JSC “Navoiyazot”

Consolidated Financial Statements
for 2024
and Independent Auditors’ Report

Content

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Independent Auditors Report

To the Shareholders and Management of Joint Stock Company «Navoiyazot»

Opinion

We have audited the consolidated financial statements of Joint Stock Company “Navoiyazot” (the “Company”) and its subsidiaries (the “Group”), which comprise the consolidated statement of financial position as at 31 December 2024, the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

Basis for Opinion

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

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

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

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

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

Auditors’ Responsibilities for the Audit of the Consolidated Financial Statements

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

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

— Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

— Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group’s internal control;

— Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;

— Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors’ report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors’ report. However, future events or conditions may cause the Group to cease to continue as a going concern;

— Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;

— Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

The engagement partner on the audit resulting in this independent auditors' report is:

KPMG AUDIT

Sanjarbek Kamildjanovich Saidov
General Director
AO "KPMG Audit" LLC
Tashkent, Uzbekistan

Nodirbek Vakhidov
Engagement Partner

26 May 2025

UZS mln	Note	2024	2023
Revenue	5	5,816,974	4,781,550
Cost of sales	6	(3,700,358)	(3,059,140)
Gross profit		**2,116,616**	**1,722,410**
Other income		111,154	635,686
Distribution expenses		(89,929)	(68,909)
Administrative expenses	6	(124,099)	(128,692)
Other expenses	6	(577,574)	(242,312)
Profit from operating activities		**1,436,168**	**1,918,183**
Finance income	7	229	11,994
Finance costs	7	(780,512)	(1,480,326)
Net finance costs		**(780,283)**	**(1,468,332)**
Profit before income tax		**655,885**	**449,851**
Income tax expense	9	(72,629)	(137,186)
Profit for the year		**583,256**	**312,665**
Other comprehensive income/(loss)			
Items that will not be reclassified to profit or loss:			
Equity investments at FVOCI – net change in fair value		5,250	(2,044)
Changes in pension liabilities		-	(14,561)
Related income tax		(499)	307
Other comprehensive income/(loss) for the year, net of income tax		**4,751**	**(16,298)**
Total comprehensive income for the year		**588,007**	**296,367**

These consolidated financial statements were approved by management on 26 May 2025 and were signed on its behalf by:

Chairman of the Management Board

F.Kh. Samadov

Chief Accountant

Kh.A. Chuttiyev

The consolidated statement of profit or loss and other comprehensive income is to be read in conjunction with the notes to, and forming part of, the consolidated financial statements set out on pages 11 to 43.

UZS mln	**Note**	**31 December 2024**	**31 December 2023**
ASSETS			
Property, plant and equipment	11	6,242,931	6,301,110
Intangible assets		20,067	1,833
Equity-accounted investments	12	299,754	216,822
Other investments		4,881	5,457
Non-current trade and other receivables	14	131,655	6,860
Deferred tax assets	9	1,077,575	1,143,636
Non-current assets		**7,776,863**	**7,675,718**
Inventories	13	1,572,887	1,403,372
Trade and other receivables	14	383,947	308,815
Other investments		1,429	79
Cash and cash equivalents	15	30,815	22,592
Current assets		**1,989,078**	**1,734,858**
Total assets		**9,765,941**	**9,410,576**
Equity			
Share capital	16	483,025	483,025
Reserves		(20,449)	(25,200)
Accumulated loss		(5,347,294)	(6,078,983)
Total equity		**(4,884,718)**	**(5,621,158)**
Liabilities			
Loans and borrowings	18	6,945,502	8,452,570
Other non-current liabilities		55,135	55,135
Deferred tax liabilities	9	-	3
Non-current liabilities		**7,000,637**	**8,507,708**
Loans and borrowings	18	4,858,043	4,021,613
Trade and other payables	19	2,549,762	1,963,780
Other tax liabilities		101,785	95,822
Dividend payment liabilities	16	-	289,788
Current income tax liability		140,432	153,023
Current liabilities		**7,650,022**	**6,524,026**
Total liabilities		**14,650,659**	**15,031,734**
Total equity and liabilities		**9,765,941**	**9,410,576**

The consolidated statement of financial position is to be read in conjunction with the notes to, and forming part of, the consolidated financial statements set out on pages 11 to 43.

UZS mln	Note	Share capital	Reserves	Accumulated loss	Total
Balance at 1 January 2023		**59,597**	**(8,902)**	**(5,562,087)**	**(5,511,392)**
Total comprehensive loss					
Profit for the year		-	-	312,665	312,665
Other comprehensive income					
Equity investments at FVOCI – net change in fair value		-	(2,044)	-	(2,044)
Changes in pension liabilities		-	(14,561)	-	(14,561)
Related income tax		-	307	-	307
Total other comprehensive loss		-	**(16,298)**	-	**(16,298)**
Total comprehensive income for the year		-	**(16,298)**	**312,665**	**296,367**
Transactions with shareholders of the Company					
Dividends	16	-	-	(626,569)	(626,569)
Issue of ordinary shares	16	423,428	-	(236,119)	187,309
Other transactions with shareholders	16	-	-	33,127	33,127
Total transactions with shareholders of the Company		**423,428**	-	**(829,561)**	**(406,133)**
Balance at 31 December 2023		**483,025**	**(25,200)**	**(6,078,983)**	**(5,621,158)**

The consolidated statement of changes in equity is to be read in conjunction with the notes to, and forming part of, the consolidated financial statements set out on pages 11 to 43.

UZS mln	Note	Share capital	Reserves	Accumulated loss	Total
Balance at 1 January 2024		**483,025**	**(25,200)**	**(6,078,983)**	**(5,621,158)**
Total comprehensive income					
Profit for the year		-	-	583,256	583,256
Other comprehensive income					
Equity investments at FVOCI – net change in fair value		-	5,250	-	5,250
Related income tax		-	(499)	-	(499)
Total other comprehensive income		-	**4,751**	-	**4,751**
Total comprehensive income for the year		-	**4,751**	**583,256**	**588,007**
Transactions with shareholders of the Company					
Dividends	16	-	-	(14,195)	(14,195)
Other transactions with shareholders	16	-	-	162,628	162,628
Total transactions with shareholders of the Company		-	-	**148,433**	**148,433**
Balance at 31 December 2024		**483,025**	**(20,449)**	**(5,347,294)**	**(4,884,718)**

The consolidated statement of changes in equity is to be read in conjunction with the notes to, and forming part of, the consolidated financial statements set out on pages 11 to 43.

