“GLOBAL ENERGY SOLUTIONS” LIMITED LIABILITY COMPANY

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

31 December 2024

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Independent Auditor's Report

To the Shareholders and Management of Global Energy Solutions LLC.

Our opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Global Energy Solutions LLC (the "Company") and its subsidiaries (together – the "Group") as at 31 December 2024, 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 2024;
- 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.

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

Baku, the Republic of Azerbaijan

30 September 2025

"GLOBAL ENERGY SOLUTIONS" LIMITED LIABILITY COMPANY
Consolidated Statement of Financial Position

In Azerbaijani Manats	Note	31 December 2024	31 December 2023
Assets			
Non-current assets			
Property and equipment	8	2,662,351	2,734,689
Right-of-use assets	9	2,788,263	4,310,545
Intangible assets		49,751	60,697
Investment in associate	10	1,168,748	1,094,501
Loans issued, long term portion	17	15,749,999	12,791,895
Deferred tax asset	29	1,715,648	1,228,912
Term deposit	15	75,919,717	48,259,738
Other assets		540,875	595,075
Total non-current assets		**100,595,352**	**71,076,052**
Current assets			
Inventories		1,160,430	1,482,732
Trade and other receivables	12	53,783,382	61,540,103
Prepayments	13	16,924,093	16,533,791
Cash and cash equivalents	14	17,133,217	17,358,809
Contract assets	16	2,176,510	928,813
Loans issued, short term portion	17	15,990,215	3,905,295
Total current assets		**107,167,847**	**101,749,543**
Total assets		**207,763,199**	**172,825,595**
EQUITY			
Share capital	18	7,595,505	7,595,505
Retained earnings		62,531,822	29,400,598
Currency translation reserve		97,693	327,453
Total equity		**70,225,020**	**37,323,556**
Liabilities			
Non-current liabilities			
Borrowings from shareholders and related parties	20	30,251,482	33,114,792
Borrowings from banks	19	6,564,208	-
Lease liabilities	9	2,566,417	3,890,049
Other non-current liabilities		-	186,765
Total non-current liabilities		**39,382,107**	**37,191,606**
Current liabilities			
Borrowings from shareholders and related parties	20	16,367,742	-
Borrowings from banks	19	24,929,269	23,022,932
Lease liabilities	9	1,362,395	1,108,329
Trade and other payables	22	37,201,427	27,987,859
Current income tax payable		607,340	718,207
Tax provision	23	311,280	19,962,605
Contract liabilities	16	17,376,619	25,510,488
Total current liabilities		**98,156,072**	**98,310,428**
Total liabilities		**137,538,179**	**135,502,039**
Total liabilities and equity		**207,763,199**	**172,825,595**

Approved for issue and signed on 30 September 2025.

Mr. Tamerlan Aliyev
General Director

Ms. Valentina Bagirova
Head of Finance and Accounting Department

The accompanying notes on pages 5 to 36 are an integral part of these financial statements.

In Azerbaijani Manats	Note	2024	2023
Revenue from contracts with customers	24	163,955,344	98,908,715
Cost of sales	25	(119,921,198)	(61,682,231)
Gross profit		**44,034,146**	**37,226,484**
Reversal of provision for uncertain income taxes	23	19,651,325	-
Other income		799,268	10,572
General and administrative expenses	26	(17,083,296)	(17,358,566)
Other losses, net		(295,039)	(49,975)
Operating profit		**47,106,404**	**19,828,515**
Finance costs	27	(5,413,950)	(6,166,921)
Finance income	28	3,302,012	3,486,293
Share of results of associate	10	74,247	19,123
Profit before income tax		**45,068,713**	**17,167,010**
Income tax expense	29	(3,383,805)	(2,162,521)
Profit for the year		**41,684,908**	**15,004,489**
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Translation of financial information of foreign operations to presentation currency		(229,760)	(198,961)
Total comprehensive income for the year		**41,455,148**	**14,805,528**

In Azerbaijani Manats	**Share capital**	**Currency translation reserve**	**Retained earnings**	**Total equity**
Balance at 1 January 2023	**7,595,505**	**526,414**	**15,044,609**	**23,166,528**
Profit for the year	-	-	15,004,489	15,004,489
Other comprehensive loss for the year	-	(198,961)	-	(198,961)
Total comprehensive income for 2023	**-**	**(198,961)**	**15,004,489**	**14,805,528**
Deemed dividends	-	-	(648,500)	(648,500)
Balance at 31 December 2023	**7,595,505**	**327,453**	**29,400,598**	**37,323,556**
Profit for the year	-	-	41,684,908	41,684,908
Other comprehensive loss for the year	-	(229,760)	-	(229,760)
Total comprehensive income for 2024	-	**(229,760)**	**41,684,908**	**41,455,148**
Dividends declared	-	-	(8,553,684)	(8,553,684)
Balance at 31 December 2024	**7,595,505**	**97,693**	**62,531,822**	**70,225,020**

In Azerbaijani Manats	Note	2024	2023
Cash flows from operating activities			
Profit before income tax		45,068,713	17,167,010
Adjustments for:			
Depreciation and amortisation	25,26	2,372,974	2,522,715
Net impairment losses on financial and contract assets	12,15,17	3,451,055	1,033,792
Finance costs	27	5,413,950	6,166,921
Finance income	28	(3,302,012)	(1,728,293)
(Reversal)/charge of provision for uncertain income taxes	23	(19,651,325)	311,277
Foreign exchange translation differences		(229,760)	-
Share of results of associate	10	(74,247)	(19,123)
Other non-cash operating costs		27,096	1,494
Recognition of loss at initial recognition of borrowings		-	(41,516)
Operating cash flows before working capital changes		**33,076,444**	**25,414,277**
(Increase)/decrease in trade and other receivables		343,203	(34,828,980)
Decrease/(increase) in contract assets		(1,405,813)	3,230,120
Decrease/(increase) in other assets		54,189	219,398
Increase in prepayments		(390,302)	(9,634,438)
(Increase)/decrease in inventories		322,302	(67,538)
Increase/(decrease) in trade and other payables		8,795,508	14,651,259
Increase/(decrease) in contract liabilities		(8,133,869)	25,157,461
Increase/(decrease) in other non-current liabilities		(186,765)	186,765
Changes in working capital		**(601,547)**	**(1,085,953)**
Income taxes paid		(3,263,201)	(11,521,641)
Interest paid		(4,741,785)	(4,434,961)
Net cash from operating activities		**24,469,911**	**8,371,722**
Cash flows from investing activities			
Purchases of property and equipment	8	(863,907)	(913,720)
Placement to deposit	15	(47,596,697)	-
Proceeds from deposits	15	21,535,540	-
Loans granted	17	(20,444,575)	(10,629,638)
Proceeds from loans issued	17	10,507,106	3,461,000
Net cash used in investing activities		**(36,862,533)**	**(8,082,358)**
Cash flows from financing activities			
Proceeds from borrowings	21	78,391,247	41,081,568
Repayment of borrowings	21	(57,122,276)	(27,824,610)
Repayment of lease liabilities – principal	21	(966,317)	(678,853)
Right-of-use assets		-	(536,893)
Dividends paid to the Group's shareholders	21	(8,135,624)	(648,500)
Net cash from financing activities		**12,167,030**	**11,392,712**
Effect of exchange rate changes on cash and cash equivalents		-	-
Cash and cash equivalents at the beginning of the year		**17,358,809**	**5,676,733**
Cash and cash equivalents at the end of the year		**17,133,217**	**17,358,809**

1 "GLOBAL ENERGY SOLUTIONS" LLC and its Operations

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS Accounting Standards") for the year ended 31 December 2024 for "GLOBAL ENERGY SOLUTIONS" LLC (the "Company") and its subsidiaries (the "Group").

The Company was incorporated and is domiciled in the Republic of Azerbaijan. The Company is a limited liability company and was set up in accordance with the State Registry of Commercial Legal Entities Office of Baku City Tax Department of the Ministry of Taxes of the Republic of Azerbaijan on February 10, 2012 under the registration No.1002454561.

As of 31 December 2024, and 2023 the Group's immediate parent company was Nobel Energy Ltd, and the Group was ultimately controlled by Mr. Nasib Hasanov.

The following shareholders owned the issued shares of the Group:

	31 December 2024, %	31 December 2023, %
Nobel Energy Ltd	90	90
Nobel Oil Investment (UK) Ltd	10	10
Total	**100**	**100**

Principal activity. The Group's principal business activity is the provision of technical support services relating to operating and maintenance of gas compression stations and auxiliary equipment, procurement of oilfield equipment, materials and spare parts.

On 13 December 2017, the Group established a wholly owned subsidiary, Glensol LLC (the "Subsidiary") in the Republic of Kazakhstan. The principal activities of the subsidiary involve provision of repair and maintenance services to all types of mechanical equipment in the oil and gas industry of Kazakhstan. The charter capital of Glensol LLC amounted to KZT 230,602 (AZN 1,068).

On September 2021, the Group established a wholly owned subsidiary, Glensol LLC (the "Subsidiary") in Georgia. The principal activities of the subsidiary involve provision of repair and maintenance services to all types of mechanical equipment in the oil and gas industry for SOCAR Midstream Operations LLC - Georgian Branch. The charter capital of Glensol LLC amounted to GEL 376,338 (AZN 204,000).

GVL LLC's (Associate) principal business activity is the provision of technical support services relating to valves repair, maintenance and stock management in the oil and gas industry. The charter capital of Glensol LLC amounted to AZN 100.

Registered address and place of business. The Company's registered address is Binagadi District, 1B Rashid Behbudov str., apt. 4, Baku, AZ1114, the Republic of Azerbaijan. The Company's principal place of business is 23A "8 Noyabr" avenue, Baku Bay Tower, 15th floor, Baku, AZ1025, the Republic of Azerbaijan.

Presentation currency. These consolidated financial statements are presented in Azerbaijani Manats ("AZN"), unless otherwise stated.

