"GLOBAL ENERGY SOLUTIONS" LIMITED LIABILITY COMPANY

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

31 December 2023

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INDEPENDENT AUDITOR'S REPORT

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Independent Auditor's Report

To the Shareholders and 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 2023, and the Group's consolidated financial performance and consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards.

What we have audited

The Group's consolidated financial statements comprise:

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

Basis for opinion

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

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

Independence

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

Responsibilities of management and those charged with governance for the consolidated financial statements

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

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

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

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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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

PricewaterhouseCoopers Audit Azerbaijan LLC.

Baku, the Republic of Azerbaijan

27 November 2024

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

In Azerbaijani Manats	Note	31 December 2023	31 December 2022
Assets			
Non-current assets			
Property and equipment	8	2,734,689	2,632,789
Right-of-use assets	9	4,310,545	2,575,754
Intangible assets		60,697	71,639
Investment in associate	10	1,094,501	1,075,378
Loans issued, long term portion	17	12,791,895	594,854
Deferred tax asset		1,228,912	-
Term deposit	15	48,259,738	48,096,075
Other assets		595,075	814,477
Total non-current assets		**71,076,052**	**55,860,966**
Current assets			
Inventories	11	1,482,732	1,415,196
Trade and other receivables	12	61,540,103	27,631,835
Prepayments	13	16,533,791	6,899,353
Cash and cash equivalents	14	17,358,809	5,676,733
Contract assets	16	928,813	4,158,933
Loans issued, short term portion	17	3,905,295	9,090,259
Total current assets		**101,749,543**	**54,872,309**
Total assets		**172,825,595**	**110,733,275**
EQUITY			
Share capital	18	7,595,505	7,595,505
Retained earnings		29,400,598	15,044,609
Currency translation reserve		327,453	526,414
Total equity		**37,323,556**	**23,166,528**
Liabilities			
Non-current liabilities			
Loans from shareholders	20	33,114,792	34,421,833
Borrowings	19	-	622,929
Lease liabilities	9	3,890,049	1,958,593
Deferred tax liabilities	28	-	968,089
Other non-current liabilities		186,765	-
Total non-current liabilities		**37,191,606**	**37,971,444**
Current liabilities			
Borrowings	19	23,022,945	7,811,295
Lease liabilities	9	1,108,329	819,296
Trade and other payables	22	27,987,859	13,137,639
Current income tax payable		718,207	7,822,721
Tax provision	23	19,962,605	19,651,325
Contract liabilities	16	25,510,488	353,027
Total current liabilities		**98,310,433**	**49,595,303**
Total liabilities		**135,502,039**	**87,566,747**
Total liabilities and equity		**172,825,595**	**110,733,275**

Approved for issue and signed on 25 November 2024.

Mr. Tamerlan Aliyev
General Director

Ms. Valentina Baghirova
Head of Finance and Accounting Department

"GLOBAL ENERGY SOLUTIONS" LIMITED LIABILITY COMPANY
Consolidated Statement of Profit or Loss and Other Comprehensive Income

In Azerbaijani Manats	Note	2023	2022
Revenue from contracts with customers	24	98,908,715	63,184,225
Cost of sales	25	(61,682,231)	(37,590,456)
Gross profit		**37,226,484**	**25,593,769**
Other income		10,572	48,961
General and administrative expenses	26	(17,358,566)	(17,030,785)
Other losses, net		(49,975)	(712,633)
Operating profit		**19,828,515**	**7,899,312**
Finance costs	27	(6,166,921)	(1,691,411)
Finance income	29	3,486,293	398,338
Share of results of associate	10	19,123	128,017
Profit before income tax		**17,167,010**	**6,734,256**
Income tax (expense)/benefit	28	(2,162,521)	2,096,631
Profit for the year		**15,004,489**	**8,830,887**
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Translation of financial information of foreign operations to presentation currency		(198,961)	509,552
Total comprehensive income for the year		**14,805,528**	**9,340,439**

"GLOBAL ENERGY SOLUTIONS" LIMITED LIABILITY COMPANY
Consolidated Statement of Changes in Equity

In Azerbaijani Manats	Share capital	Additional paid-in capital	Currency translation reserve	Retained earnings	Total equity
Balance at 31 December 2021	**7,595,505**	**-**	**16,862**	**23,970,722**	**31,583,089**
Profit for the year	-	-	-	8,830,887	8,830,887
Other comprehensive income for the year	-	-	509,552	-	509,552
Total comprehensive income for 2022	-	-	509,552	8,830,887	9,340,439
Deemed dividends	-	-	-	(17,757,000)	(17,757,000)
Balance at 31 December 2022	**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**

"GLOBAL ENERGY SOLUTIONS" LIMITED LIABILITY COMPANY
Consolidated Statement of Cash Flows

In Azerbaijani Manats	Note	2023	2022
Cash flows from operating activities			
Profit before income tax		17,167,010	6,734,256
Adjustments for:			
Depreciation and amortisation	8,9	2,522,715	1,760,960
Net impairment losses on financial assets	12,15,17	1,033,792	215,740
Finance costs	27	6,166,921	1,691,411
Finance income		(1,728,293)	(4,498)
Foreign exchange translation differences		-	371,008
Share of results of associate	10	(19,123)	(128,017)
Other non-cash operating costs		-	153,819
Recognition of loss at initial recognition of borrowings		(41,516)	-
Loss on disposal of property, plant and equipment		1,493	42,291
Tax provision		311,277	8,523,360
Operating cash flows before working capital changes		**25,414,277**	**19,360,330**
(Increase)/decrease in trade and other receivables	12	(34,828,980)	42,183,010
Decrease/(increase) in contract assets	16	3,230,120	(4,158,933)
Decrease/(increase) in other assets		219,398	(814,475)
Increase in prepayments	13	(9,634,438)	(4,582,034)
(Increase)/decrease in inventories	11	(67,538)	426,826
Increase/(decrease) in trade and other payables	22	14,651,259	(5,161,699)
Increase in contract liabilities	16	25,157,461	353,028
Increase/(decrease) in other non-current liabilities		186,765	(186,763)
Changes in working capital		**(1,085,953)**	**28,331,568**
Income taxes paid		(11,521,641)	-
Interest paid	21	(4,434,961)	(978,600)
Net cash from operating activities		**8,371,721**	**46,713,298**
Cash flows from investing activities			
Purchases of property and equipment	8	(913,719)	(551,170)
Acquisition of intangible assets		-	(25,956)
Placement to deposit	15	-	(48,620,000)
Loans granted	17	(10,629,638)	(17,514,645)
Proceeds from loans issued	17	3,461,000	7,606,483
Net cash used in investing activities		**(8,082,357)**	**(59,105,288)**
Cash flows from financing activities			
Proceeds from borrowings	19	41,081,568	43,378,974
Repayment of borrowings	19	(27,824,610)	(10,110,413)
Repayment of lease liabilities – principal	21	(678,853)	(899,016)
Right-of-use assets		(536,893)	-
Dividends paid to the Group's shareholders		(648,500)	(17,757,000)
Net cash from financing activities		**11,392,712**	**14,612,545**
Effect of exchange rate changes on cash and cash equivalents		-	(24,626)
Cash and cash equivalents at the beginning of the year	14	**5,676,733**	**3,480,806**
Cash and cash equivalents at the end of the year	14	**17,358,809**	**5,676,735**