UZS mln	**Note**	**2024**	**2023**
Cash flow from operating activities			
Profit for the year		583,256	312,665
Adjustments for:			
Depreciation	6	394,489	377,399
Gain on disposal of inventories		(11,235)	(9,063)
Reversal of previously charged provision for other taxes		-	(596,692)
(Gain)/loss on disposal and impairment of property, plant and equipment	6	(14,523)	33,654
Accrued penalties	6	509,821	150,494
(Reversal)/charge of inventories provision	13	(53,498)	19,805
Reversal of previously charged provisions for income tax		(70,583)	-
Changes in allowance for impairment and previously written-off financial assets	6	20,395	2,387
Pension liability costs		-	5,101
Interest expense	7	668,968	738,597
Unwinding of discount	7	29,527	-
Effect from discounting of non-current payables	7	5,269	33,994
Foreign exchange differences	7	72,678	707,140
Income tax expense	9	72,629	137,186
Other		(20,669)	(1,088)
		2,186,524	**1,911,579**
Changes in:			
Inventories		(70,679)	(494,940)
Trade and other receivables		(149,137)	(101,464)
Trade and other payables		36,874	1,051,234
Other taxes payable		(5,643)	(62,799)
Cash flows from operating activities before income tax and interest paid		**1,997,939**	**2,303,610**
Income tax paid		(19,040)	(37,675)
Interest paid	18	(392,100)	(544,104)
Net cash from operating activities		**1,586,799**	**1,721,831**
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		4,756	2,889
Acquisition of property, plant and equipment and intangible assets		(502,900)	(110,671)
Proceeds from financing of equity-accounted investments		(15,050)	(14,000)
Net cash used in investing activities		**(513,194)**	**(121,782)**
Cash flows from financing activities			
Proceeds from borrowings	18	1,536,998	333,769
Other transactions with shareholders	16	(49,478)	-
Repayment of borrowings	18	(2,310,861)	(1,789,437)
Dividends paid	16	(242,041)	(319,942)
Net cash used in financing activities		**(1,065,382)**	**(1,775,610)**
Net increase/(decrease) in cash and cash equivalents		**8,223**	**(175,561)**
Cash and cash equivalents at 1 January		**22,592**	**198,153**
Cash and cash equivalents at 31 December	**15**	**30,815**	**22,592**

The consolidated statement of cash flows is to be read in conjunction with the notes to, and forming part of, the consolidated financial statements set out on pages 11 to 43.

1 Reporting entity

(a) Business environment

JSC "Navoiyazot" (hereinafter the "Company") and its subsidiaries (hereinafter the "Group") operations are primarily located in the Republic of Uzbekistan. Consequently, the Group is exposed to the economic and financial markets of the Republic of Uzbekistan which display characteristics of an emerging market. The legal, tax, and regulatory frameworks continue to be developed and are subject to varying interpretations and frequent changes which, together with other legal and fiscal impediments, add to the challenges faced by entities operating in the Republic of Uzbekistan. The ongoing military conflict between the Russian Federation and Ukraine has further increased uncertainty in the business environment.

The consolidated financial statements reflect management's assessment of the impact of the Uzbekistan business environment on the operations and the financial position of the Group. The future business environment may differ from management's assessment.

(b) Organisation and operations

The Group comprises mainly companies registered in the Republic of Uzbekistan. The Company was established in 1964 as a state-owned enterprise. By the Order No. 86к-ПО of the State Property Committee of the Republic of Uzbekistan dated 29 March 2002, Navoiyazot Production Association was transformed into an open joint-stock company.

The Company's registered office is: Navoi-5, 210105 Republic of Uzbekistan.

The Group's principal activity is processing of natural gas into mineral fertilisers and production of chemicals for gold mining and low-tonnage chemical products. The Group's activities are mainly conducted in Navoiy. The Group's products are sold in the Republic of Uzbekistan and abroad.

The principal shareholder of the Group is:

	Ownership interest, %	
	31 December 2024	**31 December 2023**
Ministry of Finance of the Republic of Uzbekistan	100%	100%

In March 2023, a block of shares of JSC "Navoiyazot" owned by JSC "Uzkimyosanoat" was transferred to the Agency for Strategic Reforms under the President of the Republic of Uzbekistan according to the Resolution of the President of the Republic of Uzbekistan "On Measures for Accelerated Process of Reforming the Enterprises with the Government Participation" No. ПП-83 dated 1 March 2023. On 24 August 2023, the Agency for Strategic Reforms under the President of the Republic of Uzbekistan transferred shares of JSC "Navoiyazot" under management of the Ministry of Finance of the Republic of Uzbekistan.

The ultimate beneficiary of the Group is the Republic of Uzbekistan. Details of transactions with related parties, including state-controlled entities, are disclosed in Note 23.

Subsidiaries

The Group comprises subsidiaries that did not carry out significant operations in 2024 and 2023. During 2024 all subsidiaries of the Group were liquidated.

2 Basis of accounting

These consolidated financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards").

Going concern

As at 31 December 2024, current liabilities of the Group exceeded its current assets by UZS 5,660,944 million, and the Group breached covenants under several loan agreements with banks, the outstanding balance of debt amounted to UZS 9,765,032 million (Note 18), the Group’s negative net assets equalled UZS 4,884,718 million.

The above issues were caused by significant debt financing denominated in USD and JPY attracted in 2013-2018 to finance construction of the Group’s new production facilities. From the date of financing attraction to the reporting date, there was a significant devaluation in the exchange rate of the UZS to USD and JPY, which led to the recognition of material foreign exchange losses.

As at the date of approval of these consolidated financial statements, the following measures have been taken to ensure that the Group's liabilities are fulfilled:

1. In 2021, a resolution of the Cabinet of Ministers of the Republic of Uzbekistan was issued, according to which loans amounting to UZS 1,352,373 million as at 31 December 2024 will be capitalised into the Group's equity through an additional issue of shares of the Company. As a result, the Group has made no repayments of these loans during the period from 2021 to 2024. Capitalisation is expected to be completed in 2025.
2. With regard to the loans in the amount of UZS 8,412,659 million, the Group received a waiver from the bank concerning the right to demand early repayment of the loan amount due to violation of covenants (Note 18).
3. The Group is a state-owned enterprise. All of the Group's bank loans are secured by government guarantees or sureties of related parties. The Group' s management consider the risk of default under the loan agreements, which may result in the Group's business interruption, to be low.
4. In April 2025, the Group was granted a deferral on repayment of payables to related parties in the amount of UZS 615,600 million (Note 24).

Based on these factors, management has a reasonable expectation that the Group will have sufficient liquidity. Therefore, management concluded that there is no material uncertainty that may cast significant doubt about the Group’s ability to continue as a going concern and reasonably applied the going concern basis of accounting in the preparation of the Group's consolidated financial statements for the year 2024.

3 Functional and presentation currency

The national currency of the Republic of Uzbekistan is the Uzbek Soum (“UZS”), which is the Group’s functional currency and the currency in which these consolidated financial statements are presented. All financial information presented in UZS has been rounded to the (nearest) million, except when otherwise indicated.

4 Use of estimates and judgments

The preparation of consolidated financial statements in conformity with IFRS Accounting Standards requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements is disclosed below, or included in the following notes:

– Note 2 - going concern assumption: whether there is information on significant uncertainty that may cast significant doubt on the entity's ability to continue as a going concern.

– Note 25(h)(iii)– useful lives of property, plant and equipment.

Measurement of fair value

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When it is necessary to perform complex calculations for the purposes of fair value measuring, the Group engages independent valuation specialists. Key assumptions used in measurement are agreed on with the Group management.

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

– Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

– Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);

– Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in Note 20 - financial instruments.

5 Revenue

The Group earns revenues mostly from sales of mineral fertilizers, chemical and related products.

UZS mln	**2024**	**2023**
Carbamide	1,692,260	1,253,904
Ammonium nitrate	1,561,353	1,664,929
Sodium cyanide	1,423,607	1,079,101
Polyvinyl chloride	679,014	393,254
Other organic chemistry products	211,171	180,579
Other nitrogen products	142,050	99,099
Other products	107,519	110,684
Total revenues	**5,816,974**	**4,781,550**

Almost entire revenue relates to the contracts with customers.