2 Operating Environment of the Group

The Republic of Azerbaijan. The Republic of Azerbaijan displays certain characteristics of an emerging market. Current and future growth and stability of the economy is largely dependent upon the effective implementation of economic, fiscal and monetary measures undertaken by the government as well as crude oil prices and sustainability of Azerbaijani manats.

In 2024, the Azerbaijani economy was driven by uncertainties triggered by global geopolitical and geoeconomic risks, weaker global economic activity, energy price volatility, including high inflationary pressures. Azerbaijan's economy was still anchored in oil and gas production, however the economic growth of the country was mainly driven by the non-oil and gas sector. Oil and gas prices mainly followed downwards trend but still remained high. The value added in the oil and gas sector experienced a decline, whereas there was an increase in non-oil and gas sectors. Most areas of the non-oil and gas sector posted growth year over year in 2024. The highest growth was in tourism, attributable to the rapid post-pandemic development of this sector in the country.

2 Operating Environment of the Group (Continued)

The Central Bank of the Republic of Azerbaijan continued the anti-inflationary monetary policy efforts. The monetary policy was oriented towards easing inflationary pressures by means of monetary factors. Though decreased year over year, inflation remains higher than the prepandemic period. Fiscal expenses were increased to accelerate the restoration of liberated territories. Amid support for economic growth, actions taken to boost well-being of the population and restoration of liberated territories.

Long-term growth of foreign exchange reserves continued. In total, foreign exchange reserves of the country increased by 3.1%.

During 2024 global rating agencies have reaffirmed their previous positive foreign and local currency sovereign credit ratings on Azerbaijan. The ongoing effects of the political and economic situation are difficult to predict, but they may have further effects on the economy of Azerbaijan.

The Group's Management is monitoring the developments in the current environment and taking precautionary measures as it considers necessary in order to ensure the sustainability and development of the Group's business in the foreseeable future. However, the future effects of the current economic situation are difficult to predict and the management's current expectations and estimates could differ from the actual results.

3 Basis of Preparation and Material Accounting Policies

Basis of preparation. These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the IASB ("IFRS Accounting Standards") under the historical cost convention, as modified by the initial recognition of financial instruments based on fair value. The material accounting policies applied in the preparation of these financial statements are set out in each respective Note. Apart from the accounting policy changes effective from 1 January 2024 these policies have been consistently applied to all the periods presented, unless otherwise stated (Refer to Note 5).

The preparation of consolidated financial statements in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

Consolidated financial statements. Subsidiaries are those investees, that the Group controls because the Group (i) has power to direct the relevant activities of the investees that significantly affect their returns, (ii) has exposure, or rights, to variable returns from its involvement with the investees, and (iii) has the ability to use its power over the investees to affect the amount of the investor's returns. The existence and effect of substantive rights, including substantive potential voting rights, are considered when assessing whether the Group has power over another entity. For a right to be substantive, the holder must have a practical ability to exercise that right when decisions about the direction of the relevant activities of the investee need to be made.

The Group may have power over an investee even when it holds less than the majority of the voting power in an investee. In such a case, the Group assesses the size of its voting rights relative to the size and dispersion of holdings of the other vote holders to determine if it has de-facto power over the investee. Protective rights of other investors, such as those that relate to fundamental changes of the investee's activities or apply only in exceptional circumstances, do not prevent the Group from controlling an investee. Subsidiaries are consolidated from the date on which control is transferred to the Group (acquisition date) and are deconsolidated from the date on which control ceases.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated; unrealised losses are also eliminated unless the cost cannot be recovered. The Company and its subsidiary use uniform accounting policies consistent with the Group's policies.

3 Basis of Preparation and Material Accounting Policies (Continued)

Associates. Associates are entities over which the Group has significant influence (directly or indirectly), but not control, generally accompanying a shareholding of between 20 and 50 percent of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. Dividends received from associates reduce the carrying value of the investment in associates. Other post-acquisition changes in the Group's share of net assets of an associate are recognised as follows: (i) the Group's share of profits or losses of associates is recorded in the consolidated profit or loss for the year as the share of results of associates, (ii) the Group's share of other comprehensive income is recognised in other comprehensive income and presented separately, (iii); all other changes in the Group's share of the carrying value of net assets of associates are recognised in profit or loss within the share of results of associates.

However, when the Group's share of losses in an associate equal or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates; unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Foreign currency translation. The functional currency of each of the Group's consolidated entities is the currency of the primary economic environment in which the entity operates. The consolidated financial statements are presented in Azerbaijani Manats ("AZN"), which is the Group's presentation currency.

Transactions and balances. Monetary assets and liabilities are translated into each entity's functional currency at the official exchange rate of the Central Bank of the Republic of Azerbaijan ("CBAR") at the respective end of the reporting period. Foreign exchange gains and losses resulting from the settlement of the transactions and from the translation of monetary assets and liabilities into each entity's functional currency at year-end official exchange rates of the CBAR are recognised in profit or loss. Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the consolidated statement of profit or loss and other comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the consolidated statement of profit or loss and other comprehensive income within 'Other gains/(losses), net'. Translation at year-end rates does not apply to non-monetary items that are measured at historical cost. Non-monetary items measured at fair value in a foreign currency, including equity investments, are translated using the exchange rates at the date when the fair value was determined. Effects of exchange rate changes on non-monetary items measured at fair value in a foreign currency are recorded as part of the fair value gain or loss.

The Group companies. Loans between the Group entities and related foreign exchange gains or losses are eliminated upon consolidation. However, where the loan is between the Group entities that have different functional currencies, the foreign exchange gain or loss cannot be eliminated in full and is recognised in the consolidated profit or loss, unless the loan is not expected to be settled in the foreseeable future and thus forms part of the net investment in foreign operation. In such a case, the foreign exchange gain or loss is recognised in other comprehensive income.

The results and financial position of each Group entity (the functional currency of none of which is a currency of a hyperinflationary economy) are translated into the presentation currency as follows:

(i) assets and liabilities for each statement of financial position are translated at the closing rate at the end of the respective reporting period;

3 Basis of Preparation and Material Accounting Policies (Continued)

(ii) income and expenses are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions);

(iii) components of equity are translated at the historic rate; and

(iv) all resulting exchange differences are recognised in other comprehensive income.

At 31 December 2024, the principal rate of exchange used for translating foreign currency balances was USD 1 = AZN 1.7000 (2023: USD 1 = AZN 1.7000), EUR 1 = AZN 1.7724 (2023: EUR 1 = AZN 1.8766), KZT 1 = AZN 0.3252 (2023: KZT 1 = AZN 0.0037), GEL 1 = AZN 0.6091 (2023: GEL 1 = AZN 0,6326). The principal average rate of exchange used for translating income and expenses was USD 1 = AZN 1.7000 (2023: USD 1 = AZN 1.7000), EUR 1 = 1.8394 AZN (2023: EUR 1 = AZN 1.8394), KZT 1 = AZN 0.0036 (2023: KZT 1 = AZN 0.0037), GEL 1 = AZN 0.6253 (2023: GEL 1 = AZN 0.6477).

Property and equipment. Property and equipment are stated at cost, less accumulated depreciation and impairment, where required.

Depreciation on items of property and equipment is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives:

	Useful lives in years
Machinery and equipment	5
Motor vehicles	5
Computers and office equipment	4
Leasehold improvements	Shorter of useful life and the term of the underlying lease

Right-of-use assets. The Group leases various offices, warehouse and vehicles. Assets arising from a lease are initially measured on a present value basis.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability,
- any lease payments made at or before the commencement date less any lease incentives received,
- any initial direct costs, and
- costs to restore the asset to the conditions required by lease agreements.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying assets' useful lives. Depreciation on the items of the right-of-use assets is calculated using the straight-line method over their estimated useful lives as follows:

	Useful lives in years
Warehouse	6
Motor vehicles	3
Offices	2

Financial instruments – initial recognition. All financial instruments are initially recorded at fair value adjusted for transaction costs. Fair value at initial recognition is best evidenced by the transaction price. A gain or loss on initial recognition is only recorded if there is a difference between fair value and transaction price which can be evidenced by other observable current market transactions in the same instrument or by a valuation technique whose inputs include only data from observable markets. After the initial recognition, an ECL allowance is recognised for financial assets measured at AC, resulting in an immediate accounting loss.

Financial assets – classification and subsequent measurement – measurement categories. The Group classifies financial assets at AC. The classification and subsequent measurement of debt financial assets depends on: (i) the Group's business model for managing the related assets portfolio and (ii) the cash flow characteristics of the asset.

3 Basis of Preparation and Material Accounting Policies (Continued)

Financial assets impairment – credit loss allowance for ECL. The Group assesses, on a forward-looking basis, the ECL for debt instruments measured at AC and for contract assets. The Group measures ECL and recognises net impairment losses on financial and contract assets at each reporting date. The measurement of ECL reflects: (i) an unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes, (ii) time value of money and (iii) all reasonable and supportable information that is available without undue cost and effort at the end of each reporting period about past events, current conditions and forecasts of future conditions.

Trade and other receivables, loans issued and contract assets are presented in the consolidated statement of financial position net of the allowance for ECL.

The Group applies simplified approach for impairment of financial assets. To measure the expected credit losses financial assets have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on the payment profiles of sales over a period of 24 months before 31 December 2024 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

Financial liabilities – measurement categories. Financial liabilities are classified as subsequently measured at AC.

Cash and cash equivalents. Cash and cash equivalents include cash in hand and deposits held at call with banks. Cash and cash equivalents are carried at AC because: (i) they are held for collection of contractual cash flows and those cash flows represent SPPI, and (ii) they are not designated at FVTPL.

Trade and other receivables. Trade and other receivables are recognised initially at fair value and are subsequently carried at AC using the effective interest method.

Trade and other payables. Trade payables are accrued when the counterparty performs its obligations under the contract and are recognised initially at fair value and subsequently carried at AC using the effective interest method.

Borrowings. Borrowings are recognised initially at fair value, net of transaction costs incurred, and are subsequently carried at AC using the effective interest method.