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 2023 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 2023, and 2022 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 2023, %	31 December 2022, %
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 December 13, 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 226,900 (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 and gas prices and sustainability of Azerbaijani manats.

In 2023, 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 2023. 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 pre-pandemic 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 7.9% which is the highest indicator of recent years.

During 2023 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.

COVID-19. In March 2020, the World Health Organisation declared the outbreak of COVID-19 a global pandemic. In response to the pandemic, the Azerbaijan authorities implemented numerous measures attempting to contain the spreading and impact of COVID-19, such as travel bans and restrictions, quarantines, shelter-in-place orders and limitations on business activity, including closures. As of 31 December 2023, special quarantine regime has been extended to 2024. Some of those measures were subsequently relaxed and in may 2023 WHO announced that Global health emergency of COVID-19 is over.

Impact of sanctions from Russia – Ukraine conflict. The geopolitical situation in Eastern Europe intensified on 24 February 2022, with Russia's invasion of Ukraine. The war is increasingly affecting economic and global financial markets and exacerbating ongoing economic challenges, including issues such as rising inflation and global supply-chain disruption. The long-term effects of the current economic situation are difficult to predict and management's current expectations and estimates could differ from the actual results, but this war has no impact to the Group's business operations.

Climate change. The management has taken note of global awareness and concerns about the potential impact of climate change. Currently, this matter has had no significant impact on the consolidated financial statements, and the future effects on the Group's activities and business plans are difficult to predict. Management continues to monitor developments in this area and will respond as necessary to ensure the Group's viability and will adopt all government guidelines if and when these are issued in the markets in which the Group operates.

3 Material Accounting Policies

Basis of preparation. These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") under the historical cost convention, as modified by the initial recognition of financial instruments based on fair value. The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

The preparation of consolidated financial statements in conformity with IFRS 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.

3 Material Accounting Policies (Continued)

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.

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 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 2023, the principal rate of exchange used for translating foreign currency balances was USD 1 = AZN 1.7000 (2022: USD 1 = AZN 1.7000), EUR 1 = AZN 1.8766 (2022: EUR 1 = AZN 1.8114), KZT 1 = AZN 0.0037 (2022: KZT 1 = AZN 0.0037), GEL 1 = AZN 0.6326 (2022: GEL 1 = AZN 0.6298). The principal average rate of exchange used for translating income and expenses was USD 1 = AZN 1.700 (2022: USD 1 = AZN 1.700), EUR 1 = 1.8394 AZN (2022: EUR 1 = AZN 1.7886), KZT 1 = AZN 0.0037 (2022: KZT 1 = AZN 0.0037), GEL 1 = AZN 0.6477 (2022: GEL 1 = AZN 0.5877).

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Costs of minor repairs and day-to-day maintenance are expensed when incurred. Cost of replacing major parts or components of property and equipment items are capitalised and the replaced part is retired.

At the end of each reporting period management assesses whether there is any indication of impairment of property and equipment. If any such indication exists, management estimates the recoverable amount, which is determined as the higher of an asset's fair value less costs of disposal and its value in use. The carrying amount is reduced to the recoverable amount and the impairment loss is recognised in profit or loss for the year. An impairment loss recognised for an asset in prior years is reversed where appropriate if there has been a change in the estimates used to determine the asset's value in use or fair value less costs of disposal.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss for the year.

Depreciation. 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

The residual value of an asset is the estimated amount that the Group would currently obtain from the disposal of the asset less the estimated costs of disposal, if the asset was already of the age and in the condition expected at the end of its useful life. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

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:

3 Material Accounting Policies (Continued)

	Useful lives in years
Warehouse	6
Motor vehicles	3
Offices	2

Impairment of non-financial assets. Assets that are subject to depreciation and amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). Prior impairments of non-financial assets are reviewed for possible reversal at each reporting date.

Financial instruments – key measurement terms. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The best evidence of fair value is the price in an active market. An active market is one in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Fair value of financial instruments traded in an active market is measured as the product of the quoted price for the individual asset or liability and the number of instruments held by the entity. This is the case even if a market's normal daily trading volume is not sufficient to absorb the quantity held and placing orders to sell the position in a single transaction might affect the quoted price.

Valuation techniques such as discounted cash flow models or models based on recent arm's length transactions or consideration of financial data of the investees are used to measure fair value of certain financial instruments for which external market pricing information is not available. 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 solely observable market data (that is, the measurement requires significant unobservable inputs). Transfers between levels of the fair value hierarchy are deemed to have occurred at the end of the reporting period. Refer to Note 34.

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial instrument. An incremental cost is one that would not have been incurred if the transaction had not taken place. Transaction costs include fees and commissions paid to agents (including employees acting as selling agents), advisors, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties. Transaction costs do not include debt premiums or discounts, financing costs or internal administrative or holding costs.

Amortised cost ("AC") is the amount at which the financial instrument was recognised at initial recognition less any principal repayments, plus accrued interest, and for financial assets less any allowance for expected credit losses *("ECL")*. Accrued interest includes amortisation of transaction costs deferred at initial recognition and of any premium or discount to the maturity amount using the effective interest method. Accrued interest income and accrued interest expense, including both accrued coupon and amortised discount or premium (including fees deferred at origination, if any), are not presented separately and are included in the carrying values of the related items in the consolidated statement of financial position.

