

“Norm” Open Joint Stock Company

**Financial Statements and
Independent Auditor’s Report
for the year ended December 31, 2022**

"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, 2022

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, 2022, 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, 2022 were approved by management on June 19, 2023.

On behalf of Management of the Company:



Mr. Elvin Mirzayev
Chief Financial Officer

Mr. Dunyamin Safaraliyev
Finance Manager



Deloitte & Touche LLAC
Baku White City Office Building,
8 November Avenue, 25E
Baku, AZ1025
Azerbaijan
Tel: +994 (12) 404 12 10
Fax: +994 (12) 404 12 11
deloitte.az

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, 2022, 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 a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2022, 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.

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited ("DTTL"), its global network of member firms, and their related entities. DTTL (also referred to as "Deloitte Global") and each of its member firms are legally separate and independent entities. DTTL does not provide services to clients. Please see www.deloitte.com/about to learn more.

© 2023 Deloitte & Touche LLAC. All rights reserved.

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.

June 19, 2023

DELOITTE + TOUCHE LLAC



“NORM” OPEN JOINT STOCK COMPANY

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2022
(in thousands of Azerbaijani Manats)**

	Notes	Year ended December 31, 2022	Year ended December 31, 2021
Revenue	5	203,633	170,864
Cost of sales	6	(113,562)	(100,068)
Gross profit		90,071	70,796
General and administrative expenses	7	(12,363)	(12,969)
Selling and marketing expenses	8	(5,727)	(4,906)
Distribution expenses	9	(18,326)	(11,965)
Change in allowance for impairment of trade receivables	15	1,728	(133)
Change in provision for other liabilities and charges		63	419
Operating profit		55,446	41,242
Finance income		419	109
Foreign exchange gain / (loss), net		(270)	66
Charity expenses		(2,825)	(5,574)
Other income / (expense), net	10	(1,765)	701
Profit before tax		51,005	36,544
Income tax expense	11	(11,531)	(8,147)
Other comprehensive income		-	-
PROFIT FOR THE YEAR AND TOTAL COMPREHENSIVE INCOME		39,474	28,397

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

“NORM” OPEN JOINT STOCK COMPANY

**STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2022
(in thousands of Azerbaijan Manats)**

	Notes	<u>December 31, 2022</u>	<u>December 31, 2021</u>
ASSETS			
<i>Non-current assets</i>			
Property, plant and equipment	12	153,753	155,468
Intangible assets		1,316	1,014
Right of Use Asset		1,006	-
Advances given for property, plant and equipment		191	1,391
Total non-current assets		<u>156,266</u>	<u>157,873</u>
<i>Current assets</i>			
Cash and cash equivalents	17	93,572	45,046
Inventories	14	33,694	38,505
Trade receivables	15	8,616	10,549
Other assets	13	7,925	41,112
Other taxes receivable	16	7,629	5,971
Total current assets		<u>151,436</u>	<u>141,183</u>
Total assets		<u>307,702</u>	<u>299,056</u>
EQUITY AND LIABILITIES			
<i>Capital and reserves</i>			
Share capital	18	161,963	161,963
Retained earnings		21,735	84,961
Total equity		<u>183,698</u>	<u>246,924</u>
<i>Non-current liabilities</i>			
Trade and other payables	19	4,947	4,464
Deferred tax liabilities	11	1,735	4,265
Total non-current liabilities		<u>6,682</u>	<u>8,729</u>
<i>Current liabilities</i>			
Trade and other payables	19	102,074	33,213
Tax payables	20	13,829	9,007
Provisions for other liabilities and charges		898	736
Contract liabilities	5	521	447
Total current liabilities		<u>117,322</u>	<u>43,403</u>
Total liabilities		<u>124,004</u>	<u>52,132</u>
Total equity and liabilities		<u>307,702</u>	<u>299,056</u>

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, 2022
(in thousands of Azerbaijan Manats)**

	Notes	Share Capital	Retained earnings	Total Equity
Balance at January 1, 2021		161,963	58,264	220,227
Dividends declared	18	-	(1,700)	(1,700)
Profit for the year and total comprehensive income		-	28,397	28,397
Balance at December 31, 2021		161,963	84,961	246,924
Dividends declared	18	-	(102,700)	(102,700)
Profit for the year and total comprehensive income		-	39,474	39,474
Balance at December 31, 2022		161,963	21,735	183,698

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, 2022**

(In thousands of Azerbaijani Manats)

	Notes	Year ended December 31, 2022	Year ended December 31, 2021
CASH FLOWS FROM OPERATING ACTIVITIES:			
Profit before tax		51,005	36,544
<i>Adjustments for:</i>			
Depreciation and amortization		12,541	11,834
Disposal of property, plant and equipment		(136)	65
Change in allowance for impairment of trade receivables	15	(1,728)	133
Change in provision for other liabilities and charges		(63)	(419)
Finance income		(419)	(109)
Foreign exchange (gain) / loss, net		270	(66)
Cash inflows before movement in working capital		61,470	47,982
<i>Movements in working capital:</i>			
Decrease / (increase) in inventories		4,577	(3,021)
Decrease in trade receivables		1,775	4,428
Increase in other taxes receivable		(3,014)	(3,263)
Increase in other assets		(2,157)	(454)
Increase in trade and other payables		3,753	11,094
Decrease in contract liability		(185)	(614)
Increase / (decrease) in provision for other liabilities and charges		225	(2,521)
Increase / (decrease) in tax payables		1,820	(5,002)
Cash generated from operations		68,264	48,629
Income tax paid		(9,703)	(7,980)
Interest income received		419	109
Net cash generated from operating activities		58,980	40,758
CASH FLOWS FROM INVESTING ACTIVITIES:			
Release of restricted cash		34,373	-
Acquisition of property, plant and equipment		(10,608)	(3,632)
Withdrawal of bank deposits		-	425
Acquisition of intangible assets		(110)	(138)
Proceeds from the sale of property, plant and equipment		174	-
Net cash generated from / (used in) investing activities		23,829	(3,345)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Dividends paid		(33,700)	(1,700)
Net cash used in financing activities		(33,700)	(1,700)
Effect of exchange rate changes on the balance of cash held in foreign currencies		(583)	(74)
Net increase in cash		49,109	35,713
Cash and cash equivalents, at the beginning of the year	17	45,046	9,407
Cash and cash equivalents, at the end of the year	17	93,572	45,046