In 2024, the Group's revenue from operations with one customer (2023: one customer), whose individual share in total revenue exceeds 10% amounted to UZS 1,932,516 million (2023: UZS 1,486,408 million). In 2024, about 21% of revenue was export-related (2023: 22%). Export sales are made by the related party - UZKIMYOIMPEKS LLC.

As at 31 December 2024 and 31 December 2023, information about the remaining performance obligations with the initial expected duration of one year or less is not disclosed as permitted by IFRS 15.

6 Expenses

(a) Cost of sales

UZS mln	2024	2023
Natural gas	1,510,758	1,163,832
Electricity	738,707	682,019
Wages and salaries	636,901	571,079
Depreciation	394,489	377,399
Purchases of services	159,090	245,204
Raw materials and supplies	163,051	189,518
Taxes	152,274	170,751
Social contributions	77,854	58,085
Heat power	38,705	27,199
Other	1,311	22,573
Changes in balances of finished goods and work in progress	(172,782)	(448,519)
	3,700,358	**3,059,140**

(b) Administrative expenses

UZS mln	2024	2023
Wages and salaries	54,796	43,858
Social expenses	34,811	58,973
Bank charges	9,233	5,486
Social contributions	6,417	5,245
Other	18,842	15,130
	124,099	**128,692**

(c) Other expenses

UZS mln	2024	2023
Penalties	509,821	150,494
Changes in allowance for impairment and previously written-off financial assets	20,395	2,387
(Gain)/loss on disposal and impairment of property, plant and equipment	(14,523)	33,654
Charity	-	20,644
Taxes accrued for prior periods	-	10,346
Other	61,881	24,787
	577,574	**242,312**

7 Net finance costs

UZS mln	2024	2023
The effect from discounting of non-current receivables	43	197
Other	186	11,797
Total finance income	**229**	**11,994**

UZS mln	2024	2023
Interest expense	(668,968)	(738,597)
Net foreign exchange loss	(72,678)	(707,140)
Unwinding of discount	(29,527)	-
Effect from discounting of non-current payables	(5,269)	(33,994)
Payment for state guarantee	(1,500)	(595)
Other	(2,570)	-
Total finance costs	**(780,512)**	**(1,480,326)**
Net finance costs recognised in profit or loss	**(780,283)**	**(1,468,332)**

8 Employee benefits

UZS mln	2024	2023
Wages and salaries	691,801	619,955
Social contributions	84,283	63,929
	776,084	**683,884**

9 Income tax

(a) Amounts recognised in profit or loss

The Group’s applicable tax rate as at 31 December 2024 is the income tax rate of 15% for companies in the Republic of Uzbekistan (31 December 2023: 15%).

UZS mln	2024	2023
Current income tax		
Accrued in the reporting period	(43,395)	(95,735)
Accrued for prior periods	-	(72,581)
	(43,395)	**(168,316)**
Deferred income tax		
(Origination)/reversal of temporary differences	(118,238)	31,130
Adjustments for prior periods	89,004	-
	(29,234)	**31,130**
Total income tax expense	**(72,629)**	**(137,186)**

(b) Reconciliation of effective tax rate:

	2024		**2023**	
	UZS mln	**%**	**UZS mln**	**%**
Profit before income tax	**655,885**	**100%**	**449,851**	**100%**
Income tax at applicable tax rate	(98,383)	15%	(67,478)	15%
Accrued for prior periods	89,004	(14%)	(72,581)	16%
Income from reversal of previously recognised liabilities	-	-	89,504	(20%)
Non-deductible expenses	(63,250)	10%	(86,631)	19%
	(72,629)	**11%**	**(137,186)**	**30%**

(c) Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
UZS mln	**31 December 2024**	**31 December 2023**	**31 December 2024**	**31 December 2023**	**31 December 2024**	**31 December 2023**
Property, plant and equipment	1,196,383	1,257,334	(167,645)	(248,673)	1,028,738	1,008,661
Investments	32,244	32,084	-	-	32,244	32,084
Inventories	29,420	52,860	-	-	29,420	52,860
Trade and other receivables	17,517	19,523	-	(2,681)	17,517	16,842
Loans and borrowings	163,837	159,708	(212,565)	(173,091)	(48,728)	(13,383)
Trade and other payables	33,202	62,177	(14,818)	(15,608)	18,384	46,569
Tax assets/(liabilities)	**1,472,603**	**1,583,686**	**(395,028)**	**(440,053)**	**1,077,575**	**1,143,633**
Set-off of taxes	(395,028)	(440,050)	395,028	440,050	-	-
Net tax assets/(liabilities)	**1,077,575**	**1,143,636**	-	**(3)**	**1,077,575**	**1,143,633**

(d) Movement in deferred tax balances

UZS mln	**1 January 2024**	**Recognised in profit or loss**	**Recognised in other comprehensive income**	**Recognised directly in equity**	**31 December 2024**
Property, plant and equipment	1,008,661	20,077	-	-	1,028,738
Investments	32,084	659	(499)	-	32,244
Inventories	52,860	(23,440)	-	-	29,420
Trade and other receivables	16,842	675	-	-	17,517
Loans and borrowings	(13,383)	4,430	-	(39,775)	(48,728)
Trade and other payables	46,569	(31,635)	-	3,450	18,384
	1,143,633	**(29,234)**	**(499)**	**(36,325)**	**1,077,575**

UZS mln	**1 January 2023**	**Recognised in profit or loss**	**Recognised in other comprehensive income**	**Recognised directly in equity**	**31 December 2023**
Property, plant and equipment	1,030,484	(21,823)	-	-	1,008,661
Investments	23,381	8,396	307	-	32,084
Inventories	54,652	(1,792)	-	-	52,860
Trade and other receivables	17,982	(1,140)	-	-	16,842
Loans and borrowings	(13,144)	(239)	-	-	(13,383)
Trade and other payables	(1,159)	47,728	-	-	46,569
	1,112,196	**31,130**	**307**	**-**	**1,143,633**

10 Adjusted earnings before interest, taxes, depreciation and amortisation (adjusted EBITDA)

Management of the Group provided information on the adjusted EBITDA. This indicator is used by management to assess the financial performance of the Group and, therefore, management believes that its presentation is appropriate. Adjusted EBITDA is calculated by adjusting profit/loss before income tax to exclude the impact of net finance costs and depreciation.

Adjusted EBITDA is not a prescribed measure of financial performance under IFRS. Accordingly, the procedure for calculating the adjusted EBITDA applied by the Group may not correspond to the procedure for calculating the same indicator used by other entities.

