in demand for the Group's products;
- Decommissioning liability. The impact of climate-related legislation and regulations is considered in estimating the timing and future costs of decommissioning one of the Group's manufacturing facilities.

5. CONSOLIDATION

The following subsidiaries have been included in these consolidated financial statements:

			% Equity interest	
Name	**Principal activities**	**Country of incorporation**	**31 December 2025**	31 December 2024
Granit LLC	Manufacture of hardware	Uzbekistan	**100%**	100%
Buzton LLC	Internet services	Uzbekistan	**55%**	55%
Svyazsoorujeniya story LLC	Residential construction	Uzbekistan	**99.5%**	99%
Telecom Qurilish LLC	Metal recycling services	Uzbekistan	**100%**	98%
Kontakt Markazi LLC	Telecom and IT outsourcing	Uzbekistan	**100%**	–
Toshagroinvest LLC	Agricultural products	Uzbekistan	**55%**	55%
Telecomsoft LLC	Software development activities	Uzbekistan	**98.4%**	98.2%

Formation of the Contact Markazi LLC

On 10 December 2024, Kontakt Markazi LLC was established as a result of a reorganisation of operations within the Group under common control, whereby certain activities were carved out and transferred into a newly incorporated subsidiary of Uztelecom JSC, which holds 100% of the equity interest. The authorised capital of the entity amounts to 20,000,000 thousand soums.

Kontakt Markazi LLC operates in the field of telecommunications and IT outsourcing, including the processing and handling of customer calls and enquiries, provision of contact centre, information and technical support services, as well as support services to governmental and commercial organisations.

As at 31 December 2025, Kontakt Markazi LLC is included in the consolidated financial statements of the Group.

6. SEGMENT INFORMATION

As of 31 December 2025, the Group presents its operations across three reportable operating segments, aligned with its current organizational structure for management and financial reporting purposes. These segments are defined as follows:

- Rendering fixed-line telecommunication services;
- Rendering mobile telecommunication services in GSM and LTE standards;
- Other.

The remaining operating segments have been aggregated and presented as "Other" due to their insignificance. The Group's segments represent strategic business units focusing on different customer groups. Transactions between operating segments are conducted on an arm's length basis. The Executive Management Board is the Chief Operating Decision Maker (CODM) and monitors segment results for resource allocation and performance assessment.

Segment performance is primarily evaluated based on operating profit, while revenue is also reviewed as a key indicator. Operating profit is measured consistently with the consolidated financial statements, except for certain unallocated corporate expenses. Finance income and costs, foreign exchange differences, and share of profit or loss of associates are not allocated to segments and are managed at the Group level.

The tables below present segment revenue and operating profit together with a reconciliation to the consolidated financial statements.

For the year ended 31 December 2025

In thousand soums	**Fixed line**	**Mobile telecommunication services in GSM and LTE standards**	**Other**	**Eliminations and adjustments**	**Group**
Revenue from contracts with customer					
Sales to external customers	**5,282,957,997**	**4,570,006,255**	**762,869,933**	**–**	**10,615,834,185**
Inter-segment	**–**	**–**	**175,432,141**	**(175,432,141)**	**–**
Total revenue from contracts with customers	**5,282,957,997**	**4,570,006,255**	**938,302,074**	**(175,432,141)**	**10,615,834,185**
Cost of sales					
Cost of sales to external customers	**(2,884,650,102)**	**(3,099,321,337)**	**(422,688,398)**	**–**	**(6,406,659,837)**
Inter-segment	**–**	**–**	**(173,731,892)**	**173,731,892**	**–**
Total cost of sales	**(2,884,650,102)**	**(3,099,321,337)**	**(596,420,290)**	**173,731,892**	**(6,406,659,837)**
Gross profit	**2,398,307,895**	**1,470,684,918**	**341,881,784**	**(1,700,249)**	**4,209,174,348**
Financial results					
Selling expenses	**(267,178,345)**	**(622,933,323)**	**(148,682,883)**	**–**	**(1,038,794,551)**
General and administrative expenses	**(268,623,181)**	**(691,716,600)**	**(112,987,187)**	**1,700,249**	**(1,071,626,719)**
Other operating income	**94,389,946**	**81,651,727**	**13,630,102**	**–**	**189,671,775**
Expected credit losses	**(230,719,686)**	**(199,583,341)**	**(33,316,395)**	**–**	**(463,619,422)**
Impairment of investment property	**–**	**–**	**(70, 603,782)**	**–**	**(70,603,782)**
(Accrual) / reversal of impairment losses on non-financial assets	**–**	**–**	**203,321**	**–**	**203,321**
Loss from disposal of property, plant and equipment	**–**	**–**	**(123,831,186)**	**–**	**(123,831,186)**
Operating income	**1,726,176,629**	**38,103,381**	**(133,706,226)**	**–**	**1,630,573,784**
Depreciation and amortisation	***(935,885,635)***	***(1,168,004,212)***	***(37,466,625)***	**–**	***(2,141,356,472)***
Payroll expenses and social security contributions	***(1,338,525,336)***	***(755,031,109)***	***(257,224,147)***	**–**	***(2,350,780,592)***
Interconnect	***(701,113,000)***	***(909,702,618)***	**–**	**–**	***(1,610,815,618)***
Taxes and other payments	***(48,226,932)***	***(503,754,309)***	***(14,335,217)***	**–**	***(566,316,458)***
Payment systems commission	***(131,601,800)***	***(113,841,724)***	**–**	**–**	***(245,443,524)***
Finance costs	**(372,792,953)**	**(322,483,375)**	**(53,832,064)**	**–**	**(749,108,392)**
Finance income	**21,006,930**	**18,171,979**	**3,033,443**	**–**	**42,212,352**
Net foreign exchange loss	**(42,589,359)**	**(36,841,792)**	**(6,149,990)**	**–**	**(85,581,141)**
Share of profit / (loss) of associates	**–**	**–**	**25,512,090**	**–**	**25,512,090**
Loss on disposal of associate	**–**	**–**	**(92,143,400)**	**–**	**(92,143,400)**
Segment profit / (loss)	**1,331,801,247**	**(303,049,807)**	**(257,286,147)**	**–**	**771,465,293**
Operating assets	**7,809,812,159**	**6,755,853,527**	**1,156,368,079**	**–**	**15,722,033,765**
Operating liabilities	**(5,287,984,331)**	**(6,113,358,976)**	**(220,892,613)**	**–**	**(11,622,235,920)**
Other disclosures					
Investment in an associate and a joint venture	**5,808,966**	**645,441**	**58,089,658**	**–**	**64,544,065**
Capital expenditures	**1,119,141,370**	**1,133,363,712**	**197,269,437**	**–**	**2,449,774,519**

6. SEGMENT INFORMATION (continued)

For the year ended 31 December 2024

In thousand soums	**Fixed line***	**Mobile telecommunication services in GSM and LTE standards ****	**Other**	**Eliminations and adjustments**	**Group**
Revenue from contracts with customer					
Sales to external customers	4,246,473,363	4,247,583,925	390,033,080	–	8,884,090,368
Inter-segment	119,494	–	99,434,741	(99,554,235)	–
Total revenue from contracts with customers	**4,246,592,857**	**4,247,583,925**	**489,467,821**	**(99,554,235)**	**8,884,090,368**
Cost of sales					
Cost of sales to external customers	(2,511,258,077)	(3,076,338,712)	(183,579,811)	–	(5,771,176,600)
Inter-segment	(335,882)	–	(91,619,889)	91,955,771	–
Total cost of sales	**(2,511,593,959)**	**(3,076,338,712)**	**(275,199,700)**	**91,955,771**	**(5,771,176,600)**
Gross profit	**1,734,998,898**	**1,171,245,213**	**214,268,121**	**(7,598,464)**	**3,112,913,768**
Financial results					
Selling expenses	(234,245,967)	(438,396,802)	(27,112,581)	–	(699,755,350)
General and administrative expenses	(206,402,921)	(637,787,882)	(53,505,948)	7,598,464	(890,098,287)
Other operating income	50,572,846	50,588,596	7,778,372	–	108,939,814
Reversal of impairment losses on non-financial assets	6,345,455	–	–	–	6,345,455
Expected credit losses	(55,312,084)	(55,324,993)	(6,375,343)	–	(117,012,420)
Income from disposal of property, plant and equipment	–	–	27,208,557	–	27,208,557
Operating income	**1,295,956,227**	**90,324,132**	**162,261,178**	–	**1,548,541,537**
Depreciation and amortisation	*(551,389,104)*	*(690,918,163)*	*(20,591,686)*	–	*(1,262,898,953)*
Payroll expenses and social security contributions	*(1,266,326,470)*	*(733,965,235)*	*(235,252,928)*	–	*(2,235,544,633)*
Interconnect	*(511,736,697)*	*(1,285,599,768)*	–	–	*(1,797,336,465)*
Taxes and other payments	*(42,580,069)*	*(369,032,283)*	*(6,148,649)*	–	*(417,761,001)*
Payment systems commission	*(117,351,818)*	*(101,514,822)*	–	–	*(218,866,640)*
Finance costs	(287,008,470)	(287,075,452)	(33,080,969)	–	(607,164,891)
Finance income	7,747,439	7,749,247	892,980	–	16,389,666
Net foreign exchange loss	53,774,644	53,787,194	6,198,136	–	113,759,974
Share of profit/(loss) of associates	2,804,364	(716,620)	(21,584,165)	–	(19,496,421)
Segment profit /(loss)	**1,073,274,204**	**(135,931,499)**	**114,687,160**	**–**	**1,052,029,865**
Operating assets	**6,918,892,531**	**6,701,410,851**	**1,094,611,049**		**14,714,914,431**
Operating liabilities	**(4,447,409,437)**	**(6,688,646,763)**	**(247,857,703)**	**–**	**(11,383,913,903)**
Other disclosures					
Investment in an associate and a joint venture	37,543,408	2,871,375	403,131,374	–	443,546,157
Capital expenditures	1,271,196,489	1,774,868,925	44,098,171	–	3,090,163,585

Revenue from external customers	**2025**	2024
Europe	**917,972,135**	1,324,873,610
Asia	**173,456,492**	220,319,306
	1,091,428,627	1,545,192,916

* The revenue from customers in Fixed line segment comprises revenue generated from fixed line internet services, usage of communication channels, and fixed line telephony services.
** The revenue from customers in Mobile telecommunication services in GSM and LTE standards, comprises revenue generated from mobile network services and interconnect.
*** The revenue from customers in Other segment comprises revenue generated from video processing services, sale of equipment and accessories, telecommunication maintenance services, internet protocol television services and others
Further details are contained in *Note 27*.

7. PROPERTY AND EQUIPMENT

Movements of property and equipment in 2025 and 2024 were as follows:

Cost	Land	Buildings, constructions and cable lines	Telecommuni-cation equipment	Furniture and office equipment	Transport vehicles	Other	Assets under construction and equipment awaiting installation	Total
Balance as at 1 January 2024	46,433,031	2,881,642,288	6,394,245,866	143,929,430	125,867,314	111,427,862	2,765,281,809	12,468,827,600
Additions	–	957,463	192,778,052	91,743	23,439	1,420	3,434,555,812	3,628,407,929
Assets retirement obligation	–	–	6,338,457	–	–	–	–	6,338,457
Disposals	–	(25,391,171)	(206,898,968)	(8,567,223)	(5,921,027)	(2,328,835)	(158,806,931)	(407,914,155)
Internal movements	–	832,451,052	2,059,152,429	21,983,696	31,374,488	(5,339,020)	(2,939,622,645)	–
Balance as at 31 December 2024	46,433,031	3,689,659,632	8,445,615,836	157,437,646	151,344,214	103,761,427	3,101,408,045	15,695,659,831
Additions	**–**	**3,309,052**	**78,684,374**	**228,459**	**429,691**	**10,156**	**2,166,195,673**	**2,248,857,405**
Assets retirement obligation	**–**	**–**	**9,145,478**	**–**	**–**	**–**	**–**	**9,145,478**
Disposals	**–**	**(81,454,110)**	**(209,009,285)**	**(7,702,356)**	**(7,518,455)**	**(3,587,413)**	**(15,324,534)**	**(324,596,153)**
Internal movements	**–**	**1,392,747,650**	**1,767,892,683**	**22,738,180**	**39,077,777**	**10,456,946**	**(3,232,913,236)**	**–**
Reclassed to Investment properties	**–**	**(214,878,706)**	**–**	**–**	**–**	**–**	**–**	**(214,878,706)**
Balance as at 31 December 2025	**46,433,031**	**4,789,383,518**	**10,092,329,086**	**172,701,929**	**183,333,227**	**110,641,116**	**2,019,365,948**	**17,414,187,855**
Accumulated depreciation								
Balance as at 1 January 2024	–	(553,576,276)	(1,777,045,884)	(79,933,856)	(53,847,146)	(43,547,303)	–	(2,507,950,465)
Charge for the year	–	(161,874,066)	(726,585,513)	(14,180,022)	(15,821,715)	(12,561,987)	–	(931,023,303)
Disposals	–	15,191,491	189,021,092	8,444,093	5,152,159	2,143,807	–	219,952,642
Internal movements	–	(16,386,696)	14,036,989	576,654	(4,865,402)	6,638,455	–	–
Balance as at 31 December 2024	–	(716,645,547)	(2,300,573,316)	(85,093,131)	(69,382,104)	(47,327,028)	–	(3,219,021,126)
Charge for the year	**–**	**(201,517,709)**	**(1,280,390,784)**	**(29,112,406)**	**(19,884,863)**	**(10,571,074)**	**–**	**(1,541,476,836)**
Disposals	**–**	**28,604,254**	**121,961,739**	**7,251,817**	**4,857,192**	**1,570,739**	**–**	**164,245,741**
Internal movements	**–**	**(110,039)**	**(4,056,337)**	**4,017,773**	**(4,486,339)**	**4,634,942**	**–**	**–**
Reclassed to Investment properties	**–**	**10,029,327**	**–**	**–**	**–**	**–**	**–**	**10,029,327**
Balance as at 31 December 2025	**–**	**(879,639,714)**	**(3,463,058,698)**	**(102,935,947)**	**(88,896,114)**	**(51,692,421)**	**–**	**(4,586,222,894)**
Net book value:								
As at 31 December 2024	46,433,031	2,973,014,085	6,145,042,520	72,344,515	81,962,110	56,434,399	3,101,408,045	12,476,638,705
As at 31 December 2025	**46,433,031**	**3,909,743,804**	**6,629,270,388**	**69,765,982**	**94,437,113**	**58,948,695**	**2,019,365,948**	**12,827,964,961**

7. PROPERTY AND EQUIPMENT (continued)

As at 31 December 2025 and 2024, Assets under construction and equipment awaiting installation primarily comprised equipment pending installation for base transmission stations, mobile switching servers, and other telecommunication infrastructure and service-related works.

During 2025 and 2024, the Group continued the installation of telecommunication equipment, including disassembled base transmission stations, associated batteries and power supply units, switches, and cable units. These installations utilized equipment procured from ZTE Corporation, Garant Tamir JSC and IT Park Ltd.

The Group continued investments in telecommunication infrastructure in line with the national strategic initiative, *Digital Uzbekistan – 2030*, focusing on several key projects, including:

- *Development and modernization of the telecommunications infrastructure of JSC Uzbektelecom*; and
- *Nationwide Mobile Network Expansion and Future-Ready Modernization Project*.

