“A-Group Insurance Company” OJSC

International Financial Reporting standards
Financial Statements
for the Year ended 31 December 2023

and Independent Auditor's Report

Contents

Statement of Management's Responsibilities for the Preparation and Approval of the Financial Statements for the Year Ended 31 December 2023

The following statement, which should be read in conjunction with the independent auditor's responsibilities stated in the independent auditor's report, is made with a view to distinguishing the respective responsibilities of management and those of the independent auditor in relation to the financial statements of "A-Group Insurance Company" OJSC ("the Company").

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

In preparing the financial statements, management is responsible for:

- Selecting suitable accounting principles and applying them consistently;
- Making judgments and estimates that are reasonable and prudent;
- Stating whether IFRSs have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Preparing the financial statements on a going concern basis, unless it is inappropriate to presume that the Company will continue in business for the foreseeable future.

Management is also responsible for:

- Designing, implementing and maintaining an effective and sound system of internal controls throughout the Company;
- Maintaining proper accounting records that disclose, with reasonable accuracy, 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
- Detecting and preventing fraud and other irregularities.

On behalf of the Company's management the financial statements for the year ended 31 December 2023 were authorised for issue on 5 December 2024 by:

Azerbaijan Republic Open Joint-Stock Company

A-Qrup Sığorta Şirkəti Açıq Səhmdar Cəmiyyəti Azərbaycan Respublikası

Mammad Atakishiyev
Chairman of the Board

Natavan Imamguliyeva
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Independent auditor's report

To the shareholder and the supervisory board of "A-Group Insurance Company" OJSC

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of "A-Group Insurance Company" Open Joint Stock Company (the "Company"), which comprise the statement of financial position as at 31 December 2023, and 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 of 31 December 2023, and of its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB).

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' *International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code)*, as applicable to audits of financial statements of public interest entities, together with the ethical requirements that are relevant to audits of the financial statements of public interest entities in Azerbaijan. We have also 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards as issued by the IASB, 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 International Standards on Auditing, we exercise professional judgement and maintain professional scepticism 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 the one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the internal control system that is relevant for 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 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 consolidated financial statements or, if such disclosures are inappropriate, 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Yunis Salayev.

BDO Azerbaijan LLC

5 December 2024

Baku, Azerbaijan

BDO

	Notes	31 December 2023	31 December 2022 (Restated)	1 January 2022 (Restated)
ASSETS				
Cash and banks accounts	6	5,343,521	6,038,687	10,197,627
Deposits with banks	7	6,290,499	6,840,498	6,667,086
Investment in debt instruments	8	6,904,591	6,054,674	-
Reinsurance contract assets	9	2,034,876	2,175,169	1,765,983
Insurance contract assets	10	264,215	53,951	-
Property and equipment	11	187,998	314,276	404,462
Intangible assets	12	203,663	216,598	210,000
Investment property	13	2,393,840	2,393,840	2,393,840
Right-of-use assets	14	180,139	372,720	346,966
Income tax assets		118,345	624,494	530,443
Deferred tax assets	25	61,733	-	95,639
Other assets	15	538,044	512,658	509,839
TOTAL ASSETS		**24,521,464**	**25,597,565**	**23,121,885**
LIABILITIES AND EQUITY				
Liabilities				
Insurance contract liabilities	10	11,741,537	13,098,164	11,516,273
Lease liabilities	14	268,597	401,883	357,327
Payables	16	-	-	164,605
Reinsurance contract liabilities	9	449,539	-	-
Taxes payable other than income tax		100,035	277,660	56,935
Deferred tax liabilities		-	93,478	-
Other liabilities	17	440,822	646,319	253,660
Total liabilities		**13,000,530**	**14,517,504**	**12,348,800**
Equity				
Share capital	18	10,005,250	10,005,250	10,005,250
Revaluation reserve	18	38,126	44,036	49,946
Retained earnings		1,477,558	1,030,775	717,889
Total equity		**11,520,934**	**11,080,061**	**10,773,085**
TOTAL LIABILITIES AND EQUITY		**24,521,464**	**25,597,565**	**23,121,885**