Lease liabilities. Liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the fixed payments (including in-substance fixed payments), less any lease incentives receivable.

Extension options are included in leases across the Group. The majority of extension option held are exercisable only by the Group and not by the respective lessor.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases of the Group, the Group's incremental borrowing rate is used, being the rate that the Group would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, collateral and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received,
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk, and
- makes adjustments specific to the lease, e.g. term, country, currency and collateral.

Lease payments are allocated between principal and finance costs. The finance costs are charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Payments associated with short-term leases of equipment and vehicles are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

3 Basis of Preparation and Material Accounting Policies (Continued)

Income taxes. Income taxes have been provided for in the consolidated financial statements in accordance with legislation enacted or substantively enacted by the end of the reporting period. The income tax charge comprises current tax and deferred tax and is recognised in profit or loss for the year.

Current tax is the amount expected to be paid to, or recovered from, the taxation authorities in respect of taxable profits or losses for the current and prior periods.

Deferred income tax is provided using the balance sheet liability method for tax loss carry forwards and temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax balances are measured at tax rates enacted or substantively enacted at the end of the reporting period, which are expected to apply to the period when the temporary differences will reverse or the tax loss carry forwards will be utilised.

Deferred tax assets for deductible temporary differences and tax loss carry forwards are recorded only to the extent that it is probable that the temporary difference will reverse in the future and there is sufficient future taxable profit available against which the deductions can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Value added tax. The time of a taxable transaction shall be considered the time of payment for the provided goods (work and services). Payment shall be deemed to be made:

- at the time of receipt of cash, at non-cash payment – the time of receipt of funds to his account at the bank or to the account that he may be in charge of or to the account through which he will be entitled to receive the specified funds;
- at the time of cancellation or repayment of a liability in case of mutual settlements;
- for receivables arising from the provision of goods (works, services) - at the time of expiration of the claim period;
- at the time of acquisition (barter) of assets in case of payment in kind;
- at the time of donation in case of in-kind donation;
- at the time of assignment of the right of claim for the assigned amount in case of assignment of the right of claim.

In case of payment before the provision of goods (works, services), the time of the taxable transaction shall be considered the time of the payment. If two or more payments are made for a taxable transaction, each payment shall be deemed made for a separate transaction in the amount of the payment. Issuance of an electronic bill for prepayments received shall not be permitted.

Paid input VAT is generally recoverable against output VAT upon receipt of the VAT invoice. The tax authorities permit the settlement of VAT on a net basis. VAT related to sales and purchases is recognised in the statement of financial position on a gross basis and disclosed separately as an asset and a liability.

Inventories. Inventories are recorded at the lower of cost and net realisable value. The cost of inventory is determined on the first-in first-out basis. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and selling expenses.

Prepayments. Prepayments are carried at cost less provision for impairment. A prepayment is classified as non-current when the goods or services relating to the prepayment are expected to be obtained after one year, or when the prepayment relates to an asset which will itself be classified as non-current upon initial recognition.

Prepayments to acquire assets are transferred to the carrying amount of the asset once the Group has obtained control of the asset and it is probable that future economic benefits associated with the asset will flow to the Group. Other prepayments are written off to profit or loss when the services relating to the prepayments are received. If there is an indication that the assets, goods or services relating to a prepayment will not be received, the carrying value of the prepayment is written down accordingly and a corresponding impairment loss is recognised in profit or loss for the year.

3 Basis of Preparation and Material Accounting Policies (Continued)

Share capital. Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Dividends. Dividends are recorded as a liability and deducted from equity in the period in which they are declared and approved. Any dividends declared after the reporting period and before the consolidated financial statements are authorised for issue are disclosed in the subsequent events note.

Revenue recognition. Revenue is income arising in the course of the Group's ordinary activities. Revenue is recognised in the amount of transaction price. Transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring control over promised goods or services to a customer, excluding the amounts collected on behalf of third parties. Revenue is recognised net of value added taxes.

Sales of goods. Sales are recognised when control of the goods has transferred, being when the goods are delivered to the customer, the customer has full discretion over the goods, and there is no unfulfilled obligation that could affect the customer's acceptance of the goods. Delivery occurs when the goods have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the goods in accordance with the contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

If the Group provides any additional services to the customer after control over goods has passed, revenue from such services is considered to be a separate performance obligation and is recognised over the time of the service rendering.

Technical Support services. The Group provides services under fixed-price and variable price contracts. If the Group transfers control of a service over time and therefore satisfies a performance obligation over time, revenue from providing services is recognised in the accounting period in which the services are rendered. For fixed-price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided because the customer receives and uses the benefits simultaneously. This is determined based on the actual labour hours spent relative to the total expected labour hours. If a performance obligation is not satisfied over time, revenue is recognised at a point in time at which the Group satisfies a performance obligation.

Where the contracts include multiple performance obligations, the transaction price is allocated to each separate performance obligation based on the stand-alone selling prices. Where these are not directly observable, they are estimated based on expected cost plus margin.

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management.

In case of fixed-price contracts, the customer pays the fixed amount based on a payment schedule. If the services rendered by the Group exceed the payment, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised.

If the contract includes an hourly fee, revenue is recognised in the amount to which the Group has a right to invoice. Customers are invoiced on a monthly basis and consideration is payable when invoiced.

If the contract includes variable consideration, revenue is recognised only to the extent that it is highly probable that there will be no significant reversal of such revenue.

Employee benefits. Wages, salaries, contributions to the state pension and social insurance funds, paid annual leave and sick leave, bonuses, and non-monetary benefits (such as health services and kindergarten services) are accrued in the year in which the associated services are rendered by the employees of the Group. The Group has no legal or constructive obligation to make pension or similar benefit payments beyond the social contribution.

4 Critical Accounting Estimates and Judgements in Applying Accounting Policies

The Group makes estimates and assumptions that affect the amounts recognised in the consolidated financial statements and the carrying amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Management also makes certain judgements, apart from those involving estimations, in the process of applying the accounting policies. Judgements that have the most significant effect on the amounts recognised in the consolidated financial statements and estimates that can cause a significant adjustment to the carrying amount of assets and liabilities within the next financial year include:

Initial recognition of related party transactions. In the normal course of business, the Group enters into transactions with its related parties. IFRS 9 requires initial recognition of financial instruments based on their fair values. Judgement is applied in determining if transactions are priced at market or non-market interest rates, where there is no active market for such transactions. The basis for judgement is pricing for similar types of transactions with unrelated parties and effective interest rate analyses. Terms and conditions of related party balances are disclosed in Note 7.

ECL measurement. Measurement of ECLs is a significant estimate that involves determination methodology, models, and data inputs. Details of ECL measurement methodology are disclosed in Note 32. The Group regularly reviews and validates the models and inputs to the models to reduce any differences between expected credit loss estimates and actual credit loss experience. A 10% increase or decrease in PD and LGD estimates at 31 December 2024 would result in an increase or decrease in total expected credit loss allowances of AZN 890,857 (31 December 2023: by AZN 2,795,617).

Useful lives of property and equipment. The estimation of the useful lives of items of property and equipment is a matter of judgment based on the experience with similar assets. The future economic benefits embodied in the assets are consumed principally through use. However, other factors, such as technical or commercial obsolescence and wear and tear, often result in the diminution of the economic benefits embodied in the assets. Management assesses the remaining useful lives in accordance with the current technical conditions of the assets and estimated period during which the assets are expected to earn benefits for the Group. The following primary factors are considered: (a) the expected usage of the assets; (b) the expected physical wear and tear, which depends on operational factors and maintenance programme; and (c) the technical or commercial obsolescence arising from changes in market conditions.

Were the estimated useful lives to differ by 10% from management's estimates, the impact on depreciation for the year ended 31 December 2024 would be to increase it by AZN 222,092 or decrease it by AZN 222,092 (2023: increase by AZN 244,099 or decrease by AZN 244,099).

Depreciation of right-of-use assets. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

For leases of offices, vehicles and warehouses, the following factors are normally the most relevant:

- If there are significant penalties to terminate (or not extend), the Group is typically reasonably certain to extend (or not terminate) the lease.
- If any leasehold improvements are expected to have a significant remaining value, the Group is typically reasonably certain to extend (or not terminate) the lease.

Otherwise, the Group considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

Extension and termination options. Extension and termination options are included in a number of property and equipment leases across the Group. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

4 Critical Accounting Estimates and Judgements in Applying Accounting Policies (Continued)

For leases of offices and warehouse, the following factors are normally the most relevant:

- If there are significant penalties to terminate (or not extend), the Group is typically reasonably certain to extend (or not terminate).
- If any leasehold improvements are expected to have a significant remaining value, the Group is typically reasonably certain to extend (or not terminate).
- Otherwise, the Group considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

Most extension options in offices and vehicles leases have not been included in the lease liability, because the Group could replace the assets without significant cost or business disruption.

Were the estimated leases duration to differ by 10% from management's estimates, the impact for the year ended 31 December 2024 would be to increase/decrease it by AZN 569,610 (2023: AZN 502,266).

5 Adoption of New or Revised Standards and Interpretations

The following new standards and the amendments became effective from 1 January 2024:

Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback (issued on 22 September 2022 and effective for annual periods beginning on or after 1 January 2024). The amendments relate to the sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale. The amendments require the seller-lessee to subsequently measure liabilities arising from the transaction and in a way that it does not recognise any gain or loss related to the right of use that it retained. This means deferral of such a gain even if the obligation is to make variable payments that do not depend on an index or a rate.

