"GVL" LIMITED LIABILITY COMPANY

International Financial Reporting Standards
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 GVL LLC

Our opinion

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

What we have audited

The Company's financial statements comprise:

- the statement of financial position as at 31 December 2023;
- the statement of profit or loss and other comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the 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 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 Company 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 financial statements

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

In preparing the financial statements, management is responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

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

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Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 Company'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 Company'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 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

24 December 2024

"GVL" LIMITED LIABILITY COMPANY
Statement of Financial Position

In Azerbaijani Manats	Note	2023	2022
ASSETS			
Non-current assets			
Property and equipment	8	47,559	66,898
Right-of-use assets	9	1,107,718	1,661,578
Deferred income tax assets	20	173,574	164,007
Total non-current assets		**1,328,851**	**1,892,483**
Current assets			
Inventories	10	133,378	435,903
Trade and other receivables	11	2,906,870	3,233,390
Prepayments	12	576,966	102,227
Cash and cash equivalents	13	1,189,244	945,985
Total current assets		**4,806,457**	**4,717,505**
TOTAL ASSETS		**6,135,308**	**6,609,988**
EQUITY			
Share capital	14	100	100
Retained earnings		2,145,981	2,108,486
TOTAL EQUITY		**2,146,081**	**2,108,586**
LIABILITIES			
Non-current liabilities			
Lease liabilities	9	711,892	1,347,185
Total non-current liabilities		**711,892**	**1,347,185**
Current liabilities			
Borrowings	15	503,000	-
Lease liabilities	9	635,217	567,557
Trade and other payables	16	1,927,693	2,304,584
Current income tax payable	20	211,425	282,074
Total current liabilities		**3,277,335**	**3,154,215**
TOTAL LIABILITIES		**3,989,227**	**4,501,400**
TOTAL LIABILITIES AND EQUITY		**6,135,308**	**6,609,986**

Approved for issue and signed on 23 December 2024.

Mr. Tamerlan Aliyev
General Director

Mr. Elman Bakhishov
Chief Accountant

"GVL" LIMITED LIABILITY COMPANY
Statement of Profit or Loss and Other Comprehensive Income

In Azerbaijani Manats	Note	2023	2022
Revenue from contracts with customers	17	8,785,489	8,399,410
Cost of sales	18	(6,680,396)	(6,169,095)
Gross profit		**2,105,093**	**2,230,315**
General and administrative expenses	19	(1,834,810)	(1,488,164)
Other gains/(losses), net		32,979	(159,453)
Operating profit		**303,262**	**582,698**
Finance costs	9	(215,988)	(248,871)
Profit before income tax		**87,274**	**333,827**
Income tax expense	20	(49,779)	(82,813)
Profit for the year		**37,495**	**251,014**
Total comprehensive income for the year		**37,495**	**251,014**

The accompanying notes on pages 5 to 23 are an integral part of these financial statements.

"GVL" LIMITED LIABILITY COMPANY
Statement of Changes in Equity

In Azerbaijani Manats	Note	Share capital	Retained earnings	Total equity
At 1 January 2022		**100**	**1,857,472**	**1,857,572**
Profit for the year		-	251,014	251,014
Total comprehensive income for 2022		-	251,014	251,014
Balance at 31 December 2022		**100**	**2,108,486**	**2,108,586**
Profit for the year		-	37,495	37,495
Total comprehensive income for 2023		-	37,495	37,495
Balance at 31 December 2023		**100**	**2,145,981**	**2,146,081**

The accompanying notes on pages 5 to 23 are an integral part of these financial statements.