The Group entered into an agreement with ZTE Corporation on 11 April 2025 for the purchase of new telecommunications equipment and software. All purchases under the contract are financed through the borrowed funds obtained from Asian Infrastructure Investment Bank (AIIB) and Export-Import Bank of China *(Note 20)*.

In 2025, installations also incorporated telecommunication equipment purchased from Toyota Tsusho Corporation under the Project for Expansion of Telecommunication Connection. This included route switch processors, SFP modules, generators, and other equipment essential for the construction and installation of base stations.

Accordingly, substantial additions were made during 2025 to telecommunication equipment pending installation. These included complex technological equipment imported from ZTE Corporation (disassembled switching systems, generators, and power supply systems); base station expansion equipment, including DWDM systems, from Huawei International Pte. Ltd.; and switches, networking cables, data storage systems, and additional telecommunication infrastructure from Toyota Tsusho Corporation. These acquisitions aim to enhance both the broadband and mobile telecommunication networks.

The Group capitalized borrowing costs in the amount of 41,239,865 thousand soums during the year ended 31 December 2025 (2024: 34,987,102 thousand soums) in accordance with IAS 23 *Borrowing Costs* (*Note 37*). The rate used to determine the amount of borrowing costs eligible for capitalization was 4% (2024: 4%), which is the EIR of the specific borrowing.

As at 31 December 2025, the Group held property, plant and equipment with a gross carrying amount of 796,887,191 thousand soums that was fully depreciated but still in use (2024: 709,128,126)

In 2025, the Group acquired property and equipment on credit amounting to 805,268,141 thousand soums (2024: 630,780,369 thousand soums) (*Notes 35 and 37*).

In 2025, the Group recognized a loss on disposal of property, plant and equipment in the total amount of (123,831,186) thousand soums (2024: income on disposal of PPE 27,208,557).

As at 31 December 2025, the carrying amount of property and equipment pledged as collateral for bank borrowings was 618,469,002 thousand soums (31 December 2024: 1,024,470,330 thousand soums).

The following table shows non-current advances paid that is included in property and equipment:

In thousand soums	**31 December 2025**	31 December 2024
Non-current advances paid	**287,327,675**	197,746,538
Less: provision for non-current advances paid	**(1,453,771)**	(159,257)
	285,873,904	197,587,281

Non-current advances paid are measured at cost less the provision for impairment. The following table shows the movement of provision that has been recognized for non-current advances paid:

In thousand soums	**2025**	2024
As at 1 January	**159,257**	6,272,113
Accrual of provision for non-current advances paid	**1,517,961**	–
Recovery of provision for non-current advances paid	**(223,447)**	(6,112,856)
As at 31 December	**1,453,771**	159,257

8. INVESTMENT PROPERTIES

In thousand soums	**2025**	2024
As at 1 January 2025	**–**	–
Reclassed from property and equipment	**204,849,379**	–
Depreciation charge	**(3,373,380)**	–
Impairment loss of investment properties	**(70,603,782)**	–
As at 31 December 2025	**130,872,217**	–

The Group's investment properties comprise several commercial properties located in Tashkent, Uzbekistan. Based on the nature, characteristics and risk profiles of the properties, management has determined that the investment properties represent a single class of assets, namely office properties.

In December 2024, the Group acquired an office building from Aloqabank *(Note 7).* In 2025, a portion of this building and other administrative buildings were leased to third parties. The leased portions are held to earn rental income and are separately identifiable. Accordingly, they have been classified as investment property under IAS 40.

The Group has elected to value investment properties at cost model in accordance with IAS 40 *Investment Property.*

The Group is subject to certain restrictions on the sale of this building as a whole, as the property is pledged as collateral under a loan facility obtained from Uzbek Industrial and Construction Bank in 2025 *(Note 19).*

Rental income from investment properties amounted to 18,843,510 thousand soums for the year ended 31 December 2025 (2024: nil) *(Note 33).* Direct operating expenses related to investment properties, including maintenance costs, capital expenditures, and property tax, amounted to 5,704,848 thousand soums during the year (2024: nil).

As at 31 December 2025, the fair values of the properties have been determined internally by management. Fair value hierarchy disclosures for investment properties are in *Note 37.*

In thousand soums	**Office Building**	**Other Administrative building**
Net book value as at 1 January 2025	**–**	**–**
Reclassed from property and equipment (net book value)	**178,126,129**	**26,723,249**
Depreciation charge	**(2,761,274)**	**(612,105)**
Impairment loss	**(70,603,782)**	**–**
Net book value as at 31 December 2025	**104,761,073**	**26,111,144**

The fair value of the office building and Other administrative office building amounts to 104,761,037and 89,876,456 respectively, as at 31 December 2025.

To determine the fair value of investment properties, management applied the discounted cash flow (DCF) valuation method.

8. INVESTMENT PROPERTIES (continued)

Description of valuation techniques used and key inputs to valuation of investment properties:

	Valuation techniques	Significant unobservable inputs	Range (weighted average)	Sensitivity of the input to fair value
Office Building	DCF method (refer below)	Discount rate	20.00%	1% increase (decrease) in the rate would result in an decrease (increase) in fair value by 6,282,744 (7,192,954) thousand soums
		Occupancy	100.00%	5% decrease in the rate would result in an decrease in fair value by 11,989,239 thousand soums
		Rental rates	316 thousand soums per square metre	5% increase (decrease) in the rate would result in an increase (decrease) in fair value by 5,994,619 (5,994,619) thousand soums
Other administrative building	DCF method (refer below)	Discount rate	20.00%	1% increase (decrease) in the rate would result in an decrease (increase) in fair value by 5,327,318 (6,097,465) thousand soums
		Occupancy	100.00%	5% decrease in the rate would result in an decrease in fair value by 4,632,714 thousand soums
		Rental rates	174 thousand soums per square metre	5% increase (decrease) in the rate would result in an increase (decrease) in fair value by 4,632,714 (4,632,714) thousand soums

The valuation model is based on the estimation of future net cash flows generated by the properties over their expected remaining economic life, including an estimate of the terminal value at the end of the projection period.

Projected cash flows are primarily derived from rental income, and reduced by operating expenses, including property-related taxes, maintenance costs and capital expenditure. The net cash flows are discounted using a market-derived discount rate that reflects the risks associated with the properties and current market conditions.

9. INTANGIBLE ASSETS

Movements of intangible assets for 2025 and 2024 were as follows:

In thousand soums	Licenses	Software	Development costs	Total
Cost				
At 1 January 2024	121,508,001	162,532,836	8,681,413	292,722,250
Additions	129,492,196	2,560,468	–	132,052,664
Disposals	(160,851,484)	–	–	(160,851,484)
At 31 December 2024	90,148,713	165,093,304	8,681,413	263,923,430
Additions	**165,253,978**	–	**35,663,136**	**200,917,114**
Transfer of development cost	**-**	**35,663,136**	**(35,663,136)**	**-**
Disposals	**(168,914,244)**	**(4,517,543)**	**(2,614,433)**	**(176,046,220)**
At 31 December 2025	**86,488,447**	**196,238,897**	**6,066,980**	**288,794,324**
Accumulated amortisation and impairment				
At 1 January 2024	(61,815,342)	(142,020,462)	–	(203,835,804)
Amortisation charge	(126,765,460)	(16,901,581)	–	(143,667,041)
Disposals	160,851,484	–	–	160,851,484
At 31 December 2024	(27,729,318)	(158,922,043)	–	(186,651,361)
Amortisation charge	**(152,646,076)**	**(1,249,779)**	–	**(153,895,855)**
Disposals	**168,914,244**	**4,517,543**	–	**173,431,787**
At 31 December 2025	**(11,461,150)**	**(155,654,279)**	–	**(167,115,429)**
Net book value				
At 31 December 2024	62,419,395	6,171,261	8,681,413	77,272,069
At 31 December 2025	**75,027,297**	**40,584,618**	**6,066,980**	**121,678,895**

9. INTANGIBLE ASSETS (continued)

Additions in 2025 include mobile operations license and frequency fee payments in the amount of 57,680,000 thousand soums and 94,427,045 thousand soums, respectively (2024: mobile operations license and frequency fee payments in the amount of 47,600,000 thousand soums and 72,651,484 thousand soums, respectively). License payments are made annually based on the invoices issued by the licensor. Previous year payments in relation to mobile operation license and frequency fee were amortized in the current year due to one-year useful life.

In 2025, the Group incurred development cost in the amount of 35,663,136 thousand soums related to software of unified information systems supporting emergency service call handling and dispatching under the project titled "Expansion of the Contact Center for Receiving and Processing Calls of Emergency Operational Services via the "**112 Emergency Dispatch System**" (112 EDS). These costs relate to software components and related services used for the reception, processing, and dispatching of emergency calls within the emergency response infrastructure.

The software was placed into service and became available for use on 25 August 2025. Accordingly, the related development costs were transferred from assets under development to licenses and software on that date. Amortisation commenced from this date, in line with IAS 38 requirements and is calculated on a straight-line basis over an estimated useful life of 10 years. Amortization of the transferred development cost for the period from 25 August 2025 to 31 December 2025 amounted to 1,248,210 thousand soums.

In 2025, disposals of intangible assets included the derecognition of mobile operation licenses and frequency fee rights in the amount of 47,600,000 thousand soums and 94,427,045 thousand soums, respectively, due to the expiration of their useful life and full amortization. Additionally, during 2025, the Group disposed a fully amortized billing system in the amount of 31,404,742 thousand soums that was no longer used within the Group.

As at 31 December 2025, the Group held Intangible assets with a gross carrying amount of 159,390,549 thousand soums that was fully amortized but still in use (2024:185,931,916 thousand soums).

As at 31 December 2025, the Group did not perform an impairment test on intangible assets with indefinite useful lives due to their insignificant carrying amount.

10. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

The following associates and joint ventures have been included in these consolidated financial statements:

				2025		2024	
In thousand soums	**Principal activities**	**Country of incorporation**	**Type**	**Carrying amount**	**% equity interest**	Carrying amount	% equity interest
Associates							
Global optical communication JV LLC	Production of cables	Uzbekistan	Associate	**40,602,030**	**49.95%***	37,543,408	49.95%
Alskom IC JS	Insurance services	Uzbekistan	Associate	**17,284,950**	**35.39%**	12,251,876	35.39%
Granitplast LLC	Polyethylene product manufacturing	Uzbekistan	Associate	**5,299,166**	**24.76%**	–	–
UzSAT LLC	Construction of base stations	Uzbekistan	Associate	**1,134,983**	**30.00%**	2,871,375	30.00%
AloqaLoyiha State Unitary Enterprise	Telecommunications design services	Uzbekistan	Joint Venture	**222,936**	**49.00%**	–	–
Aloqabank JSC	Bank services	Uzbekistan	Associate	**–**	**–**	390,879,498	17.66%
				64,544,065		443,546,157	

In 2025 the movements in balances of Investments in associates and joint ventures were as follows:

In thousand soums	**Aloqabank JSC**	**Global optical communication JV LLC**	**Others**	**Total**
At 1 January 2025	**390,879,498**	**37,543,408**	**15,123,251**	**443,546,157**
Recognition of associate	**–**	**–**	**5,522,102**	**5,522,102**
Share in profit of joint ventures and associates	**11,686,546**	**5,058,829**	**3,296,681**	**20,042,056**
Gain on dilution	**5,470,034**	**–**	**–**	**5,470,034**
Dividends	**–**	**(2,000,206)**	**–**	**(2,000,206)**
Derecognition of associate	**(408,036,078)**	**–**	**–**	**(408,036,078)**
At 31 December 2025	**–**	**40,602,031**	**23,942,034**	**64,544,065**

In 2024 the movements in balances of Investments in associates and joint ventures were as follows:

In thousand soums	**Aloqabank JSC**	**Global optical communication JV LLC**	**Others**	**Total**
At 1 January 2024	332,799,422	34,256,638	14,841,734	381,897,794
Share in profit of joint ventures and associates	34,301,998	2,804,364	617,234	37,723,596
Gain on dilution	32,601,215	–	–	32,601,215
Tax effect of capitalized dividends	(8,823,137)	–	–	(8,823,137)
Others	–	482,406	(335,717)	146,689
At 31 December 2024	**390,879,498**	**37,543,408**	**15,123,251**	**443,546,157**

10. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (continued)

Aloqabank JSC

Upstream transaction in 2024

In 2024, the Group acquired a building from Aloqabank JSC in a transaction classified as an upstream transaction under IAS 28. In accordance with IAS 28, the Group eliminated its share of the unrealised profit included in the carrying amount of the asset. The elimination amounted to 89,821,232 thousand soums, and the carrying amount of the building was adjusted accordingly.

Dilution in June 2025

In June 2025, Aloqabank JSC issued additional ordinary shares for total proceeds of 314,660,250 thousand soums, increasing the total number of shares outstanding to 2,832,883 million. As a result, the Group's ownership interest decreased from 17.66% to 15.70%. Management concluded that the Group continued to have significant influence after the share issue, as the Group retained representation on Aloqabank's Supervisory Board and continued to participate in strategic and operating decisions.

The partial dilution of the Group's interest, while retaining significant influence, was accounted for as a deemed disposal under IAS 28. A gain on dilution was recognised in profit or loss. The gain arose because the issue price of the newly issued shares exceeded Aloqabank's book value per share, increasing Aloqabank's net assets and resulting in an increase in the Group's share of the associate's equity.

The following movements in the Group's share of Aloqabank's profit were recognised in profit or loss:

Share of the Group in profit for the year	**From 1 January through 16 december 2025**	2024
Share of the Group in profit of Aloqabank	**11,686,546**	34,301,998
Gain on dillution	**5,470,034**	32,601,215
Elimination of unrealised profit	**–**	(89,821,232)
Share of the Group in profit/(loss) for the year	**17,156,580**	(22,918,019)

Loss of significant influence in December 2025

On 16 December 2025, management concluded that the Group ceased to have significant influence over Aloqabank following the resignation of the Group's representative from the Supervisory Board and the resulting loss of participation in relevant policy-making decisions. Accordingly, the Group discontinued applying the equity method and derecognised the investment accounted for as an associate. The retained interest was recognised as a financial asset and measured at fair value through profit or loss (FVTPL) in accordance with IFRS 9 (see Note 11). On the date significant influence was lost, the retained interest was remeasured to fair value, and the resulting loss on disposal was recognised in profit or loss in accordance with IAS 28.