The effective interest method is a method of allocating interest income or interest expense over the relevant period, so as to achieve a constant periodic rate of interest (effective interest rate) on the carrying amount. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts (excluding future credit losses) through the expected life of the financial instrument or a shorter period, if appropriate, to the gross carrying amount of the financial instrument. The effective interest rate discounts cash flows of variable interest instruments to the next interest repricing date, except for the premium or discount which reflects the credit spread over the floating rate specified in the instrument, or other variables that are not reset to market rates. Such premiums or discounts are amortised over the whole expected life of the instrument. The present value calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate.

3 Material Accounting Policies (Continued)

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.

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.

Debt instruments measured at AC, 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 2023 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 assets – derecognition. The Group derecognises financial assets when (a) the assets are redeemed or the rights to cash flows from the assets otherwise expire or (b) the Group has transferred the rights to the cash flows from the financial assets or entered into a qualifying pass-through arrangement whilst (i) also transferring substantially all the risks and rewards of ownership of the assets or (ii) neither transferring nor retaining substantially all the risks and rewards of ownership but not retaining control.

Control is retained if the counterparty does not have the practical ability to sell the asset in its entirety to an unrelated third party without needing to impose additional restrictions on the sale.

Financial assets – modification. The Group sometimes renegotiates or otherwise modifies the contractual terms of the financial assets. The Group assesses whether the modification of contractual cash flows is substantial considering, among other, the following factors: any new contractual terms that substantially affect the risk profile of the asset (e.g., profit share or equity-based return), significant change in interest rate, change in the currency denomination, new collateral or credit enhancement that significantly affects the credit risk associated with the asset.

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

Financial liabilities – derecognition. Financial liabilities are derecognised when they are extinguished (i.e., when the obligation specified in the contract is discharged, cancelled, or expires).

Modifications of liabilities that do not result in extinguishment are accounted for as a change in estimate using a cumulative catch-up method, with any gain or loss recognised in profit or loss, unless the economic substance of the difference in carrying values is attributed to a capital transaction with owners.

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.

3 Material Accounting Policies (Continued)

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 following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable,
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date,
- amounts expected to be payable by the Group under residual value guarantees,
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Extension and termination options are included in the leases across the Group. These terms 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. Extension options (or period after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

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.

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, except if it is recognised in other comprehensive income or directly in equity because it relates to transactions that are also recognised, in the same or a different period, in other comprehensive income or directly in equity.

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. Taxable profits or losses are based on estimates if the consolidated financial statements are authorised prior to filing relevant tax returns. Taxes other than on income are recorded within operating expenses.

3 Material Accounting Policies (Continued)

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. In accordance with the initial recognition exemption, deferred taxes are not recorded for temporary differences on initial recognition of an asset or a liability in a transaction other than a business combination if the transaction, when initially recorded, affects neither accounting nor taxable profit. 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. Deferred tax assets and liabilities are netted only within the individual companies of the Group.

The Group controls the reversal of temporary differences relating to taxes chargeable on dividends from subsidiaries or on gains upon their disposal. The Group does not recognise deferred tax liabilities on such temporary differences except to the extent that management expects the temporary differences to reverse in the foreseeable future.

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.

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 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 35.

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 2023 would result in an increase or decrease in total expected credit loss allowances of AZN 2,795,617 (31 December 2022: by AZN 768,930).

Modification of loans issued. When loans issued are contractually modified (e.g. renegotiated), the Group assesses whether the modification is substantial and should result in derecognition of the original asset and recognition of a new asset at fair value. This assessment is based primarily on qualitative factors, described in the relevant accounting policy and it requires significant judgment. In particular, the Group applies judgment in deciding whether credit impaired renegotiated loans should be derecognised and whether the new recognised loans should be considered as credit impaired on initial recognition. The derecognition assessment depends on whether the risks and rewards, that is, the variability of expected (rather than contractual) cash flows, change as a result of such modifications. Management determined that risks and rewards did not change as a result of modifying such loans and therefore in substantially all such modifications, the loans were neither derecognised nor reclassified out of the credit-impaired stage.

A significant modification to contractual terms and conditions of agreements with Nobel Oil Ltd and Ravy Property LLC occured that required de-recognition of loans issued based on qualitative analyses and recognition of new financial asset.

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 2023 would be to increase it by AZN 244,099 or decrease it by AZN 244,099 (2022: increase by AZN 149,949 or decrease by AZN 183,271).

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.

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

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).

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 2023 would be to increase/decrease it by AZN 502,266 (2022: AZN 42,836).

5 Adoption of New or Revised Standards and Interpretations

The following new standards and the amendments became effective from 1 January 2023:

IFRS 17 "Insurance Contracts" (issued on 18 May 2017 and effective for annual periods beginning on or after 1 January 2023). IFRS 17 replaces IFRS 4, which has given companies dispensation to carry on accounting for insurance contracts using existing practices. As a consequence, it was difficult for investors to compare and contrast the financial performance of otherwise similar insurance companies. IFRS 17 is a single principle-based standard to account for all types of insurance contracts, including reinsurance contracts that an insurer holds. The standard requires recognition and measurement of groups of insurance contracts at: (i) a risk-adjusted present value of the future cash flows (the fulfillment cash flows) that incorporates all of the available information about the fulfillment cash flows in a way that is consistent with observable market information; plus (if this value is a liability) or minus (if this value is an asset) (ii) an amount representing the unearned profit in the group of contracts (the contractual service margin). Insurers will be recognising the profit from a group of insurance contracts over the period they provide insurance coverage, and as they are released from risk. If a group of contracts is or becomes loss-making, an entity will be recognising the loss immediately.

Amendments to IFRS 17 and an amendment to IFRS 4 (issued on 25 June 2020 and effective for annual periods beginning on or after 1 January 2023). The amendments include a number of clarifications intended to ease implementation of IFRS 17, simplify some requirements of the standard and transition. The amendments relate to eight areas of IFRS 17, and they are not intended to change the fundamental principles of the standard. The following amendments to IFRS 17 were made:

- *Effective date:* The effective date of IFRS 17 (incorporating the amendments) has been deferred by two years to annual reporting periods beginning on or after 1 January 2023; and the fixed expiry date of the temporary exemption from applying IFRS 9 in IFRS 4 has also been deferred to annual reporting periods beginning on or after 1 January 2023.
- *Expected recovery of insurance acquisition cash flows:* An entity is required to allocate part of the acquisition costs to related expected contract renewals, and to recognise those costs as an asset until the entity recognises the contract renewals. Entities are required to assess the recoverability of the asset at each reporting date, and to provide specific information about the asset in the notes to the financial statements.