Reconciliation of adjusted EBITDA to profit before income tax for the period

UZS mln	**2024**	**2023**
Profit before income tax	**655,885**	**449,851**
Adjustments:		
Net finance costs	780,283	1,468,332
Depreciation	394,489	377,399
Adjusted EBITDA	**1,830,657**	**2,295,582**

11 Property, plant and equipment

UZS mln	Buildings and constructions	Machinery and equipment	Vehicles	Other	Construction in progress	Total
Cost or deemed cost						
Balance at 1 January 2023	2,495,994	4,724,953	28,359	391,249	112,308	7,752,863
Additions	-	-	-	1	110,670	110,671
Reclassification between groups of property, plant and equipment	-	-	-	(12,268)	12,268	-
Put into operation	7,509	53,001	1,488	-	(61,998)	-
Disposals	(36,807)	(5,697)	(214)	-	-	(42,718)
Transfers to inventories	-	-	-	-	(7,415)	(7,415)
Balance at 31 December 2023	**2,466,696**	**4,772,257**	**29,633**	**378,982**	**165,833**	**7,813,401**
Balance at 1 January 2024	2,466,696	4,772,257	29,633	378,982	165,833	7,813,401
Additions	-	-	-	104,307	257,688	361,995
Put into operation	55,951	136,895	2,094	31,962	(226,902)	-
Disposals	(475)	(14,064)	(369)	-	-	(14,908)
Transfers to inventories	-	-	-	-	(35,453)	(35,453)
Balance at 31 December 2024	**2,522,172**	**4,895,088**	**31,358**	**515,251**	**161,166**	**8,125,035**

UZS mln	Buildings and constructions	Machinery and equipment	Vehicles	Other	Construction in progress	Total
Depreciation and impairment losses						
Balance at 1 January 2023	273,196	619,252	17,516	196,085	35,018	1,141,067
Depreciation for the year	97,530	233,699	1,720	44,450	-	377,399
Impairment	-	-	-	-	9,493	9,493
Disposals	(11,345)	(4,109)	(214)	-	-	(15,668)
Balance at 31 December 2023	**359,381**	**848,842**	**19,022**	**240,535**	**44,511**	**1,512,291**
Balance at 1 January 2024	359,381	848,842	19,022	240,535	44,511	1,512,291
Depreciation for the year	96,412	250,970	2,537	44,570	-	394,489
Reversal of impairment	-	-	-	-	(14,523)	(14,523)
Disposals	(339)	(9,455)	(359)	-	-	(10,153)
Balance at 31 December 2024	**455,454**	**1,090,357**	**21,200**	**285,105**	**29,988**	**1,882,104**
Carrying amount						
As at 31 December 2023	**2,107,315**	**3,923,415**	**10,611**	**138,447**	**121,322**	**6,301,110**
As at 31 December 2024	**2,066,718**	**3,804,731**	**10,158**	**230,146**	**131,178**	**6,242,931**

Depreciation expense of UZS 394,489 million (2023: UZS 377,399 million) has been charged to cost of sales.

(a) Security

At 31 December 2024, property, plant and equipment with a carrying amount of UZS 13,617 million (31 December 2023: UZS 13,645 million) was pledged as collateral for bank loans (see Note 18).

12 Equity-accounted investments

UZS mln	31 December 2024	31 December 2023
Participation in joint ventures	299,754	216,822
	299,754	**216,822**

(a) Joint ventures

JV LLC "JV Continaz" is a joint venture in which the Group has joint control and holds a 49% ownership interest. In accordance with the shareholder agreement between the shareholders of JV LLC "JV Continaz", decisions on the key relevant activities of the entity are taken jointly. Both shareholders have equal representation on the management board of the company. Accordingly, the Group classified its interest in JV LLC "JV Continaz" as interest in the joint venture.

JV LLC "JV Continaz" is a chemical products manufacturer located in the Republic of Uzbekistan. The entity's main products include: UFC (urea-formaldehyde concentrate) and formalin. The company is also implementing a project to construct a plant for the production of cyansalts, with completion scheduled for the end of 2025.

JV LLC "JV Continaz" is not a public company.

During the period from 2022 to 2024, the Group provided financing to JV LLC "JV Continaz" in the total amount of UZS 196,243 million. The Group's long-term plan implies increasing the share in the authorised capital of JV LLC "JV Continaz", thus, the Group has classified the contributed funds as investments in joint ventures, and not as trade receivables.

The following table summarises the financial information of JV LLC "JV Continaz" as presented in the entity's own financial statements and adjusted for differences in accounting policies. The table also reconciles the summarised financial information to the carrying amount of to the Group's interest in the JV LLC "JV Continaz".

UZS mln	31 December 2024
Participation share, %	**49%**
Non-current assets	615,983
Current assets, including:	107,822
Cash and cash equivalents	*6,081*
	723,805
Non-current liabilities, including:	(100,082)
Loans and borrowings	*(100,082)*
Current liabilities, including:	(412,476)
Loans and borrowings	*(42,032)*
	(512,558)
Net assets (100%)	**211,247**
Carrying amount of interest in joint venture	**103,511**

UZS mln	2024
Revenue	66,043
Depreciation and amortisation	(16,938)
Finance income	6,757
Finance costs	(6,276)
Profit and total comprehensive income (100%)	**12,155**
The Group's share in profit and total comprehensive income	**5,956**

13 Inventories

UZS mln	31 December 2024	31 December 2023
Raw materials and consumables	771,241	828,006
Finished products and goods for resale	895,402	707,982
Work in progress	13,454	28,092
Allowance for inventories impairment	(107,210)	(160,708)
	1,572,887	**1,403,372**

As at 31 December 2024, inventories with a carrying amount of UZS 532,994 million (31 December 2023: UZS 132,832 million) were pledged as collateral for bank loans (see Note 18).

14 Trade and other receivables

UZS mln	31 December 2024	31 December 2023
Trade receivables	304,780	145,385
Advances to suppliers	36,122	83,094
Other taxes receivable	30,610	71,927
Other receivables	14,291	10,266
Allowance for doubtful debts	(1,856)	(1,857)
Total current trade receivables	**383,947**	**308,815**
Advances paid for non-current assets	122,671	-
Trade receivables	8,984	6,860
Total non-current trade receivables	**131,655**	**6,860**
Total trade and other receivables	**515,602**	**315,675**

The Group’s exposure to credit and currency risks is disclosed in Note 20.

15 Cash and cash equivalents

UZS mln	31 December 2024	31 December 2023
Bank balances	30,772	22,588
Petty cash	43	4
Cash and cash equivalents	**30,815**	**22,592**

Bank balances are held in state-controlled banks.

The fair value of cash and cash equivalents is equal to their carrying amount. Bank balances are neither overdue nor impaired.

The Group’s exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities are disclosed in Note 20.

16 Equity and reserves

(a) Share capital

	Ordinary shares	
Number of shares unless otherwise stated	**31 December 2024**	**31 December 2023**
Authorised shares	2,463,027,163	2,463,027,163
Nominal value per share	196.11	196.11
Issued at beginning of year	2,463,027,163	303,892,276
Issued at end of year, fully paid	**2,463,027,163**	**2,463,027,163**

All ordinary shares rank equally with regard to the Company's residual assets.

Ordinary shares

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at the shareholders' meetings of the Company.

In January 2023, the Company issued 1,204,012,382 ordinary shares at a price of UZS 196.11 per share. The increase in share capital was due to dividends declared in the amount of UZS 236,119 million in 2022.

In July 2023, the sole shareholder approved a decision on additional issue of 955,122,505 ordinary shares at a price of UZS 196.11 per share due to capitalisation of interest in the amount of UZS 187,309 million.

(b) Other transactions with owners

Pursuant to the Law of the Republic of Uzbekistan No. 813 dated 30 December 2022, state-owned enterprises where the government owns 50% or more of the shares in the authorised fund, are required to transfer 50% of 2022 profits as dividends to the state budget. In 2023, the Group declared the dividend distribution of UZS 626,569 million based on the results of 2022, of which UZS 319,942 million net of withholding tax was paid in 2023. The remaining amount of UZS 289,788 million, including tax, is recognised as a liability on dividends.

Pursuant to the Law of the Republic of Uzbekistan No. 886 dated 25 December 2024, state-owned enterprises, where the government owns 50% or more of the shares in the authorised fund, are required to transfer 50% of 2023 profits as dividends to the state budget. In 2024, the Group declared the dividend distribution of UZS 14,195 million based on the results of 2023.