The loss on disposal of 92,143,400 thousand soums was determined as follows:

In thousand soums	**16 December 2025**
Carrying amount of associate derecognised	**408,036,078**
Fair value of retained 15.7% interest	**315,892,678**
Loss on disposal of associate	**(92,143,400)**

Global optical communication JV LLC

Summarized financial information of significant associate, based on their financial statements for 2025 and 2024 is set out below:

In thousand soums	**31 December 2025**	31 December 2024
Non-current assets	**35,574,706**	45,358,248
Current assets	**126,377,715**	117,492,410
Non-current liabilities	**(13,829,128)**	(22,287,826)
Current liabilities	**(66,837,947)**	(65,400,854)
Equity	**(81,285,346)**	(75,161,978)
Interest ownership	**49.95%**	49.95%
Group`s carrying amount of the investment	**40,602,030**	37,543,408

10. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (continued)

Global optical communication JV LLC (continued)

Summarized statement of profit or loss of Global optical communication JV LLC is set out below:

In thousand soums	**2025**	2024
Revenue	**207,537,030**	178,984,252
Cost of sales	**(172,770,505)**	(148,131,210)
Gross profit	**34,766,525**	30,853,042
Selling expenses	**(13,905,053)**	(10,478,045)
Administrative expenses	**(13,745,110)**	(11,483,948)
Other expenses	**(2,055,923)**	(1,592,160)
Other income	**–**	14,500
Operating profit	**5,060,439**	7,313,389
Finance income	**2,720,167**	3,545,348
Finance costs	**(1,375,564)**	(1,840,221)
Net foreign exchange gain/(loss)	**3,722,743**	(3,404,173)
Profit for the year	**10,127,785**	5,614,343
Share of the Group in profit for the year	**5,058,829**	2,804,364

11. INVESTMENTS AT FVTPL

As disclosed in Note 10, on 16 December 2025 the Group ceased to have significant influence over Aloqabank JSC and, accordingly, derecognised the associate and discontinued applying the equity method. The Group's retained 15.70% interest was reclassified to financial assets measured at fair value through profit or loss (FVTPL) in accordance with IFRS 9 (see Note 3).

On 16 December 2025, the fair value of the retained investment was 315,892,678 thousand soums. No further change in fair value was recognised between that date and 31 December 2025.

Fair value was determined using a discounted cash flow (DCF) model applying a Residual Income (RI) approach and is classified as Level 3 within the fair value hierarchy due to the use of significant unobservable inputs (see Note 37). Key unobservable inputs include the discount rate (cost of equity) and assumptions relating to interest income and interest expense rates.

Sensitivity of significant unobservable inputs (Level 3)

Valuation technique	Significant unobservable inputs	Range (weighted average)	Sensitivity of the input to fair value
DCF method RI approach (refer below)	Discount rate	19.46%	1% increase (decrease) in the rate would result in an decrease (increase) in fair value by 354,181,000 (400,145,000) thousand soums (2024: nil)
	Interest income rate	17.96%	50 bps increase (decrease) in the rate would result in an increase (decrease) in fair value by 536,162,000 (536,162,000) thousand soums (2024: nil)
	Interest expense rate	12.55%	50 bps increase (decrease) in the rate would result in an decrease (increase) in fair value by 457,288,000 (458,331,000) thousand soums (2024: nil)

12. COST TO OBTAIN THE CONTRACT

As at 31 December 2025 and 2024 cost to obtain the contract comprised:

In thousand soums	**31 December 2025**	31 December 2024
Current portion	**40,873,585**	36,383,267
Non-current portion	**6,295,816**	24,234,285
Total cost to obtain the contract	**47,169,401**	60,617,552

In thousand soums	**2025**	2024
As at 1 January	**60,617,552**	55,490,918
Payment to the dealers	**353,401,769**	151,623,520
Amortization of cost to obtain a contract *(Note 29)*	**(366,849,920)**	(146,496,886)
As at 31 December	**47,169,401**	60,617,552

13. INVENTORIES

As at 31 December 2025 and 2024, inventories comprised:

In thousand soums	**2025**	2024
Goods for resale (at lower of cost and net realizable value)	**248,139,839**	74,438,905
Cable materials (at cost)	**231,682,006**	187,962,141
Raw and other materials at cost	**34,212,921**	102,475,499
Fuel (at cost)	**5,703,640**	5,534,116
Other	**2,908,484**	2,028,675
Apartments (at cost)	**51,331**	19,590,301
Total inventories	**522,698,221**	392,029,637

During 2025, an amount of 5,479,908 thousand soums (2024: Nil) was reconciled expense in respect of inventories carried at net realizable value. This amount was included in cost of sales.

Apartments are classified as inventories and measured at cost. During 2025, apartments were sold and recognized in cost of sales, resulting in a significant decrease in the balance of apartments held for sale by year-end.

14. TRADE RECEIVABLES

As at 31 December 2025 and 2024, trade receivables comprised:

In thousand soums	**31 December 2025**	31 December 2024
Trade receivables	**1,479,898,325**	1,070,263,757
Less: allowance for expected credit losses	**(1,055,478,868)**	(592,938,200)
Total trade receivables	**424,419,457**	477,325,557

Movements in the allowance for expected credit losses were as follows for the years ended 31 December:

In thousand soums	**2025**	2024
Allowance for expected credit losses at the beginning of the year	**592,938,200**	475,925,780
Accrual of allowance for expected credit losses (*Note 31*)	**469,532,914**	203,292,281
Recovery of allowance for expected credit losses (*Note 31)*	**(6,992,246)**	(86,279,861)
Allowance for expected credit losses at the end of the year	**1,055,478,868**	592,938,200

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

14. TRADE RECEIVABLES (continued)

Below is information as at 31 December 2025 about the credit risk exposure on the Group's trade receivables using a matrix of reserves:

In thousand soums	**1 to 30 days**	**31 to 60 days**	**Days past due 61 to 90 days**	**91+ days**	**Total**
Estimated credit loss rate	**6.16%**	**50.12%**	**70.56%**	**100%**	
Estimated total gross carrying amount at default	**362,264,132**	**143,909,748**	**43,137,417**	**930,587,028**	**1,479,898,325**
Allowance for expected credit losses	**22,325,277**	**72,129,413**	**30,437,150**	**930,587,028**	**1,055,478,868**

Below is information as at 31 December 2024 about the credit risk exposure on the Group's trade receivables using a matrix of reserves:

In thousand soums	**1 to 30 days**	**31 to 60 days**	**Days past due 61 to 90 days**	**91+ days**	**Total**
Estimated credit loss rate	13.03%	54.15%	77.66%	100%	
Estimated total gross carrying amount at default	529,124,250	19,630,193	36,456,073	485,053,241	**1,070,263,757**
Allowance for expected credit losses	68,943,386	10,629,551	28,312,022	485,053,241	**592,938,200**

On 14 October 2025, by court decision, Humans LLC was declared bankrupt, and a liquidation procedure was initiated without ceasing its operations. These circumstances were taken into account in the assessment of expected credit losses.

As at 31 December 2025, the Group's allowance for expected credit losses increased significantly due to charge of 137,212,442 thousand soums of allowance on the balance of Humans LLC (31 December 2024: 149,495,398 thousand soums).

As at 31 December 2025 and 2024, the Group's trade receivables were denominated in the following currencies:

In thousand soums	**2025**	2024
Soums	**246,618,999**	209,472,358
US dollars	**172,098,756**	262,970,763
Other currencies	**5,701,702**	4,882,436
	424,419,457	477,325,557

15. ADVANCES PAID

As at 31 December, advances paid comprised:

In thousand soums	**31 December 2025**	31 December 2024
Advances paid for inventories and services	**130,526,943**	165,980,971
Less: allowance for impairment	**(528,497)**	(2,026,332)
Total advances paid and other receivables	**129,998,446**	163,954,639

Movements in the allowance for impairment were as follows for the years ended 31 December:

In thousand soums	**2025**	2024
Provision for impairment at the beginnings of the year	**2,026,332**	2,258,931
Accrual of provision for advances paid for inventories and services (*Note 30*)	**219,830**	1,556,036
Recovery of provision for advances paid for inventories and services (*Note 30*)	**(1,717,665)**	(1,788,635)
Provision for impairment at the end of the year	**528,497**	2,026,332

As at 31 December 2025 and 2024 advances paid for short term assets were given to contractors for services and delivery of inventories for operational activities of the Group.

16. OTHER CURRENT FINANCIAL ASSETS

As at 31 December other current financial assets comprised:

In thousand soums	**2025**	2024
Deferred financing costs	**25,811,839**	–
Other current financial assets	**16,786,830**	14,450,000
Total other current financial assets	**42,598,669**	14,450,000

Transaction costs directly attributable to the issuance of borrowings are initially recognised as deferred financing costs where the related loan has not yet been drawn. Upon initial recognition of the financial liability, such costs are included in the carrying amount of the liability and amortised using the effective interest method.

17. CASH AND CASH EQUIVALENTS

As at 31 December cash and cash equivalents comprised:

In thousand soums	**2025**	2024
Demand deposits	**227,638,634**	58,515,975
Cash on current bank accounts	**55,327,584**	46,816,455
Cash in transit	**–**	947,440
Cash on hand	**4,989**	–
	282,971,207	106,279,870
Less: allowance for expected credit losses	**(1,078,754)**	–
Total cash and cash equivalents	**281,892,453**	106,279,870

Bank deposits amounting to 227,688,798 thousand soums earn interest at rate 19% (as at 31 December 2024: 46,816,455 thousand soums).

As at 31 December 2025, the Group does not have any significant cash balances that are subject to legal, regulatory or contractual restrictions on their use or transfer within the Group.

As at 31 December cash and cash equivalents were denominated in the following currencies:

In thousand soums	**2025**	2024
US dollars	**27,535,412**	23,766,147
Soums	**252,390,814**	73,339,118
Other	**1,966,227**	9,174,605
	281,892,453	106,279,870

18. EQUITY

	Number of shares, in thousands		**In thousand soums**		
	Common shares	**Preferred non-voting shares**	**Common shares**	**Preferred non-voting shares**	**Total issued shares**
At 1 January 2024	267,238	9,864	308,392,418	11,383,617	319,776,035
Increase in shares	5,542	–	6,395,521	–	6,395,521
At 31 December 2024	272,780	9,864	314,787,939	11,383,617	326,171,556
Increase in shares	**–**	–	**–**	–	**–**
At 31 December 2025	**272,780**	**9,864**	**314,787,939**	**11,383,617**	**326,171,556**

18. EQUITY (continued)

Share capital

The total number of authorized ordinary shares as at 31 December 2025 is 272,780 thousand shares (31 December 2024: 272,780 thousand shares), with a par value of 1,154 soums per share (31 December 2024: 1,154 soums per share). All issued ordinary shares are fully paid. Each ordinary share carries one vote.

The total number of authorized preference shares as at 31 December 2025 is 9,864 thousand shares (31 December 2024: 9,864 thousand shares), with a par value of 1,154 soums per share (31 December 2024: 1,154 soums 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 Group's liquidation. Minimum annual dividends on preference shares are fixed at 25% of the nominal value and rank above ordinary dividends. The dividends declared on preference shares cannot be less than those declared for ordinary shares.

Issuance of shares

On October 22, 2024, the Group issued 5,542,046 ordinary shares, each with a nominal value of 1,154 soums totaling 6,395,521 thousand soums. The total proceeds amounted to 33,252,276 thousand soums, including 26,856,755 thousand soums recognized as additional paid-in capital. The shares were fully subscribed and paid by investors.

No additional shares were issued during the year ended 31 December 2025.

Additional paid-in capital

Effect of the initial recognition of below-market-rate loans at fair value, net of the related deferred tax

On 4 February 2025, the Group obtained a 10-year loan from JSC Uzbek Industrial and Construction Bank in the amount of 1,007,516,384 thousand soums to finance the acquisition of an office building from Aloqabank, in accordance with a decree of the Government of the Republic of Uzbekistan, the ultimate controlling shareholder of both parties.

The loan bears a fixed interest rate that is below the estimated market rate. The loan was initially recognised at fair value in accordance with IFRS 9. The difference between the proceeds received and the fair value of the loan at initial recognition amounted to 233,287,306 thousand soums.

As the benefit arose from a transaction directed by the ultimate controlling shareholder, it was recognised as a shareholder contribution. Accordingly, the amount of 198,294,210 thousand soums, net of related deferred tax of 34,993,096 thousand soums (Note 34), was recognised in additional paid-in capital.

Transaction with shareholders

Transfer of Assets to the Tashkent City Khokimiyat

On June 25, 2024, in accordance with Decree No. 204-F of the Cabinet of Ministers of the Republic of Uzbekistan dated April 28, 2021, the Group transferred its building with the carrying amount of 91,482,985 thousand soums to the Tashkent City Khokimiyat.

Transfer of sponsorship funds

During 2025, in accordance with Decree No. 37-M of the Cabinet of Ministers of the Republic of Uzbekistan, dated January 25, 2023, the Group contributed cash to the Personal Treasury Fund under the Ministry of Economy and Finance in the total amount of 37,339,310 thousand soums (2024: 38,091,430 thousand soums), with several tranches.

Also, On May 2, 2025, the Group contributed cash to the to the Youth Initiative Support Fund in the amount of 6,450,000 thousand soums (2024: 6,251,555 thousand soums).

Transfer* of *subsidiary* to *government

In accordance with Presidential Decree issued on March 24, 2023 "On Additional Measures to Reduce State Participation in the Economy" particulars steps have been taken to effectively manage non-core and unused assets of state companies. Approved lists detailing the assets to be transferred to the Agency for State Assets Management (further "SAMA") at book value are set for future sale at public auctions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

18. EQUITY (continued)

Transfer* of *subsidiary* to *government *(continued)*

Accordingly, assets related to Telecom Devices Pro LLC (subsidiary), with net assets amounting to 72,160,632 thousand soums, were classified as assets held for distribution as at 31 December 2023. In February 2024, the Group transferred to SAMA the assets related to Telecom Devices Pro LLC with interest 94% interest ownership which resulted in a reduction in total equity in the amount of 72,160,632 thousand soums which includes the non-controlling interest share of 6% in the carrying amount of 3,850,336 thousand soums.

In-kind dividends

At the 27 July 2025 General Meeting of Shareholders, the distribution of dividends based on the results of 2024 was examined. The decisions were:

- The distribution of dividends on ordinary shares in the amount of 20,814,861 thousand soums was approved;
- Dividends amounting to 15,000,071 thousand soums were offset against the Group's charity and sponsorship contributions approved by shareholder and government decisions in previous years;
- Dividends on ordinary shares amounting to 5,552,488 thousand soums were paid in cash;
- In addition, during the reporting period, dividends on preference shares in the amount of 2,844,552 thousand soums were declared and paid in full.

At the April 29, 2024, General Meeting of Shareholders, the allocation of net profit and the additional deduction were examined. The decisions were:

- The allocation of 50% of the 2020 net profit, decided on June 30, 2021, will not change, maintaining the 34,671,663 thousands soums dividend distribution for ordinary shares;
- The deducted 19,094,195 thousand soums from February 21, 2023, will be treated as dividends paid on the state's share as per regulations;
- The management is to adjust the financial records to accurately show this additional dividend payment and ensure clear dividend reporting;
- During the 2024, dividends on preference shares in the amount of 2,438,340 thousand soums were declared and paid in full.

Earnings per share

Basic earnings per share are calculated by dividing net profit for the year attributable to ordinary equity holders of the Group (after adjusting for the amount of dividends on preferred shares) by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share are equal to basic earnings per share, as the Group does not have any dilutive potential ordinary shares.

