

Azercell Telecom LLC

Consolidated financial statements

*For the year ended 31 December 2022
with independent auditor's report*

Contents

Consolidated financial statements

Consolidated statement of financial position	1
Consolidated statement of profit or loss and other comprehensive income	2
Consolidated statement of changes in equity.....	3
Consolidated statement of cash flows	4

Consolidated statement of financial position**As at 31 December 2022***(in thousands of Azerbaijani Manats)*

	31 December 2022	31 December 2021
Assets		
Non-current assets		
Property, plant and equipment	495,795	448,831
Intangible assets	71,821	68,720
Prepayments for non-current assets	55,105	20,086
Investment property	3,793	–
Loan to a related party	24,828	–
Cost to obtain a contract	5,157	4,367
Right-of-use assets	6,743	2,995
Deferred income tax asset	28,887	13,680
Total non-current assets	692,129	558,679
Current assets		
Inventories	5,669	3,043
Cost to obtain a contract	5,957	6,000
Prepaid taxes	5,487	–
Trade and other receivables	57,180	65,334
Short-term investments	–	31,050
Cash and cash equivalents	245,536	245,457
Restricted cash	8,224	498
Total current assets	328,053	351,382
Total assets	1,020,182	910,061
Liabilities		
Non-current liabilities		
Asset retirement obligations	4,111	5,174
Lease liabilities	5,036	2,500
Total non-current liabilities	9,147	7,674
Current liabilities		
Trade and other payables	114,131	138,875
Lease liabilities	2,004	717
Contract liabilities	34,524	32,080
Current tax liabilities	27,579	14,402
Total current liabilities	178,238	186,074
Total liabilities	187,385	193,748
Equity		
Share capital	42,080	42,080
Retained earnings	790,317	673,992
Equity attributable to equity holders of the parent	832,397	716,072
Non-controlling interests	400	241
Total equity	832,797	716,313
Total liabilities and equity	1,020,182	910,061

Consolidated statement of profit or loss and other comprehensive income**For the year ended 31 December 2022***(in thousands of Azerbaijani Manats)*

	2022	2021
Revenue	531,822	492,091
Total costs and expenses	(362,528)	(343,736)
Operating profit	169,294	148,355
Other income	1,854	174
Finance income	1,354	606
Finance costs	(1,096)	(832)
Profit before tax	171,406	148,303
Income tax expense	(42,567)	(27,128)
Profit for the year	128,839	121,175
Other comprehensive income	-	-
Total comprehensive income for the year	128,839	121,175
Attributable to:		
Equity holders of the parent	128,680	121,055
Non-controlling interests	159	120
	128,839	121,175

Consolidated statement of changes in equity**For the year ended 31 December 2022***(in thousands of Azerbaijani Manats)*

	Share capital (Note 15)	Retained earnings	Total	Non- controlling interests	Total equity
Balance at 1 January 2021	42,080	552,937	595,017	121	595,138
Total comprehensive income for the year	–	121,055	121,055	120	121,175
Balance at 31 December 2021	42,080	673,992	716,072	241	716,313
Total comprehensive income for the year	–	128,680	128,680	159	128,839
Effect of initial recognition of loan granted to the entity under common control	–	(12,355)	(12,355)	–	(12,355)
Balance at 31 December 2022	42,080	790,317	832,397	400	832,797

Consolidated statement of cash flows**For the year ended 31 December 2022***(in thousands of Azerbaijani Manats)*

	2022	2021
Cash flows from operating activities		
Profit before income tax	171,406	148,303
Adjustments for:		
Depreciation of property, plant and equipment	105,543	96,485
Impairment of assets, net of reversals	16,286	259
Amortisation of intangible assets	13,694	13,655
Depreciation of right-of-use assets	2,021	1,758
Loss on disposal of property, plant and equipment	1,569	–
Reversal of asymmetric interconnect fees	(54,310)	–
Finance income	(1,354)	(606)
Finance costs	1,096	832
Gain on modification of leases	(143)	–
Net foreign exchange (gain)/losses	(1,071)	404
Operating cash flows before working capital changes	254,737	261,090
Decrease in trade and other receivables	8,314	1,221
(Increase)/Decrease in inventories	(2,626)	80
(Increase)/Decrease in cost to obtain a contract	(747)	599
(Increase)/Decrease in restricted cash	(7,726)	23
Increase in prepaid taxes	(5,487)	–
Increase in trade and other payables	24,711	4,715
Increase/(Decrease) in contract liabilities	2,444	(2,706)
Cash generated from operations	273,620	265,022
Current income tax paid	(41,508)	(33,485)
Net cash generated from operating activities	232,112	231,537
Cash flows from investing activities		
Withdrawal from short-term investments	31,050	71,043
Loan to a related party	(40,000)	–
Purchase of non-current assets	(221,057)	(65,903)
Interest received	759	683
Net cash generated from/(used) in investing activities	(229,248)	5,823
Cash flows from financing activities		
Payment of principal portion of lease liabilities	(1,803)	(1,728)
Payment of interest portion of lease liabilities	(741)	(479)
Net cash used in financing activities	(2,544)	(2,207)
Net decrease in cash and cash equivalents	320	235,153
Cash and cash equivalents at the beginning of the year	245,457	10,708
Effect of exchange rate changes on the balance of cash held in foreign currency	(241)	(404)
Cash and cash equivalents at the end of the year	245,536	245,457