In 2024, the Group fully settled its dividend obligations totalling UZS 303,983 million, of which UZS 242,041 million were paid in cash. The remaining balance was offset against accounts receivable.

In 2023, the state-controlled bank decided to decrease the outstanding principal amount under the loan agreement. The effect of the modification of terms amounted to UZS 33,127 million (net of tax effect) and was recognised in other transactions with owners of the Company.

In accordance with the Resolution of the Cabinet of Ministers of the Republic of Uzbekistan dated 19 September 2024, the government provided the Group with credit facilities as follows:

- UZS 1,000,000 million with a term of 3 years, fully drawn by the Group;
- UZS 300,000 million with a term of 1 year, of which UZS 60,000 million was drawn by the Group.

The applicable interest rate on both credit facilities is 7% per annum. The effect of discounting of loans received amounted to UZS 225,389 million, net of tax effect, and was recognised within other transactions with shareholders of the Company.

In 2024, pursuant to a decree of the Government of the Republic of Uzbekistan, the Group was obligated to finance social projects in the amount of UZS 72,476 million, of which UZS 49,478 million was paid during 2024. The entire amount of social project expenses was recognised within other transactions with shareholders of the Company.

17 Capital management

The Group’s policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of business.

The Group seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

The Group has no a formal policy for capital management, but management seeks to maintain a sufficient capital base for meeting the Group’s operational and strategic needs, and to maintain confidence of market participants. This is achieved with efficient cash management, constant monitoring of the Group's revenues and profits, and planning of investments. With these measures the Group aims for steady profits growth.

There were no changes in the Group’s approach to capital management during the year.

18 Loans and borrowings

This note provides information about the contractual terms of the Group’s interest-bearing loans and borrowings which are measured at amortised cost. For more information about the Group’s exposure to interest rate, foreign currency and liquidity risks, see Note 20.

UZS mln	**31 December 2024**	**31 December 2023**
Non-current liabilities		
Secured bank loans	6,268,208	8,024,506
Loans	677,294	428,064
	6,945,502	**8,452,570**
Current liabilities		
Current portion of secured bank loans	3,626,029	3,392,388
Loans	1,232,014	629,225
	4,858,043	**4,021,613**

(a) Terms and debt repayment schedule

Terms and conditions of outstanding loans were as follows:

UZS mln	Currency	Nominal interest rate	Year of maturity	31 December 2024 Carrying amount	31 December 2023 Carrying amount
Secured bank loans from related parties	USD	2.25%	2025-2036	5,101,039	5,164,608
	JPY	3.01%	2025-2030	2,761,697	3,486,508
	UZS	Refinancing rate	2025-2027	711,977	1,233,037
	USD	USD LIBOR 6m + 1.5%	2025-2028	664,494	793,110
	UZS	Refinancing rate + 1%	2025-2026	371,272	501,859
	USD	13%	2026	129,205	-
	EUR	6M Euribor+1.25%+4%	2025	67,747	-
	EUR	14.50%	2025	52,990	-
	UZS	25.50%	2025	28,528	-
	UZS	23%	2025	5,287	122,811
	USD	USD LIBOR 6m + 6%	2024	-	2,420
	USD	USD LIBOR 6m + 2.2%	2024	-	12,336
	UZS	25%	2024	-	100,205
Unsecured loans from related parties	UZS	14.5%	2025	1,062,973	997,392
	UZS	7%	2025-2027	844,543	-
	UZS	0%	2024	-	50,970
Other	UZS	0%	2025	1,793	8,927
				11,803,545	**12,474,183**

Bank loans are secured by property, plant and equipment (Note 11), inventories (Note 13), future cash flows from sales of mineral fertilizers and state guarantees of the Republic of Uzbekistan.

A number of loans outstanding at year end contain certain restrictive covenants relating to unauthorised use of credit facilities, purchases and sales of assets, total amount of borrowings, initiation of bankruptcy proceedings, initiation of significant litigation, deterioration of financial position of the Group and improper execution of obligations.

As at 31 December 2024, the Group breached covenants, in terms of compliance with the payment schedule, on several bank loans. The carrying amount of these loans as at 31 December 2024 equalled UZS 9,765,032 million. For some of these loans, amounting to UZS 8,412,659 million, the Group obtained a waiver of the bank's right to demand early repayment of the loan amount due to breach of covenants, and these loans were recognised in full amount in accordance with the original maturity terms of the loan agreements. The remaining debt was included in current liabilities. The Group also expects that the covenants will be breached with respect to the payment schedule within 12 months after the reporting date.

The Group assesses fixed rates on loans denominated in USD at 2.25%, JPY at 3.01%, USD LIBOR 6m + 6%, USD LIBOR 6m + 2.2%, USD LIBOR 6m + 1.5% as market rates as the loans are obtained through state-owned banks from foreign banks, including export banks in order to implement investment projects. The loans are secured by state guarantees.

(b) Reconciliation of movements of liabilities to cash flows arising from financing activities

Carrying amount as at 31 December 2022	**13,364,352**
Proceeds from loans and borrowings	333,769
Repayment of borrowings	(1,789,437)
Interest expense	738,597
Interest paid	(544,104)
Capitalisation of interest in share capital (Note 16)	(187,309)
Repayment of borrowings made by the guarantor (Note 23)	(115,670)
Modifications of loan agreements recognised as other transactions with shareholders (Note 16)	(38,973)
Other movements	10,149
Effect of changes in foreign exchange rates	702,809
Carrying amount as at 31 December 2023	**12,474,183**
Proceeds from loans and borrowings	1,536,998
Repayment of borrowings	(1,300,450)
Interest expense	668,968
Unwinding of discount	29,527
Interest paid	(392,100)
Repayment of borrowings made by the guarantor (Note 23)	(1,010,411)
Recognition of additional paid-in capital on discounting of loans received at below-market interest rate	(265,164)
Other movements	(2,711)
Effect of changes in foreign exchange rates	64,705
Carrying amount as at 31 December 2024	**11,803,545**

19 Trade and other payables

UZS mln	**31 December 2024**	**31 December 2023**
Trade payables	1,777,101	1,749,369
Other payables	750,330	200,574
Advances received	22,331	13,837
Total current payables	**2,549,762**	**1,963,780**

The Group's exposure to currency and liquidity risks related to trade and other payables is disclosed in Note 20.

20 Fair values and risk management

(a) Accounting classifications and fair value

The Group has no financial assets and liabilities measured at fair value other than investments in equity instruments measured at fair value through other comprehensive income. These investments are classified as Level 1. Their fair value is determined based on quoted market prices.

As at 31 December 2024 and 31 December 2023, the carrying amounts of the Group's financial assets and liabilities were not materially different from their fair values.

As at 31 December 2024 and 31 December 2023, the fair values of financial assets (excluding investments referred to above) and liabilities were determined on the basis of discounted cash flows from these instruments using market interest rate, thus the fair values of financial assets and liabilities are classified as Level 3 in the fair value hierarchy.

(b) Measurement of fair values

(i) Valuation techniques and significant unobservable inputs

The following table shows the valuation techniques used in measuring Level 1, 2 and 3 fair values, as well as the significant unobservable inputs used.