The following tables reflects profit and share data used in the basic and diluted earnings per share computations:

In thousand soums	**2025**	2024
Calculation of basic and diluted earnings per share		
Profit for the year attributable to equity holders of the Parent	**607,017,105**	799,496,602
Less dividends on preference shares	**(2,844,552)**	(2,438,340)
Net profit for the year attributable to equity holders of the Parent	**604,172,553**	797,058,262
Weighted average number of ordinary shares	**272,779,843**	268,300,655
Basic and diluted earnings per share, Uzbek soums	**2,215**	2,971

In 2025, the Group deducted dividends on preference shares from profit for the year attributable to ordinary equity holders of the Parent for the purpose of calculating earnings per share. Comparative information for 2024 has been adjusted to conform to the current year presentation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

19. BORROWINGS

As at 31 December borrowings comprised:

In thousand soums	**Weighted average effective interest rate**	**2025**	Weighted average effective interest rate	2024
Borrowings with fixed interest rate	**11.4%**	**3,307,791,018**	8.1%	3,317,670,384
Borrowings with floating interest rate	**8.3%**	**4,958,343,688**	5.3%	5,070,037,199
		8,266,134,706		8,387,707,583

Borrowings are repayable as follows:

In thousand soums	**2025**	2024
Current portion of borrowings	**2,532,483,743**	1,869,793,239
Maturity between 1 and 5 years	**5,331,673,384**	6,267,659,163
Maturity over 5 years	**401,977,579**	250,255,181
Total non-current portion of borrowings	**5,733,650,963**	6,517,914,344
Total borrowings	**8,266,134,706**	8,387,707,583

As of 31 December 2025, and December 2024, loans represented by the following:

Lenders	**Maturity date**	**Currency**	**2025**	2024
Deutsche Bank AG	8 May 2029	EUR	**2,773,386,065**	2,643,674,907
Japan Bank for International Cooperation (JBIC)	31 January 2035	JPY	**1,063,220,613**	1,121,223,052
Deutsche Bank AG	31 October 2027	EUR	**965,936,103**	1,378,084,331
Uzbek Industrial and Construction Bank (UICB)	25 December 2034	UZS	**796,242,049**	–
ZTE Corporation	25 June 2027	USD	**589,207,649**	576,993,493
Asian Infrastructure Investment Bank	25 November 2030	CNY	**527,658,212**	–
National Bank of Uzbekistan	20 November 2030	JPY	**303,919,910**	389,071,397
ZTE Corporation	14 July 2026	USD	**223,679,988**	631,791,987
Tenge Bank JSC	30 June 2028	EUR	**164,888,422**	218,971,910
KDB Bank Uzbekistan JSC	28 October 2027	USD	**107,260,953**	178,193,227
Aloqa Bank JSCB	31 July 2027	UZS	**106,706,355**	170,622,085
Japan Bank for International Cooperation (JBIC)	20 December 2029	JPY	**95,898,441**	127,837,199
Aloqa Bank JSCB	21 December 2026	UZS	**66,922,374**	133,844,749
MUFG Bank Ltd	30 June 2026	JPY	**65,602,846**	208,692,245
ZiraatBank	7 October 2030	UZS	**64,752,973**	–
Chirkom Joint Venture	30 November 2032	EUR	**62,095,053**	67,806,295
Aloqa Bank JSCB	13 June 2027	UZS	**59,317,510**	66,431,497
Japan Bank for International Cooperation (JBIC)	20 December 2029	JPY	**51,532,605**	68,719,630
Hamkorbank JSC	6 October 2030	USD	**49,691,178**	53,349,182
Aloqa Bank JSCB	25 June 2027	UZS	**45,078,767**	75,128,425
National Bank of Uzbekistan	31 January 2030	USD	**38,323,424**	50,220,239
Nano leasing JSC	20 November 2028	UZS	**17,315,073**	–
KDB Bank Uzbekistan JSC	28 May 2026	UZS	**16,913,242**	40,591,781
National Bank of Uzbekistan	15 January 2025	USD	–	66,696,152
Ipoteka Bank JSCMB	10 February 2025	UZS	–	45,542,466
Huawei International Co. Ltd	25 January 2025	USD	–	39,361,442
(OECF), Japan	20 June 2025	JPY	–	25,164,084
Other borrowings received			**10,584,901**	9,695,808
Total			**8,266,134,706**	8,387,707,583

19. BORROWINGS (continued)

Deutsche Bank AG

Unsecured syndicated term loan facility agreement dated 8 May 2024

In May 2024, the Group entered into a Syndicated Term Loan Facility Agreement for total commitments of EUR 200,000,000 with a syndicate of lenders, for which Deutsche Bank acts as the Arranger and the largest lender. The purpose of the facility is to finance the Group's capital expenditure programs, meet working capital requirements, and refinance existing financial indebtedness. As of the end of 2025, the Group had drawn down EUR 199,503,595 under the facility, equivalent to 2,726,066,764 thousand soums. The loan has a maturity date of 8 May 2029, with principal repayments scheduled to commence in May 2026, following a 24-month grace period. The facility carries a floating interest rate based on the six-month EURIBOR plus a margin. The loan agreement included commissions and other fees directly attributable to the issuance of the loan, amounting to EUR 4,155,668 (equivalent to 56,064,590 thousand soums). These transaction costs were paid prior to the loan disbursement. In accordance with applicable accounting standards, the costs were capitalized and offset against the loan amount, with the net proceeds recognized at initial recognition.

The loan agreement includes both financial and non-financial covenants imposed by the lender. The key financial covenants require the Group to maintain an interest cover ratio of not less than 3.0 and a leverage ratio not exceeding 3.75. The interest cover ratio is calculated by dividing the Group's EBITDA by its interest expense for the reporting period, while the leverage ratio is determined by dividing net indebtedness by adjusted EBITDA. As of the reporting date, the Group was in full compliance with these covenants. The interest cover ratio stood at 5.74 (2024: 5.24), and the leverage ratio was 1.29 (2024: 1.64). The Group has no indication that it will have difficulty complying with these covenants. Long term portion of borrowed funds under this agreement amounts to 2,288,237,789 thousand soums.

JBIC

Loan agreement guaranteed by the Republic of Uzbekistan dated 27 January 2023

The Group entered into a loan agreement with Japan Bank for International Cooperation (JBIC) for a total amount of JPY 19,375,190,740 in the beginning of 2023. The purpose of the loan is to finance 85% of the total contract value with Toyota Tsusho Corporation for the supply of digital telecommunication equipment. Disbursements under the facility are made progressively as equipment is delivered. In 2025, a total of JPY 2,092,016,541 equivalent to 168,409,050 thousand soums (2024: JPY 13,477,953,334) was drawn. The loan carries a fixed interest rate and matures in January 2035. Repayment of the principal commenced in July 2025, following a 36-month grace period. The rest of the loan amount equal to JPY 3,805,220,865 (equivalent to 292,735,641 thousand soums) was not utilized yet and is expected to be drawn down during the following periods.

The loan agreement includes both financial and non-financial covenants imposed by the lender. The key financial covenants require the Group to maintain an interest cover ratio of not less than 2.0 and a leverage ratio not exceeding 3.5. The interest cover ratio is calculated by dividing the Group's EBITDA by its net finance charge for the reporting period, while the leverage ratio is determined by dividing net indebtedness by EBITDA. As of the reporting date, the Group was in full compliance with these covenants. The interest cover ratio stood at 5.57 (2024: 4.68), and the leverage ratio was 2.26 (2024: 3.07). The Group has no indication that it will have difficulty complying with these covenants. The non-current portion of borrowings under this agreement amounts to 914,167,200 thousand soums.

Unsecured loan agreement from 30 September 2010

On 30 September 2010, the Group undertook the financial obligations of certain sub-borrowers under the loan agreement dated 14 December 1999 between the Japan Bank for International Cooperation (JBIC) and the Government of the Republic of Uzbekistan, entered into in connection with the "Expansion of the Telecommunication Network" project. The portion of the loan assumed by the Group amounted to JPY 3,263,461,382 (equivalent to 286,107,659 thousand soums), bears interest at a fixed rate of 4.00% per annum and has a contractual maturity date of 20 December 2029.

On 3 June 2013, the Group entered into a supplementary agreement in relation to the same JBIC loan, pursuant to which it undertook the financial obligations of an additional sub-borrower under the project. The additional loan amount assumed under this agreement was JPY 5,292,560,122 (equivalent to 463,998,746 thousand soums), bears fixed interest and matures on 20 December 2029.

19. BORROWINGS (continued)

Deutsche Bank AG

Unsecured loan facility agreement dated 26 October 2022

In May 2024, an amendment agreement to the original agreement was executed, pursuant to which Deutsche Bank replaced Credit Suisse as the Arranger and assumed Credit Suisse's lending participation. All other terms and conditions of the original agreement remained unchanged. Initially, the Group entered into a Syndicated Accordion Facility Agreement with several lenders with Credit Suisse being the Arranger and one of the lenders for a total amount of EUR 200,000,000 on 26 October 2022. As at the end of the availability period, an amount of EUR 119,897,713 had been drawn under the facility. The facility was arranged to finance capital expenditure projects and to replenish working capital. The loan bears a floating interest rate based on the six-month EURIBOR plus a margin and matures on 31 October 2027. Transaction costs related to this loan, paid both prior to and after its issuance, amounted to EUR 1,618,619 (equivalent to 19,108,296 thousand soums). These costs were capitalized and deducted from the loan proceeds upon initial recognition.

In May 2024 amendment agreement to the original agreement was signed according to which Deutsche Bank replaced Credit Suisse as the Arranger and also took over Credit Suisse's lending share.

The loan agreement includes both financial and non-financial covenants imposed by the lender. The key financial covenants require the Group to maintain an interest cover ratio of not less than 5.0 and a leverage ratio not exceeding 3.75. The interest cover ratio is calculated by dividing the Group's EBITDA by its net finance charge for the reporting period, while the leverage ratio is determined by dividing net indebtedness by EBITDA. As of the reporting date, the Group was in full compliance with these covenants. The interest cover ratio stood at 6.21 (2024: 5.17), and the leverage ratio was 2.26 (2024: 3.07). The Group has no indication that it will have difficulty complying with these covenants. As of the reporting date, the long term portion of this facility amounts to 158,674,448 thousand soums.

Uzbek Industrial and Construction Bank (UICB)

Secured loan agreement № 569 from 04.02.2025

In February 2025, the Group entered into a loan agreement No. 569 for a total amount of 1,007,516,384 thousand soums. The purpose of the loan is to finance the purchase of property, plant and equipment. The loan carries a fixed interest has a maturity date of 25 December 2034, with principal repayments scheduled to commence after a 36-month grace period. As the contractual interest rate was below the estimated market rate, the loan was initially recognized at fair value in accordance with IFRS 9 *(Note 18)*. The loan agreement does not impose financial covenants. The loan is fully secured by the Group's property, plant, and equipment and investment property with a carrying value equivalent to 546,428,397 thousand soums and 104,762,706 thousand soums respectively as at 31 December 2025.

ZTE Corporation

Contract for supply of goods No S1UZ2022022001FDD

On 17 October 2022, the Group and ZTE Corporation signed a frame agreement for goods supply in the amount of 67,171,973.59 US dollars (equivalent to 747,721,465 thousand soums). An advance payment of 15.00% of the contract value was made upon signing. The remaining 85% of the contract amount is payable over a two-year period commencing after the end of the grace period, in six equal quarterly instalmentswith a final maturity date of 14 July 2026. At the date of initial recognition, the loan was recognized at fair value based on expected cash outflows at a market rate observable for similar instruments at the time the borrowed fund was issued.

Contract for supply of goods No S1UZ2022022002FDD

On 17 October 2022, the Group entered into a supply agreement with ZTE Corporation for the delivery of equipment totaling USD 64,393,880.78 (equivalent to 716,797,264 thousand soums). Under the terms of the agreement, 15.00% of the total contract amount is payable in advance, while the remaining 85% is payable over a two-year period following the end of a grace period. The repayment is structured as six equal quarterly installmentsand the final payment due by 26 December 2027. Deliveries under the contract commenced in 2024, with goods received under three separate purchase orders. At initial recognition, the liability was measured at fair value using a market interest rate, which was observable for similar instruments at the time of the transaction.

19. BORROWINGS (continued)

AIIB

Loan agreement L0758A from 23.10.2025

In October 2025, the Group entered into a loan agreement No. L0758A for a total amount of CNY 712,700,000 (equivalent to approximately 1,210,499,569 thousand soums). The purpose of the loan is to finance eligible costs within the scope of the investment project, including advance payments for contract equipment and other project-related expenditures approved by the lender. The loan is denominated in Chinese yuan and carries a floating interest rate based on the three-month SHIBOR plus a margin per annum during the first three years. The loan has a maturity date of 25 November 2030, with principal repayments scheduled to commence after a 24-month grace period.

The loan agreement includes both financial and non-financial covenants imposed by the lender. The key financial covenants require the Group to maintain an interest cover ratio of not less than 3.0 and a leverage ratio not exceeding 3.75. The interest cover ratio is calculated by dividing the Group's EBITDA by its net finance charge for the reporting period, while the leverage ratio is determined by dividing net indebtedness by EBITDA. As at 31 December 2025, the Group was in full compliance with these covenants. The interest cover ratio stood at 5.57 and the leverage ratio was 2.26. The Group has no indication that it will have difficulty complying with these covenants. The long-term portion of borrowings under this agreement amounts to 527,658,212 thousand soums.

The National Bank for Foreign Economic Affairs of the Republic of Uzbekistan JSC (NBU)

Loan agreement guaranteed by the government of the Republic of Uzbekistan No PF 2019/04

On 27 March 2019, the Group and NBU signed a loan agreement to finance the contract concluded between the Group and Toyota Tsusho Corporation. The loan was received in 15 tranches during 2019-2021 in the total amount of 5,094,984,887 Japanese Yen (equivalent to 384,314,710 thousand soums). The loan was received with an interest rate of CIRR (Yen) plus a margin with maturity until 20 November 2030.

Loan agreement guaranteed by the government of the Republic of Uzbekistan No PF 2019/06

On 27 March 2019, the Group and NBU signed a loan agreement in the amount of 2,784,743,903 Japanese Yen (equivalent to 210,053,233 thousand soums) to finance the contract concluded between the Group and Toyota Tsusho Corporation. The loan was received in 24 tranches during 2019-2022 in the total amount of 2,784,743,903 Japanese Yen (equivalent to 210,053,233 thousand soums). The loan was received with an interest rate of CIRR (Yen) plus a margin with maturity until 20 November 2030.

Secured loan agreement No PF 2010/03

On 9 July 2010, the Group and NBU signed a loan agreement in the amount of 10,772,888 US dollars (equivalent to 17,701,772 thousand soums). The tranche was received from NBU in the amount of 10,772,888 US dollars with fixed interest rate and with a maturity until 21 January 2030. At the date of initial recognition, the loan was recognized at fair value based on expected cash outflows at a market rate observable for similar instruments at the time the loan was issued. On initial recognition of remaining part of the loan (as of 1 January 2018) total discount in the amount of 218,728 US dollars (equivalent to 361,085 thousand soums) was recognized within the additional paid in capital part, as in accordance with the order of the shareholder, the Group entered into a loan agreement at a preferential interest rate below the market level. The loan is fully secured by the Group's property, plant, and equipment with a carrying value equivalent to 25,480,451 thousand soums.

Secured loan agreement No PF 2019/24

On 20 December 2019, the Group and NBU signed a loan agreement in the amount of 35,505,000 US dollars to finance the contract concluded between the Group and Huawei Technologies Co., Ltd. On 26 December 2019 and 30 June 2020, the tranches were received from NBU in the total amount of 35,505,500 US dollars with an interest rate of LIBOR (6month) plus a margin per annum a maturity until 15 January 2025. Following the discontinuation of LIBOR, the interest rate on the loan was converted to a fixed rate in July 2023. All the payments were completed by the Group during 2025 and the contract has been fulfilled.

