

**“SOCAR-AQS” LLC**

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

**31 December 2022**

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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 2022, and the Group's consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

### What we have audited

The Group's consolidated financial statements comprise:

- the consolidated statement of financial position as at 31 December 2022;
- 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, which include significant accounting policies and other explanatory information.

### Basis for opinion

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

29 December 2023

Baku, the Republic of Azerbaijan

**"SOCAR-AQS" LLC**  
**Consolidated Statement of Financial Position**

<i>In Azerbaijani Manats</i>	Note	31 December 2022	31 December 2021
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property and equipment	8	150,378,192	158,265,328
Right-of-use assets	9	5,872,836	659,874
Investments in joint ventures	10	16,194,124	7,288,810
Prepayments	11	9,763,729	8,481,205
Finance lease receivables	12	255,020	1,145,165
Loan issued	13	13,635,533	0
Other assets	14	62,319,642	62,319,989
<b>Total non-current assets</b>		<b>258,419,076</b>	<b>238,160,371</b>
<b>Current assets</b>			
Inventories	15	67,981,732	60,419,172
Trade and other receivables	16	52,439,131	130,008,815
Finance lease receivables	12	740,096	750,284
Prepayments	11	17,059,985	2,668,952
Contract assets	17	29,499,767	16,192,224
Cash and cash equivalents	18	1,516,221	78,684,962
Other assets	14	4,822,608	57,594
<b>Total current assets</b>		<b>174,059,538</b>	<b>288,762,003</b>
<b>TOTAL ASSETS</b>		<b>432,478,614</b>	<b>526,942,374</b>
<b>EQUITY</b>			
Charter capital	19	571,372	571,372
Other reserves	19	138,641,351	138,641,351
Translation reserve		(2,610,487)	(1,035,934)
Retained earnings		45,409,762	32,759,534
<b>Equity attributable to the Company's owners</b>		<b>182,011,998</b>	<b>170,936,323</b>
<b>Non-controlling interest</b>		<b>9,500</b>	<b>9,500</b>
<b>TOTAL EQUITY</b>		<b>182,021,498</b>	<b>170,945,823</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings	20	58,568,210	17,125,770
Lease liabilities	9	1,270,624	865,218
Deferred income tax liabilities	27	6,115,647	798,582
<b>Total non-current liabilities</b>		<b>65,954,481</b>	<b>18,789,570</b>
<b>Current liabilities</b>			
Borrowings	20	38,708,552	93,169,970
Lease liabilities	9	632,534	1,257,337
Trade and other payables	21	135,032,178	166,357,028
Other taxes payable		8,995,805	82,247,681
Current income tax payable		1,133,566	14,174,965
<b>Total current liabilities</b>		<b>184,502,635</b>	<b>337,206,981</b>
<b>TOTAL LIABILITIES</b>		<b>250,457,116</b>	<b>355,996,551</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>432,478,614</b>	<b>526,942,374</b>

Approved for Issue and signed on behalf of Board of Directors on 28 December 2023.

Samir Mollayev  
 General Director

Fuad Behbudov  
 Deputy General Director, Finance Director

The accompanying notes on pages 43-44 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>	<b>Note</b>	<b>2022</b>	<b>2021</b>
Revenue	22	89,702,514	153,397,313
Cost of services	23	(98,959,106)	(133,980,281)
<b>Gross (loss)/profit</b>		<b>(9,256,591)</b>	<b>19,437,032</b>
General and administrative expenses	24	(33,387,748)	(22,226,619)
Net (charge) / reversal for expected credit losses on financial and contract assets	16,17	(12,882,412)	6,248,390
Other income less expenses	25	54,870,253	13,849,931
<b>Operating (loss)/profit</b>		<b>(656,498)</b>	<b>17,308,734</b>
Finance costs and finance income	26	(5,129,555)	(6,590,733)
Foreign exchange gain		3,214,995	7,827,000
Share of results of joint ventures	10	23,994,026	16,759,914
<b>Profit before income tax</b>		<b>21,422,968</b>	<b>35,304,915</b>
Income tax expense	27	(8,772,740)	(3,329,174)
<b>PROFIT FOR THE YEAR</b>		<b>12,650,228</b>	<b>31,975,741</b>
<b>Other comprehensive loss:</b>			
Translation of financial information of foreign operations to presentation currency		(1,574,553)	(450,588)
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>11,075,675</b>	<b>31,525,153</b>
<b>Total comprehensive income is attributable to:</b>			
- Owners		11,075,675	31,525,153
- Non-controlling interest		-	-
<b>Total comprehensive income for the year</b>		<b>11,075,675</b>	<b>31,525,153</b>

The accompanying notes on pages 5 to 43 are an integral part of these consolidated financial statements.