Classification of liabilities as current or non-current – Amendments to IAS 1 (originally issued on 23 January 2020 and subsequently amended on 15 July 2020 and 31 October 2022, ultimately effective for annual periods beginning on or after 1 January 2024). These amendments clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Liabilities are non-current if the entity has a substantive right, at the end of the reporting period, to defer settlement for at least twelve months. The guidance no longer requires such a right to be unconditional. The October 2022 amendment established that loan covenants to be complied with after the reporting date do not affect the classification of debt as current or non-current at the reporting date. Management's expectations whether they will subsequently exercise the right to defer settlement do not affect classification of liabilities. A liability is classified as current if a condition is breached at or before the reporting date even if a waiver of that condition is obtained from the lender after the end of the reporting period. Conversely, a loan is classified as non-current if a loan covenant is breached only after the reporting date. In addition, the amendments include clarifying the classification requirements for debt a company might settle by converting it into equity. 'Settlement' is defined as the extinguishment of a liability with cash, other resources embodying economic benefits or an entity's own equity instruments. There is an exception for convertible instruments that might be converted into equity, but only for those instruments where the conversion option is classified as an equity instrument as a separate component of a compound financial instrument.

Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements (Issued on 25 May 2023). In response to concerns of the users of financial statements about inadequate or misleading disclosure of financing arrangements, in May 2023, the IASB issued amendments to IAS 7 and IFRS 7 to require disclosure about entity's supplier finance arrangements (SFAs). These amendments require the disclosures of the entity's supplier finance arrangements that enable the users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows and on the entity's exposure to liquidity risk. The purpose of the additional disclosure requirements is to enhance the transparency of the supplier finance arrangements. The amendments do not affect recognition or measurement principles but only disclosure requirements.

6 New Accounting Pronouncements

Certain new standards and interpretations have been issued that are mandatory for the annual periods beginning on or after 1 January 2025 or later, and which the Company has not early adopted.

Amendments to the Classification and Measurement of Financial Instruments - Amendments to IFRS 9 and IFRS 7 (issued on 30 May 2024 and effective for annual periods beginning on or after 1 January 2026). On 30 May 2024, the IASB issued amendments to IFRS 9 and IFRS 7 to:

(a) clarify the date of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system;
(b) clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion;
(c) add new disclosures for certain instruments with contractual terms that can change cash flows (such as some instruments with features linked to the achievement of environment, social and governance (ESG) targets); and
(d) update the disclosures for equity instruments designated at fair value through other comprehensive income (FVOCI).

IFRS 18 Presentation and Disclosure in Financial Statements (Issued on 9 April 2024 and effective for annual periods beginning on or after 1 January 2027). In April 2024, the IASB has issued IFRS 18, the new standard on presentation and disclosure in financial statements, with a focus on updates to the statement of profit or loss. The key new concepts introduced in IFRS 18 relate to:

- the structure of the statement of profit or loss;
- required disclosures in the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements (that is, management-defined performance measures); and
- enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general.

IFRS 18 will replace IAS 1; many of the other existing principles in IAS 1 are retained, with limited changes. IFRS 18 will not impact the recognition or measurement of items in the financial statements, but it might change what an entity reports as its 'operating profit or loss'. IFRS 18 will apply for reporting periods beginning on or after 1 January 2027 and also applies to comparative information.

Annual Improvements to IFRS Accounting Standards (Issued in July 2024 and effective from 1 January 2026). IFRS 1 was clarified that a hedge should be discontinued upon transition to IFRS Accounting Standards if it does not meet the 'qualifying criteria', rather than 'conditions' for hedge accounting, in order to resolve a potential confusion arising from an inconsistency between the wording in IFRS 1 and the requirements for hedge accounting in IFRS 9. IFRS 7 requires disclosures about a gain or loss on derecognition relating to financial assets in which the entity has a continuing involvement, including whether fair value measurements included 'significant unobservable inputs'. This new phrase replaced reference to 'significant inputs that were not based on observable market data'. The amendment makes the wording consistent with IFRS 13. In addition, certain IFRS 7 implementation guidance examples were clarified and text added that the examples do not necessarily illustrate all the requirements in the referenced paragraphs of IFRS 7. IFRS 16 was amended to clarify that when a lessee has determined that a lease liability has been extinguished in accordance with IFRS 9, the lessee is required to apply IFRS 9 guidance to recognise any resulting gain or loss in profit or loss.

This clarification applies to lease liabilities that are extinguished on or after the beginning of the annual reporting period in which the entity first applies that amendment. In order to resolve an inconsistency between IFRS 9 and IFRS 15, trade receivables are now required to be initially recognised at 'the amount determined by applying IFRS 15' instead of at 'their transaction price (as defined in IFRS 15)'. IFRS 10 was amended to use less conclusive language when an entity is a 'de-facto agent' and to clarify that the relationship described in paragraph B74 of IFRS 10 is just one example of a circumstance in which judgement is required to determine whether a party is acting as a de-facto agent. IAS 7 was corrected to delete references to 'cost method' that was removed from IFRS Accounting Standards in May 2008 when the IASB issued amendment 'Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate'.

7 Balances and Transactions with Related Parties

Parties are generally considered to be related if the parties are under common control or if one party has the ability to control the other party or can exercise significant influence or joint control over the other party in making financial and operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form.

At 31 December 2024, the outstanding balances with related parties were as follows:

In Azerbaijani Manats	Shareholders	Entities under common control	Associate
Gross amount of trade receivables	-	4,361,528	804,000
Net impairment losses on financial assets	-	(1,372,090)	(358,383)
Contract assets	-	3,178	-
Prepayments	-	5,269,385	-
Lease liabilities	-	2,806,593	-
Investment in associate	-	-	1,168,748
Loans issued	5,771,168	25,969,046	-
Trade and other payables	-	6,284,474	645,016
Borrowings from shareholders and related parties	30,251,482	16,367,742	-

The income and expense items with related parties for the year ended 31 December 2024 were as follows:

In Azerbaijani Manats	Shareholders	Entities under common control	Associate
Sales of goods	-	310,818	-
Revenue from services rendered	-	2,014,294	-
Other income	-	-	643,200
Share of result of associate	-	-	74,247
Subcontracting costs	-	(2,402,189)	(697,354)
Net impairment (losses)/reversal on financial assets	125,000	(1,204,268)	-
Professional services fees	-	(5,083,137)	-
Technical consulting	-	(183,671)	-
Communication expenses	-	(38,213)	-
Other services	-	(860,564)	-
Finance costs	(1,509,093)	(155,227)	-

At 31 December 2023, the outstanding balances with related parties were as follows:

In Azerbaijani Manats	Shareholders	Entities under common control	Associate
Gross amount of trade receivables	-	7,526,443	428,800
Net impairment losses on financial assets	(125,038)	(167,822)	-
Contract assets	-	586,760	-
Prepayments	-	780,852	-
Lease liabilities	-	2,723,360	-
Investment in associate	-	-	1,094,501
Trade and other payables	-	1,819,389	116,937
Borrowings from shareholders and related parties	32,666,049	448,742	-
Loan issued	3,176,810	13,520,393	-

7 Balances and Transactions with Related Parties (Continued)

The income and expense items with related parties for the year ended 31 December 2023 were as follows:

In Azerbaijani Manats	Shareholder	Entities under common control	Associate
Sales of goods	-	411,257	6,254
Revenue from services rendered	-	1,987,900	643,200
Share of result of associate	-	-	19,123
Subcontracting costs	-	(568,551)	(2,450)
Net impairment losses on financial assets	60,277	(279,409)	-
Professional services fees	-	(4,200,000)	-
Repairs and maintenance	-	(11,190)	-
Technical consulting	-	(803,133)	-
Other services	-	(836,259)	-
Finance costs	(1,730,164)	(2,163,631)	-

Key management compensation. Key management includes General Director, Deputy of General Director, Director of Commercial Department, Head of Finance and Accounting Department and Head of Commercial Department.

Key management compensation is presented below:

In Azerbaijani Manats	2024 Expense	2023 Expense
- Salaries	1,091,692	1,013,333
- Contributions to State Pension Fund	207,476	240,323
Total key management compensation	**1,299,168**	**1,253,656**

8 Property and Equipment

Movements in the carrying amount of property and equipment were as follows:

In Azerbaijani Manats	Machinery and equipment	Motor vehicles	Computers and office equipment	Leasehold improvements	Total
Cost at 1 January 2023	3,569,738	452,169	530,295	425,782	4,977,984
Accumulated depreciation	(1,568,709)	(273,956)	(274,838)	(227,692)	(2,345,195)
Carrying amount at 1 January 2023	**2,001,029**	**178,213**	**255,457**	**198,090**	**2,632,789**
Additions	548,587	67,898	73,477	223,758	913,720
Disposals	(1,590)	-	-	-	(1,590)
Depreciation charge	(468,152)	(56,141)	(63,334)	(222,700)	(810,327)
Accumulated depreciation of disposed assets	97	-	-	-	97
Carrying amount at 31 December 2023	**2,079,971**	**189,970**	**265,600**	**199,148**	**2,734,689**
Cost at 31 December 2023	4,116,735	520,067	603,772	649,540	5,890,114
Accumulated depreciation	(2,036,764)	(330,097)	(338,172)	(450,392)	(3,155,425)
Carrying amount at 31 December 2023	**2,079,971**	**189,970**	**265,600**	**199,148**	**2,734,689**
Additions	200,447	319,034	120,668	223,758	863,907
Disposals	(2,901)	-	-	-	(2,901)
Depreciation charge	(522,670)	(95,336)	(93,566)	(222,497)	(934,069)
Accumulated depreciation of disposed assets	725	-	-	-	725
Carrying amount at 31 December 2024	**1,755,572**	**413,668**	**292,702**	**200,409**	**2,662,351**
Cost at 31 December 2024	4,314,281	839,101	724,440	873,298	6,751,120
Accumulated depreciation	(2,558,709)	(425,433)	(431,738)	(672,889)	(4,088,769)
Carrying amount at 31 December 2024	**1,755,572**	**413,668**	**292,702**	**200,409**	**2,662,351**

9 Right-of-Use Assets and Lease Liabilities

The Group leases various offices, warehouse, and vehicles. Rental contracts are typically made for fixed periods of 12 months but may have extension options.