19. BORROWINGS (continued)

The National Bank for Foreign Economic Affairs of the Republic of Uzbekistan JSC (NBU) (continued)

Secured loan agreement No PF 2019/25

On 20 December 2019, the Group and NBU signed a loan agreement in the amount of 4,495,000 US dollars (equivalent to 42,776,083 thousand soums) to finance the contract concluded between the Group and Huawei Technologies Co., Ltd. On 26 December 2019, 31 May 2020 and 30 June 2020, the tranches were received from NBU in the total amount of 4,495,500 US dollars (equivalent to 438,088,029 thousand soums) with an interest rate of LIBOR (6month) plus a margin with a maturity until 15 January 2025. Following the discontinuation of LIBOR, the interest rate on the loan was converted to a fixed rate in July 2023. All the payments were completed by the Group during 2025 and the contract has been fulfilled.

JSC "Tenge Bank"

Secured credit line agreement No 2023-08

On 26 June 2023, the Group and JSC "Tenge Bank" signed a general agreement on opening a credit line in the amount of 18,600,000 Euros (equivalent to 231,702,060 thousand soums) with an interest rate of EURIBOR (3-month) plus a margin. On 27 June 2023, the Group signed an individual loan agreement for the amount of 18,600,000 Euros (equivalent to 231,702,060 thousand soums) with maturity until 23 June 2028. The loan was received in two tranches in the amounts of 6,000,000 Euros (equivalent to 74,742,600 thousand soums) and 12,600,000 Euros (equivalent to 156,959,460 thousand soums). The loan is secured by the telecommunication equipment of the Group with carrying value equivalent to 10,150,491 thousand soums.

The loan agreement includes both financial and non-financial covenants imposed by the lender. The key financial covenants require the Group to maintain an interest cover ratio of not less than 5.0 and a leverage ratio not exceeding 3.75. The interest cover ratio is calculated by dividing the Group's LTM EBITDA by its net finance charge for the reporting period, while the leverage ratio is determined by dividing net indebtedness by LTM EBITDA. As of the reporting date, the Group was in full compliance with these covenants. The interest cover ratio stood at 7.2 (2024: 5.8), and the leverage ratio was 1.95 (2024: 3.02). The Group has no indication that it will have difficulty complying with these covenants. The long-term balance outstanding under this facility is 99,034,052 thousand soums.

JSC "KDB Bank Uzbekistan"

Secured loan agreement No 2022/14-1

On 12 October 2022, the Group and JSC "KDB Bank Uzbekistan" signed a loan agreement in the amount of 14,500,000 US dollars (equivalent to 161,984,285 thousand soums) for purchase and import of telecommunication equipment. In October 2022, the loan was received in two tranches in the amount of 14,500,000 US dollars (equivalent to 161,984,285 thousand soums) with an interest rate of USD Term SOFR (3-month) plus a margin with a maturity until 28 October 2027. The grace period implicit in the agreement comprised 2 years. The loan is fully secured by the Group's property, plant, and equipment with a carrying value equivalent to 3,255,183 thousand soums.

Secured loan agreement No 2023/06-1

On 19 May 2023, the Group and JSC "KDB Bank Uzbekistan" signed a loan agreement in the amount of 40,000,000 thousand soums for purchasing fixed assets. On 23 May 2023, the tranche was received in the amount of 40,000,000 thousand soums with fixed interest rate and the maturity until 28 May 2026. The repayments under this agreement commenced in June 2025 after the expiry of two-year grace period. The loan is fully secured by the Group's property, plant, and equipment with a carrying value equivalent to 4,145,525 thousand soums.

19. BORROWINGS (continued)

JSCB "Aloqa Bank"

Secured loan agreement No 576Y000038

On 13 June 2024, The Group entered into a loan agreement with JSCB "Aloqa Bank" for a total amount of 100,000,000 thousand soums. The purpose of the loan is to finance the implementation of an intelligent transport system, including the digitization of traffic management through the installation of smart traffic lights and the procurement of automated photo and video enforcement systems for detecting traffic violations. As of the reporting date the loan was fully disbursed. The loan includes a six-month grace period, bears fixed interest rate and has a maturity period of 36 months.

Secured loan agreement No 113

On 11 July 2018, the Group entered into a loan agreement with JSCB "Aloqa Bank" for a total amount of 350,000,000 thousand soums. Under this agreement, the Group received 317,331,542 thousand soums in 11 tranches, with fixed interest rate and an original maturity date of 31 July 2027. At initial recognition, the loan was measured at fair value using a market interest rate, which was observable for similar instruments at the time of issuance. As a result, a discount of 50,644,738 thousand soums was recognized and accounted for within additional paid-in capital, as in accordance with the order of the shareholder, the Group entered into a loan agreement at a preferential interest rate below the market level. In 2022, the loan terms were modified through a supplemental agreement that extended the maturity date by two years. The modification was assessed as substantial and resulted in the recognition of an additional discount of 13,086,922 thousand soums. The loan is fully secured by a pledged deposit provided by a related party of the Group — the Fund for the Development of Information and Communication Technologies, and also by the Group's property, plant, and equipment with a carrying value equivalent to 1,047,577 thousand soums .

Secured loan agreement No 576Y000146

On 21 December 2021, the Group and JSCB "Aloqa Bank" signed a loan agreement in the amount of 150,000,000 thousand soums with fixed interest rate and grace period of 24 months. Later, on 8 August 2022, the amount of the agreement was changed to 200,000,000 thousand soums. The loan was received in two tranches in the amounts of 150,000,000 thousand soums and 50,000,000 thousand soums in December 2021 and August 2022, with fixed interest rate and maturity until 21 December 2026. The loan is secured by a guarantee provided by the government.

Secured loan agreement No 106

On 20 June 2017, the Group entered into a loan agreement with JSCB "Aloqa Bank" for a total amount of 150,000,000 thousand soums. During the period from 2018 to 2020, the Group received multiple tranches under this agreement totaling 132,382,554 thousand soums. The loan carries fixed interest rate and has a final maturity date of 25 June 2027. The loan is secured by the Group's building with a carrying value equivalent to 22,965,829 thousand soums.

MUFG Bank Ltd

Loan agreement guaranteed by the Republic of Uzbekistan dated 27 January 2023

In January 2023, the Group entered into a loan agreement with MUFG Bank to finance the full advance payment to Toyota Tsusho Corporation under the supply contract for digital telecommunication equipment dated 3 October 2022. The loan amounted to JPY 3,419,151,308 (equivalent to 274,215,935 thousand soums) and bears interest at TORF (Tokyo Term Risk-Free Rate) plus a margin with maturity until 30 June 2026. Transaction costs associated with the loan totaled JPY 80,133,073 (equivalent to 6,426,672 thousand soums) and were deducted from the loan proceeds at initial recognition in accordance with applicable accounting standards.

The loan agreement includes both financial and non-financial covenants imposed by the lender. The key financial covenants require the Group to maintain an interest cover ratio of not less than 2.0 and a leverage ratio not exceeding 3.5. The interest cover ratio is calculated by dividing the Group's EBITDA by its net finance charge for the reporting period, while the leverage ratio is determined by dividing net indebtedness by EBITDA. As of the reporting date, the Group was in full compliance with these covenants. The interest cover ratio stood at 5.57 (2024: 4.68), and the leverage ratio was 2.26 (2024: 3.07). The Group has no indication that it will have difficulty complying with these covenants. As this agreement matures in 2026, the outstanding balance has been fully reclassified as a current liability.

19. BORROWINGS (continued)

ZiraatBank

Secured Loan agreement No87 from 06.10.2025

On 6 October 2025, the Group and ZiraatBank signed a loan agreement № 87 (General agreement № 60) in the amount of 90,000,000 thousand soums for investment purposes. The loan carries fixed interest rate with a maturity date of 7 October 2030, and includes a 24-month grace period. No covenants or organizational fees were applied. The loan is secured by a guarantee provided by shareholders of the subsidiary – "Telecomsoft" LLC – "Granit" LLC and "Global optical communications Uzbekistan" LLC.

Secured Loan agreement No112 from 22.12.2025

On 22 December 2025, the Group entered into a loan agreement No.112 with JSC "Ziraat Bank Uzbekistan" in the amount of 25,000,000 thousand soums for replenishing working capital. On December 2025, the tranche was received in the amount of 12,150,000 thousand soums with fixed interest rate with a maturity until 22 December 2027. The repayments under this agreement will commence in June 2026, as the agreement establishes a 6-month grace period on principal portion of the loan.

Chirkom LLC

Unsecured loan agreement dated 27.08.1996

On 8 August 1996, Ministry of Foreign Economic Relations of the Republic of Uzbekistan and the Joint Uzbek-German Telecommunication Operating Company "Chirkom" signed a loan agreement in the amount of 25,000,000 Euros (equivalent to 74,843,000 thousand soums) with the aim of creating a modern, powerful and efficient telecommunications network in the city of Chirchik, including its connection to national and international networks**.** Uzbektelecom accepts an obligation as a borrower in this agreement. The loan is issued at fixed interest rate with maturity until 30 November 2032.

JSC "Hamkorbank"

Secured loan agreement No 04074838/0180/01

On 24 October 2023, the Group and HamkorBank signed a loan agreement in the amount of 4,100,000 US dollars (equivalent to 50,093,964 thousand soums) for purchase of fixed assets. The loan was received with an interest rate of SOFR (6-month) plus a margin per annum with a maturity until 24 October 2030. The loan is fully secured by the Group's property, plant, and equipment with a carrying value equivalent to 3,890,206 thousand soums.

Nano Leasing JSC

Secured Loan agreement No10/12 from 10.12.2025

On 10 December 2025, the Group signed a loan agreement № 10/12 in the amount of 45,715,443 thousand soums for the acquisition of fiber-optic cables. The loan carries fixed interest rate and matures on 20 November 2028. No covenants or organizational fees were applied. The loan is secured by the Group's building with a carrying value equivalent to 1,105,343 thousand soums.

JSCMB "Ipoteka Bank"

Secured loan agreement No 395/337317/2023

On 12 October 2023, the Group signed a loan agreement with JSCMB "Ipoteka Bank" for 60,000,000 thousand soums, also aimed at replenishing working capital. The full amount was disbursed on the agreement date. The loan bears fixed interest rate and is due for repayment by 10 February 2025. All the payments were completed by the Group during 2025 and the contract has been fulfilled.

19. BORROWINGS (continued)

JSCMB "Ipoteka Bank" (continued)

Secured loan agreement No 439/436650/2023

On 13 December 2023, the Group entered into another loan agreement with JSCMB "Ipoteka Bank" for a total amount of 50,000,000 thousand soums to finance working capital needs. On 14 December 2023, the full amount was disbursed. The loan carries fixed interest rate and matures on 10 February 2025. All the payments were completed by the Group during 2025 and the contract has been fulfilled.

Huawei International Pte. Ltd.

Supply contract for the delivery of telecommunication equipment No 00F8602000000E

On 1 May 2021, the Group and Huawei International signed an agreement for supply of telecommunication equipment in the amount of 70,000,000 US dollars (equivalent to 722,484,700 thousand soums). The total contract value includes three purchase orders in the amounts of 30,000,000 US dollars (equivalent to 309,636,300 thousand soums), 22,000,000 US dollars (equivalent to 227,066,620 thousand soums), and 18,000,000 US dollars (equivalent to 185,781,780 thousand soums), payments are made in 6 installments for each purchase order in accordance with payment schedules. The maturity of the loan is 25 January 2025. All equipment were delivered until March 2023. At the date of initial recognition, the loan was recognized at fair value based on expected cash outflows at a market rate observable for similar instruments at the time the agreement was signed. All the payments were completed by the Group during 2025 and the contract has been fulfilled.

Overseas Economic Cooperation Fund (OECF), Japan

Unsecured loan agreement from 30.09.2010

On 30 September 2010, the Group and OECF signed a loan agreement under the project "Expansion of telecommunication network" between OECF and Government of the Republic of Uzbekistan from 14 June 1995. The total loan value is 12,587,091,504 Yen (equivalent to 1,103,510,312 thousand soums). The amount of loan transferred to branches of Uzbektelecom is 6,093,429,180 Japanese Yen (equivalent to 534,210,936 thousand soums) with fixed interest rate and maturity until 20 June 2025. At the date of initial recognition, the loan was recognized at fair value based on expected cash outflows at a market rate observable for similar instruments the time the loan was issued. On initial recognition of loan, total discount in the amount of 101,437,243 Japanese Yen (equivalent to 7,416,063 thousand soums) was recognised. All the payments were completed by the Group during 2025 and the contract has been fulfilled.

Unutilized amount of credit facilities

As of 31 December 2025, the Group had an existing credit loan agreements with an outstanding unwithdrawn credit amount of 7,279,160,197 thousand soums (2024: 517,554,777 thousand soums).

Effect of covenants

The Group's non-current loans and borrowings include borrowings amounting to 3,987,771,700 thousand soums that contain covenants, which, if not met, would result in the borrowings becoming repayable on demand. These borrowings are otherwise repayable more than 12 months after the end of the reporting period.

As at 31 December 2025, the Group complied with all the covenants that were required to be met on or before 31 December 2025. The covenants that are required to be complied with at the end of the reporting period do not affect the classification of the related borrowings as current or non-current at the end of the reporting period. Therefore, all these borrowings remain classified as non-current liabilities. The Group has no indication that it will have difficulty complying with these covenants in foreseeable future.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

20. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

Set out below are the carrying amounts of right-of-use assets and the movements during the year:

In thousand soums	**Sites and base stations**	**Offices and warehouses**	**Total**
Cost			
At 1 January 2024	357,216,791	29,260,054	386,476,845
Additions	22,275,879	532,040	22,807,919
Modifications	20,786,509	18,713,335	39,499,844
At 31 December 2024	400,279,179	48,505,429	448,784,608
Additions	**86,913,059**	**1,050,787**	**87,963,846**
Modifications	**197,858,956**	**(2,823,016)**	**195,035,940**
At 31 December 2025	**685,051,194**	**46,733,200**	**731,784,394**
Accumulated depreciation			
At 1 January 2024	(100,341,686)	(13,247,729)	(113,589,415)
Depreciation charge	(38,468,931)	(3,242,792)	(41,711,723)
At 31 December 2024	(138,810,617)	(16,490,521)	(155,301,138)
Depreciation charge	**(73,754,884)**	**(2,005,597)**	**(75,760,481)**
At 31 December 2025	**(212,565,501)**	**(18,496,118)**	**(231,061,619)**
Net book value			
At 31 December 2024	261,468,562	32,014,908	293,483,470
At 31 December 2025	**472,485,693**	**28,237,082**	**500,722,775**

The Group has entered into lease agreements with various contractors for the lease of premises for warehouses and offices and places for the installation of base stations. The lease terms generally 10 years. Certain leases may include options to extend or terminate the lease, which are considered in determining the lease term where the Group is reasonably certain to exercise such options.