5 Adoption of New or Revised Standards and Interpretations (Continued)

- *Contractual service margin attributable to investment services:* Coverage units should be identified, considering the quantity of benefits and expected period of both insurance coverage and investment services, for contracts under the variable fee approach and for other contracts with an 'investment-return service' under the general model. Costs related to investment activities should be included as cash flows within the boundary of an insurance contract, to the extent that the entity performs such activities to enhance benefits from insurance coverage for the policyholder.
- *Reinsurance contracts held – recovery of losses:* When an entity recognises a loss on initial recognition of an onerous group of underlying insurance contracts, or on addition of onerous underlying contracts to a group, an entity should adjust the contractual service margin of a related group of reinsurance contracts held and recognise a gain on the reinsurance contracts held. The amount of the loss recovered from a reinsurance contract held is determined by multiplying the loss recognised on underlying insurance contracts and the percentage of claims on underlying insurance contracts that the entity expects to recover from the reinsurance contract held. This requirement would apply only when the reinsurance contract held is recognised before or at the same time as the loss is recognised on the underlying insurance contracts.
- *Other amendments:* Other amendments include scope exclusions for some credit card (or similar) contracts, and some loan contracts; presentation of insurance contract assets and liabilities in the statement of financial position in portfolios instead of groups; applicability of the risk mitigation option when mitigating financial risks using reinsurance contracts held and non-derivative financial instruments at fair value through profit or loss; an accounting policy choice to change the estimates made in previous interim financial statements when applying IFRS 17; inclusion of income tax payments and receipts that are specifically chargeable to the policyholder under the terms of an insurance contract in the fulfillment cash flows; and selected transition reliefs and other minor amendments.

Transition option to insurers applying IFRS 17 – Amendments to IFRS 17 (issued on 9 December 2021 and effective for annual periods beginning on or after 1 January 2023). The amendment to the transition requirements in IFRS 17 provides insurers with an option aimed at improving the usefulness of information to investors on initial application of IFRS 17. The amendment relates to insurers' transition to IFRS 17 only and does not affect any other requirements in IFRS 17. The transition requirements in IFRS 17 and IFRS 9 apply at different dates and will result in the following one-time classification differences in the comparative information presented on initial application of IFRS 17: accounting mismatches between insurance contract liabilities measured at current value and any related financial assets measured at amortised cost; and if an entity chooses to restate comparative information for IFRS 9, classification differences between financial assets derecognised in the comparative period (to which IFRS 9 will not apply) and other financial assets (to which IFRS 9 will apply). The amendment will help insurers to avoid these temporary accounting mismatches and, therefore, will improve the usefulness of comparative information for investors. It does this by providing insurers with an option for the presentation of comparative information about financial assets. When initially applying IFRS 17, entities would, for the purpose of presenting comparative information, be permitted to apply a classification overlay to a financial asset for which the entity does not restate IFRS 9 comparative information. The transition option would be available, on an instrument-by-instrument basis; allow an entity to present comparative information as if the classification and measurement requirements of IFRS 9 had been applied to that financial asset, but not require an entity to apply the impairment requirements of IFRS 9; and require an entity that applies the classification overlay to a financial asset to use reasonable and supportable information available at the transition date to determine how the entity expects that financial asset to be classified applying IFRS 9.

Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of Accounting policies (issued on 12 February 2021 and effective for annual periods beginning on or after 1 January 2023). IAS 1 was amended to require companies to disclose their material accounting policy information rather than their significant accounting policies. The amendment provided the definition of material accounting policy information. The amendment also clarified that accounting policy information is expected to be material if, without it, the users of the financial statements would be unable to understand other material information in the financial statements. The amendment provided illustrative examples of accounting policy information that is likely to be considered material to the entity's financial statements. Further, the amendment to IAS 1 clarified that immaterial accounting policy information need not be disclosed. However, if it is disclosed, it should not obscure material accounting policy information. To support this amendment, IFRS Practice Statement 2, 'Making Materiality Judgements' was also amended to provide guidance on how to apply the concept of materiality to accounting policy disclosures.

5 Adoption of New or Revised Standards and Interpretations (Continued)

Amendments to IAS 8: Definition of Accounting Estimates (issued on 12 February 2021 and effective for annual periods beginning on or after 1 January 2023). The amendment to IAS 8 clarified how companies should distinguish changes in accounting policies from changes in accounting estimates.

Deferred tax related to assets and liabilities arising from a single transaction – Amendments to IAS 12 (issued on 7 May 2021 and effective for annual periods beginning on or after 1 January 2023). The amendments to IAS 12 specify how to account for deferred tax on transactions such as leases and decommissioning obligations. In specified circumstances, entities are exempt from recognising deferred tax when they recognise assets or liabilities for the first time. Previously, there had been some uncertainty about whether the exemption applied to transactions such as leases and decommissioning obligations – transactions for which both an asset and a liability are recognised. The amendments clarify that the exemption does not apply and that entities are required to recognise deferred tax on such transactions. The amendments require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences.

Amendments to IAS 12 Income taxes: International Tax Reform – Pillar Two Model Rules (issued 23 May 2023). In May 2023, the IASB issued narrow-scope amendments to IAS 12, 'Income Taxes'. This amendment was introduced in response to the imminent implementation of the Pillar Two model rules released by the Organisation for Economic Co-operation and Development's (OECD) as a result of international tax reform. The amendments provide a temporary exception from the requirement to recognise and disclose deferred taxes arising from enacted or substantively enacted tax law that implements the Pillar Two model rules. In accordance with IASB effective date, the companies may apply the exception immediately, but disclosure requirements are required for annual periods commencing on or after 1 January 2023.

The application of the amendments had no significant impact on the Group's consolidated financial statements

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 2024 or later, and which the Group has not early adopted.