In Azerbaijani Manats	Warehouse	Offices	Vehicles	Accommo-dation	Total
Carrying amount at 1 January 2023	**1,572,559**	**797,806**	**122,516**	**82,873**	**2,575,754**
Additions	-	1,374,473	-	-	1,374,473
Modification	762,600	1,151,957	-	147,207	2,061,763
Depreciation charge	(778,386)	(803,055)	(40,839)	(79,165)	(1,701,445)
Carrying amount at 31 December 2023	**1,556,773**	**2,521,181**	**81,677**	**150,914**	**4,310,545**
Depreciation charge	(778,230)	(552,142)	(40,996)	(56,593)	(1,427,961)
Disposal	-	-	-	(94,321)	(94,321)
Carrying amount at 31 December 2024	**778,542**	**1,969,038**	**40,683**	**-**	**2,788,263**

The Group recognised lease liabilities as follows:

In Azerbaijani Manats	31 December 2024	31 December 2023
Current lease liabilities	1,362,395	1,108,329
Non-current lease liabilities	2,566,417	3,890,049
Total lease liabilities	**3,928,812**	**4,998,378**

Interest expense included in finance costs of 2024 was AZN 530,967 (2023: AZN 607,403). Total cash outflow for leases in 2024 was AZN 1,497,284 (2023: AZN 1,286,256).

The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as collateral for borrowings.

Extension and termination options are included in a number of property and equipment leases across the Group. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The lease term is reassessed if an option is actually exercised (or not exercised) or the Group becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the Group.

10 Investment in Associate

The table below summarises the movements in the carrying amount of the Group's investment in associate.

In Azerbaijani Manats	2024 Associate	2023 Associate
Carrying amount at 1 January	**1,094,501**	**1,075,378**
Share of profit of associate	74,247	19,123
Carrying amount at 31 December	**1,168,748**	**1,094,501**

The Group's interest in its principal associate was as follows:

	2024		2023	
Name	**% ownership interest Held**	**% ownership interest Held**	**% ownership interest held**	**Place of business**
Associate				
GVL LLC	51%	Azerbaijan	51%	Azerbaijan

Summarised financial information of an associate is as follows at 31 December 2024.

In Azerbaijani Manats	**GVL LLC**
Current assets	4,176,480
Non-current assets	781,500
Current liabilities	2,666,316
Revenue	8,913,596
Profit for the year	145,583

Summarised financial information of an associate is as follows at 31 December 2023:

In Azerbaijani Manats	**GVL LLC**
Current assets	4,806,457
Non-current assets	1,328,851
Current liabilities	3,277,335
Non-current liabilities	711,892
Revenue	8,785,489
Profit for the year	37,495

11 Inventories

In Azerbaijani Manats	**2024**	**2023**
Consumables	671,232	565,020
Goods for resale	395,331	906,911
Other inventories	93,867	10,801
Total inventories at 31 December	**1,160,430**	**1,482,732**

12 Trade and Other Receivables

In Azerbaijani Manats	**2024**	**2023**
Trade receivables	54,736,287	60,103,751
Less credit loss allowance	(3,992,913)	(3,339,391)
Total financial assets within trade and other receivables	**50,743,374**	**56,764,360**
VAT recoverable	3,006,422	4,728,881
Other receivables	33,586	46,863
Total trade and other receivables at 31 December	**53,783,382**	**61,540,104**

In 2024, trade receivables of AZN 30,617 thousand (2023: AZN 18,890 thousand) net of credit loss allowance is denominated in foreign currency, mainly.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The Group measures the expected credit losses individually and collectively.

For individually assessed customer balances the expected credit losses are calculated as the difference between the carrying balance and the present value of expected future cash flows.

To measure the expected credit losses by collective assessment the Group calculated the expected credit losses using a provision matrix. The expected loss rates are based on the payment profiles of customers over a period of 24 month before each balance sheet date and the corresponding historical credit losses experienced within this period.

The credit loss allowance for trade receivables determined according to provision matrix presented in the table below for the year ended 31 December 2024.

	31 December 2024			
In % of gross value (in Azerbaijani Manats)	**Loss Rate**	**Gross carrying amount**	**Lifetime ECL**	**Net carrying value**
Trade receivables				
- current	7%	1,347,323	(96,828)	1,250,495
- less than 30 days overdue	12%	777,193	(92,033)	685,160
- 30 to 60 days overdue	15%	518,756	(78,999)	439,757
- 61 to 90 days overdue	15%	528,936	(80,460)	448,476
- 91 to 180 days overdue	23%	595,225	(137,380)	457,845
- 181 to 360 days overdue	52%	1,593,973	(829,330)	764,643
- over 360 days overdue	100%	846,447	(846,447)	-
Total		**6,207,853**	**(2,161,477)**	**4,046,376**

Trade receivables balances with the gross amount of AZN 48,528,434 (2023: AZN 44,382,059) is assessed individually and the expected credit losses are calculated as the difference between the carrying balance and the present value of expected future cash flows. Lifetime ECL calculated for the individually assessed customer balances is AZN 1,831,437 (2023: AZN 1,314,482).

12 Trade and Other Receivables (Continued)

The credit loss allowance for trade receivables is determined according to provision matrix presented in the table below for the year ended 31 December 2023.

		31 December 2023		
In % of gross value (in Azerbaijani Manats)	**Loss Rate**	**Gross carrying amount**	**Lifetime ECL**	**Net carrying value**
Trade receivables				
- current	3%	8,158,171	(272,770)	7,885,401
- less than 30 days overdue	6%	3,832,994	(233,931)	3,599,063
- 30 to 60 days overdue	12%	916,011	(108,577)	807,434
- 61 to 90 days overdue	18%	861,494	(154,846)	706,648
- 91 to 180 days overdue	34%	677,275	(230,039)	447,236
- 181 to 360 days overdue	64%	703,689	(452,689)	251,000
- over 360 days overdue	100%	572,058	(572,058)	-
Total	-	**15,721,692**	**(2,024,910)**	**13,696,782**

The following table explains the changes in the credit loss allowance for trade receivables under simplified ECL model between the beginning and the end of the annual period:

In Azerbaijani Manats	**2024**	**2023**
Allowance for credit losses on trade receivables at 1 January	**3,339,391**	**2,361,068**
New originated or purchased	1,546,985	978,323
Financial assets derecognised during the period	(893,463)	-
Total credit loss allowance charge in profit or loss for the period	653,522	978,323
Allowance for credit losses on trade receivables at 31 December	**3,992,913**	**3,339,391**

VAT recoverable. The current tax legislation of the Republic of Azerbaijan provides for the following input VAT recovery options:

- Credit against the output VAT;
- Offset with other corporate tax liabilities;
- Claim for the monetary refund from the National Treasury of the Republic of Azerbaijan.

Management makes an estimation that the Group will offset the VAT recoverable with other corporate tax liabilities.

13 Prepayments

In Azerbaijani Manats	**Advances to suppliers**	**Other prepayments**	**Total**
Carrying value at 1 January 2023	**6,639,150**	**260,203**	**6,899,353**
Additions	34,476,354	431,990	34,908,344
Prepayments derecognised on receipt of related goods or services	(24,573,791)	(284,498)	(24,858,289)
Translation to presentation currency	(415,617)	-	(415,617)
Total prepayments at 31 December 2023	**16,126,096**	**407,695**	**16,533,791**
Additions	31,927,735	348,614	32,276,349
Prepayments derecognised on receipt of related goods or services	(32,141,059)	(244,985)	(32,386,044)
Translation to presentation currency	499,997	-	499,997
Total prepayments at 31 December 2024	**16,412,769**	**511,324**	**16,924,093**

14 Cash and Cash Equivalents

In Azerbaijani Manats	**2024**	**2023**
Bank balances payable on demand	17,133,217	17,358,809
Total cash and cash equivalents at 31 December	**17,133,217**	**17,358,809**

The table below discloses the credit quality of cash and cash equivalents balances based on credit risk grades at 31 December 2024. Refer to Note 32 for the description of the Group's credit risk grading system.

In Azerbaijani Manats	**Bank balances payable on demand**
- Good	13,341,495
- Satisfactory	3,791,722
Total cash and cash equivalents	**17,133,217**

The table below discloses the credit quality of cash and cash equivalents balances based on credit risk grades at 31 December 2023. Refer to Note 32 for the description of the Group's credit risk grading system.

In Azerbaijani Manats	**Bank balances payable on demand**
- Good	17,358,809
Total cash and cash equivalents	**17,358,809**

15 Term Deposits

In Azerbaijani Manats	**2024**	**2023**
Term deposits	76,486,463	48,620,000
Less credit loss allowance	(566,746)	(360,262)
Total cash and cash equivalents at 31 December	**75,919,717**	**48,259,738**

Total amount of term deposits balance was restricted by Pasha Bank OJSC in 2024.

The credit quality of term deposits based on credit risk grades at 31 December 2024 is "Good" (31 December 2023: "Good"). Average interest rate of the term deposits is 3.8% (2023: 3.33%).

16 Assets and Liabilities arising from Contracts with Customers

The Group has recognised the following assets and liabilities arising from contracts with customers:

In Azerbaijani Manats	**31 December 2024**	**31 December 2023**
Current contract assets from contracts with customers	2,176,510	928,813
Total current contract assets	**2,176,510**	**928,813**
Non-current assets recognised for costs incurred to obtain or fulfil a contract	**-**	**-**
Contract liabilities – advances from customers	(17,376,619)	(25,510,488)
Total current contract liabilities	**(17,376,619)**	**(25,510,488)**

17 Loans Issued

In Azerbaijani Manats	**2024**	**2023**
Corporate loans	33,572,544	16,990,050
Less: Credit loss allowance charge in profit or loss	(1,832,330)	(292,860)
Total carrying amount of loans at AC	**31,740,214**	**16,697,190**
Total loans issued at 31 December	**31,740,214**	**16,697,190**

During 2024, Global Energy Solutions LLC provided 8% interest rate loans to Prokon LLC, SOCAR AQS LLC, and Nobel Energy Management LLC in the amount of AZN 8,636,000, AZN 7,569,951, AZN 350,000, and an interest-free loan to Nobel Energy Ltd. in the amount of AZN 3,888,624, respectively.

