

“SOCAR-AQS” LLC

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

31 December 2023

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Independent Auditor's report

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Independent Auditor's Report

To the Shareholders and Board of Directors of "SOCAR-AQS" LLC:

Our opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of "SOCAR-AQS" LLC (the "Company") and its subsidiaries (together – the "Group") as at 31 December 2023, and the Group's consolidated financial performance and consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards.

What we have audited

The Group's consolidated financial statements comprise:

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

Basis for opinion

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

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

Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

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.



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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

PricewaterhouseCoopers Audit Azerbaijan LLC

28 December 2024

Baku, the Republic of Azerbaijan

"SOCAR-AQS" LLC
Consolidated Statement of Financial Position

<i>In Azerbaijani Manats</i>	Note	31 December 2023	31 December 2022
ASSETS			
Non-current assets			
Property and equipment	8	150,200,742	150,378,192
Right-of-use assets	9	2,364,692	5,872,836
Investments in joint ventures	10	21,209,994	16,194,124
Prepayments	11	3,710,280	9,763,729
Finance lease receivables	12	-	255,020
Loan issued	13	34,162,781	13,635,533
Other assets	14	61,663,160	62,319,642
Total non-current assets		273,311,649	258,419,076
Current assets			
Inventories	15	62,164,738	67,981,732
Trade and other receivables	16	57,860,984	52,439,131
Finance lease receivables	12	255,019	740,096
Prepayments	11	6,430,853	17,059,985
Contract assets	17	4,869,558	29,499,767
Loan issued	13	1,204,443	-
Cash and cash equivalents	18	4,744,855	1,516,221
Other assets	14	52,923	4,822,606
Total current assets		137,583,373	174,059,538
TOTAL ASSETS		410,895,022	432,478,614
EQUITY			
Charter capital	19	571,372	571,372
Other reserves	19	138,641,351	138,641,351
Translation reserve		(1,900,246)	(2,610,487)
Retained earnings		25,702,735	45,409,762
Equity attributable to the Company's owners		163,015,212	182,011,998
Non-controlling interest		9,500	9,500
TOTAL EQUITY		163,024,712	182,021,498
LIABILITIES			
Non-current liabilities			
Borrowings	20	17,113,147	58,568,210
Lease liabilities	9	-	1,270,624
Deferred income tax liabilities	27	6,004,502	6,115,647
Total non-current liabilities		23,117,649	65,954,481
Current liabilities			
Borrowings	20	74,711,308	38,708,552
Lease liabilities	9	232,682	632,534
Trade and other payables	21	132,623,073	135,032,178
Contact liabilities	17	10,446,783	-
Other taxes payable		6,738,815	8,995,805
Current income tax payable	27	-	1,133,566
Total current liabilities		224,752,661	184,502,635
TOTAL LIABILITIES		247,870,310	250,457,116
TOTAL LIABILITIES AND EQUITY		410,895,022	432,478,614

Approved for issue and signed on behalf of Board of Directors on 27 December 2024.

Samir Huseynov
 General Director

Fuad Behbudov
 Deputy General Director, Finance Director

The accompanying notes on pages 5 to 38 are an integral part of these consolidated financial statements.

“SOCAR-AQS” LLC
Consolidated Statement of Profit or Loss and Other Comprehensive Income

<i>In Azerbaijani Manats</i>	Note	2023	2022
Revenue	22	95,172,174	89,702,514
Cost of services	23	(100,008,997)	(98,959,105)
Gross loss		(4,836,823)	(9,256,591)
General and administrative expenses	24	(23,199,879)	(33,387,748)
Net charge for expected credit losses on financial and contract assets	17	(12,632,089)	(12,882,412)
Other income less expenses	25	261,482	54,870,253
Operating loss		(40,407,309)	(656,498)
Finance costs and finance income	26	(4,850,218)	(5,129,555)
Foreign exchange loss/gain		(1,487,645)	3,214,995
Share of results of joint ventures	10	26,927,000	23,994,026
(Loss)/profit before income tax		(19,818,172)	21,422,968
Income tax benefit/(expense)	27	111,145	(8,772,740)
(LOSS)/PROFIT FOR THE YEAR		(19,707,027)	12,650,228
Other comprehensive income/(loss):			
Translation of financial information of foreign operations to presentation currency		710,241	(1,574,553)
TOTAL COMPREHENSIVE (LOSS)/ INCOME FOR THE YEAR		(18,996,786)	11,075,675
Total comprehensive (loss)/income is attributable to:			
- Owners		(18,996,786)	11,075,675
- Non-controlling interest		-	-
Total comprehensive (loss) / income for the year		(18,996,786)	11,075,675

The accompanying notes on pages 5 to 38 are an integral part of these consolidated financial statements.

“SOCAR-AQS” LLC
Consolidated Statement of Changes in Equity

	Attributable to owners of the Group				Total	Non-controlling interest	Total Equity
	Charter capital	Other reserves	Retained Earnings	Translation reserves			
<i>In Azerbaijani Manats</i>							
Balance at 1 January 2022	571,372	138,641,351	32,759,534	(1,035,934)	170,936,323	9,500	170,945,823
Total comprehensive income for 2022	-	-	12,650,228	(1,574,553)	11,075,675	-	11,075,675
Balance at 31 December 2022	571,372	138,641,351	45,409,762	(2,610,487)	182,011,998	9,500	182,021,498
Total comprehensive loss for 2023	-	-	(19,707,027)	710,241	(18,996,786)	-	(18,996,786)
Balance at 31 December 2023	571,372	138,641,351	25,702,735	(1,900,246)	163,015,212	9,500	163,024,712

The accompanying notes on pages 5 to 38 are an integral part of these consolidated financial statements.