



Independent Auditor's Report

To the Supervisory Board and Management of Aztelekom LLC

Our qualified opinion

In our opinion, except for the possible effects of the matter described in the Basis for qualified opinion section of our report, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Aztelekom LLC (the "Company") and its subsidiaries (together – the "Group") as at 31 December 2021, and the Group's consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

What we have audited

The Group's consolidated financial statements comprise:

- the consolidated statement of financial position as at 31 December 2021;
- 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, which include significant accounting policies and other explanatory information.

Basis for qualified opinion

As at 31 December 2021, the inventory line of the Group's consolidated statement of financial position includes electronic devices, cable and cable boxes, phone utility poles, data and phone usage cards and other inventories balance in amount of 8,314 thousand Azerbaijani Manat ("AZN"). We were appointed as auditors of the Group on 18 March 2022 and thus did not observe the counting of the physical inventories as at 31 December 2021. We were unable to satisfy ourselves by alternative means concerning inventory quantities held at 31 December 2021. Since the closing inventories and the inventories recognised as an expense are included in the determination of the consolidated financial performance and consolidated cash flows, we were unable to determine whether adjustments might have been necessary in respect of the profit for the year reported in the consolidated statement of profit or loss and other comprehensive income, and the net cash flows from operating activities reported in the consolidated statement of cash flows. We were unable to determine whether adjustments might have been necessary in respect of the inventories balance in the consolidated statement of financial position as of 31 December 2021.

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 qualified 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, 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 scepticism throughout the audit. We also:

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



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

PricewaterhouseCoopers Audit Azerbaijan LLC


Baku, the Republic of Azerbaijan

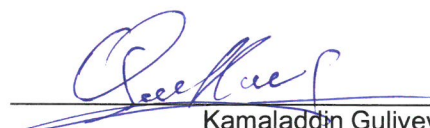
26 September 2022

Aztelekom LLC
Consolidated Statement of Financial Position

<i>In thousands of Azerbaijani Manats</i>	Note	31 December 2021	31 December 2020
Assets			
Non-current assets			
Property, plant and equipment	8	193,697	201,596
Intangible assets	9	1,562	2,013
Prepayments for property, plant and equipment	14	3,108	332
Total non-current assets		198,367	203,941
Current assets			
Inventories	12	8,314	9,176
Trade and other receivables	11	5,963	5,084
Prepayments	14	1,372	2,969
Other current assets	13	4,122	2,767
Other taxes prepayment		2,383	58
Cash and cash equivalents	10	11,984	3,325
Total current assets		34,138	23,379
TOTAL ASSETS		232,505	227,320
Equity			
Charter capital		22,525	22,525
Transfers from Government		147,369	143,276
Other reserves		3,917	441
Retained earnings		14,200	25,381
TOTAL EQUITY		188,011	191,623
Liabilities			
Non-current liabilities			
Long-term borrowings	16	6,083	-
Total non-current liabilities		6,083	-
Current liabilities			
Short-term borrowings	16	2,528	4,048
Trade and other payables	15	25,241	22,998
Deferred revenue	17	7,616	7,884
Current income tax payable		3,026	767
Total current liabilities		38,411	35,697
TOTAL LIABILITIES		44,494	35,697
TOTAL LIABILITIES AND EQUITY		232,505	227,320

Approved for issue and signed on behalf of the Management on 26 September 2022.


 Klaus Muller
 Chief Executive Officer


 Kamaladdin Guliyev
 Chief Financial Officer

Aztelekom LLC
Consolidated Statement of Profit or Loss and Other Comprehensive Income

<i>In thousands of Azerbaijani Manats</i>	Note	2021	2020
Revenue	18	98,870	90,677
Cost of services	19	(71,386)	(65,600)
Gross profit		27,484	25,077
General, administrative and other operating expenses	20	(35,690)	(31,334)
Net impairment losses on financial assets	11	(1,875)	(1,969)
Operating loss		(10,081)	(8,226)
Finance cost		(99)	(655)
Other non-operating income, net	21	3,367	1,057
Loss before income tax		(6,813)	(7,824)
Income tax expense	22	(4,809)	(692)
Loss for the year		(11,622)	(8,516)
Total comprehensive loss for the year		(11,622)	(8,516)

The accompanying notes on pages 5 to 30 are an integral part of these consolidated financial statements.

Aztelekom LLC
Consolidated Statement of Changes in Equity

<i>In thousands of Azerbaijani Manats</i>	Charter Capital	Transfers from Government	Retained earnings	Other Reserves	Total Equity
Balance at 1 January 2020	22,525	125,675	33,457	1,429	183,086
Capital contributions from shareholders other than share issues	-	17,601	-	-	17,601
Other reserves	-	-	-	(548)	(548)
Loss for the year	-	-	(8,516)	-	(8,516)
Total comprehensive loss for 2020	-	-	(8,516)	-	(8,516)
Transfer to retained earnings	-	-	440	(440)	-
Balance at 31 December 2020	22,525	143,276	25,381	441	191,623
Capital contributions from shareholders other than share issues	-	4,093	-	-	4,093
Other reserves	-	-	-	3,917	3,917
Loss for the year	-	-	(11,622)	-	(11,622)
Total comprehensive loss for 2021	-	-	(11,622)	-	(11,622)
Transfer to retained earnings	-	-	441	(441)	-
Balance at 31 December 2021	22,525	147,369	14,200	3,917	188,011

The accompanying notes on pages 5 to 30 are an integral part of these consolidated financial statements.

Aztelekom LLC
Consolidated Statement of Cash Flows

<i>In thousands of Azerbaijani Manats</i>	Note	2021	2020
Cash flows from operating activities			
Loss before income tax		(6,813)	(7,824)
Adjustments for:			
Depreciation of property, plant and equipment and amortisation of intangible assets	19,20	25,348	20,771
Net impairment losses on financial assets	11	1,875	1,969
Change in provision for obsolete inventory	12,19	(444)	476
Impairment of non-current assets	8	3,445	1,803
Losses less gains on disposals of property, plant and equipment	8	210	95
Finance costs		99	655
Foreign exchange translation differences		-	74
		23,720	18,019
Operating cash flows before working capital changes			
Increase in trade and other receivables		(2,754)	(1,530)
Decrease in inventories		1,306	(2,723)
Increase in prepaid expenses		(728)	(1,669)
Increase in other current assets		(1,355)	(1,444)
Increase in trade and other payables		356	2,770
Decrease in deferred revenues		(268)	1,092
		(3,443)	(3,504)
Changes in working capital			
Income taxes paid		(2,550)	(1,766)
Interest paid		(59)	(320)
		17,668	12,429
Net cash from operating activities			
Cash flows from investing activities			
Purchases of property, plant and equipment	8	(21,540)	(22,976)
Acquisition of intangible assets	9	(2)	(1,020)
		(21,542)	(23,996)
Net cash used in investing activities			
Cash flows from financing activities			
Capital contributions from shareholders other than share issues		4,093	17,601
Proceeds from borrowings		10,000	-
Repayment of borrowings		(1,560)	(3,330)
		12,533	14,271
Net cash from financing activities			
Cash and cash equivalents at the beginning of the year		3,325	621
Cash and cash equivalents at the end of the year	10	11,984	3,325

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