Loans to Prokon LLC should be repaid within one year, while loans to Nobel Energy Ltd., Nobel Energy Management LLC, Ravy Property LLC, and SOCAR AQS LLC should be repaid within 3 years. All borrowers have flexible maturity dates subject to termination by either party.

In 2024, the Branch Office of "Nobel Oil Ltd." in the Azerbaijan Republic repaid a total principal amount of AZN 9,942,553 to Global Energy Solutions LLC.

17 Loans Issued (Continued)

The following table discloses the changes in the credit loss allowance and gross carrying amount for loans carried at amortised cost between the beginning and the end of the reporting period:

	Credit loss allowance		Gross carrying amount	
In Azerbaijani Manats	**Stage 1 (12-months ECL)**	**Total**	**Stage 1 (12-months ECL)**	**Total**
Corporate loans at 31 December 2023	**(292,860)**	**(292,860)**	**16,990,050**	**16,990,050**
Movements with impact on credit loss allowance charge for the period:				
Transfers:				
New originated or purchased	(1,539,470)	(1,539,470)	20,444,575	20,444,575
Transfer from Trade Receivables	-	-	5,148,319	5,148,319
Derecognised during the period	-	-	(9,942,553)	(9,942,553)
Changes in accrued interest	-	-	932,153	932,153
Total movements with impact on credit loss allowance charge for the period	**(1,832,330)**	**(1,832,330)**	**33,572,544**	**33,572,544**
At 31 December 2024	**(1,832,330)**	**(1,832,330)**	**33,572,544**	**33,572,544**

18 Share Capital

The total authorised number of ordinary shares is 10 shares with a par value of AZN 759,550.45 per share (2023: 10 shares with a par value of AZN 759,550.45 per share). All issued ordinary shares are fully paid. Each ordinary share carries one vote.

The structure of the share capital is presented in Note 1.

19 Borrowings from Banks

In Azerbaijani Manats	**2024**	**2023**
Long term borrowings	6,564,208	-
Short term borrowings	24,929,269	23,022,945
Total borrowings from banks	**31,493,477**	**23,022,945**

The Group's borrowings are denominated in currencies as follows:

In Azerbaijani Manats	**2024**	**2023**
Borrowings denominated in:		
- Azerbaijani Manats	26,179.379	23,022,945
- US Dollars	5,314,098	-
Total borrowings from shareholders at 31 December	**31,493,477**	**23,022,945**

The above balances include principal amounts and accrued interest payables from "International Bank of Azerbaijan" OJSC, "Pasha Bank and "Kapital Bank" OJSC as at 31 December 2024 and 2023. Accrued interest payable as at 31 December 2024 was AZN 133,001 (2023: AZN 75,499). Interest rate for the borrowings is within range 12%-12.5%, and for borrowings in USD is 6%.

19 Borrowings form Banks (Continued)

In 2024, "International Bank of Azerbaijan" OJSC, "Kapital Bank" OJSC, "Pasha Bank" OJSC and "Pasha Bank Georgia" OJSC provided borrowing in the amount of AZN 33,901,191, AZN 22,230,218, AZN 357,000 and AZN 2,550,000 respectively.

The Group does not apply hedge accounting and has not entered into any hedging arrangements in respect of its foreign currency obligations or interest rate exposures. Interest rates for the borrowings represent market rates for the years ended 31 December 2024 and 2023. The carrying value of the term borrowings approximates fair value at 31 December 2024 and 31 December 2023. Refer Note 30 for covenants.

20 Borrowings from Shareholders and Related Parties

In Azerbaijani Manats	**2024**	**2023**
Borrowings from shareholders	30,251,482	32,666,050
Borrowings from related parties	16,367,742	448,742
Total borrowings from shareholders and related parties	**46,619,224**	**33,114,792**

Borrowings from shareholders were received in 2022 and 2023 and mature in 2027 and 2028, respectively. They bear a fixed interest rate of 5% annually (2023: 5% annually).

Borrowings from related parties total 16,367,742 AZN, received from the Branch of Nobel Oil Ltd in the Azerbaijan Republic in 2024, with an annual interest rate of 8%. The terms for these borrowings have not specified a fixed maturity date, allowing for flexible repayment based on mutual agreement.

The above balances include principal amounts and accrued interest payables as at 31 December 2024 and 2023.

21 Reconciliation of Liabilities Arising from Financing Activities

The table below sets out an analysis of liabilities from financing activities and the movements in the Group's liabilities from financing activities for each of the periods presented. The items of these liabilities are those that are reported as financing in the statement of cash flows:

In Azerbaijani Manats	**Borrowings from shareholders and related parties**	**Borrowings from banks**	**Lease liabilities**	**Dividend payable**	**Total**
Liabilities from financing activities at 1 January 2023	**34,421,834**	**8,434,224**	**2,777,889**	**-**	**45,633,947**
Cash flows					
Funds received	469,810	40,611,758	-	-	41,081,568
Repayments of principal	(1,667,751)	(26,156,859)	(678,853)	-	(28,503,463)
Interest payments	(1,797,749)	(2,029,809)	(607,403)	-	(4,434,961)
Dividend paid	-	-	-	(648,500)	-
Non-cash changes					
Interest accrual	1,730,164	2,163,631	607,403	-	4,501,198
Remeasurement changes	(41,516)	-	2,061,764	-	2,020,248
New leases	-	-	837,578	-	837,578
Dividend declared	-	-	-	648,500	-
Liabilities from financing activities at 31 December 2023	**33,114,792**	**23,022,945**	**4,998,378**	**-**	**61,136,115**
Cash flows					
Funds received	19,347,993	59,043,254	-	-	78,391,247
Repayments of principal	(6,501,158)	(50,621,118)	(966,317)	-	(58,088,593)
Interest payments	(1,048,239)	(3,162,579)	(530,967)	-	(4,741,785)
Other	-	(7,689)	-	-	(7,689)
Dividend paid	-	-	-	(8,135,624)	(8,135,624)
Non-cash changes					
Interest accrual	1,664,320	3,218,664	530,967	-	5,413,951
Remeasurement changes	41,516	-	(8,928)	-	32,588
Disposal		-	(94,321)	-	(94,321)
Dividend declared	-	-	-	8,553,684	8,553,684
Liabilities from financing activities at 31 December 2024	**46,619,224**	**31,493,477**	**3,928,812**	**418,060**	**82,459,573**

22 Trade and Other Payables

In Azerbaijani Manats	**2024**	**2023**
Trade payables	27,795,787	16,808,727
Total financial payables within trade and other payables at AC	**27,795,787**	**16,808,727**
Accrued employee benefit costs	2,018,766	2,771,813
VAT payable	6,076,054	6,423,357
Dividend payable	418,060	-
Other payables	892,760	1,983,962
Total other payables	**9,405,640**	**11,179,132**
Trade and other payables at 31 December	**37,201,427**	**27,987,859**

Refer to Note 34 for disclosure of the fair value of each class of other financial liabilities.

23 Tax Provision

The Group recognises provisions for uncertain tax positions, including estimated interest and penalties, when management determines, based on tax laws enacted or substantively enacted by the reporting date, that it is probable that a tax authority will not accept a position taken by the Group and that additional taxes will therefore be due. In prior periods, these provisions notably included amounts related to the deductibility of certain related party expenses.

During 2024, management reassessed these exposures. In accordance with legislation that limits the tax authorities' right of inspection to three years, provisions previously recognised for earlier periods now outside this inspection window were released, resulting in a credit of AZN 19,651 thousand. The remaining provision at 31 December 2024 primarily relates to more recent periods still within the inspection window and will be utilised or reversed as matters are resolved or when management concludes that the related exposures are no longer probable.

In Azerbaijani Manats	**2024**	**2023**
Tax provision	311,280	19,962,605
Total tax provision	**311,280**	**19,962,605**

24 Revenue from Contracts with Customers

The Group derives revenue from the transfer of goods and services over time and at a point in time in the following major product lines and geographical regions:

In Azerbaijani Manats	**2024**	**2023**
Technical support services	107,967,215	72,055,000
Sale of goods (oilfield equipment and inventory)	55,988,129	26,853,715
Total revenue from contracts with customers	**163,955,344**	**98,908,715**

Timing of revenue recognition (for each revenue stream) is as follows:

In Azerbaijani Manats	**2024**	**2023**
At a point in time	55,988,129	26,853,715
Over time	107,967,215	72,055,000
Total revenue from contracts with customers	**163,955,344**	**98,908,715**

25 Cost of Sales

In Azerbaijani Manats	**2024**	**2023**
Third party services	32,805,886	6,720,956
Labour cost	16,493,428	15,294,386
Subcontracting costs	16,238,677	15,237,809
Materials and consumables used	1,322,604	171,790
Depreciation	1,296,927	457,174
Technical consulting	215,617	241,988
Other	539,373	513,213
Total cost of services	**68,912,512**	**38,637,316**
Cost of goods for resale	51,008,686	23,044,915
Total cost of sales and services	**119,921,198**	**61,682,231**

Included in labour costs are statutory pension contributions of AZN 2,933 thousand (2023: AZN 2,343 thousand).

26 General and Administrative Expenses

In Azerbaijani Manats	**2024**	**2023**
Staff Cost	4,822,891	4,179,804
Professional services fees	3,996,086	5,616,112
Net impairment losses on financial assets and contract assets	3,451,055	1,033,792
Bank charges	1,572,973	840,950
Depreciation and amortization	1,076,049	2,065,695
Business trip expenses	659,078	732,270
Training costs	230,107	132,117
Office supplies	206,721	1,376,031
Insurance	174,340	139,334
Communication expense	159,520	144,732
Repairs and maintenance	57,878	57,291
Provision for uncertain income taxes	-	354,553
Other expenses	676,598	685,885
Total general and administrative expenses	**17,083,296**	**17,358,566**

Included in staff costs are statutory pension contributions of AZN 734 thousand (2023: AZN 619 thousand).