- 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).
- 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).
- Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements (Issued on 25 May 2023).
- IFRS 14, Regulatory Deferral Accounts (issued on 30 January 2014 and effective for annual periods beginning on or after 1 January 2016).
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28 (issued on 11 September 2014 and effective for annual periods beginning on or after a date to be determined by the IASB).

Unless otherwise described above, the new standards and interpretations are not expected to affect significantly the Group's consolidated financial statements.

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 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 liability	-	(2,723,360)	-
Investment in associate	-	-	1,094,501
Trade and other payables	-	(1,819,389)	(116,937)
Loans from shareholders (5%)	(32,666,049)	(448,742)	-
Loan issued	3,176,810	13,520,393	-

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

In Azerbaijani Manats	Shareholders	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)	-

At 31 December 2022, the outstanding balances with related parties were as follows:

In Azerbaijani Manats	Shareholders	Entities under common control	Associate
Gross amount of trade receivables	-	6,749,231	916,081
Net impairment losses on financial assets	-	(594,899)	(37,740)
Contract assets	-	1,200,000	-
Prepayments	-	1,454,461	-
Lease liability	-	(452,992)	-
Loan issued	594,854	9,090,272	-
Investment in associate	-	-	1,075,378
Trade and other payables	-	(441,897)	(114,046)
Loans from shareholders (5%)	(34,421,833)	-	-

7 Balances and Transactions with Related Parties (Continued)

The income and expense items with related parties for the year ended 31 December 2022 were as follows:

In Azerbaijani Manats	Shareholder	Entities under common control	Associate
Sales of goods	-	442,647	53,234
Revenue from services rendered	-	2,601,014	643,200
Share of result of associate	-	-	128,017
Subcontracting costs	-	(573,442)	-
Net impairment losses on financial and contract assets	-	(73,728)	-
Professional services fees	-	(1,872,000)	-
Repairs and maintenance	-	(7,148)	-
Technical consulting	-	(17,655,000)	-
Other services	-	(234,272)	-
Finance costs	-	(458,720)	-
Other gain/lossess, net	-	(153,819)	-

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	2023 Expense	2022 Expense
- Salaries	1,013,333	688,242
- Contributions to State Pension Fund	240,323	163,353
Total key management compensation	**1,253,656**	**851,594**

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 2022	3,316,305	388,923	403,713	408,549	4,517,491
Accumulated depreciation	(1,189,653)	(224,411)	(232,849)	(81,710)	(1,728,624)
Carrying amount at 1 January 2022	**2,126,652**	**164,512**	**170,864**	**326,839**	**2,788,867**
Additions	344,108	63,246	126,582	17,234	551,170
Disposals	(90,675)	-	-	-	(90,675)
Depreciation charge	(427,440)	(49,545)	(41,989)	(145,983)	(664,957)
Accumulated depreciation of disposed assets	48,384	-	-	-	48,384
Carrying amount at 31 December 2022	**2,001,029**	**178,213**	**255,457**	**198,090**	**2,632,789**
Cost at 31 December 2022	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 31 December 2022	**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**

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	Accommodation	Total
Carrying amount at 31 December 2021	**2,390,663**	**1,392,776**	**57,554**	**-**	**3,840,993**
Additions	-	-	69,183	131,215	200,398
Modification	(293,918)	(120,672)	35,146	-	(379,444)
Depreciation charge	(524,186)	(474,298)	(39,367)	(48,342)	(1,086,193)
Carrying amount at 31 December 2022	**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**

The Group recognised lease liabilities as follows:

In Azerbaijani Manats	31 December 2023	31 December 2022
Current lease liabilities	1,108,329	819,296
Non-current lease liabilities	3,890,049	1,958,593
Total lease liabilities	**4,998,378**	**2,777,889**

Interest expense included in finance costs of 2023 was AZN 607,403 (2022: AZN 272,608). Total cash outflow for leases in 2023 was AZN 1,286,256 (2022: AZN 548,740).

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	2023 Associate	2022 Associate
Carrying amount at 1 January	**1,075,378**	**947,361**
Transfers	-	-
Share of profit of associate	19,123	128,017
Carrying amount at 31 December	**1,094,501**	**1,075,378**

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

	2023		2022	
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 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

Summarised financial information of an associate is as follows at 31 December 2022:

In Azerbaijani Manats	GVL LLC
Current assets	4,717,505
Non-current assets	1,892,483
Current liabilities	3,154,215
Non-current liabilities	1,347,185
Revenue	8,399,410
Profit for the year	251,013

11 Inventories

In Azerbaijani Manats	2023	2022
Goods for resale	906,911	839,683
Consumables	565,020	531,234
Other inventories	10,801	44,279
Total inventories at 31 December	**1,482,732**	**1,415,196**

12 Trade and Other Receivables

In Azerbaijani Manats	2023	2022
Trade receivables	60,103,751	26,814,348
Other financial receivables	-	-
Less credit loss allowance	(3,339,391)	(2,361,069)
Total financial assets within trade and other receivables	**56,764,360**	**24,453,279**
VAT recoverable	4,728,881	3,090,129
Other receivables	46,863	88,427
Total trade and other receivables at 31 December	**61,540,103**	**27,631,835**

In 2023, trade receivables of AZN 18,859,605 (2022: AZN 14,097,658) net of credit loss allowance is denominated in foreign currency, mainly.

Other financial receivables represent the amount receivable from a related party in respect to additional capital contribution.

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.

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 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**

Trade receivables balances with the gross amount of 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 1,314,482.

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 2022.