Set out below are the carrying amounts of lease liabilities and the movements during the year:

In thousand soums	**2025**	2024
At the beginning of the year	**321,191,380**	289,943,083
Additions *(Note 37)*	**87,963,843**	22,807,919
Modifications *(Note 37)*	**195,035,942**	39,499,844
Interest expenses *(Note 32)*	**69,420,036**	56,164,193
Payment of interest part *(Note 37)*	**(66,941,603)**	(56,164,193)
Payment of principal part *(Note 37)*	**(54,131,448)**	(31,059,466)
At the end of the year	**552,538,150**	321,191,380

The Group has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group's business needs. Management exercises significant judgement in determining whether these extension and termination options are reasonably certain to be exercised *(see Note 4).*

20. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (continued)

Set out below are the carrying amounts of non-current and current lease liabilities:

In thousand soums	**31 December 2025**	31 December 2024
Non-current portion of liabilities	**403,239,198**	237,514,644
Current portion of lease liabilities	**149,298,952**	83,676,736

The following are the amounts recognised in profit or loss:

In thousand soums	**31 December 2025**	31 December 2024
Depreciation of right-of-use assets	**75,760,481**	41,711,723
Interest expense on lease liabilities *(Note 32)*	**69,420,036**	56,164,193
Expense relating to short-term leases and leases of low-value assets	**54,131,448**	31,059,466
	199,311,965	128,935,382

21. EMPLOYEE BENEFITS OBLIGATIONS

State contribution plan

The Group pays social tax according to the current statutory requirements of the Republic of Uzbekistan. The social tax and salary accruals are recorded in expenses as incurred.

In addition, the Group withholds 0.1% of the salary of employees paid as contributions of employees to the accumulating pension funds. These expenses are recorded in the period when they were incurred.

Employee benefit obligations

As at 31 December the total employee benefit obligations of the Group comprised the following:

In thousand soums	**2025**	2024
Present value of defined benefit pension plan obligation	**42,792,340**	51,231,628
Present value of obligations for other long-term payments	**51,497,959**	42,759,834
	94,290,299	93,991,462

The Group has recognized defined benefit obligations arising from long-term employee benefit arrangements. The most significant defined benefit obligations include:

- *Lump-sum payments upon retirement* – one-time benefits paid to employees at the time of retirement, calculated based on length of service and final remuneration;
- *Payments for holidays after retirement* – post-retirement benefits provided to former employees in connection with holiday entitlements;
- *Lump-sum funeral compensations to pensioners* – one-time payments made to the families of deceased retirees.

The recognized liability represents the present value of future benefit payments expected to be made, discounted using current market-based rates.

The defined benefit obligations expose the Group to the following principal risks, which are managed through annual review of actuarial assumptions in accordance with IAS 19:

- Longevity risk: Longer life expectancy increases benefit payments; mortality assumptions are based on published statistical data;
- Salary growth risk: Benefits linked to remuneration are sensitive to future salary increases; assumptions reflect historical trends and management expectations;
- Inflation / minimum salary risk: Indexed benefits are sensitive to inflation and statutory changes; assumptions are based on observable macroeconomic indicators;
- Discount rate risk: The obligation is sensitive to changes in the discount rate, which is determined using market-based yields;
- Turnover risk: Differences between assumed and actual employee turnover affect eligibility and payment timing.

21. EMPLOYEE BENEFITS OBLIGATIONS (continued)

Employee benefit obligations (continued)

A reconciliation of the present value of the defined benefit pension plan obligation with specified payments was as follows for the years ended 31 December:

In thousand soums	**2025**	2024
Total liability at the beginning of the year	**51,231,628**	47,439,499
Interest expenses (*Note 32*)	**8,320,017**	8,344,608
Current service cost	**3,991,474**	4,935,460
Benefits paid during the year	**(5,707,734)**	(7,041,534)
Actuarial gain recognized during the year within other comprehensive income	**(15,043,045)**	(2,446,405)
Total liability at the end of the year	**42,792,340**	51,231,628
Liability payable within one year	**2,855,125**	4,256,393
Liability payable after one year	**39,937,215**	46,975,235

Other long-term benefits include payments to veterans, disabled employees, and jubilee awards granted in recognition of long service. A reconciliation of the present value of obligations for other long-term payments with specified payments was as follows for the years ended 31 December:

In thousand soums	**2025**	2024
Total liability at the beginning of the year	**42,759,834**	32,717,298
Interest expenses (*Note 32*)	**6,944,197**	5,754,973
Current service cost	**4,280,770**	3,557,408
Benefits paid during the year	**(2,333,682)**	(2,534,118)
Actuarial (gain)/loss recognized during the year in profit and loss	**(153,160)**	3,264,273
Total liability at the end of the year	**51,497,959**	42,759,834
Liability payable within one year	**5,110,594**	3,423,999
Liability payable after one year	**46,387,365**	39,335,835

The estimates of the liability were made on the basis of the published statistical data regarding mortality of employees and actual Group's data concerning the number, age, gender and years of employee service. Other principal assumptions used in determining benefit obligations for the Group's plan were shown below:

	2025	2024
Discount rate	**15.60%**	16.24%
The expected rate of future annual minimum salary increases	**8.50%**	12.68%
Life expectation for pensioners:		
Male at the age of 60	**16.1 years**	21.2 years
Female at the age of 55	**24.2 years**	29.1 years

A quantitative sensitivity analysis for significant assumptions as at 31 December 2025, was as follows:

	Discount rate		**The expected rate of future annual minimum salary increases**	
Sensitivity level	**Growth by 1%**	**Reduction by 1%**	**Growth by 1%**	**Reduction by 1%**
Impact on defined benefit plan obligations, in thousand soums	**(14,243,750)**	**16,816,740**	**5,125,098**	**(4,593,225)**

21. EMPLOYEE BENEFITS OBLIGATIONS (continued)

Employee benefit obligations (continued)

A quantitative sensitivity analysis for significant assumptions as at 31 December 2024, was as follows:

	Discount rate		The expected rate of future annual minimum salary increases	
Sensitivity level	Growth by 1%	Reduction by 1%	Growth by 1%	Reduction by 1%
Impact on defined benefit plan obligations, in thousand soums	(7,121,875)	8,408,370	2,562,549	(2,296,613)

The sensitivity analyses above have been determined based on a method that extrapolates the impact on the defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period. The sensitivity analyses are based on a change in a significant assumption, keeping all other assumptions constant. The sensitivity analyses may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation from one another.

22. TRADE ACCOUNTS PAYABLE

As at 31 December trade accounts payable comprised:

In thousand soums	**2025**	2024
Trade accounts payable for services rendered	**627,543,518**	357,672,158
Trade accounts payable for supply of property and equipment	**553,400,270**	981,775,502
Trade accounts payable for inventory received	**59,049,354**	35,976,935
Other	**31,156,989**	18,802
Total trade accounts payable	**1,271,150,131**	1,375,443,397

As at 31 December 2025 and 2024, trade accounts payable were interest-free. As at 31 December trade accounts payable were mainly denominated in the following currencies:

In thousand soums	**2025**	2024
EUR	**540,909,361**	2,817,553
UZS	**457,363,830**	1,218,855,420
USD	**251,922,459**	148,435,233
JPY	**20,954,481**	
RUB	**–**	5,335,191
	1,271,150,131	1,375,443,397

Information on contractual maturities of trade accounts payable and the Group's liquidity risk management is disclosed in *Note 37*.

23. CONTRACT LIABILITIES

As at 31 December contract liabilities comprised:

In thousand soums	**2025**	2024
Advances received from subscribers	**556,963,410**	414,447,706
Advances received for construction of apartments	**19,320,863**	27,430,791
Advances received for construction works	**–**	312,513
Other advances received	**17,723,897**	75,572,775
As at 31 December	**594,008,170**	517,763,785

In thousand soums	**2025**	2024
Current contract liabilities	**540,899,342**	460,633,562
Non-current contract liabilities	**53,108,828**	57,130,223
As at 31 December	**594,008,170**	517,763,785

23. CONTRACT LIABILITIES (continued)

Movements in advances received from subscribers for the year ended 31 December 2025 were as follows:

In thousand soums	**2025**	2024
As at 1 January	**414,447,706**	367,571,830
Payments received from subscribers	**9,602,319,472**	7,953,793,906
Recognised as Revenue during the year	**(9,459,803,768)**	(7,906,918,030)
As at 31 December	**556,963,410**	414,447,706

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December 31 December:

In thousand soums	**2025**	2024
Within one year	**22,864,083**	31,931,985
More than one year	**96,044,079**	118,087,536
	118,908,162	150,019,521

The remaining performance obligations expected to be recognised after more than one year primarily relate to contracts for the construction of apartments, as well as other customer contracts for which performance obligations are satisfied over a period exceeding one year.

24. OTHER CURRENT FINANCIAL LIABILITIES

As at 31 December other current financial liabilities comprised:

In thousand soums	**2025**	2024
Other current financial liabilities		
Unused vacation reserve	**58,236,373**	66,424,258
Payables to dealers	**45,462,614**	16,408,794
Payables to content providers	**19,710,769**	19,633,086
Payables to employees	**1,360,471**	2,289,366
Payables for labor union	**720,635**	3,519,768
Payables for bank services	**31,135**	657,898
Other payables	**25,649,640**	25,825,962
As at 31 December	**151,171,637**	134,759,132

25. OTHER CURRENT NON-FINANCIAL LIABILITIES

As at 31 December other current non-financial liabilities comprised:

In thousand soums	**2025**	2024
Taxes payable	**48,512,601**	63,043,975
Payables to government	**49,936,443**	–
As at 31 December	**98,449,044**	63,043,975

As at 31 December 2025 and 2024, other current non-financial liabilities were not interest bearing and the balances were mainly denominated in Uzbek soums.

26. GOVERNMENT GRANTS

As at 31 December government grants comprised.

In thousand soums	**2025**	2024
At at 1 January	**70,000,000**	53,000,000
Government grants received	**83,710,942**	17,000,000
Government grant income (*Note 33*)	**(83,710,942)**	–
As at 31 December	**70,000,000**	70,000,000

As at 31 December 2025, the Group has Government Grants received from Safe City Public Order Center and Information Communication Technologies Development Fund in the form of cash aimed to finance the investment projects under Presidential decrees related to the development of road safety and social services systems.

During 2025, the Group received a government grant amounting to 83,710,942 thousand soums to compensate operational expenses related to the "**112 EDS**" project. The grant was fully utilized during the year in accordance with its intended purpose. As at 31 December 2025, there were no unfulfilled conditions or contingencies associated with the grant.

Government grants were reported as part of other current non-financial liabilities in the Group's previous financial statements. In 2025, the Group elected to report Government grants as a separate line in its non-current liabilities. Comparative information for 2024 was changed to comply with 2025 presentation

27. REVENUE

Revenue from contracts with customer for the years ended 31 December comprised:

In thousand soums	**2025**	2024
Fixed line internet services	**4,082,414,903**	3,396,006,946
Mobile network services	**3,419,517,426**	2,667,367,444
Interconnect	**1,150,488,829**	1,580,216,481
Usage of channels	**1,137,061,650**	789,533,044
Video processing services	**287,768,286**	–
Sale of equipment and accessories	**199,640,783**	172,300,530
Fixed line telephony services	**63,481,444**	60,933,373
Telecommunication maintenance services	**35,547,083**	33,802,849
Internet protocol television services	**3,583,673**	4,590,010
Others	**236,330,108**	179,339,691
Total revenue	**10,615,834,185**	8,884,090,368
Goods transferred at a point of time	**235,187,866**	206,572,366
Services transferred over time	**10,380,646,319**	8,677,518,002
Total revenue	**10,615,834,185**	8,884,090,368

The revenue from mobile network and fixed line internet services are processed through the billing system and amounted to 7,501,932,329 thousand soums for the year ended 31 December 2025 (2024: 6,063,374,390 thousand soums). Revenue from mobile network services includes voice, data, SMS and value-added services.

In 2025, Telecom Soft LLC provided video data processing services under a contract with a government customer for an amount of 287,768,286 thousand soums.

The revenue categories presented above are consistent with the Group's operating segments disclosed in *Note 6* (Segment Information).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

28. COST OF SALES

Cost of sales for the years ended 31 December comprised:

In thousand soums	**2025**	2024
Payroll expenses and social security contributions	**1,783,450,992**	1,717,783,545
Depreciation and amortization	**1,752,663,744**	1,102,912,354
Interconnect	**1,610,815,618**	1,797,336,465
Inventories	**492,101,109**	499,644,542
Utilities	**214,520,851**	176,011,565
Technical support	**177,059,679**	131,111,176
Installment of cables and maintenance fee	**137,751,185**	132,680,585
Software maintenance	**122,787,912**	40,082,296
Usage of channels	**12,187,371**	11,924,236
Write-off of obsolete inventories	**5,479,908**	–
Other	**97,841,468**	161,689,836
Total cost of sales	**6,406,659,837**	5,771,176,600

29. SELLING EXPENSES

Selling expenses for the years ended 31 December comprised:

In thousand soums	**2025**	2024
Amortization of cost to obtain contract	**366,849,920**	146,496,885
Payroll expenses and social security contributions	**280,268,782**	259,640,566
Payment systems commission	**245,443,524**	218,866,640
Advertising expenses	**118,388,105**	60,306,208
Software maintenance costs	**11,736,142**	–
Depreciation and amortization	**3,974,403**	2,175,991
Other selling expenses	**12,133,675**	12,269,060
Total selling expenses	**1,038,794,551**	699,755,350

30. GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses for the years ended 31 December comprised:

In thousand soums	**2025**	2024
Taxes and other payments	**566,316,458**	417,761,001
Payroll expenses and social security contributions	**287,060,818**	258,120,522
Charity contributions	**75,106,140**	69,114,817
Materials	**34,104,827**	39,461,269
Audit and consultancy services	**20,198,517**	7,812,290
Depreciation and amortization	**17,868,405**	11,313,722
Bank services	**17,019,617**	8,258,357
Employee benefit obligations	**6,587,719**	11,757,141
Donated property, plant and equipment	**1,048,862**	16,392,644
Accrual of provision of unused vacation and related taxes	**–**	3,904,039
Other administrative expenses	**46,315,356**	46,202,485
Total general and administrative expenses	**1,071,626,719**	890,098,287

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

31. IMPAIRMENT AND EXPECTED CREDIT LOSSES

Impairment comprises the following:

In thousand soums	**2025**	2024
Accrual of provision for non-current advances paid (*Note 7*)	**1,517,961**	–
Accrual of provision for advances paid for inventories and services (*Note 15*)	**219,830**	1,556,036
Recovery of provision for non-current advances paid *(Note 7)*	**(223,447)**	(6,112,856)
Recovery of provision for advances paid for inventories and services *(Note 15)*	**(1,717,665)**	(1,788,635)
	(203,321)	(6,345,455)

Expected credit losses comprise the following:

In thousand soums	**2025**	2024
Accrual of allowance for expected credit losses (*Note 14, Note 17*)	**470,611,668**	203,292,281
Recovery of allowance for expected credit losses (*Note 14*)	**(6,992,246)**	(86,279,861)
	463,619,422	117,012,420

32. FINANCE COSTS / FINANCE INCOME

Finance costs and finance income for the years ended 31 December comprised:

In thousand soums	**2025**	2024
Finance costs		
Interest expense on loans (*Note 37*)	**(546,148,798)**	(443,854,245)
Unwinding of discount on long-term borrowings (*Note 37*)	**(112,881,522)**	(88,288,812)
Interest expense on lease liabilities (*Notes 20 and 37*)	**(69,420,036)**	(56,164,193)
Interest expense on employee benefits obligations (*Note 21*)	**(15,264,214)**	(14,099,581)
Other costs	**(5,393,822)**	(4,758,060)
Total finance cost	**(749,108,392)**	(607,164,891)
Finance income		
Interest income on deposits	**40,206,362**	15,796,072
Other finance income	**2,005,990**	593,594
Total finance income	**42,212,352**	16,389,666

33. OTHER OPERATING INCOME

Other operating income for the years ended 31 December comprised:

In thousand soums	**2025**	2024
Other operating income		
Government grant income (*Note 26*)	**83,710,942**	–
Income from rent	**73,336,121**	42,953,289
Income from write-off of accounts payable and receivable	**6,714,427**	11,775,125
Income from penalties	**4,650,837**	4,720,185
Other operating income	**21,259,448**	49,491,215
Total other operating income	**189,671,775**	108,939,814

In 2025, the Group received financing in accordance with Resolution No. 789 of the Cabinet of Ministers of the Republic of Uzbekistan dated 15 December 2025 (the "financing party"). Under this resolution, the financing party committed to reimburse the Group for eligible operating expenses incurred in connection with the operation of the 112 EDS project during the year ended 31 December 2025.