"GVL" LIMITED LIABILITY COMPANY
Statement of Cash Flows

In Azerbaijani Manats	Note	2023	2022
Cash flows from operating activities			
Profit/(loss) before income tax		87,274	333,827
Adjustments for:			
Depreciation and amortisation	8,9	591,716	607,223
Net impairment losses on financial assets	11	181,748	-
Finance costs	9,15	215,988	248,871
Foreign exchange translation differences		(32,979)	159,453
Operating cash flows before working capital changes		**1,043,747**	**1,349,374**
Decrease/(increase) in trade and other receivables	11	71,968	(1,495,986)
(Increase)/decrease in prepayments	12	(474,738)	288,728
Decrease in inventories	10	302,525	186,897
(Decrease)/increase in trade and other payables	16	(410,316)	978,641
Changes in working capital		**(510,561)**	**(41,720)**
Interest paid		(212,988)	(356,155)
Net cash from operating activities		**320,198**	**951,499**
Cash flows from investing activities			
Purchases of property and equipment	8	(18,518)	(31,209)
Net cash used in investing activities		**(18,518)**	**(31,209)**
Cash flows from financing activities			
Proceeds from long-term debt		500,000	-
Repayment of lease liabilities – principal	9	(567,559)	(400,217)
Net cash used in financing activities		**(67,559)**	**(400,217)**
Effect of exchange rate changes on cash and cash equivalents		9,138	(28,165)
Cash and cash equivalents at the beginning of the year	13	**945,985**	**454,077**
Cash and cash equivalents at the end of the year	13	**1,189,244**	**945,985**

The accompanying notes on pages 5 to 23 are an integral part of these financial statements.

1 The Company and its Operations

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS Accounting Standards") for the year ended 31 December 2023 for "GVL" LLC (the "Company").

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 September 18, 2015 under the registration No. 2003518341.

As of 31 December 2023 and 2022 the Company was ultimately controlled by Mr. Nasib Hasanov.

The following shareholders owned the issued shares of the Company:

	31 December 2023, %	31 December 2022, %
Global Energy Solutions LLC	51	51
Nobel Energy Limited	49	49
Total	100	100

Principal activity. The Company's principal business activity is the provision of technical support services relating to valves repair, maintenance and stock management in the oil and gas industry.

Registered address and place of business. The Company's registered address is Khatai District, 21 Fazail Bayramov str., Baku, AZ1025, the Republic of Azerbaijan. The Company's principal place of business is 8 Noyabr ave. 113, Ravy Tower, 13th floor, Baku, AZ1025, the Republic of Azerbaijan.

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

2 Operating Environment of the Company

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.

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 Company'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 Company's business in the foreseeable future. However, the future effects of the current economic situation are difficult to predict and the management's current expectations and estimates could differ from the actual results.

3 Material Accounting Policies

Basis of preparation. These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS Accounting Standards") under the historical cost convention, as modified by the initial recognition of financial instruments based on fair value and by the revaluation of financial instruments categorized at fair value through profit or loss ("FVTPL"). The material accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated (Refer to Note 5).

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

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 Azerbaijan Republic ("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.

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) and GBP 1 = AZN 2.1643 (2022: GBP 1 = AZN 2.0477).

Property and equipment. Property and equipment are stated at cost less accumulated depreciation and provision for impairment, where required. Cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation. Depreciation on 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
Computers and other equipment	5
Furniture and fixture	5
Transport vehicles	5

The residual value of an asset is the estimated amount that the Company 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.

Accounting for leases by the Company as lessee. The Company leases various buildings and vehicles. Liabilities arising from a lease are initially measured on a present value basis.

Depreciation on the items of the right-of-use assets is calculated using the straight-line method over their estimated useful lives as follows:

	Useful lives in years
Warehouses	4
Motor vehicles	4

The lease payments are discounted using the lessee's incremental borrowing rate, being the rate that the Company 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.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets 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.

Initial recognition of financial instruments. Financial instruments at fair value through profit or loss ("FVPL") are initially recorded at fair value. All other financial instruments are initially recorded at fair value adjusted for transaction costs. After the initial recognition, expected credit losses ("ECL") allowance is recognised for financial assets measured at AC and investments in debt instruments measured at fair value through other comprehensive income ("FVOCI"), resulting in an immediate accounting loss.