Financial instruments measured at fair value

Type of financial instrument	Valuation technique
Equity investments	Quoted market price method

Financial instruments not measured at fair value

Type of financial instrument	Valuation technique
Cash and cash equivalents	Financial assets at amortised cost
Other investments	Discounted Cash Flow
Trade and other receivables	Financial assets at amortised cost
Other financial liabilities*	Discounted Cash Flow

* Other financial liabilities include bank loans, trade and other payables.

(c) Financial risk management

The Group has exposure to the following risks from its use of financial instruments:

- credit risk (20(c)(ii));
- liquidity risk (20(c)(iii));
- market risk (20(c)(iv)).

(i) Risk management framework

The Supervisory Board has overall responsibility for the establishment and oversight of the Group’s risk management framework.

Formalised risk management policies are in the process of being established and approved. Key risk management decisions are taken by the Supervisory Board.

(ii) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investments.

The credit risk exposure related to trade and other receivables in terms of markets was as follows:

	Carrying amount	
UZS mln	**31 December 2024**	**31 December 2023**
Domestic market	321,718	112,971
Export	4,481	47,683
	326,199	**160,654**

Trade receivables

The Group’s exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of the Group’s customer base, including the default risk of the industry and country, in which customers operate. Details of concentration of revenue are included in Note 5.

Expected credit loss assessment for individual customers

The Group uses an allowance matrix to measure the ECLs of trade receivables from customers.

Loss rates are calculated using a ‘roll rate’ method based on the probability of a receivable progressing through successive stages of delinquency to write-off.

Loss rates are based on actual credit loss experience over the past years.

The following tables provide information about the exposure to credit risk and ECLs for trade receivables and contract assets for customers as at 31 December 2024 and 31 December 2023.

31 December 2024 UZS mln	**Gross carrying amount**	**Impairment allowance**	**Credit-impaired**
Current (not past due)	308,272	(1,856)	No
1-30 days past due	16,584	-	No
31-60 days past due	432	-	No
61-90 days past due	2,767	-	No
More than 90 days past due	-	-	Yes
	328,055	**(1,856)**	

31 December 2023 UZS mln	**Gross carrying amount**	**Impairment allowance**	**Credit-impaired**
Current (not past due)	155,027	(1,857)	No
1-30 days past due	-	-	No
31-60 days past due	7,484	-	No
61-90 days past due	-	-	No
More than 90 days past due	-	-	Yes
	162,511	**(1,857)**	

Movements in the allowance for impairment in respect of trade receivable

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

UZS mln	**2024**	**2023**
Balance at 1 January	**(1,857)**	**(280)**
Net remeasurement of loss allowance	1	(1,577)
Balance at 31 December	**(1,856)**	**(1,857)**

(iii) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group’s approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group’s reputation.

Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted and include estimated interest payments and exclude the impact of netting agreements.

31 December 2024 UZS mln	Carrying amount	Contractual cash flows Total	Up to 1 year	1 - 3 yrs	3 - 5 yrs	Over 5 years
Bank loans and borrowings	11,803,545	12,781,396	4,930,727	3,442,215	1,896,460	2,511,994
Trade and other payables	2,527,431	2,527,431	2,527,431	-	-	-
Financial guarantee contracts	120,295	120,295	120,295	-	-	-
	14,451,271	**15,429,122**	**7,578,453**	**3,442,215**	**1,896,460**	**2,511,994**

31 December 2023 UZS mln	Carrying amount	Contractual cash flows Total	Up to 1 year	1 - 3 yrs	3 - 5 yrs	Over 5 years
Bank loans and borrowings	12,474,183	13,605,954	4,209,110	3,879,575	2,181,888	3,335,381
Trade and other payables	1,949,943	1,949,943	1,949,943	-	-	-
	14,424,126	**15,555,897**	**6,159,053**	**3,879,575**	**2,181,888**	**3,335,381**

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

(iv) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Currency risk

The Group is exposed to currency risk to the extent that there is a mismatch between currencies in which sales, purchases and borrowings are denominated and the respective functional currencies of Group entities. The functional currency of the Group companies is Uzbek Soum ("UZS"). The currencies in which the above transactions are primarily denominated are JPY, Euro and US Dollar.

In respect of other monetary assets and liabilities denominated in foreign currencies, the Group's policy is to ensure that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

Exposure to currency risk

The Group's exposure to currency risk, based on nominal values, was as follows:

	USD - nominated	JPY - nominated	EUR - nominated	USD - nominated	JPY - nominated
UZS mln	**31 December 2024**			**31 December 2023**	
Loans and borrowings	(5,894,738)	(2,761,697)	(120,737)	(5,972,474)	(3,486,508)
Net exposure	**(5,894,738)**	**(2,761,697)**	**(120,737)**	**(5,972,474)**	**(3,486,508)**

The following significant exchange rates have been applied during the year:

	Average rate		Reporting date spot rate	
in UZS	**2024**	**2023**	**31 December 2024**	**31 December 2023**
USD 1	12,653	11,741	12,920	12,339
JPY 1	84	84	82	88
EUR 1	13,694	12,694	13,436	13,732

Sensitivity analysis

A reasonably possible strengthening (weakening) of the UZS, as indicated below, against all other currencies at 31 December would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss before taxes by the amounts shown below. The analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales revenue and purchases.

	Strengthening		Weakening	
UZS mln	**Equity**	**Profit or loss**	**Equity**	**Profit or loss**
31 December 2024				
UZS (10% movement) to USD	589,474	589,474	(589,474)	(589,474)
UZS (10% movement) to JPY	276,170	276,170	(276,170)	(276,170)
UZS (10% movement) to EUR	12,074	12,074	(12,074)	(12,074)
31 December 2023				
UZS (10% movement) to USD	597,247	597,247	(597,247)	(597,247)
UZS (10% movement) to JPY	348,651	348,651	(348,651)	(348,651)

Interest rate risk

Interest rate risk is caused by changes in interest rates, which may affect the Group's financial results or the amount of the Group's equity. Changes in interest rates may lead to changes in interest income and expense.

The Group performs interest rate risk management with the objective of ensuring the sustainability of the net financial result of interest-bearing items.

The Group does not hedge interest rate risk.

Exposure to interest rate risk

At the reporting date the structure of the Group's interest-bearing financial instruments grouped by interest rate type was as follows:

	Carrying amount	
UZS mln	**31 December 2024**	**31 December 2023**
Fixed rate instruments		
Financial assets	1,429	79
Financial liabilities	(9,988,055)	(9,953,961)
	(9,986,626)	**(9,953,882)**
Floating rate instruments		
Financial assets	-	-
Financial liabilities	(1,815,490)	(2,520,222)
	(1,815,490)	**(2,520,222)**

Fair value sensitivity analysis for fixed rate instruments

The Group does not recognise any fixed rate financial instruments at fair value through profit or loss or at fair value through other comprehensive income. Therefore, a change in interest rates at the reporting date would not affect profit or loss or equity.

Cash flow sensitivity analysis for floating rate instruments

A reasonably possible change of 100 basis points in interest rates at the reporting date would have increased (decreased) equity and profit or loss before taxes by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	Profit or loss		Equity	
UZS mln	**100 bp increase**	**100 bp decrease**	**100 bp increase**	**100 bp decrease**
Floating rate instruments at 31 December 2024	(18,155)	18,155	(18,155)	18,155
Floating rate instruments at 31 December 2023	(25,202)	25,202	(25,202)	25,202

21 Commitments

As at 31 December 2024, the Group has contracts signed for the acquisition of machinery and equipment in the amount of UZS 122,671 million (31 December 2023: none). Deliveries under the relevant purchase contracts for machinery and equipment are expected to occur in 2025.

