

“Norm” Open Joint Stock Company

Financial Statements and
Independent Auditor’s Report
for the year ended December 31, 2023

“NORM” OPEN JOINT STOCK COMPANY

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“NORM” OPEN JOINT STOCK COMPANY

STATEMENT OF MANAGEMENT’S RESPONSIBILITIES FOR THE PREPARATION AND APPROVAL OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

Management is responsible for the preparation of the financial statements that present fairly the financial position of “Norm” Open Joint Stock Company (the “Company”) as of December 31, 2023, and the results of its operations, cash flows and changes in equity for the year then ended in compliance with International Financial Reporting Standards (“IFRSs”).

In preparing the financial statements, management is responsible for:

- Properly selecting and applying accounting policies;
- Presenting information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- Providing additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Company’s financial position and financial performance; and
- Making an assessment of the Company’s ability to continue as a going concern.

Management is also responsible for:

- Designing, implementing and maintaining an effective and sound system of internal controls, throughout the Company;
- Maintaining adequate accounting records that are sufficient to show and explain the Company’s transactions and disclose with reasonable accuracy at any time the financial position of the Company, and which enable them to ensure that the financial statements of the Company comply with IFRSs;
- Maintaining statutory accounting records in compliance with legislation and accounting standards of the Republic of Azerbaijan;
- Taking such steps as are reasonably available to them to safeguard the assets of the Company; and
- Preventing and detecting fraud and other irregularities.

The financial statements for the year ended December 31, 2023 were approved by management on June 7, 2024.

On behalf of Management of the Company:


Mr. Henning Sasse
Chief Executive Officer


Mr. Elvin Mirzayev
Chief Financial Officer


Mr. Dnyamin Safaraliyev
Finance Manager



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INDEPENDENT AUDITOR'S REPORT

To the Shareholder and Board of Directors of "Norm" Open Joint Stock Company

Opinion

We have audited the financial statements of "Norm" Open Joint Stock Company (the "Company"), which comprise the statement of financial position as at December 31, 2023, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2023, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

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 are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* (the "IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 IFRSs, 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.

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 skepticism 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.

DELOITTE + TOUCHE LLAC

June 7, 2024



“NORM” OPEN JOINT STOCK COMPANY

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2023
(in thousands of Azerbaijani Manats)**

	Notes	Year ended December 31, 2023	Year ended December 31, 2022 (Restated ¹)
Revenue	6	226,001	203,633
Cost of sales	7	(116,934)	(113,562)
Gross profit		109,067	90,071
General and administrative expenses	8	(19,145)	(12,363)
Selling and marketing expenses	9	(7,117)	(5,727)
Distribution expenses	10	(19,099)	(18,326)
Change in allowance for impairment of trade receivables	16	(157)	1,728
Change in provision for other liabilities and charges		-	63
Operating profit		63,550	55,446
Finance income		2,649	419
Foreign exchange loss, net		(78)	(270)
Charity expenses		(2,121)	(2,825)
Other income / (expense), net	11	2,810	(1,765)
Profit before tax		66,810	51,005
Income tax expense	12	(14,170)	(11,531)
Other comprehensive income		-	-
PROFIT FOR THE YEAR AND TOTAL COMPREHENSIVE INCOME		52,640	39,474

¹Certain amounts presented here do not correspond to the amounts presented in the 2022 financial statements and reflect restatement made as detailed in Note 5.

The accompanying notes are an integral part of these financial statements.

“NORM” OPEN JOINT STOCK COMPANY

STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2023 (in thousands of Azerbaijan Manats)

	Notes	December 31, 2023	December 31, 2022 (Restated ¹)	January 1, 2022 (Restated ¹)
ASSETS				
<i>Non-current assets</i>				
Property, plant and equipment	13	152,002	153,753	155,468
Intangible assets		1,168	1,316	1,014
Right-of-use assets		696	1,006	-
Advances given for property, plant and equipment		458	191	1,391
Total non-current assets		154,324	156,266	157,873
<i>Current assets</i>				
Cash and cash equivalents	18	98,734	93,572	45,046
Inventories	15	44,338	33,694	38,505
Trade receivables	16	10,051	8,616	10,549
Other assets	14	16,425	7,925	41,112
Other taxes receivable	17	6,510	7,629	5,971
Total current assets		176,058	151,436	141,183
Total assets		330,382	307,702	299,056
EQUITY AND LIABILITIES				
<i>Capital and reserves</i>				
Share capital	19	161,963	161,963	161,963
Retained earnings		68,029	15,389	78,615
Total equity		229,992	177,352	240,578
<i>Non-current liabilities</i>				
Trade and other payables	20	7,260	4,947	4,464
Deferred tax liabilities	12	823	8,081	10,611
Total non-current liabilities		8,083	13,028	15,075
<i>Current liabilities</i>				
Trade and other payables	20	70,178	102,074	33,213
Current income tax payable ²		13,174	7,213	-
Other taxes payable	21	6,765	6,616	9,007
Contract liabilities	6	1,438	521	447
Other liabilities		752	898	736
Total current liabilities		92,307	117,322	43,403
Total liabilities		100,390	130,350	58,478
Total equity and liabilities		330,382	307,702	299,056