3 Material Accounting Policies (Continued)

Impairment of financial assets – credit loss allowance for ECL. The Company assesses, on a forward-looking basis, the ECL for debt instruments such as trade receivables measured at amortised cost. The Company measures ECL and recognises net impairment losses on financial 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.

The Company applies a simplified approach of ECL calculation for trade and other receivables. Under simplified approach ECL is measured on a lifetime basis, that is, up until contractual maturity but considering expected prepayments, if any ("Lifetime ECL").

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets – write-off. Financial assets are written-off, in whole or in part, when the Company exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovery. The write-off represents a derecognition event. The Company may write-off financial assets that are still subject to enforcement activity when the Company seeks to recover amounts that are contractually due, however, there is no reasonable expectation of recovery.

Offsetting of financial instruments. Financial assets and financial liabilities are offset, and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Derecognition of financial assets. A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets is primarily derecognised (i.e., removed from the Company's statement of financial position) when:

The rights to receive cash flows from the asset have expired or the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Derecognition of financial liabilities. A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Cash and cash equivalents. Cash and cash equivalents include deposits held at call with banks. Cash and cash equivalents are carried at amortised cost using the effective interest rate method.

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

Borrowings. Loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the profit or loss for the year when the liabilities are derecognised as well as through the effective interest rate amortisation process.

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

Income taxes. Income taxes have been provided in the financial statements in accordance with the 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 unless it relates to transactions that are recognised, in the same or a different period, in other comprehensive income or directly in equity.

3 Material Accounting Policies (Continued)

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. Taxes other than on income are recorded within operating expenses.

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

Inventories. Inventories are recorded at the lower of cost and net realisable value. Cost of inventory is determined on the specific identification cost basis.

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 Company has obtained control of the asset and it is probable that future economic benefits associated with the asset will flow to the Company.

Revenue recognition. Revenue is measured based on the fair value of consideration to which the Company expects to be entitled in a contract with a customer. The Company recognizes revenue when it transfers control of a service to a customer. The Company participates as principal in the service provision process and recognize revenue on a gross basis. Revenue is measured at the fair value of the consideration received, or receivable, taking into account contractually defined terms of payment and excluding discounts, returns, taxes or duty.

4 Critical Accounting Estimates and Judgements in Applying Accounting Policies

The Company makes estimates and assumptions that affect the amounts recognised in the 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 financial statements and estimates that can cause a significant adjustment to the carrying amount of assets and liabilities within the next financial year include:

Going concern. These financial statements have been prepared on the assumption that the Company will continue as a going concern for the foreseeable future, which implies the realization of assets and settlement of liabilities in the normal course of business.

Deferred tax recognition. The recognised deferred tax assets represent income taxes recoverable through future deductions from taxable profits and are recorded in the statement of financial position. Deferred income tax assets are recorded to the extent that realisation of the related tax benefit is probable. This includes temporary difference expected to reverse in the future and the availability of sufficient future taxable profit against which the deductions can be utilised. The future taxable profits and the amount of tax benefits that are probable in the future are based on the medium-term business plan prepared by management and extrapolated results thereafter. The business plan is based on management expectations that are believed to be reasonable under the circumstances.

Initial recognition of related party transactions. In the normal course of business, the Company 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 22. The Company 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.

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

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

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 Company. 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.

Extension and termination options. Extension and termination options are included in a number of property and equipment leases across the Company. These are used to maximise operational flexibility in terms of managing the assets used in the Company's operations. The majority of extension and termination options held are exercisable only by the Company 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 apartments and vehicles, the following factors are normally the most relevant:

- If there are significant penalties to terminate (or not extend), the Company is typically reasonably certain to extend (or not terminate).
- If any leasehold improvements are expected to have a significant remaining value, the Company is typically reasonably certain to extend (or not terminate).
- Otherwise, the Company 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 Company could replace the assets without significant cost or business disruption.

5 Adoption of New or Revised Standards and Interpretations

The following amendments became effective from 1 January 2023:

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.

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.