22 Contingencies

(a) Insurance

The insurance industry in the Republic of Uzbekistan is in a developing state and many forms of insurance protection common in other parts of the world are not yet generally available. The Group does not have full coverage for its plant facilities, business interruption, or third party liability in respect of property or environmental damage arising from accidents on Group property or relating to Group operations. Until the Group obtains adequate insurance coverage, there is a risk that the loss or destruction of certain assets could have a material adverse effect on the Group's operations and financial position.

(b) Litigation

The Group is involved in various claims and legal proceedings arising in the normal course of business, both as a plaintiff and a defendant, initiated during the ordinary course of business. As at the reporting date, a number of legal proceedings initiated by the Group were still pending. The total amount of claims associated with ongoing court cases, for which management assesses a negative outcome as probable, amounted to UZS 121,869 million.

(c) Taxation contingencies

Taxation contingencies in Uzbekistan

The taxation system in the Republic of Uzbekistan continues to evolve and is characterised by frequent changes in legislation, official pronouncements and court decisions, which are sometimes contradictory and subject to varying interpretation by different tax authorities.

Taxes are subject to review and investigation by various levels of authorities, which have the authority to impose severe fines, penalties and interest charges. A tax year generally remains open for review by the tax authorities during the three subsequent calendar years.

All these circumstances may create tax risks in the Republic of Uzbekistan that are more significant than in other countries. Management believes that it has provided adequately for tax liabilities based on its interpretations of applicable Uzbekistan tax legislation, official pronouncements and court decisions. However, the interpretations of the tax authorities and courts could differ and the effect on these consolidated financial statements, if the authorities were successful in enforcing their interpretations, could be significant.

In 2023, following the comprehensive tax audit carried out, the Group reversed the provision previously recognised for tax risks, related to property tax in the amount of UZS 596,692 million. Income from reversal of the provision was recognised in other income.

23 Related parties

(a) Ultimate controlling party

The Company's parent company is the Ministry of Finance of the Republic of Uzbekistan. The Group's ultimate controlling party is the Republic of Uzbekistan.

(b) Transactions with key management personnel

(i) Key management remuneration

Key management received the following remuneration during the reporting year, which is included in employee benefit expenses (see Note 8):

UZS mln	**2024**	**2023**
Salaries, bonuses, and contributions to the State Pension Fund	4,353	2,920
	4,353	**2,920**

(ii) Other related party transactions

	Transaction value for the year ended 31 December	
UZS mln	**2024**	**2023**
Sales of goods and services		
State companies	2,233,515	1,716,967
Companies under common control	5,132	11,676
Equity-accounted investments	46,525	39,841
Other related parties	13,351	30,410
Purchase of goods and services		
State companies	(2,614,660)	(1,855,069)
Companies under common control	(20,135)	(213,564)
Equity-accounted investments	(46,449)	(73,513)
Other related parties	(38,887)	-
Finance income		
State companies	43	251
Finance costs		
State companies	(699,995)	(739,192)
Impairment and write-off of financial assets		
State companies	-	4,993
Companies under common control	-	(382)
Equity-accounted investments	-	(1,369)
Other related parties	6,109	(4,177)

	Outstanding balance as at	
UZS mln	**31 December 2024**	**31 December 2023**
Accounts receivable		
State companies	263,016	66,453
Equity-accounted investments	2,667	31,103
Other related parties	8,950	6,186
Companies under common control	1,071	-
Accounts payable		
State companies	2,230,522	1,836,829
Companies under common control	8,983	10,957
Equity-accounted investments	14,212	-
Other related parties	19,932	39,847
Investments		
State companies	4,123	3,753
Companies under common control	758	1,245
Equity-accounted investments	299,754	216,822
Loans and borrowings		
State banks	11,800,357	12,414,286
State companies	1,142	-
Companies under common control	-	50,970
Other related parties	652	-

All outstanding balances with related parties are to be settled in cash within twelve months of the reporting date. None of the balances are secured. The Group's bank loans are secured by guarantees or sureties of other related parties and the Republic of Uzbekistan.

During 2023, an additional contribution to share capital of the joint venture was paid with cash in the amount of UZS 14,000 million, and other assets of UZS 9,744 million.

As at 31 December 2024, the Group has issued financial guarantees, under which it acts as a guarantor. On 22 December 2023, a USD 10 million credit line was opened as part of the loan agreement concluded with a foreign bank, secured in favour of the joint venture. The maturity date of the credit line is 1 May 2028. As of the issuance date of the guarantees, the Group measured their fair value, based on the related party’s credit rating and market rates applicable to bank guarantees. As at 31 December 2024, the Group measured the carrying amount of the financial guarantee contracts at the higher of the fair value and the amount of expected credit losses. Management believes that the carrying amount of the financial guarantee contracts is not material, and accordingly, the financial guarantee contracts have not been recognized in the consolidated statement of financial position.

During 2024, the related party acting as a guarantor under the Group’s loan agreement with the creditor, made repayments of principal and interest in the amount of UZS 1,010,411 million (2023: UZS 115,670 million) in accordance with the terms of the guarantee agreement. As at 31 December 2024 and 31 December 2023, there was no outstanding balance due to the related party.

(c) Transactions with government

The Government of Uzbekistan has 100% of the shares and voting rights of the Group (2023: 100%) and this ownership allows the Government a significant influence over the Group. Additionally, the Group transacts with a number of entities that are either controlled or jointly controlled by the Government of Uzbekistan. The Group applies the exemption in IAS 24 *Related Party Disclosures* that allows to present reduced related party disclosures regarding transactions with government-related entities.

24 Subsequent events

In March 2025, the explosion occurred in the Group’s plant facility, as a result of which the part of auxiliary facilities were damaged. The Group assessed the amount of damages as being immaterial.

During 2024, the Group was involved in a legal proceeding regarding a claim for the recovery of UZS 121,869 million in unjustly received income (see Note 22(b)). As of April 2025, the claim was satisfied in full by the court.

In April 2025, the Group was granted a deferral on repayment of payables to related parties in the amount of UZS 615,600 million.

In May 2025, a lawsuit was filed against the Group by the Ministry of Finance of the Republic of Uzbekistan. As part of the claim, the Ministry is seeking the termination of all active loan agreements entered into by the parties.

25 Material accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by the Group’s entities.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

(ii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group’s interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(b) Revenue

(i) Sale of goods

The Group generates revenue mainly from the sale of mineral fertilisers, chemicals and low-tonnage chemical products. Other revenue includes revenue from provision of services and sales of other finished products (see Note 5).

Generally, the Group recognises revenue when there is compelling evidence (typically in the form of an executed sales contract) that control over the goods has been transferred to the customer. The moment of transfer of control and payment terms vary depending on the specific terms of the purchase agreement and the characteristics of the buyer. As a rule, settlements under a specific contract with a customer take place over a period of less than a year, which is why the Group applies a practical expedient and does not calculate a significant financing component for such contracts.

The Group does not offer discounts, bonuses or premiums to its customers.

The Group grants standard warranties on the quality of its products. There is no separate obligation to provide product warranties under contracts with customers.

(c) Finance income and finance costs

The Group's finance income and finance costs include:

- interest income;
- interest expense;
- discounting; and
- profit or loss on revaluation of financial assets and financial liabilities in foreign currency.