	31 December 2022			
In % of gross value (in Azerbaijani Manats)	Loss Rate	Gross carrying amount	Lifetime ECL	Net carrying value
Trade receivables				
- current	4%	15,197,589	(673,482)	14,524,107
- less than 30 days overdue	9%	4,354,262	(409,861)	3,944,401
- 30 to 60 days overdue	12%	2,364,770	(274,075)	2,090,695
- 61 to 90 days overdue	16%	3,309,981	(533,982)	2,775,999
- 91 to 180 days overdue	19%	464,621	(89,210)	375,411
- 181 to 360 days overdue	20%	929,951	(187,285)	742,666
- over 360 days overdue	100%	193,174	(193,174)	-
Total	-	**26,814,348**	**(2,361,069)**	**24,453,279**

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	2023	2022
Allowance for credit losses on trade receivables at 1 January	**2,361,068**	**2,742,982**
Derecognised/New originated during the period	978,323	(381,913)
Total credit loss allowance charge in profit or loss for the period	978,323	(381,913)
Allowance for credit losses on trade receivables at 31 December	**3,339,391**	**2,361,069**

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 2022	**2,041,999**	**139,322**	**2,181,321**
Additions	19,770,444	256,220	20,026,664
Prepayments derecognised on receipt of related goods or services	(15,400,507)	(135,339)	(15,535,846)
Translation to presentation currency	227,214	-	227,214
Total prepayments at 31 December 2022	**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**

14 Cash and Cash Equivalents

In Azerbaijani Manats	2023	2022
Bank balances payable on demand	17,358,809	5,676,733
Total cash and cash equivalents at 31 December	**17,358,809**	**5,676,733**

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**

The table below discloses the credit quality of cash and cash equivalents balances based on credit risk grades at 31 December 2022. Refer to Note 32 for the description of the Group's credit risk grading system.

In Azerbaijani Manats	Bank balances payable on demand
- Good	5,676,733
Total cash and cash equivalents	**5,676,733**

15 Term Deposits

In Azerbaijani Manats	2023	2022
Term deposits	48,620,000	48,620,000
Less credit loss allowance	(360,262)	(523,925)
Total cash and cash equivalents at 31 December	**48,259,738**	**48,096,075**

Total amount of term deposits balance was restricted by Pasha Bank OJSC in 2023.

The credit quality of term deposits based on credit risk grades at 31 December 2023 is "Good" (31 December 2022: "Good"). Average interest rate of the term deposits is 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 2023	31 December 2022
Current contract assets from contracts with customers	928,813	4,158,933
Total current contract assets	**928,813**	**4,158,933**
Non-current assets recognised for costs incurred to obtain or fulfil a contract		
Contract liabilities – advances from customers	(25,510,488)	(353,027)
Total current contract liabilities	**(25,510,488)**	**(353,027)**

17 Loans Issued

In Azerbaijani Manats	2023	2022
Corporate loans	16,990,050	9,758,841
Less: Credit loss allowance charge in profit or loss	(292,860)	(73,728)
Total carrying amount of loans at AC	**16,697,190**	**9,685,113**
Total loans issued at 31 December	**16,697,190**	**9,685,113**

During 2023, a loss on initial recognition of loans at rates below market in the amount of AZN 1,665,723 (2022: AZN 153,819) was recognized in profit or loss for the year.

During 2023, GLENSOL LLC provided with 8% interest rate loans Branch Office of "Nobel Oil Ltd." in Azerbaijan Republic, Ravy Property LLC and Nobel Energy Ltd. in the amount of AZN 4,604,160, AZN 1,800,000, AZN 3,225,478 and interest free loan Prokon LLC in the amount of AZN 1,000,000 respectively. Borrowings from Nobel Energy Ltd. and Branch Office of "Nobel Oil Ltd." in Azerbaijan Republic should be paid within 5 years, and borrowings from Nobel Energy Management LLC, Ravy Property LLC, Prokon LLC should be paid within 1 year and all borrowers have flexible maturity dates subject to termination by either party. In 2023, the total principal amount of AZN 3,461,000 was repaid to GLENSOL LLC (By Branch Office of "Nobel Oil Ltd." in Azerbaijan Republic in the amount of AZN 1,751,000, SOCAR AQS LLC in the amount of AZN 1,650,000, Nobel Energy Management in the amount of AZN 60,000.)

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 2022	**(73,728)**	**(73,728)**	**9,758,841**	**9,758,841**
Movements with impact on credit loss allowance charge for the period:				
Transfers:				
New originated or purchased	(219,132)	(219,132)	10,629,638	10,629,638
Derecognised during the period	-	-	(3,461,000)	(3,461,000)
Changes in accrued interest	-	-	1,728,293	1,728,293
Other movements	-	-	(1,665,722)	(1,665,722)
Total movements with impact on credit loss allowance charge for the period	**(219,132)**	**(219,132)**	**7,231,209**	**7,231,209**
At 31 December 2023	**(292,860)**	**(292,860)**	**16,990,050**	**16,990,050**

18 Share Capital

The total authorised number of ordinary shares is 10 shares with a par value of AZN 759,550.45 per share (2022: 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

In Azerbaijani Manats	2023	2022
Long term borrowings	-	622,929
Short term borrowings	23,022,945	7,811,295
Total borrowings	**23,022,945**	**8,434,224**

The Group's borrowings are denominated in AZN.

The above balances include principal amounts and accrued interest payables from OJSC "International Bank of Azerbaijan", OJSC "Pasha Bank{ and OJSC "Kapital Bank" as at 31 December 2023 and 2022. Accrued interest payable as at 31 December 2023 was AZN 75,499 (2022: AZN 10,434). Interest rate for the loans is 12%.

In 2023, OJSC "International Bank of Azerbaijan", OJSC "Kapital Bank" and OJSC "Pasha Bank" provided loan in the amount of AZN 26,053,922, AZN 12,017,866, AZN 2,642,108 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 2023 and 2022. The carrying value of the term borrowings approximates fair value at 31 December 2023 and 31 December 2022. Two financial loan covenants have been stipulated by the loan agreements. The first loan covenant was "Glensol LLC can use the AZN 30,000,000 part of the credit limit only for cash transactions, and AZN 50,000,000 part of the credit limit only for documentary transactions (letter of credit and guarantee)". The second covenant was "Glensol LLC has to pay at least the amount of AZN 400,000 principal payment until 19 August 2023", the Glensol LLC met the covenant.

20 Loans from Shareholders

In Azerbaijani Manats	2023	2022
Shareholder related loans	33,114,792	34,421,833
Total Loans from shareholders	**33,114,792**	**34,421,833**

The loans from shareholders were received in September 2022 in the amount of USD 20,000,000 with the maturity date of 5 years.

The loan from SOCAR AQS were received in January 2023 in the amount of AZN 469,810 with the maturity date of 1 year.

The above balances include principal amounts and accrued interest payables as at 31 December 2023 and 2022. Accrued interest payable as at 31 December 2023 was in AZN 354,248 (2022: AZN 410,833). Interest rate for the Shareholder loans is 5% and for the SOCAR AQS loan is 8%.