The application of the amendments had no significant impact on the Company's 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 Company 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).
- 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).
- IFRS 18 Presentation and Disclosure in Financial Statements (issued on 9 April 2024 and effective for annual periods beginning on or after 1 January 2027).

Unless otherwise described above, the new standards and interpretations are not expected to affect significantly the company's 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**
Gross amount of trade receivables	116,937	581,702
Allowance for receivables	(15,826)	(49,907)
Prepayment	-	17,700
Trade and other payables	(428,800)	(10,965)
Right-of-use asset	952,963	-
Lease liability	(1,145,550)	-

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**
Revenue from services rendered	2,450	255,546
Subcontracting costs	-	(5,000)
Third party services	-	(13,000)
Professional services fees	-	(197,103)
Depreciation charge	(476,481)	-
Finance costs	(160,562)	-

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

In Azerbaijani Manats	**Shareholders**	**Entities under common control**
Gross amount of trade receivables	114,046	378,170
Allowance for receivables	-	(7,063)
Trade and other payables	(911,200)	(18,781)
Right-of-use asset	1,429,443	-
Lease liability	(1,628,188)	-

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	Shareholders	Entities under common control
Revenue from services rendered	-	363,684
Revenue from sale of goods	-	7,566
Materials and components used	-	(9,700)
Professional services fees	-	(75,000)
Depreciation charge	(476,481)	-
Finance costs	(211,634)	-

Key management compensation. Key management includes the General Director and the Head of Valve Maintenance Division.

Key management compensation is presented below:

In Azerbaijani Manats	2023 Expense	2022 Expense
Salary	573,656	543,514
Contributions to state pension fund	50,710	43,515
Total key management compensation	**624,367**	**587,029**

8 Property and Equipment

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

In Azerbaijani Manats	Machinery and equipment	Computers and office equipment	Leasehold improvement	Total
Cost at 1 January 2022	438,250	80,096	149,905	668,251
Accumulated depreciation	(377,410)	(51,883)	(149,905)	(579,198)
Carrying amount at 1 January 2022	**60,840**	**28,213**	**-**	**89,053**
Additions	15,648	15,561	-	31,209
Depreciation charge	(37,996)	(15,368)	-	(53,364)
Carrying amount at 31 December 2022	**38,492**	**28,406**	**-**	**66,898**
Cost at 31 December 2022	453,898	95,657	149,905	699,460
Accumulated depreciation	(415,406)	(67,251)	(149,905)	(632,562)
Carrying amount at 1 January 2023	**38,492**	**28,406**	**-**	**66,898**
Additions	11,719	6,799	-	18,518
Depreciation charge	(22,726)	(15,131)	-	(37,857)
Carrying amount at 31 December 2023	**27,485**	**20,074**	**-**	**47,559**
Cost at 31 December 2023	465,617	102,456	149,905	717,978
Accumulated depreciation	(438,132)	(82,382)	(149,905)	(670,419)
Carrying amount at 31 December 2023	**27,485**	**20,074**	**-**	**47,559**

9 Right-of-Use Assets and Lease Liabilities

The Company leases apartments, warehouse, and vehicles. Rental contracts are typically made for fixed periods of 12 months but may have extension options as described below.

In Azerbaijani Manats	Warehouse	Vehicles	Total
Carrying amount at 1 January 2022	**1,848,327**	**304,814**	**2,153,141**
Modification	57,596	4,700	62,296
Depreciation charge	(476,481)	(77,378)	(553,859)
Carrying amount at 31 December 2022	**1,429,442**	**232,136**	**1,661,578**
Depreciation charge	(476,480)	(77,378)	(553,859)
Carrying amount at 31 December 2023	**952,962**	**154,758**	**1,107,718**

The Company recognised lease liabilities as follows:

In Azerbaijani Manats	31 December 2023	31 December 2022
Current lease liabilities	635,217	567,557
Non-current lease liabilities	711,892	1,347,111
Total lease liabilities	**1,347,110**	**1,914,668**

Interest expense included in finance costs of 2023 was AZN 188,813. (2022: AZN 248,871).