Interest income or expense, and discounting are recognised using the effective interest method.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

(d) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency of the Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the reporting period.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

Foreign currency differences are generally recognised in profit or loss.

However, foreign currency differences arising from the translation of the following items are recognised in other comprehensive income (OCI):

- an investment in equity securities designated as at FVOCI (except on impairment, in which case foreign currency differences that have been recognised in OCI are reclassified to profit or loss).

(e) Employee benefits

(i) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

To the extent that the Group's contributions to social programmes benefit the community at large and are not restricted to the Group's employees, they are recognised in profit or loss as incurred.

(f) Income tax

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

(i) Current tax

Current income tax comprises the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Current tax payable also includes any tax liability arising from dividends.

(ii) Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and joint ventures to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

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

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets and liabilities, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

In accordance with the tax legislation of the Republic of Uzbekistan, tax losses and current tax assets of a company in the Group may not be set off against taxable profits and current tax liabilities of other Group companies. In addition, the tax base is determined separately for each of the Group's main activities and, therefore, tax losses and taxable profits related to different activities cannot be offset.

In determining the amount of current and deferred tax the Group takes into account the impact of uncertain tax positions and whether additional taxes, penalties and late-payment interest may be due. The Group's management believes that its tax liabilities are recognised to the full extent for all open tax years based on its assessment of many factors, including interpretations of Uzbek tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the Group to change its judgment regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact the tax expense in the period that such a determination is made.

(g) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the weighted-average cost method, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and construction in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(h) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

The cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and is recognised net within other income/other expenses in profit or loss.

(ii) Subsequent expenditure

Subsequent expenditure is capitalised only when it is probable that future economic benefits associated with it will flow to the Group.

The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Items of property, plant and equipment are depreciated from the date they are installed and ready for use or, in respect of internally constructed assets, from the date that the asset is completed and ready for use. Depreciation is based on the cost of an asset less its estimated residual value.

Depreciation is generally recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Land is not depreciated.

The estimated useful lives of items of property, plant and equipment for the current and comparative periods were as follows:

—	buildings and structures	2-40 years;
—	plant and equipment	2-30 years;
—	vehicles	2-19 years;
—	other	2-7 years.

Depreciation methods, expected useful lives and residual values are reviewed at each reporting date and adjusted, if appropriate.

(i) Financial instruments

(i) Recognition and initial measurement

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

— it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

— its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

— it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

— its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment’s fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets – business model assessment

The Group is assessing the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

— the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;

— how the performance of the portfolio is evaluated and reported to the Group's management.

— the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;

— how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected.

— the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets – Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest (SPPI criterion), the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Group considers:

— contingent events that would change the amount and timing of cash flows;

— terms that may adjust the contractual coupon rate, including variable-rate features;

— prepayment and extension features; and

— terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Financial assets – Subsequent measurement and gains and losses

Financial assets at fair value through profit or loss	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets measured at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Financial liabilities – Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

(iii) Modification of financial assets and financial liabilities

Financial assets

If the terms of a financial asset are modified, the Group evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different (referred to as 'substantial modification'), then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised and a new financial asset is recognised at fair value.

The Group performs a quantitative and qualitative evaluation of whether the modification is substantial, i.e. whether the cash flows of the original financial asset and the modified or replaced financial asset are substantially different. The Group assesses whether the modification is substantial based on quantitative and qualitative factors in the following order: qualitative factors, quantitative factors, combined effect of qualitative and quantitative factors. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset deemed to have expired. In making this evaluation the Group analogises to the guidance on the derecognition of financial liabilities.

The Group concludes that the modification is substantial as a result of the following qualitative factors:

— change the currency of the financial asset;

— change in collateral or other credit enhancement;

— change of terms of a financial asset that lead to non-compliance with the SPPI criterion (e.g. inclusion of conversion feature).

If the cash flows of the modified asset carried at amortised cost are not substantially different, then the modification does not result in derecognition of the financial asset. In this case, the Group recalculates the gross carrying amount of the financial asset and recognises the amount arising from adjusting the gross carrying amount as a modification gain or loss in profit or loss. The gross carrying amount of the financial asset is recalculated as the present value of the renegotiated or modified contractual cash flows that are discounted at the financial asset's original effective interest rate. Any costs or fees incurred adjust the carrying amount of the modified financial asset and are amortised over the remaining term of the modified financial asset.

Financial liabilities

The Group derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in profit or loss.

If a modification (or exchange) does not result in the derecognition of the financial liability the Group applies accounting policy consistent with the requirements for adjusting the gross carrying amount of a financial asset when a modification does not result in the derecognition of the financial asset, i.e. the Group recognises any adjustment to the amortised cost of the financial liability arising from such a modification (or exchange) in profit or loss at the date of the modification (or exchange).

Changes in cash flows on existing financial liabilities are not considered as modification, if they result from existing contractual terms, e.g. changes in interest rates due to changes in the CB RK key rate, if the loan contract entitles banks to do so and the Group has an option to redeem the loan early at par without a material penalty. The Group treats the modification of an interest rate to a current market rate using the guidance on floating-rate financial instruments. This means that the effective interest rate is adjusted prospectively.

Group performs a quantitative and qualitative evaluation of whether the modification is substantial considering qualitative factors, quantitative factors and combined effect of qualitative and quantitative factors. The Group concludes that the modification is substantial as a result of the following qualitative factors:

— change the currency of the financial liability;

— change in collateral or other credit enhancement;

— inclusion of conversion feature;

— change in the subordination of the financial liability.

For the quantitative assessment the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. If an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are amortised over the remaining term of the modified liability.

(iv) Derecognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognised in its consolidated statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

(v) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(j) Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

Repurchase, disposal and reissue of share capital (treasury shares)

When shares recognised as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented in the treasury share reserve. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity, and the resulting surplus or deficit on the transaction is presented in additional paid-in capital.

26 New standards and interpretations not yet adopted

A number of new standards are effective for annual periods beginning after 1 January 2024 and earlier application is permitted; However, the Group has not early adopted the new or amended standards in preparing these consolidated financial statements.

(a) IFRS 18 *Presentation and Disclosure in Financial Statements*

IFRS 18 will replace IAS 1 *Presentation of Financial Statements* and applies for annual reporting periods beginning on or after 1 January 2027. The new standard introduces the following key new requirements.

- Entities are required to classify all income and expenses into five categories in the statement of profit or loss and other comprehensive income, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to present a newly-defined operating profit subtotal. Entities’ net profit will not change.
- Management-defined performance measures (MPMs) are disclosed in a single note in the financial statements.
- Enhanced guidance is provided on how to group information in the financial statements.

In addition, all entities are required to use the operating profit subtotal as the starting point for the statement of cash flows when presenting operating cash flows under indirect method.

The Group is still in the process of assessing the impact of the new standard, particularly with respect to the structure of the Group’s statement of profit or loss and other comprehensive income, the statement of cash flows and the additional disclosures required for MPMs. The Group is also assessing the impact on how information is grouped in the financial statements, including for items currently labelled as ‘other’.

(b) Other standards

The following amended standards and interpretations are not expected to have a significant impact on the Group's consolidated financial statements.

— *Lack of Exchangeability* (Amendments to IAS 21).
— *Classification and Measurement of Financial Instruments* (Amendments to IFRS 9 and IFRS 7).