27 Finance Costs

In Azerbaijani Manats	**2024**	**2023**
Interest expense on borrowings from banks	3,218,663	2,163,631
Interest expense on loans from shareholders and related parties	1,664,320	1,730,164
Interest expense on lease liabilities	530,967	607,403
Losses less gains on restructuring of loans issued	-	1,665,723
Total finance costs	**5,413,950**	**6,166,921**

28 Finance Income

In Azerbaijani Manats	**2024**	**2023**
Interest income on term deposit	1,805,306	1,758,000
Interest income on loans issued	1,496,706	1,728,293
Total finance income	**3,302,012**	**3,486,293**

29 Income Taxes

(a) Components of income tax expense

Income tax expense recorded in profit or loss comprises the following:

In Azerbaijani Manats	**2024**	**2023**
Current income tax	3,870,541	4,359,523
Deferred tax	(486,736)	(2,197,002)
Income tax expense for the year	**3,383,805**	**2,162,521**

(b) Reconciliation between the tax expense and profit or loss multiplied by applicable tax rate

The income tax rate applicable to the majority of the Group's 2024 and 2023 income is 20%. A reconciliation between the expected and the actual taxation charge is provided below.

In Azerbaijani Manats	**2024**	**2023**
Profit before tax	**45,068,713**	**17,167,010**
Theoretical tax charge at statutory rate of 20%:	9,013,743	3,433,402
Tax effect of items which are not deductible or assessable for taxation purposes:		
- Income which is exempt from taxation	(3,930,265)	-
- Non-deductible expenses	141,242	186,485
Effects of different tax rates in other countries	(2,281,912)	(1,151,504)
Effects of intra-group eliminations	529,898	343,563
Other	(88,901)	(649,424)
Income tax expense for the year	**3,383,805**	**2,162,521**

29 Income Taxes (Continued)

(c) Deferred taxes analysed by type of temporary difference

Differences between IFRS and statutory taxation regulations in Azerbaijan give rise to temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and their tax bases. The tax effect of the movements in these temporary differences is detailed below:

In Azerbaijani Manats	31 December 2023	Charged/ (credited) to profit or loss	31 December 2024
Tax effect of deductible/(taxable) temporary differences and tax loss carry forwards			
Property and equipment	(108,198)	42,039	(66,159)
Trade and other receivables	3,789,841	(2,703,098)	1,086,743
Trade and other payables	745,634	14,182	759,815
Lease liabilities	999,676	(213,913)	785,763
Right-of-use assets	(847,209)	289,557	(557,653)
Contract assets	(66,321)	12,208	(54,114)
Loans issued	(3,401,015)	3,034,549	(366,466)
Loans and borrowings	34,429	(20,059)	14,369
Term deposit	82,076	31,273	113,349
Net deferred tax (liability)/asset	**1,228,912**	**486,736**	**1,715,648**
Recognised deferred tax asset	5,651,655	(3,651,431)	2,000,224
Recognised deferred tax liability	(4,422,743)	4,138,167	(284,576)
Net deferred tax (liability)/asset	**1,228,912**	**486,736**	**1,715,648**

The tax effect of the movements in the temporary differences for the year ended 31 December 2023 are:

In Azerbaijani Manats	31 December 2022	Charged/ (credited) to profit or loss	31 December 2023
Tax effect of deductible/(taxable) temporary differences and tax loss carry forwards			
Property and equipment	(116,662)	8,464	(108,198)
Trade and other receivables	3,150,912	638,929	3,789,841
Trade and other payables	(223,050)	968,683	745,634
Lease liabilities	555,578	444,098	999,676
Right-of-use assets	(498,595)	(348,614)	(847,209)
Contract assets	(831,787)	765,465	(66,321)
Loans issued	(1,931,299)	(1,469,715)	(3,401,015)
Loans and borrowings	(1,489,625)	1,524,054	34,429
Term deposit	416,440	(334,364)	82,076
Net deferred tax (liability)/asset	**(968,089)**	**2,197,001**	**1,228,912**
Recognised deferred tax asset	4,122,929	1,528,726	5,651,655
Recognised deferred tax liability	(5,091,018)	668,275	(4,422,743)
Net deferred tax (liability)/asset	**(968,089)**	**2,197,001**	**1,228,912**

30 Contingencies and Commitments

Legal proceedings. During the period ended 31 December 2024 and 2023, the Group was not involved in any legal proceedings and no legal claims were brought against the Group.

Tax contingencies. The taxation system in Azerbaijan is relatively new and is characterised by frequent changes in legislation, official pronouncements and court decision, which are often unclear, contradictory and subject to varying interpretation by different tax authorities. Taxes are subject to review and investigation by various level of authorities, which have authority to impose severe fines and penalty interest charges. A tax year generally remains open for review by the tax authorities for three subsequent calendar years; however, under certain circumstances a tax year may remain open longer.

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

Compliance with covenants. The Group is subject to certain covenants related primarily to its borrowings. Non-compliance with such covenants may result in negative consequences for the Group including growth in the cost of borrowings and declaration of default. The Group was in compliance with covenants at 31 December 2024 and 31 December 2023.

31 Principal Subsidiaries and Associate

Name	Nature of business	Percentage of ownership	Country of registration
Subsidiaries:			
Glensol Kazakhstan LLC	Provision of repair and maintenance services to all types of mechanical equipment in the oil and gas industry	100%	Kazakhstan
Glensol Georgia LLC	Provision of repair and maintenance services to all types of mechanical equipment in the oil and gas industry	100%	Georgia
Associate:			
GVL LLC	Provision of technical support services relating to valves repair, maintenance and stock management in the oil and gas industry	51%	Azerbaijan

32 Financial Risk Management

The risk management function within the Group is carried out with respect to financial risks, operational risks and legal risks. Financial risk comprises market risk (including currency risk, interest rate risk and other price risks), credit risk and liquidity risk. The primary function of financial risk management is to establish risk limits and to ensure that any exposure to risk stays within these limits. The operational and legal risk management functions are intended to ensure the proper functioning of internal policies and procedures in order to minimise operational and legal risks.

Credit risk. The Group exposes itself to credit risk, which is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to meet an obligation.

Exposure to credit risk arises as a result of the Group's lending and other transactions with counterparties, giving rise to financial assets and off-balance sheet credit-related commitments.

The Group's maximum exposure to credit risk is reflected in the carrying amounts of financial assets in the consolidated statement of financial position. For financial guarantees issued, commitments to extend credit, undrawn credit lines and export/import letters of credit, the maximum exposure to credit risk is the amount of the commitment.

32 Financial Risk Management (Continued)

Credit risk management. Credit risk is the single largest risk for the Group's business; management therefore carefully manages its exposure to credit risk.

The estimation of credit risk for risk management purposes is complex and involves the use of models, as the risk varies depending on market conditions, expected cash flows and the passage of time. The assessment of credit risk for a portfolio of assets entails further estimations of the likelihood of defaults occurring, the associated loss ratios and default correlations between counterparties.

Limits. The Group structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower, or groups of borrowers, and to geographical and industry segments. Limits on the level of credit risk by product and industry sector are approved regularly by management. Such risks are monitored n a revolving basis and are subject to an annual, or more frequent, review.

Credit risk grading system. For measuring credit risk and grading financial instruments by the amount of credit risk, the Group applies an approach based on risk grades estimated by external international rating agencies (Standard & Poor's – "S&P", Fitch, Moody's). External credit ratings are mapped on an internally defined master scale with a specified range of probabilities of default as disclosed in the table below:

Master scale credit risk grade	**Corresponding ratings of external international rating agencies (S&P)**	**Corresponding PD interval**
Excellent	AAA to BB+	0,01% – 0,5%
Good	BB to B+	0,51% – 3%
Satisfactory	B, B-	3% – 10%
Special monitoring	CCC+ to CC-	10% – 99,9%
Default	C, D-I, D-II	100%

Each master scale credit risk grade is assigned a specific degree of creditworthiness:

- *Excellent* – strong credit quality with low expected credit risk;
- *Good* – adequate credit quality with a moderate credit risk;
- *Satisfactory* – moderate credit quality with a satisfactory credit risk;
- *Special monitoring* – facilities that require closer monitoring and remedial management; and
- *Default* – facilities in which a default has occurred.

The rating models are regularly reviewed by management, backtested on actual default data and updated, if necessary. Despite the method used, the Group regularly validates the accuracy of ratings estimates and appraises the predictive power of the models.

External ratings are assigned to counterparties by independent international rating agencies, such as S&P, Moody's and Fitch. These ratings are publicly available.

Expected credit loss (ECL) measurement. The Group's trade receivables primarily consist of: a) receivables from sale of goods; and b) receivables from rendering of services.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The Group applies simplified approach by measuring the expected credit losses individually and collectively.

For individually assessed customer balances the expected credit losses are calculated as the difference between the carrying balance and the present value of expected future cash flows.

32 Financial Risk Management (Continued)

To measure the expected credit losses by collective assessment the Group calculated the expected credit losses using a provision matrix. The expected loss rates are based on the payment profiles of customers over a period of 24 month before each balance sheet date and the corresponding historical credit losses experienced within this period.

Staging

For account receivable portfolio, IFRS 9 allows to use practical expedient by classifying such non-defaulted assets to stage 2 and not to perform staging process. Therefore, receivables are classified to either Stage 3 (when the conditions of default are met) or Stage 2 (when a given asset may be treated as non-defaulted) and thus always provisioned in lifetime perspective.

Impairment losses on trade receivables is presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

Forward-looking approach for simplified approach for trade receivables. Due dates for trade receivables of the Group are short-term. The long-term macroeconomic development does not play significant role in shaping risk profile in the segments. Therefore, no forward-looking adjustment is implemented for accounts receivables.

The Group regularly reviews its methodology and assumptions to reduce any difference between the estimates and the actual loss of credit. Such back testing is performed at least once a year.

The results of back testing the ECL measurement methodology are communicated to management and further steps for tuning models and assumptions are defined after discussions between authorised persons.