Total cash outflow for leases in 2023 was AZN 756,372 (2022: AZN 756,372).

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 Company. These are used to maximise operational flexibility in terms of managing the assets used in the Company's operations. The majority of extension and termination options held are exercisable only by the Company and not by the respective lessor.

10 Inventories

In Azerbaijani Manats	2023	2022
Goods in transit	60,281	399,872
Goods for resale	20,571	5,075
Consumables	52,526	30,956
Total inventories at 31 December	**133,378**	**435,903**

11 Trade and Other Receivables

In Azerbaijani Manats	2023	2022
Trade receivables	2,586,200	2,760,805
Less credit loss allowance	(233,310)	(51,560)
Total financial assets within trade and other receivables	**2,352,890**	**2,709,245**
VAT recoverable	553,979	524,145
Total trade and other receivables at 31 December	**2,906,869**	**3,233,390**

11 Trade and Other Receivables (Continued)

Trade receivables of AZN 1,385,168 (2022: AZN 1,413,567) net of credit loss allowance is calculated in foreign currency.

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

The Company 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 Client 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 12 months 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				31 December 2022			
In % of gross value (in AZN)	**Loss Rate**	**Gross carrying amount**	**Lifetime ECL**	**Net carrying value**	**Loss rate**	**Gross carrying amount**	**Lifetime ECL**	**Net carrying value**
Trade receivables								
- current	*0%*	883,757	27,349	856,408	*0%*	1,321,571	-	1,321,571
- less than 30 days overdue	*1%*	687,193	42,425	644,769	*0%*	880,995	-	880,995
- 30 to 60 days overdue	*8%*	198,425	29,820	168,605	*0%*	289,386	-	289,386
- 61 to 90 days overdue	*19%*	7,255	2,625	4,630	*0%*	58,051	-	58,051
- 91 to 180 days overdue	*94%*	38,986	15,607	23,379	*0%*	29,903	-	29,903
- 181 to 360 days overdue	*100%*	49,148	26,954	22,195	*0%*	66,853	-	66,853
- over 360 days overdue	*100%*	22,797	22,797	-	*45%*	114,046	(51,560)	62,486
Total	-	**1,887,561**	**(167,576)**	**1,719,985**	-	**2,760,805**	**(51,560)**	**2,709,245**

Trade receivables balances with the gross amount of AZN 698,639 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 65,733.

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	**51,560**	**51,560**
New originated	181,749	-
Total credit loss allowance charge in profit or loss for the period	181,749	-
Allowance for credit losses on trade receivables at 31 December	**233,309**	**51,560**

12 Prepayments

In Azerbaijani Manats	2023	2022
Advances to suppliers	521,392	102,227
Prepayment for other taxes	55,574	-
Total prepayments	**576,966**	**102,227**

Movements in prepayments are as follows:

In Azerbaijani Manats	Prepayments for services	Other prepayments	Total
Carrying value at 1 January 2022	**249,150**	**141,806**	**390,956**
Additions	1,716,513	767,087	2,483,600
Prepayments derecognised on receipt of related goods or services	(1,863,436)	(908,893)	(2,772,329)
Total prepayments at 31 December 2022	**102,227**	**-**	**102,227**
Additions	2,108,715	108,555	2,217,270
Prepayments derecognised on receipt of related goods or services	(1,689,551)	(52,981)	(1,742,532)
Total prepayments at 31 December 2023	**521,392**	**55,574**	**576,966**

13 Cash and Cash Equivalents

In Azerbaijani Manats	2023	2022
Bank balances payable on demand	1,189,244	945,985
Total cash and cash equivalents at 31 December	**1,189,244**	**945,985**

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 22 for the description of the Company's credit risk grading system.

In Azerbaijani Manats	Bank balances payable on demand
- Good	1,189,244
Total cash and cash equivalents, excluding cash on hand	**1,189,244**

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 22 for the description of the Company's credit risk grading system.

