

“Agro Dairy” LLC

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

31 December 2023



Independent Auditor's Report

To the Shareholder and Management of "Agro Dairy" Limited Liability Company:

Our opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of "Agro Dairy" Limited Liability Company (the "Company") and its subsidiary (together – the "Group") as at 31 December 2023, and the Group's consolidated financial performance and consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards.

What we have audited

The Group's consolidated financial statements comprise:

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

Basis for opinion

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

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

Independence

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

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

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

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

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

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

PricewaterhouseCoopers Audit Azerbaijan LLC

Baku, the Republic of Azerbaijan

28 June 2024

"Agro Dairy" LLC
Consolidated Statement of Financial Position

<i>In thousands of Azerbaijani Manats</i>	Note	31 December 2023	31 December 2022
Assets			
Non-current assets			
Property, plant and equipment	8	230,818	239,781
Right-of-use assets	9	4,400	4,166
Intangible assets		44	118
Prepayments	13	2,178	1,626
Total non-current assets		237,440	245,691
Current assets			
Biological assets	10	18,927	23,990
Inventories	11	47,645	53,099
Trade and other receivables	12	4,228	2,738
Prepayments	13	2,610	2,006
Cash and cash equivalents	14	1,245	2,153
Other current assets		20	61
Total current assets		74,675	84,047
Total assets		312,115	329,738
Equity			
Share capital	15	11,800	11,800
Other reserves		227,796	241,432
Accumulated deficit		(97,596)	(82,731)
Total equity		142,000	170,501
Non-controlling interest		1	1
Liabilities			
Non-current liabilities			
Borrowings	16	147,716	137,893
Lease liabilities	9	4,033	4,016
Total non-current liabilities		151,749	141,909
Current liabilities			
Borrowings	16	11,894	8,292
Lease liabilities	9	431	356
Other taxes payable		88	296
Trade and other payables	19	4,916	6,487
Advances received		1,036	1,896
Total current liabilities		18,365	17,327
Total liabilities		170,114	159,236
Total liabilities and equity		312,115	329,738

Approved for issue and signed on behalf of Management on 28 June 2024.



Niyazi Amirbayov
Chief Executive Officer


Elnur Aliyev
Chief Financial Officer

The accompanying notes on pages 5 to 31 are an integral part of these financial statements.

“Agro Dairy” LLC
Consolidated Statement of Profit or Loss and Other Comprehensive Income

<i>In thousands of Azerbaijani Manats</i>	Note	2023	2022
Revenue from contracts with customers	20	56,843	36,970
Cost of sales	21	(59,391)	(30,846)
Loss on revaluation of biological assets and agricultural produce	10	(11,399)	(1,003)
Government grants related to crop cultivation	18	14,612	12,626
Government grants related to sales	18	7,130	1,257
Other income	22	348	469
Selling, general and administrative expenses	23	(13,550)	(11,657)
Write-down of inventory	11	(4,433)	(6,797)
Net impairment losses on financial assets	12	(40)	(370)
Storage/processing loss provision		(698)	(359)
Operating profit/(loss)		(10,578)	290
Finance costs	17,24	(21,560)	(16,504)
Loss before income tax		(32,138)	(16,214)
Income tax expense	25	-	(173)
Loss for the year		(32,138)	(16,387)
Total comprehensive loss for the year		(32,138)	(16,387)

The accompanying notes on pages 5 to 31 are an integral part of these financial statements.

“Agro Dairy” LLC
Consolidated Statement of Changes in Equity

<i>In thousands of Azerbaijani Manats</i>	Share capital	Other reserves	Accumulated Deficit	Total	Non- controlling interest	Total equity
At 1 January 2022	11,800	256,287	(81,437)	186,650	1	186,651
Loss for the year	-	-	(16,387)	(16,387)	-	(16,387)
Total comprehensive loss for 2022	-	-	(16,387)	(16,387)	-	(16,387)
Capital contributions	-	238	-	238	-	238
Transfer from other reserves to accumulated deficit	-	(15,093)	15,093	-	-	-
Balance at 31 December 2022	11,800	241,432	(82,731)	170,501	1	170,502
Loss for the year	-	-	(32,138)	(32,138)	-	(32,138)
Total comprehensive loss for 2023	-	-	(32,138)	(32,138)	-	(32,138)
Capital contributions	-	3,637	-	3,637	-	3,637
Transfer from other reserves to accumulated deficit	-	(17,273)	17,273	-	-	-
Balance at 31 December 2023	11,800	227,796	(97,596)	142,000	1	142,001

The accompanying notes on pages 5 to 31 are an integral part of these financial statements.

“Agro Dairy” LLC
Consolidated Statement of Cash Flows

<i>In thousands of Azerbaijani Manats</i>	Note	2023	2022
Cash flows from operating activities			
Receipts from customers		54,453	38,016
Government grants received		21,742	13,883
Payments to suppliers and employees		(66,645)	(59,581)
Other income received		178	431
Interest paid		(4,287)	(2,775)
Net cash from/(used in) operating activities		5,441	(10,026)
Cash flows from investing activities			
Purchases of property, plant and equipment and intangible assets		(6,864)	(26,086)
Proceeds from the sale of property, plant and equipment		755	356
Net cash used in investing activities		(6,109)	(25,730)
Cash flows from financing activities			
Proceeds from borrowings from banks		27,851	36,769
Proceeds from borrowings from shareholders		5,495	7,500
Repayment of bank borrowings		(25,647)	(15,038)
Repayment of borrowings from shareholders		(7,500)	-
Repayment of lease liabilities		(437)	(317)
Net cash from/(used in) financing activities		(238)	28,914
Net decrease in cash and cash equivalents		(906)	(6,842)
Effect of exchange rate changes on cash and cash equivalents		(2)	-
Cash and cash equivalents at the beginning of the year		2,153	8,995
Cash and cash equivalents at the end of the year	14	1,245	2,153

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