¹Certain amounts presented here do not correspond to the amounts presented in the 2022 financial statements and reflect restatement made as detailed in Note 5.

²AZN 7,213 thousand of “Current income tax payable” line that was presented within “Other taxes payable” in the prior year financial statements, is presented separately in order to conform to the presentation for the current year.

The accompanying notes are an integral part of these financial statements.

“NORM” OPEN JOINT STOCK COMPANY

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED DECEMBER 31, 2023 (in thousands of Azerbaijan Manats)

	Notes	Share Capital	Retained earnings	Total Equity
Balance at 1 January 2022 as restated¹		161,963	78,615	240,578
Dividends declared	19	-	(102,700)	(102,700)
Profit for the year and total comprehensive income		-	39,474	39,474
Balance at 31 December 2022 as restated¹		161,963	15,389	177,352
Profit for the year and total comprehensive income		-	52,640	52,640
Balance at 31 December 2023		161,963	68,029	229,992

¹Certain amounts presented here do not correspond to the amounts presented in the 2022 financial statements and reflect restatement made as detailed in Note 5.

The accompanying notes are an integral part of these financial statements.

“NORM” OPEN JOINT STOCK COMPANY

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2023 (In thousands of Azerbaijani Manats)

	Notes	Year ended December 31, 2023	Year ended December 31, 2022 (Restated ¹)
CASH FLOWS FROM OPERATING ACTIVITIES:			
Profit before tax		66,810	51,005
<i>Adjustments for:</i>			
Depreciation and amortization		13,048	12,541
Disposal of property, plant and equipment		(99)	(136)
Change in allowance for impairment of trade receivables	16	157	(1,728)
Direct write-off of trade receivables		382	-
Change in provision for other liabilities and charges		-	(63)
Finance income		(2,657)	(419)
Foreign exchange (gain) / loss, net		78	270
Cash inflows before movement in working capital		77,719	61,470
<i>Movements in working capital:</i>			
Change in inventories		(10,644)	4,577
Change in trade receivables		(1,974)	1,775
Change in other taxes receivable		1,119	(3,014)
Change in other assets		(9,694)	(2,157)
Change in trade and other payables		17,036	3,753
Change in contract liabilities		917	(185)
Change in provision for other liabilities and charges		(146)	225
Change in tax payables		149	1,820
Cash generated from operations		74,482	68,264
Income tax paid		(15,467)	(9,703)
Interest received for cash and cash equivalents		2,380	419
Net cash generated from operating activities		61,395	58,980
CASH FLOWS FROM INVESTING ACTIVITIES:			
Acquisition of property, plant and equipment		(13,695)	(10,608)
Cash proceeds from sale of investment in bonds		1,462	-
Acquisition of intangible assets		(120)	(110)
Proceeds from the sale of property, plant and equipment		102	174
Release of restricted cash		-	34,373
Net cash generated (used in) / from investing activities		(12,251)	23,829
CASH FLOWS FROM FINANCING ACTIVITIES:			
Dividends paid		(43,820)	(33,700)
Net cash used in financing activities		(43,820)	(33,700)
Effect of exchange rate changes on the balance of cash held in foreign currencies		(162)	(583)
Net increase in cash		5,324	49,109
Cash and cash equivalents, at the beginning of the year	18	93,572	45,046
Cash and cash equivalents, at the end of the year	18	98,734	93,572

¹Certain amounts shown here do not correspond to the 2022 financial statements and reflect restatement made as detailed in Note 5.

During 2022, the Company declared dividends of AZN 69,000 thousand (2023: nil), recognised as a liability within trade and other payables but not paid by year-end. As a non-cash transaction, this was not included in the statement of cash flows for the year ended December 31, 2022.

The accompanying notes are an integral part of these financial statements.