During 2023, the total principal amount of AZN 1,667,751 was repaid by GLENSOL LLC (to Shareholder in the amount of AZN 1,653,251 and to SOCAR AQS in the amount of AZN 14,500).

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:

	Liabilities from financing activities			
In Azerbaijani Manats	Borrowings	Lease liabilities	Shareholder related loans	Total
Liabilities from financing activities at 1 January 2022	**9,136,293**	**3,174,735**	**11,000**	**12,322,028**
Borrowings acquired	9,378,974	-	34,000,000	43,378,974
Borrowing payments	(10,110,413)	-	-	(10,110,413)
Interest accrual	1,007,971	272,608	410,833	1,691,412
Interest payments	(978,600)	(272,608)	-	(1,251,209)
Lease additions	-	200,399	-	200,399
Repayment of lease liabilities – principal	-	(626,408)	-	(626,408)
Lease modification	-	29,163	-	29,163
Liabilities from financing activities at 1 January 2023	**8,434,224**	**2,777,889**	**34,421,833**	**45,633,947**
Borrowings acquired	40,611,758	-	469,810	41,081,568
Borrowing payments	(26,156,859)	-	(1,667,751)	(27,824,610)
Interest accrual	2,163,631	607,403	1,730,164	4,501,198
Interest payments	(2,029,809)	(607,403)	(1,797,749)	(4,434,961)
Lease additions	-	837,580	-	837,580
Gain on fair value	-	-	(41,516)	(41,516)
Repayment of lease liabilities – principal	-	(678,853)	-	(678,853)
Lease modification	-	2,061,767	-	2,061,767
Liabilities from financing activities at 31 December 2023	**23,022,946**	**4,998,384**	**33,114,791**	**61,136,121**

22 Trade and Other Payables

In Azerbaijani Manats	2023	2022
Trade payables	16,808,727	7,340,478
Total financial payables within trade and other payables at AC	**16,808,727**	**7,340,478**
Accrued employee benefit costs	2,771,813	1,191,658
VAT payable	6,423,357	3,240,159
Other payables	1,983,962	1,365,346
Total other payables	**11,179,132**	**5,797,163**
Trade and other payables at 31 December	**27,987,859**	**13,137,640**

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

23 Tax Provision

Management has assessed, based on its interpretation of the relevant tax legislation which is enacted or substantively enacted by the end of the reporting period, that it is probable that certain tax positions taken by the Group would not be sustained, if challenged by the tax authorities. Accordingly, the Group has estimated and provided relevant tax provisions and the related penalties. The balance at 31 December 2023 is expected to be either fully utilised or released when the inspection rights of the tax authorities with respect to the relevant tax returns expire.

In Azerbaijani Manats	2023	2022
Tax provision	19,962,605	19,651,325
Total tax provision	**19,962,605**	**19,651,325**

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	2023	2022
Technical support services	72,055,000	44,054,174
Sale of goods (oilfield equipment and inventory)	26,853,715	19,130,051
Total revenue from contracts with customers	**98,908,715**	**63,184,225**

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

In Azerbaijani Manats	2023	2022
At a point in time	26,853,715	19,130,050
Over time	72,055,000	44,054,175
Total revenue from contracts with customers	**98,908,715**	**63,184,225**

25 Cost of Sales

In Azerbaijani Manats	2023	2022
Labour cost	15,294,386	9,572,283
Subcontracting costs	15,237,809	10,464,774
Third party services	6,720,956	-
Materials and components used	171,790	80,963
Technical consulting	241,988	49,994
Depreciation	457,174	464,884
Other	513,213	278,991
Total cost of services	**38,637,316**	**20,911,889**
Cost of goods for resale	23,044,915	16,678,567
Total cost of sales and services	**61,682,231**	**37,590,456**

Included in labour costs are statutory pension contributions of AZN 2,343,200 (2022: AZN 1,513,680).

26 General and Administrative Expenses

In Azerbaijani Manats	2023	2022
Professional services fees	5,616,112	2,272,199
Staff cost	4,179,804	2,826,224
Depreciation and amortisation	2,065,695	1,296,481
Office supplies	1,376,031	500,245
Net impairment losses on financial assets	1,033,792	215,739
Bank charges	840,950	427,820
Business trip expenses	732,270	460,884
Provision for uncertain income taxes	354,553	8,523,360
Communication expense	144,732	118,470
Insurance	139,334	88,506
Training costs	132,117	66,214
Repairs and maintenance	57,291	37,111
Taxes other than on income	6,954	3,758
Other expenses	678,931	193,776
Total general and administrative expenses	**17,358,566**	**17,030,785**

Included in staff costs are statutory pension contributions of AZN 618,654 (2022: AZN 466,365).

27 Finance Costs

In Azerbaijani Manats	2023	2022
Interest expense on borrowings	2,163,631	1,007,970
Interest expense on loans from shareholders	1,730,164	410,833
Losses less gains on restructuring of loans issued	1,665,723	-
Interest expense on lease liabilities	607,403	272,608
Total finance costs	**6,166,921**	**1,691,411**

28 Income Taxes

(a) Components of income tax expense

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

In Azerbaijani Manats	2023	2022
Current income tax	4,359,523	7,822,720
Deferred tax	(2,197,002)	(9,919,351)
Income tax expense/(benefit) for the year	**2,162,521**	**(2,096,631)**

(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 2023 and 2022 income is 20%. A reconciliation between the expected and the actual taxation charge is provided below.