Market risk. The Group takes on exposure to market risks. Market risks arise from open positions in (a) currency, (b) interest rates, all of which are exposed to general and specific market movements. Management sets limits on the value of risk that may be accepted, which is monitored on a daily basis. However, the use of this approach does not prevent losses outside of these limits in the event of more significant market movements.

Currency risk. In respect of currency risk, management sets limits on the level of exposure by currency and in total for both overnight and intra-day positions, which are monitored daily.

The table below summarises the Group's exposure to foreign currency exchange rate risk at the end of the reporting period:

	At 31 December 2024			At 31 December 2023		
In Azerbaijani Manats	**Monetary financial assets**	**Monetary financial liabilities**	**Net position**	**Monetary financial assets**	**Monetary financial liabilities**	**Net position**
Azerbaijani Manats	47,988,368	(54,033,436)	(6,045,068)	56,600,497	(35,355,884)	21,244,614
US Dollars	101,824,854	(44,657,714)	57,167,140	59,204,284	(39,045,850)	20,158,434
Euros	1,324,565	(1,152,679)	171,886	203,344	(306,098)	(102,754)
Kazakhstani tenge	20,743	(74,136)	(53,393)	28,292	-	28,292
Pound Sterling	20,734,120	(9,908,764)	10,825,356	13,409,369	(3,814,574)	9,594,795
Georgian Lari	3,643,872	(10,571)	3,633,301	9,207,998	(27,815)	9,180,183
Total	**175,536,522**	**(109,837,300)**	**65,699,222**	**138,653,784**	**(78,550,221)**	**60,103,563**

The above analysis includes only monetary assets and liabilities. Non-monetary assets are not considered to give rise to any material currency risk.

32 Financial Risk Management (Continued)

The following table presents sensitivities of profit or loss and equity to reasonably possible changes in exchange rates applied at the end of the reporting period relative to the functional currency of the respective Group entities, with all other variables held constant:

In Azerbaijani Manats	At 31 December 2024 Impact on profit or loss	At 31 December 2023 Impact on profit or loss
US Dollar strengthening by 20% (2023: strengthening by 20%)	11,433,428	4,031,687
US Dollar weakening by 20% (2023: weakening by 20%)	(11,433,428)	(4,031,687)
Euro strengthening by 20% (2023: strengthening by 20%)	34,377	(20,551)
Euro weakening by 20% (2023: weakening by 20%)	(34,377)	20,551
Pound sterling strengthening by 20% (2023: strengthening by 20%)	2,165,071	1,918,959
Pound weakening by 20% (2023: weakening by 20%)	(2,165,071)	(1,918,959)
Other strengthening by 20% (2023: strengthening by 20%)	715,982	1,841,695
Other weakening by 20% (2023: weakening by 20%)	(715,982)	(1,841,695)

The exposure was calculated only for monetary balances denominated in currencies other than the functional currency of the respective entity of the Group.

Interest rate risk. The Group does not have floating interest rate financial instruments. Therefore, the risk exposure to the effects of fluctuations in the prevailing levels of market interest rates on the Group's financial position and cash flows is minimized by having fixed rates negotiated on bank loans. However, interest margins may increase once loans mature and there is a need to negotiate a new credit facility.

Liquidity risk. Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Group is exposed to daily calls on its available cash resources. Liquidity risk is managed by the management of the Group. Management monitors monthly rolling forecasts of the Group's cash flows.

The Group seeks to maintain a stable funding base primarily consisting of borrowings, trade and other payables. The Group invests the funds in diversified portfolios of liquid assets, in order to be able to respond quickly and smoothly to unforeseen liquidity requirements. The Group's liquidity portfolio comprises cash and cash equivalents (Note 14).

The table below shows liabilities at 31 December 2023 by their remaining contractual maturity. The amounts disclosed in the maturity table are the contractual undiscounted cash flows. Such undiscounted cash flows differ from the amount included in the statement of financial position because the statement of financial position amount is based on discounted cash flows.

When the amount payable is not fixed, the amount disclosed is determined by reference to the conditions existing at the end of the reporting period. Foreign currency payments are translated using the spot exchange rate at the end of the reporting period.

The maturity analysis of financial liabilities at 31 December 2024 is as follows:

In Azerbaijani Manats	Demand and less than 1 month	From 1 to 3 months	From 3 to 12 months	From 12 months to 5 years	Over 5 years	Total
Liabilities						
Borrowings from banks (Note 19)	(272,210)	(4,972,206)	(21,798,484)	(4,131,154)	-	(31,174,054)
Borrowings from shareholders and related parties (Note 20)	(16,367,742)	-	-	(30,251,482)	-	(46,619,224)
Lease liabilities (Note 9)	(144,218)	(288,436)	(1,297,960)	(2,671,787)	(801,536)	(5,203,937)
Trade payables (Note 22)	(27,795,787)	-	-	-	-	(27,795,787)
Total future payments, including future principal and interest payments	**(44,579,957)**	**(5,260,642)**	**(23,096,444)**	**(37,054,423)**	**(801,536)**	**(110,793,002)**

32 Financial Risk Management (Continued)

The maturity analysis of financial liabilities at 31 December 2023 is as follows:

In Azerbaijani Manats	Demand and less than 1 month	From 1 to 3 months	From 3 to 12 months	From 12 months to 5 years	Over 5 years	Total
Liabilities						
Borrowings from banks (Note 19)	(1,538,927)	(3,750,107)	(13,367,498)	-	-	(18,656,532)
Borrowings from shareholders and related parties (Note 20)	-	-	-	(33,114,791)	-	(33,114,791)
Lease liabilities (Note 9)	(107,188)	(214,376)	(1,320,930)	(3,958,043)	(1,335,893)	(6,936,430)
Trade payables (Note 22)	(16,808,727)	-	-	-	-	(16,808,727)
Total future payments, including future principal and interest payments	**(18,454,842)**	**(3,964,483)**	**(14,688,428)**	**(37,072,834)**	**(1,335,893)**	**(75,516,480)**

33 Management of Capital

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The amount of capital that the Group managed as of 31 December 2024 was AZN 70,225,020 (2023: AZN 37,323,556).

34 Fair Value Disclosures

Fair value measurements are analysed by level in the fair value hierarchy as follows: (i) level one are measurements at quoted prices (unadjusted) in active markets for identical assets or liabilities, (ii) level two measurements are valuations techniques with all material inputs observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices), and (iii) level three measurements are valuations not based on observable market data (that is, unobservable inputs). Management applies judgement in categorising financial instruments using the fair value hierarchy. If a fair value measurement uses observable inputs that require significant adjustment, that measurement is a Level 3 measurement. The significance of a valuation input is assessed against the fair value measurement in its entirety.

34 Fair Value Disclosures (Continued)

Assets and liabilities not measured at fair value but for which fair value is disclosed. Fair values analysed by level in the fair value hierarchy and the carrying value of assets and liabilities not measured at fair value are as follows:

	31 December 2024			31 December 2023		
In Azerbaijani Manats	**Level 1 fair value**	**Level 2 fair value**	**Carrying value**	**Level 1 fair value**	**Level 2 fair value**	**Carrying value**
Assets						
Financial assets at AC						
- Cash and cash equivalents	17,133,217	-	17,133,217	17,358,809	-	17,358,809
- Trade receivables	-	50,743,374	50,743,374	-	56,764,360	56,764,360
- Loans issued	-	31,740,214	31,740,214	-	16,697,190	16,697,190
- Term deposits	-	75,919,717	75,919,717	-	48,259,738	48,259,738
Total assets	**17,133,217**	**158,403,305**	**175,536,522**	**17,358,809**	**121,721,288**	**139,080,097**
LIABILITIES						
Borrowings						
- Bank loan	-	31,493,477	31,493,477	-	23,022,945	23,022,945
- Shareholder related loans	-	46,619,224	46,619,224	-	33,114,792	33,114,792
Other financial liabilities						
- Trade payables	-	27,795,787	27,795,787	-	16,808,727	16,808,727
- Lease liabilities	-	3,928,812	3,928,812		4,998,378	4,998,378
Total LIABILITIES	**-**	**109,837,300**	**109,837,300**	**-**	**77,944,842**	**77,944,842**

The fair values in level 2 of the fair value hierarchy were estimated using the discounted cash flows valuation technique.

35 Presentation of Financial Instruments by Measurement Category

For the purposes of measurement, IFRS 9 "Financial Instruments" classifies financial assets into the following categories: (a) financial assets at FVTPL; (b) debt instruments at FVOCI, (c) equity instruments at FVOCI and (c) financial assets at AC. Financial assets at FVTPL have two sub-categories: (i) assets mandatorily measured at FVTPL, and (ii) assets designated as such upon initial recognition.

As of 31 December 2024, and 31 December 2023, all of the Group's financial assets and liabilities were carried at AC.

36 Events after the Reporting Period

Bank borrowing. The Group obtained borrowing in the amount of AZN 28,898 thousand from "Kapital Bank" OJSC, which includes accrued interest, at an interest rate of 6% in USD, 12% in AZN. The Group made the total repayment in the amount of AZN 26,379 thousand in respect of the borrowing contracts with "Kapital Bank" OJSC after the reporting period before the signing of these consolidated financial statements. The Group made the total repayment in the amount of AZN 3,255 thousand in respect of the borrowing contracts with "Pasha Bank" OJSC after the reporting period before the signing of these consolidated financial statements. The Group obtained borrowing in the amount of AZN 44,607 thousand from "International Bank of Azerbaijan" OJSC at an interest rate of 12.5%. The Group made the total repayment in the amount of AZN 45,701 thousand in respect of the borrowing contracts with "International Bank of Azerbaijan" OJSC after the reporting period before the signing of these consolidated financial statements.

Loans Issued. Subsequent to the reporting period and prior to the approval of these consolidated financial statements, a loan amounting to AZN 6,000 thousand was granted to Prokon LLC. During the same period, Prokon LLC fully repaid a total loan of AZN 18,038 thousand. Additionally, SOCAR AQS LLC settled their outstanding loan balance of AZN 1,000 thousand in the same timeframe.