The reimbursement relates to expenses incurred by the Group's subsidiary, "**Kontakt Markazi**" LLC, and amounted to 83,710,942 thousand soums for the reporting period.

34. INCOME TAX EXPENSES

Income tax expenses for the years ended 31 December comprised:

In thousand soums	**2025**	2024
Corporate income tax expenses	**156,447,540**	65,997,540
Deferred income tax expense	**5,245,069**	184,767,636
	161,692,609	250,765,176

Tax rate for the Group and subsidiaries was 15% in 2025 and 2024.

The Group is subject to certain permanent tax differences due to the non−tax deductibility of certain expenses and certain income being treated as non−taxable for tax purposes. A reconciliation of income tax expenses applicable to profit before taxation at the statutory rate of 15% (2024: 15%), with the current corporate income tax expenses for the years ended 31 December is out below:

In thousand soums	**2025**	2024
Profit before taxation	**771,465,293**	1,052,029,865
Income tax at statutory income tax rate of 15%	**115,719,794**	157,804,480
Effect of Income of subsidiaries taxed at different rates	**(32,949,175)**	(7,997,576)
Effect of income that is not taxable in determining taxable profit	**(8,331,065)**	–
Change in unrecognized deferred tax asset	**48,984,880**	49,050,000
Effect of non-deductible expenses	**38,268,175**	51,908,272
Total income tax expenses	**161,692,609**	250,765,176

The effect of income of subsidiaries taxed at different rates primarily relates to income generated from the core operations of **Telecomsoft LLC**, which is exempt from income tax due to its residency in the IT Park.

34. INCOME TAX EXPENSES (continued)

As at 31 December 2025, deferred taxes calculated by applying the official tax rates effective at the reporting date to the temporary differences between the tax bases of assets and liabilities and the amounts recognized in the consolidated financial statements included the following items:

In thousand soums	31 December 2025	Recognized in consolidated statement of profit or loss	Recognized in Additional Paid-in Capital	Recognized in consolidated statement of Other Comprehensive Income	31 December 2024	Recognized in consolidated statement of profit or loss	Recognized in consolidated statement of Other Comprehensive Income	31 December 2023
Deferred tax assets								
Lease liabilities	**82,880,723**	**47,253,526**	–	–	35,627,197	533,842	–	35,093,355
Other	**66,933,224**	**(4,260,205)**	–	–	71,193,429	(4,205,021)	–	75,398,450
Contract liabilities	**47,585,673**	**7,473,793**	–	–	40,111,880	8,520,164	–	31,591,716
Inventory	**18,090,111**	**14,497,912**	–	–	3,592,199	(9,380,529)	–	12,972,728
Employee benefits obligations	**14,143,545**	**2,324,257**	–	(2,279,431)	14,098,719	2,394,295	(319,096)	12,023,520
Trade accounts payable	**9,144,242**	**8,709,234**	–	–	435,008	(15,908,411)	–	16,343,419
Intangible assets	**277,789**	**277,789**	–	–	–	–	–	–
Trade and other receivables	**160,315,011**	**71,758,301**	–	–	88,556,710	22,781,754	–	65,774,956
Gross amount of deferred tax asse	**399,370,318**	**148,034,607**	–	(2,279,431)	253,615,142	4,736,094	(319,096)	249,198,144
Unrecognized deferred tax Assets	**(98,144,798)**	**(48,984,880)**	–	–	(49,159,918)	(49,159,918)	–	–
Deferred tax assets	**301,225,520**	**99,049,727**	–	(2,279,431)	204,455,224	(44,423,824)	(319,096)	249,198,144
Deferred tax liabilities								
Property, Plant and Equipment	**(606,708,802)**	**(92,314,145)**	–	–	(514,394,657)	(120,965,924)	–	(393,428,733)
Right-of-use assets	**(75,108,416)**	**(31,085,895)**	–	–	(44,022,521)	(3,089,407)	–	(40,933,114)
Borrowings	**(58,772,190)**	**16,122,210**	**(34,993,096)**	–	(39,901,304)	(17,396,236)	–	(22,505,068)
Cost to obtain a contract	**(7,075,410)**	**2,017,223**	–	–	(9,092,633)	(768,995)	–	(8,323,638)
Intangible Assets	–	**965,811**	–	–	(965,811)	2,195,846	–	(3,161,657)
Deferred tax liabilities	**(747,664,818)**	**(104,294,796)**	**(34,993,096)**	–	(608,376,926)	(140,024,716)	–	(468,352,210)
Deferred tax liability, net	**(446,439,298)**	**(5,245,069)**	**(34,993,096)**	(2,279,431)	(403,921,702)	(184,448,540)	(319,096)	(219,154,066)

There are no income tax consequences attached to the payment of dividends in either 2025 or 2024 by the Group to its shareholders.

The temporary differences associated with investments in the Group's subsidiaries for which a deferred tax liability was not recognized in the periods presented, aggregate to 14,799,535 thousand soums (2024: 16,264,964 thousand soums). The Group determined that the undistributed profits of its subsidiaries will not be distributed in the foreseeable future.

Deferred tax assets and liabilities are presented in the consolidated statement of financial position as follows:

In thousand soums	**2025**	2024
Deferred tax assets	**301,225,520**	204,455,224
Deferred tax liabilities	**(747,664,818)**	(608,376,926)
Net deferred tax liabilities	**(446,439,298)**	(403,921,702)

The Group performs offsetting of tax assets and liabilities only if a legally enforceable right exists to set off current tax assets against current tax liabilities and deferred tax assets and deferred tax liabilities relating to income tax collected by the same taxation authority.

35. NON-CASH TRANSACTIONS

The following significant non-cash transactions have been excluded from the consolidated statement of cash flows:

- In 2025, the Group entered into borrowing arrangements with UICB and other financial institutions amounting to 1,007,516,384 thousand soums and 79,263,397 thousand soums, respectively, to refinance trade accounts payable related to the acquisition of property, plant and equipment. These borrowings were not received by the Group in cash; instead, the lenders settled the respective amounts directly with the suppliers. Accordingly, the transaction represented a non-cash settlement of trade accounts payable through borrowings.
- The amounts borrowed from UICB and other financial institutions were used to settle trade accounts payable relating to the acquisition of property, plant and equipment that were outstanding at the reporting date or arose during the year. Similarly, in 2024, borrowing arrangements amounting to 630,780,369 thousand soums were used to directly settle such trade accounts payable with suppliers. Accordingly, these transactions are presented as non-cash financing transactions (Notes 7, 19 and 37).
- In 2025, the Group obtained loans at interest rates below market rate. In accordance with IFRS 9 *Financial Instruments*, the loans were initially recognised at fair value using market-based discount rates. The difference between the proceeds received and the fair value of the loan at initial recognition, in the amount of 198,294,210 thousand soums, net of related deferred tax of 34,993,096 thousand soums, was recognized in additional paid-in capital (*Note 18*).

36. RELATED PARTY TRANSACTIONS

The Group provides telecommunication services to the Parent and entities controlled by the Parent. The category of state-owned entities includes different government agencies and ministries.

Related party transactions were made on terms, agreed to between the parties, which do not necessarily represent market terms and maybe not accessible to third parties. Outstanding balances at the end of the year are not secured, are short-term, and settlements are made in cash, except as described below.

The Group has not applied the IAS 24 exemption for government-related entity disclosure requirements and has disclosed related party transactions and outstanding balances.

At 31 December 2025, the Group recognized a provision for expected credit loss in the amount of 359,957,512 thousand soums in respect of receivables from related parties (2024: 584,190 thousand soums).

In accordance with the agreement concluded on 31 January 2024 between the Group and the Centre for the Development of ‘Safe City’ Systems of the Ministry of Internal Affairs of the Republic of Uzbekistan (hereinafter referred to as the Centre), as at 31 December 2025, trade receivables amounting to 428,421,370 thousand soums were recognised. As at the reporting date, the Group estimated expected credit losses on this receivable at 359,957,512 thousand soums.

The Centre is under the control of the Government of the Republic of Uzbekistan and, accordingly, is treated by the Group as a related party.

Despite the related party status, the Group applies a simplified approach to the assessment of expected credit losses without granting any exceptions for state counterparties.

The significant allowance reflects the specific credit risk characteristics of this counterparty, including payment delays and the structure of settlement arrangements, which were incorporated into the forward-looking ECL assessment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

36. RELATED PARTY TRANSACTIONS (continued)

Sales and purchases with related parties during the years ended 31 December 2025 and 2024 and the balances with related parties at 31 December 2025 and 2024 were as follows:

In thousand soums	**2025**	2024
Sales of goods and services	**103,687,162**	97,070,111
Parent	**580**	–
State owned entities	**103,262,404**	89,188,458
Associates	**73,321**	7,881,653
Aloqabank JSC	**350,857**	–
Purchases of goods and services	**454,076,413**	375,368,069
Parent	**249,734**	307,855
State owned entities	**449,035,077**	372,781,640
Associates	**203,652**	2,278,574
Aloqabank JSC	**4,587,950**	–
Selling expenses	**17,156,748**	160,837,168
Parent	**–**	–
State owned entities	**4,703,162**	148,517,858
Associates	**902,284**	12,319,310
Aloqabank JSC	**11,551,302**	–
General and administrative expenses	**496,650,066**	355,695,804
Parent	**680,332**	451,223
State owned entities	**476,607,032**	352,460,450
Associates	**7,102,168**	2,784,131
Aloqabank JSC	**12,260,535**	–
Other operating income	**52,684,529**	36,137,522
Parent	**225**	2,875
State owned entities	**35,937,312**	34,639,392
Associates	**798,621**	1,495,255
Aloqabank JSC	**15,948,371**	–
Finance income	**109,140,007**	197,464,414
State owned entities	**69,628,465**	–
Associates	**2,050,074**	197,464,414
Aloqabank JSC	**37,461,468**	–
Finance costs	**237,552,925**	116,947,761
Parent	**8,360,562**	6,576,942
State owned entities	**184,892,368**	38,818,469
Associates	**–**	71,552,350
Aloqabank JSC	**44,299,995**	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

36. RELATED PARTY TRANSACTIONS (continued)

In thousand soums	**2025**	2024
Cash and cash equivalents	**262,208,901**	104,978,700
State owned entities	**5,162,021**	6,386,900
Associates	**–**	98,591,800
Aloqabank JSC	**257,046,880**	–
Borrowings *(Note 19)*	**1,944,168,600**	641,703,166
State owned entities	**1,666,143,593**	419,203,166
Associates	**–**	222,500,000
Aloqabank JSC	**278,025,007**	–
Investments	**380,436,743**	571,719,838
Aloqabank JSC	**315,892,678**	10,257,992
Associates	**64,544,065**	524,147,111
State owned entities	**–**	37,314,735
Trade receivables	**75,560,054**	8,841,052
State owned entities	**75,484,554**	7,923,621
Associates	**1,479**	917,431
Aloqabank JSC	**74,021**	–
Trade accounts payable	**160,058,469**	1,012,327,740
Shareholders	**216**	216
State owned entities	**132,252,664**	36,975,364
Associates	**23,085,973**	975,352,160
Aloqabank JSC	**4,719,616**	–
Lease liability	**1,184,059**	4,058,549
Associates	**1,157,028**	1,250
State owned entities	**–**	4,057,299
Aloqabank JSC	**27,031**	–
Other current liabilities	**350,035,118**	466,368,478
Shareholders	**–**	15,090
State owned entities	**182,447,251**	298,183,476
Associates	**–**	168,169,912
Aloqabank JSC	**167,587,867**	–

Compensation to key management personnel

In thousand soums	**2025**	2024
Short-term employee benefits	**10,204,631**	9,408,460

For the years ended 31 December 2025 and 2024, the total compensation to key management personnel represented by the personnel that has the authority or responsibility for planning, directing and controlling the activities of the Group included in the accompanying consolidated statement of profit or loss under general and administrative expenses. Compensation to key management personnel consists of wages fixed in the employment agreement, as well as remuneration based on the performance for the year.

37. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT OBJECTIVES AND PRINCIPLES

Interest rate risk

The interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected, after the impact of hedge accounting. With all other variables held constant, the Group's profit before tax is affected through the impact on floating rate borrowings, as follows:

In thousand soums	**Increase in basis points**	**Effect on profit before tax**	**Decrease in basis points**	**Effect on profit before tax**
2025				
EURIBOR	**3.34%**	**(137,445,847)**	**−1.65%**	**72,990,996**
SOFR	**4.48%**	**(7,797,828)**	**−1.01%**	**(7,797,828)**
TORF/CIRR	**1.25%**	**(6,770,189)**	**−1.26%**	**(6,770,189)**
2024				
EURIBOR	3.54%	(107,871,650)	−1.27%	39,284,353
SOFR	4.50%	(10,768,950)	−0.39%	772,203
TORF/CIRR	1.26%	(9,057,779)	−0.77%	5,519,129

Foreign currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

As a result of available significant loans and borrowings, accounts payable, cash and cash equivalents and accounts receivable denominated in the US dollars, Japanese Yens and Euros the Group's consolidated statement of financial position can be affected significantly by movement in the US dollar / Japanese Yen / Euro to Uzbek soums exchange rates.

The following table demonstrates the sensitivity to a reasonably possible changes in the exchange rates of US dollar / Japanese Yen / Euro to Uzbek soums, with all the variables held constant, of the Group's profit before income tax (due to changes in the fair value of monetary assets and liabilities). There is no impact on the Group's equity.

	2025		2024	
In thousand soums	**Increase/ (decrease) in exchange rate**	**Effect on profit before tax**	Increase/ (decrease) in exchange rate	Effect on profit before tax
US dollars	**10,88%**	**(115,380,810)**	11%	(179,438,758)
	−6.04%	**64,005,713**	−2%	32,552,777
Japanese Yen	**19.30%**	**(309,059,924)**	19%	(371,835,431)
	−1.77%	**28,304,478**	−2%	38,871,166
Euro	**18.52%**	**(834,604,652)**	12%	(508,666,694)
	−1.44%	**64,684,690**	−5%	226,830,771
Russian rubles	**23.40%**	**390,116**	21%	(1,123,669)
	−30.2%	**(503,458)**	−31%	1,648,862
Chinese yuan	**5.02%**	**(25,179,457)**	n/a	n/a
	−2.43%	**12,181,816**	n/a	n/a

Credit risk

Credit risk is the risk that the Group will incur finance costs because its customers, clients or counterparties failed to discharge their contractual obligations, The Group is exposed to credit risk associated with its operating activities (primarily with respect to trade receivables) and financial activities, including bank deposits and financial organizations, foreign exchange transactions and other financial instruments.

37. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT OBJECTIVES AND PRINCIPLES (continued)

Trade receivables and contract assets

Financial instruments in which the Group's credit risk is concentrated are primarily trade and other receivables. The credit risk associated with these assets is limited due to the large number of the Group's customers and the continuous monitoring procedures for customers and other debtors.

The Group has two significant customers, Humans LLC and the Centre, which together represent a substantial concentration of credit risk. As at 31 December 2025, outstanding balances due from Humans LLC amounted to 612,289,650 thousand soums (2024: 475,099,062 thousand soums), and from Safe City project amounted to 428,421,370 thousand soums (2024: 105,861,130 thousand soums). These balances collectively accounted for approximately 70% (2024: 54%) and 92% (2024: 91%) of total trade receivables and ECL respectively.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region, product type, customer type and rating, and coverage by letters of credit or other forms of credit insurance). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written-off if past due for more than one year and are not subject to enforcement activity. The Group does not hold other collateral or credit enhancements in respect of trade receivables. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in *Notes 14 and 17*. As at 31 December 2025, the Group does not hold any collateral, letters of credit, or other forms of credit insurance as security.

Liquidity risk

Liquidity risk is the risk that the Group will be unable to meet its payment obligations when they fall due under normal and stressful circumstances.

The Group monitors its risk of a shortage of funds using a liquidity planning tool. This tool considers the maturity of both its financial investments and financial assets (e.g. accounts receivable, other financial assets) and projected cash flows from operations.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of borrowings and leases. The Group's policy is that not more than 35% of borrowings and leases should mature in the next 12 month period. Approximately 38% of the Group's debt will mature in less than one year at 31 December 2025 (31 December 2024: 24%) based on the carrying amount of borrowings and leases reflected in the consolidated financial statements.

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments.

In thousand soums	**On demand**	**Less than 3 months**	**From 3 to 12 months**	**From 1 to 5 years**	**More than 5 years**	**Total**
At 31 December 2025						
Borrowings	–	**450,319,872**	**2,707,733,661**	**6,388,205,786**	**981,071,346**	**10,527,330,665**
Lease liabilities	–	**37,380,395**	**111,918,556**	**673,581,961**	**149,410,931**	**972,291,843**
Trade accounts payable	**55,751,943**	**758,358,862**	**457,039,326**	–	–	**1,271,150,131**
Other current financial liabilities	**31,135**	**91,694,993**	**59,445,509**	–	–	**151,171,637**
Other non-current financial liabilities	–	–	–	**195,562**	–	**195,562**
	55,783,078	**1,337,754,122**	**3,336,137,052**	**7,061,983,309**	**1,130,482,277**	**12,922,139,838**
At 31 December 2024						
Borrowings	–	575,381,956	1,883,651,983	7,089,720,237	548,198,196	10,096,952,372
Lease liabilities	–	21,403,884	62,272,853	399,527,580	87,259,416	570,463,733
Trade accounts payable	3,624,250	1,366,903,860	4,915,287	–	–	1,375,443,397
Other current financial liabilities	657,898	67,625,034	66,476,200	–	–	134,759,132
Other non-current financial liabilities	–	–	–	2,542,303	–	2,542,303
	4,282,148	2,031,314,734	2,017,316,323	7,491,790,120	635,457,612	12,180,160,937

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

37. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT OBJECTIVES AND PRINCIPLES (continued)

Cash flow risk

Cash flow risk is the risk that future cash flows associated with a monetary financial instrument will fluctuate in amount.

Cash flows requirements are monitored on a regular basis and management provides for availability of sufficient funds required to fulfil any liabilities when they arise. The management of the Group believes that any possible fluctuations of future cash flows associated with a monetary financial instrument will not have material impact on the Group's operations.

Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to the holders of ordinary shares, return equity to shareholders or issue new shares. No changes were made by the Group in the capital management objectives, policies or processes in 2025 and 2024.

The Group monitors capital using a debt-to-equity ratio, which is net debt divided by total equity. The Group includes within net debt interest bearing borrowings and lease liabilities, less cash and cash equivalents. Equity includes equity attributable to the equity holders of the Group and excludes non-controlling interests as the capital measure is focused on equity attributable to the Group's shareholders only.

The Group's debt-to-equity ratio at the period end was as follows:

In thousand soums	**31 December 2025**	31 December 2024
Interest-bearing loans and borrowings	**8,266,134,706**	8,387,707,583
Lease liabilities	**552,538,150**	321,191,380
Less: Cash and cash equivalents	**(281,892,453)**	(106,279,870)
Net Debt	**8,536,780,403**	8,602,619,093
Total equity attributable to equity holders of the parent	**4,090,381,822**	3,324,340,084
Debt-equity ratio	**2.09**	2.59

37. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT OBJECTIVES AND PRINCIPLES (continued)

Fair value

For the purpose of disclosing the fair value, the Group determined classes of assets and liabilities based on characteristics and risks of assets or liabilities and fair value hierarchy level as described above.

The table below presents fair value hierarchy of assets and liabilities of the Group. Disclosure of quantitative information of fair value hierarchy of financial instruments as at 31 December 2025 was as follows:

		Fair value measurement using			
In thousand soums	**Date of valuation**	**Price quotations on active markets (Level 1)**	**Significant observable in-puts (Level 2)**	**Significant unobservable in-puts (Level 3)**	**Total**
Assets for which fair values are disclosed					
Other current financial assets	**31 December 2025**	–	–	**42,598,669**	**42,598,669**
Other non-current financial assets	**31 December 2025**	–	–	**25,638,624**	**25,638,624**
Investments at FVTPL	**31 December 2025**	–	–	**315,892,678**	**315,892,678**
Investment properties	**31 December 2025**	–	–	**130,872,217**	**130,872,217**
Liabilities for which fair values are disclosed					
Borrowings	**31 December 2025**	–	–	**7,977,137,171**	**7,977,137,171**
Other non-current financial liabilities	**31 December 2025**	–	–	**192,787**	**192,787**
Other current financial liabilities	**31 December 2025**	–	–	**151,171,637**	**151,171,637**

The table below presents fair value hierarchy of assets and liabilities of the Group. Disclosure of quantitative information of fair value hierarchy of financial instruments and Investment properties as at 31 December 2024 was as follows:

		Fair value measurement using			
In thousand soums	**Date of valuation**	**Price quotations on active markets (Level 1)**	**Significant observable in-puts (Level 2)**	**Significant unobservable in-puts (Level 3)**	**Total**
Assets for which fair values are disclosed					
Other current financial assets	31 December 2024	–	–	14,450,000	**14,450,000**
Other non-current financial assets	31 December 2024	–	–	5,763,551	**5,763,551**
Liabilities for which fair values are disclosed					
Borrowings	31 December 2024	–	–	8,036,089,019	**8,036,089,019**
Other non-current financial liabilities	31 December 2024	–	–	2,257,900	**2,257,900**
Other current financial liabilities	31 December 2024	–	–	134,759,132	**134,759,132**

37. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT OBJECTIVES AND PRINCIPLES (continued)

Fair value (continued)

Set out below is a comparison by class of the carrying amounts and fair values of the Group's financial assets and liabilities that are not carried at fair value and Investment properties in the consolidated statement of financial position. The table does not include the fair values of other non-financial assets and non-financial liabilities.

In thousand soums	**Carrying amount 2025**	**Fair value 2025**	**Unrecog-nised gain/(loss) 2025**	Carrying amount 2024	Fair value 2024	Unrecog-nised gain/(loss) 2024
Financial assets						
Other current financial assets	**42,598,669**	**42,598,669**	–	14,450,000	14,450,000	–
Other non-current financial assets	**25,707,623**	**25,638,624**	**(68,999)**	6,089,303	5,763,551	(325,752)
Financial liabilities						
Borrowings	**8,266,134,706**	**7,977,137,171**	**288,997,535**	8,387,707,583	8,036,089,019	351,618,564
Other non-current financial liabilities	**195,562**	**192,787**	**2,775**	2,542,303	2,257,900	284,404
Other current financial liabilities	**151,171,637**	**151,171,637**	–	134,759,132	134,759,132	–
Total unrecognised change in unrealised fair value			**288,931,311**			351,577,216

Valuation techniques and assumptions

The following describes the methodologies and assumptions used to determine fair values for those financial instruments which are not already recorded at fair value in the financial statements.

Assets for which fair value approximates carrying value

For financial assets and financial liabilities that are liquid or having a short-term maturity (less than three months) it is assumed that their fair value approximates to the carrying amount. This assumption is also applied to demand deposits and savings accounts without a specific maturity.

Financial liabilities carried at amortized cost

The fair value of loans obtained is measured by discounting future cash flows using rates currently existing for outstanding amounts with similar terms, credit risk and maturity.

Investment properties

The fair value of the Group's investment properties was determined using a discounted cash flow method. The valuation reflects projected rental income based on existing lease agreements, taking into account inflation and expected rental growth, and estimated cash outflows for maintenance and capital expenditures. The discount rate was determined using a weighted average cost of capital (WACC) approach, reflecting current market conditions at the reporting date.

37. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT OBJECTIVES AND PRINCIPLES (continued)

Changes in liabilities arising from financial activities

Changes in liabilities arising from financial activities for 2025 were as follows:

In thousand soums	1 January 2025	Cash flow principal obtained/additions	Gain on initial recognition (recognized in equity)/ Lease modifications	Non-cash principal obtained *(Note 35)*	Gain on initial recognition (recognized in borrowings/finance cost)	Repayment of principal	Interest expense *(Note 32)*	Capitalized Interest expense	Interest paid	Unwinding of discount (*Note 32)*	Net foreign exchange loss	Other movements	31 December 2025
Borrowings	**8,387,707,583**	**779,936,244**	**(233,287,306)**	**1,086,779,781**	**(8,316,807)**	**(1,915,507,929)**	**546,148,798**	**41,239,865**	**(597,128,374)**	**112,881,522**	**66,867,834**	**(1,186,505)**	**8,266,134,706**
Lease liabilities	**321,191,380**	**87,963,843**	**195,035,942**	–		**(54,131,448)**	**69,420,036**	–	**(66,941,603)**	–	–	–	**552,538,150**
Total	**8,708,898,963**	**867,900,087**	**(38,251,364)**	**1,086,779,781**	**(8,316,807)**	**(1,969,639,377)**	**615,568,834**	**41,239,865**	**(664,069,977)**	**112,881,522**	**66,867,834**	**(1,186,505)**	**8,818,672,856**

Changes in liabilities arising from financial activities for 2024 were as follows:

In thousand soums	1 January 2024	Cash flow principal obtained/additions	Gain on initial recognition (recognized in equity)/ Lease modifications	Non-cash principal obtained *(Note 35)*	Gain on initial recognition (recognized in borrowings/finance cost)	Repayment of principal	Interest expense *(Note 32)*	Capitalized Interest expense	Interest paid	Unwinding of discount (*Note 32)*	Net foreign exchange loss	Other movements	31 December 2024
Borrowings	5,960,023,082	4,071,782,418	–	823,776,028	(192,995,659)	(2,256,652,162)	443,854,245	34,987,102	(490,244,216)	88,288,812	(91,468,172)	(3,643,895)	8,387,707,583
Lease liabilities	289,943,083	22,807,919	39,499,844	–		(31,059,466)	56,164,193	–	(56,164,193)	–	–	–	321,191,380
Total	**6,249,966,165**	**4,094,590,337**	**39,499,844**	**823,776,028**	**(192,995,659)**	**(2,287,711,628)**	**500,018,438**	**34,987,102**	**(546,408,409)**	**88,288,812**	**(91,468,172)**	**(3,643,895)**	**8,708,898,963**

38. COMMITMENTS AND CONTINGENCIES

Commitments

As at 31 December 2025, the Group had contractual commitments for capital expenditures of 376,692,949 thousand soums (net of VAT) (2024: 591,562,316 thousand soums (net of VAT)) relating to the acquisition of telecommunication equipment under supply contracts with international vendors.

Legal proceedings

From time to time and in the normal course of business, claims against the Group may be received. On the basis of its own estimates and both internal and external professional advice, management is of the opinion that no material losses will be incurred in respect of claims, and accordingly no provision has been made in these consolidated financial statements.

Licenses

Substantially all of the Group's revenues are derived from operations conducted pursuant to licenses granted by the Ministry of Digital Technologies of the Republic of Uzbekistan. These licenses expire as indicated in *Note 1*. Management of the Group believes that the licenses will be renewed. However, suspension or termination of the Group's main licenses or any failure to renew any or all of these main licenses could have a material adverse effect on the financial position and operations of the Group. The information regarding the expiry date of licenses is described in *Note 1*.

Taxation

Effective from 1 January 2020, the Tax Code was changed and corporate income tax increased from 12% to 15%. However, taxpayers, whose core business is provision of mobile network services, should be subject to corporate income tax at the rate of 20%. The management of the Group believes that provision of mobile network services is not its core business as the Group also provides other various telecommunication services; therefore, the Group applied 15% tax rate to total taxable income. The revenue from mobile network services for the year ended 31 December 2025 was 32% of the total revenue (2024: 38%).

Uzbekistan tax legislation, which was enacted or substantively enacted at the end of the reporting period, is subject to varying interpretations when being applied to the transactions and activities of the Group. Consequently, tax positions taken by management and the formal documentation supporting the tax positions may be challenged by 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 decision about review was made. Under certain circumstances reviews may cover longer periods.

As Uzbekistan tax legislation does not provide definitive guidance in certain areas, the Group adopts, from time to time, interpretations of such uncertain areas that reduce the overall tax rate of the Group. Consequently, the Group may be subject to additional tax liabilities, which may arise as a result of tax audits. The Group believes it has provided adequately for all tax liabilities based on its understanding of the tax legislation.

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.

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 labor to Russia and the related level remittances may also reduce, which could have a negative impact on the economy of Uzbekistan.

Management of the Group is monitoring developments in the economic, political, and geopolitical situation and taking measures, 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

39. EVENTS AFTER THE REPORTING DATE

Business combination

On 4 February 2026, the Group obtained control over “Radioaloqa, Radioeshittirish va Televideniye Markazi” LLC (“RRTM”) - the fundamental technical operator for television and radio in Uzbekistan - following the legal registration of the transfer of a 100% ownership interest. The transfer took place pursuant to a Government resolution, whereby the State Assets Management Agency, acting in its capacity as shareholder, contributed its entire equity interest in RRTM to Group, with the contribution to be settled through an increase in share capital.

The transaction represents a contribution from the shareholder in its capacity as owner. In accordance with the terms of the Government resolution, consideration for the acquisition is to be settled through the issuance of shares by the Group with a nominal value of 1,935,466,271 thousand soums to the State Assets Management Agency as a state contribution.

At the date of authorization of these consolidated financial statements, the initial accounting for the acquisition of RRTM is incomplete. The Management is in the process of obtaining the information necessary to complete the accounting for this transaction.

Issue of shares

On 31 of March 2026 the Group increased its share capital from 326,171,555 thousand soums to 978,514,666 thousand soums by issuing 565,288,658 additional shares with a nominal value of 1,154 soums each, comprising 545,559,686 ordinary shares and 19,728,972 preference shares. The share issue is funded from retained earnings accumulated for the period 2019-2024 and is effected at nominal value through a closed subscription and distributed among existing shareholders on a pro rata basis in proportion to their shareholdings, at a ratio of two additional shares for each one share held.

Following the issuance, the 5% equity interest held by the Ministry of Economy and Finance was transferred to UzNIF, increasing its shareholding from 25% to 30%.