In Azerbaijani Manats	Bank balances payable on demand
- Good	945,985
Total cash and cash equivalents, excluding cash on hand	**945,985**

14 Share Capital

The total authorised number of ordinary shares is 100 shares (2022: 100 shares) with a par value of AZN 1 per share (2022: AZN 1 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.

15 Borrowings

In Azerbaijani Manats	2023	2022
Term loans	503,000	-
Total borrowings	**503,000**	-

The above balances include principal amounts and accrued interest payables from OJSC "International Bank of Azerbaijan" as at 31 December 2023. Accrued interest payable as at 31 December 2023 was AZN 3,000. Interest rate for the loans is 12%.

In 2023, OJSC "International Bank of Azerbaijan" provided loan in the amount of AZN 500,000.

The Company's borrowings are denominated in AZN.

In Azerbaijani Manats	2023	2022
Borrowings denominated in: - AZN	503,000	-
Total borrowings at 31 December	**503,000**	-

16 Trade and Other Payables

In Azerbaijani Manats	2023	2022
Trade payables	1,364,313	1,895,785
Total financial payables within trade and other payables at AC	**1,364,313**	**1,895,785**
Accrued employee benefit costs	429,673	351,967
Prepayment for other taxes	35,347	-
Taxes other than income tax payable	98,360	56,832
Total other payables	**563,380**	**408,799**
Trade and other payables at 31 December	**1,927,693**	**2,304,584**

Refer to Note 24 for disclosure of the fair value of each class of other financial liabilities.

17 Revenue from Contracts with Customers

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

In Azerbaijani Manats	2023	2022
Valve repair and maintenance services	5,384,355	4,918,313
Sale of goods	3,401,134	3,481,097
Total revenue from contracts with customers	**8,785,489**	**8,399,410**

Revenue from provision of services is mainly generated from provision of valve maintenance, valve facility management and valve stock management services to British Petroleum (BP) in Azerbaijan. The contract with BP was signed in August 2020 for five years. This service line represents valve repair and maintenance services provided mainly to "Azerbaijan International Operating Company" and "BP Exploration (Shah Deniz) Limited".

Revenue from sale of goods is generated from sale of oilfield equipment and inventory mainly to "Azerbaijan International Operating Company" and "BP Exploration (Shah Deniz) Limited".

Timing of revenue recognition is as follows:

In Azerbaijani Manats	2023	2022
At a point in time	3,401,134	3,481,097
Over time	5,384,355	4,918,313
Total revenue from contracts with customers	**8,785,489**	**8,399,410**

18 Cost of Sales

In Azerbaijani Manats	2023	2022
Labour cost	2,631,093	2,662,816
Rent expenses	424,657	-
Subcontracting costs	331,312	216,824
Third party services	130,456	-
Materials and components used	84,784	103,517
Depreciation	15,131	27,162
Other	14,532	19,133
Total cost of services	**3,631,965**	**3,029,452**
Cost of goods for resale	3,048,431	3,139,643
Total cost of sales and services	**6,680,396**	**6,169,095**

Included in labour costs are statutory pension contributions of AZN 417,563 (2022: AZN 469,981).

19 General and Administrative Expenses

In Azerbaijani Manats	2023	2022
Net impairment losses on financial assets	181,749	-
Depreciation and amortisation	576,585	580,066
Staff Cost	521,323	444,723
Professional services fees	197,103	117,850
Bank charges	119,785	89,101
Catering services	40,434	36,622
Business trip expenses	39,009	82,379
Insurance	36,170	45,808
Communication expenses	16,789	16,042
Rent expenses	560	-
Other expenses	105,303	75,573
Total general and administrative expenses	**1,834,810**	**1,488,164**

Included in staff costs are statutory pension contributions of AZN 84,239 (2022: AZN 72,100).

20 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 tax	59,346	129,995
Deferred tax	(9,567)	(47,182)
Income tax expense/(credit) for the year	**(49,780)**	**82,813**

(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 Company'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/(loss) before tax	**87,274**	**333,827**
Theoretical tax charge at statutory rate of 20%:	17,455	66,765
Tax effect of items which are not deductible or assessable for taxation purposes:		
- Non-deductible expenses	32,325	16,048
Income tax expense/(credit) for the year	**49,780**	**82,813**

(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.