In Azerbaijani Manats	2023	2022
Profit before tax	**17,167,010**	**6,734,256**
Theoretical tax charge at statutory rate of 20%:	3,433,402	1,346,851
Tax effect of items which are not deductible or assessable for taxation purposes:		
- Non-deductible expenses	186,485	83,421
Utilisation of previously unrecognised deferred tax assets	-	(2,257,632)
Effects of different tax rates in other countries	(1,151,504)	(792,725)
Effects of intra-group eliminations	343,563	102,000
Adjustment to deferred tax balance	(649,425)	(578,546)
ncome tax expense/(benefit) for the year	**2,162,521**	**(2,096,631)**

(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 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
Cash and cash equivalents	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**

28 Income Taxes (Continued)

The tax effect of the movements in the temporary differences for the year ended 31 December 2022 are:

In Azerbaijani Manats	31 December 2021	Charged/ (credited) to profit or loss	31 December 2022
Tax effect of deductible/(taxable) temporary differences and tax loss carry forwards			
Property and equipment	(129,231)	12,569	(116,662)
Trade and other receivables	(11,935,201)	15,086,113	3,150,912
Trade and other payables	1,310,242	(1,533,292)	(223,050)
Lease liabilities	634,947	(79,369)	555,578
Right-of-use assets	(768,198)	269,603	(498,595)
Contract assets	-	(831,787)	(831,787)
Loans issued	-	(1,931,299)	(1,931,299)
Loans and borrowings	-	(1,489,625)	(1,489,625)
Cash and cash equivalents	-	416,440	416,440
Net deferred tax liability	**(10,887,441)**	**9,919,353**	**(968,088)**
Recognised deferred tax asset	1,945,189	15,784,725	4,122,930
Recognised deferred tax liability	(12,832,631)	(5,865,372)	(5,091,018)
Net deferred tax liability	**(10,887,442)**	**9,919,353**	**(968,089)**

29 Finance Income

In Azerbaijani Manats	2023	2022
Interest income on term deposit	1,758,000	398,338
Interest income on loans issued	1,728,293	-
Total finance income	**3,486,293**	**398,338**

30 Contingencies and Commitments

Legal proceedings. During the period ended 31 December 2023 and 2022, 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.

31 Principal Subsidiaries, 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.

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.

32 Financial Risk Management (Continued)

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.

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.

32 Financial Risk Management (Continued)

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 2023			At 31 December 2022		
In Azerbaijani Manats	**Monetary financial assets**	**Monetary financial liabilities**	**Net position**	**Monetary financial assets**	**Monetary financial liabilities**	**Net position**
Azerbaijani Manats	56,600,497	(35,355,884)	21,244,614	22,646,836	(12,075,640)	10,571,196
US Dollars	59,204,284	(39,045,850)	20,158,434	63,655,200	(38,251,918)	25,403,282
Euros	203,344	(306,098)	(102,754)	1,947,748	(1,867,883)	79,865
Kazakhstani tenge	28,292	-	28,292	81,594	-	81,594
Pound Sterling	13,409,369	(3,814,574)	9,594,795	1,401,876	(815,623)	586,253
Russian Rubles	-	-	-	-	-	-
Georgian Lari	9,207,998	(27,815)	9,180,183	3,123,729	-	3,123,729
Total	**138,653,784**	**(78,550,221)**	**60,103,563**	**92,856,983**	**(53,011,064)**	**39,845,919**

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

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:

	At 31 December 2023	**At 31 December 2022**
In Azerbaijani Manats	**Impact on profit or loss**	**Impact on profit or loss**
US Dollar strengthening by 20% (2022: strengthening by 20%)	4,031,687	5,080,656
US Dollar weakening by 20% (2022: weakening by 20%)	(4,031,687)	(5,080,656)
Euro strengthening by 20% (2022: strengthening by 20%)	(20,551)	15,973
Euro weakening by 20% (2022: weakening by 20%)	20,551	(15,973)
Pound sterling strengthening by 20% (2022: strengthening by 20%)	1,918,959	117,251
Pound weakening by 20% (2022: weakening by 20%)	(1,918,959)	(117,251)
Other strengthening by 20% (2022: strengthening by 20%)	1,841,695	641,065
Other weakening by 20% (2022: weakening by 20%)	(1,841,695)	(641,065)

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

32 Financial Risk Management (Continued)

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 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 (Note 19)	(1,538,927)	(3,750,107)	(13,367,498)	-	-	(18,656,532)
Lease liabilities (Note 9)	(107,188)	(214,376)	(1,320,930)	(3,958,043)	(1335,893)	(6,936,430)
Trade payables (Note 22)	(16,808,727)	-	-	-	-	(16,808,727)
Loans from Shareholders (Note 20)	-	-	-	(33,114,791)	-	(33,114,791)
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)**

The maturity analysis of financial liabilities at 31 December 2022 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	Total
Liabilities					
Borrowings (Note 19)	(1,292,753)	(1,632,386)	(4,576,547)	(1,421,526)	(8,923,212)
Lease liabilities (Note 9)	(78,188)	(156,376)	(703,692)	(2,338,692)	(3,276,948)
Trade payables (Note 22)	(13,137,640)	-	-	-	(13,137,640)
Loans from Shareholders (Note 20)	-	-	-	(34,421,833)	(34,421,833)
Total future payments, including future principal and interest payments	**(14,508,581)**	**(1,788,762)**	**(5,280,239)**	**(38,182,051)**	**(59,759,633)**

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 2023 was AZN 37,323,556 (2022: AZN 23,166,528).

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.

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 2023			31 December 2022		
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	17,358,809	-	17,358,809	5,676,733	-	5,676,733
- Trade receivables	-	56,764,360	56,764,360	-	24,453,279	24,453,279
- Notes receivables	-	16,697,190	16,697,190	-	9,685,127	9,685,127
- Term deposits	-	48,259,738	48,259,738	-	48,096,075	48,096,075
- Contract assets	-	965,573	965,573	-	4,158,933	4,158,933
- Other assets	-	595,064	595,064	-	814,475	814,475
Total assets	**17,358,809**	**123,281,925**	**140,640,734**	**5,676,733**	**87,207,889**	**92,884,622**

	31 December 2023		31 December 2022	
In Azerbaijani Manats	Level 2 fair value	Carrying value	Level 2 fair value	Carrying value
LIABILITIES				
Borrowings				
- Bank loan	23,022,945	23,022,945	8,434,221	8,434,221
- Shareholder related loans	33,114,792	33,114,792	34,421,833	34,421,833
Other financial liabilities				
- Trade payables	16,808,727	16,808,727	7,340,478	7,340,478
- Lease liabilities	4,998,378	4,998,378	2,777,889	2,777,889
Total LIABILITIES	**44,327,388**	**44,327,388**	**52,974,421**	**52,974,421**

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 2023, and 31 December 2022, all of the Group's financial assets and liabilities were carried at AC.

36 Events after the Reporting Period

Subsequent to year end, Nobel Oil Ltd has fully repaid the outstanding balances of loans issued as of 31 December 2023 in the amount of AZN 9,008,160.