20 Income Taxes (Continued)

In Azerbaijani Manats	31 December 2022	Credited/ (charged) to profit or loss	31 December 2023
Tax effect of deductible/(taxable) temporary differences and tax loss carry forwards			
Difference between tax and accounting value of Property and equipment (different tax depreciation)	29,924	(7,355)	22,569
Trade and other receivables	2,277	18,536	20,813
Prepayments	-	(7,955)	(7,955)
Trade and other payables	(9,469)	91,880	82,411
Lease liabilities	(257,253)	526,675	269,422
Right-of-use assets	307,871	(529,415)	(221,544)
Current income tax payable	-	-	-
Cash and cash equivalents	2,345	(2,345)	-
Inventories	88,310	(80,454)	7,856
Net deferred tax asset	**164,007**	**9,567**	**173,573**
Recognised deferred tax asset	430,728	637,091	320,661
Recognised deferred tax liability	(266,721)	(627,524)	(147,088)
Net deferred tax asset	**164,007**	**9,567**	**173,573**

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

In Azerbaijani Manats	31 December 2021	Credited/ (charged) to profit or loss	31 December 2022
Tax effect of deductible/(taxable) temporary differences and tax loss carry forwards			
Difference between tax and accounting value of Property and equipment (different tax depreciation)	19,744	10,180	29,924
Trade and other receivables	2,277	-	2,277
Trade and other payables	42,776	(52,244)	(9,469)
Lease liabilities	(155,753)	(101,500)	(257,253)
Right-of-use assets	197,099	110,772	307,871
Cash and cash equivalents	2,345	-	2,345
Inventories	8,336	79,974	88,310
Net deferred tax asset	**116,825**	**47,182**	**164,007**
Recognised deferred tax asset	272,578	200,926	430,728
Recognised deferred tax liability	(155,753)	(153,745)	(266,721)
Net deferred tax asset	**116,825**	**47,182**	**164,007**

21 Contingencies and Commitments

Legal proceedings. From time to time and in the normal course of business, claims against the Group may be received. On the basis of its own estimates, management is of the opinion that no material losses will be incurred in respect of claims in excess of provisions that have been made in this information.

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

21 Contingencies and Commitments (Continued)

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.

Capital expenditure commitments. At 31 December 2023 the Company has no contractual capital expenditure commitments in respect of property and equipment (31 December 2022: nil).

22 Financial Risk Management

The risk management function within the Company 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 Company 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 Company's lending and other transactions with counterparties, giving rise to financial assets and off-balance sheet credit-related commitments.

The Company's maximum exposure to credit risk is reflected in the carrying amounts of financial assets in the statement of financial position.

Credit risk management. Credit risk is the single largest risk for the Company'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 Company 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 on a revolving basis and are subject to an annual, or more frequent, review.

Credit risk grading system. For measuring credit risk and grading financial instruments by the amount of credit risk, the Company 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%

22 Financial Risk Management (Continued)

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, back tested on actual default data and updated, if necessary. Despite the method used, the Company 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 Company's trade receivables are primarily consisting of: a) receivables from sale of goods; and b) receivables from rendering of services.

The Company 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 expected loss rates are based on the payment profiles of sales over a period of 12 months before 31 December 2023 or 31 December 2022 respectively. On that basis, the loss allowance as at 31 December 2023 and 31 December 2022 was determined as follows for trade receivables from customers. The expected credit losses are calculated as the difference between the expected future cash flows and the present value of expected cash flows discounted by the asset's refinancing rate.

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

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

Forward-looking approach for simplified approach for trade receivables. Due dates for trade receivables of the Company 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 Company 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 Company 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.

22 Financial Risk Management (Continued)

The table below summarises the Company'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	1,060,347	(2,375,373)	(1,315,026)	1,532,031	(2,964,915)	(1,432,884)
Pound Sterling	1,138,863	(484,715)	654,148	1,022,248	(468,517)	553,731
Euros	286,886	(351,954)	(65,068)	506,805	(339,616)	167,189
US Dollars	1,056,036	(2,381)	1,053,655	594,146	(37,479)	556,667
Total	**3,542,132**	**(3,214,423)**	**327,709**	**3,655,230**	**(3,810,527)**	**(155,297)**

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 Company 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
Pound Sterling strengthening by 20% (2022: strengthening by 20%)	130,830	110,761
Pound Sterling weakening by 20% (2022: weakening by 20%)	(130,830)	(110,761)
Euro strengthening by 20% (2022: strengthening by 20%)	(13,014)	33,438
Euro weakening by 20% (2022: weakening by 20%)	13,014	(33,438)
US Dollar strengthening by 20% (2022: strengthening by 20%)	210,731	111,333
US Dollar weakening by 20% (2022: weakening by 20%)	(210,731)	(111,333)

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

Interest rate risk. The Company does not have floating interest rate financial instruments. However, interest margins may increase once there is a need to negotiate new credit facilities.

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

The Company seeks to maintain a stable funding base primarily consisting of borrowings, trade and other payables. The Company invests the funds in diversified portfolios of liquid assets, in order to be able to respond quickly and smoothly to unforeseen liquidity requirements. The Company's liquidity portfolio comprises cash and cash equivalents (Note 13).

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.

22 Financial Risk Management (Continued)

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

In Azerbaijani Manats	Demand and less than 1 month	From 1 to 3 months	From 3 to 12 months	From 12 months to 5 years	Total
Liabilities					
Borrowings (Note 15)	(8,000)	(10,000)	(520,000)	-	(538,000)
Lease liabilities (Note 9)	(63,031)	(126,062)	(567,279)	(756,372)	(1,512,744)
Trade payables (Note 16)	(1,364,313)	-	-	-	(1,364,313)
Total future payments, including future principal and interest payments	**(1,435,344)**	**(136,062)**	**(1,087,279)**	**(756,372)**	**(3,415,057)**

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					
Lease liabilities (Note 9)	(63,031)	(126,062)	(567,279)	(1,512,744)	(2,269,116)
Trade payables (Note 16)	(1,895,785)	-	-	-	(1,895,785)
Total future payments, including future principal and interest payments	**(1,958,816)**	**(126,062)**	**(567,279)**	**(1,512,744)**	**(4,164,901)**

23 Management of Capital

The Company's objectives when managing capital are to safeguard the Company'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 Company 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 Company managed as of 31 December 2023 was AZN 2,005 thousand (2022: AZN 2,109 thousand).

24 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.

24 Fair Value Disclosures (Continued)

Assets and liabilities not measured at fair value but for which fair value is disclosed

Fair values analysed by level in the fair value hierarchy and the carrying value of assets and liabilities not measured at fair value are as follows:

	31-Dec-23			31-Dec-22		
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	1,189,242	-	1,189,242	945,985	-	945,985
- Trade receivables	-	2,352,890	2,352,958	-	2,709,245	2,709,245
Total Assets	**1,189,242**	**2,352,890**	**3,542,132**	**945,985**	**2,709,245**	**3,655,230**

	31-Dec-23		31-Dec-22	
In Azerbaijani Manats	Level 2 fair value	Carrying value	Level 2 fair value	Carrying value
LIABILITIES				
- Borrowings	(503,000)	(503,000)	-	-
- Trade payables	(1,364,313)	(1,364,313)	(1,895,785)	(1,895,785)
- Lease liabilities	(1,347,110)	(1,347,110)	(2,269,116)	(2,269,116)
Total LIABILITIES	**(3,214,423)**	**(3,214,423)**	**(4,164,901)**	**(4,164,901)**

The fair values in level 2 and level 3 of the fair value hierarchy were estimated using the discounted cash flows valuation technique.

25 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. In addition, finance lease receivables form a separate category.

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