Azerbaijan Republic Open Joint-Stock Company A GROUP SIĞORTA ŞİRKƏTİ Açıq Səhmdar Cəmiyyəti Azərbaycan Respublikası

Mammad Atakishiyev
Chairman of the Board

Natavan Imamguliyeva
Chief Accountant

The notes set out on pages 10 to 52 are an integral part of these financial statements

	Notes	For the year ended 31 December 2023	For the year ended 31 December 2022 (Restated)
Insurance revenue	19	25,021,796	20,378,623
Insurance service expenses	20	(18,007,265)	(13,848,780)
Net expenses from reinsurance contracts held	21	(2,120,835)	(874,290)
Insurance service result		**4,893,696**	**5,655,553**
Finance expenses from insurance contracts issued		(412,238)	(141,472)
Finance (expenses) / income from reinsurance contracts held		(162,481)	62,285
Net insurance finance expenses		**(574,719)**	**(79,187)**
Operating expenses	22	(4,865,457)	(4,169,152)
Interest income, net	23	504,245	152,529
Foreign exchange loss		(11,584)	(257,342)
Other income	24	425,266	231,666
Profit before income tax		**371,447**	**1,534,067**
Income tax credit / (expenses)	25	69,426	(298,067)
Net Profit for the year		**440,873**	**1,236,000**
Other comprehensive income/(loss)		-	-
Other comprehensive loss for the year, net of tax		-	-
Total comprehensive income, net of tax		440,873	1,236,000
Earnings per share (basic and diluted)	18	**56.89**	**159.48**

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Chief Accountant

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	Share capital	Revaluation reserve	Retained earnings	Total
31 December 2021	**10,005,250**	**49,946**	**468,193**	**10,523,389**
Impact of initial application of IFRS 17	-	-	249,696	**249,696**
1 January 2022	**10,005,250**	**49,946**	**717,889**	**10,773,085**
Net profit for the year	-	-	1,236,000	**1,236,000**
Other comprehensive loss for the year, net of tax	-	(5,910)	5,910	**-**
Dividends declared	-	-	(929,024)	**(929,024)**
31 December 2022	**10,005,250**	**44,036**	**1,030,775**	**11,080,061**
Net profit for the year	-	-	440,873	**440,873**
Other comprehensive loss for the year, net of tax	-	(5,910)	5,910	**-**
31 December 2023	**10,005,250**	**38,126**	**1,477,558**	**11,520,934**

Azerbaijan Republic Open Joint Stock Company A GROUP SIĞORTA ŞİRKƏTİ Açıq Səhmdar Cəmiyyəti Azərbaycan Respublikası

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Chairman of the Board

Natavan Imamguliyeva
Chief Accountant

	Notes	For the year ended 31 December 2023	For the year ended 31 December 2022
Cash flows from operating activities			
Premiums received		21,370,607	21,726,927
Premiums paid		(2,223,922)	(928,803)
Claims paid		(13,903,475)	(12,842,416)
Reinsurance benefits received		743,607	337,244
Operating expenses paid		(5,951,436)	(3,416,094)
Commission paid		(1,340,497)	(1,710,269)
Interest received		549,665	218,213
Income tax paid		-	(203,000)
Other income received		230,291	150
Net cash (outflow)/inflow from operating activities		**(525,160)**	**3,181,952**
Cash flows from investing activities			
Investment in deposit with banks	7	550,000	(150,000)
Investment in financial assets at amortised cost		(849,918)	(6,081,646)
Sale of property and equipment		8,000	-
Purchase of property and equipment	11	-	(52,768)
Purchase of intangible assets		-	(10,869)
Net cash outflow from investing activities		**(291,918)**	**(6,295,283)**
Cash flows from financing activities			
Dividends paid		-	(929,024)
Lease payment received		140,400	140,400
Net cash inflow / (outflow) from financing activities		**140,400**	**(788,624)**
Effect of foreign exchange difference on cash and cash equivalents		(18,488)	(256,985)
Net decrease in cash and cash equivalents		**(695,166)**	**(4,158,940)**
Change in impairment provision		-	-
Cash and cash equivalents as of 1 January	6	6,038,687	10,197,627
Cash and cash equivalents as of 31 December	6	**5,343,521**	**6,038,687**

Azerbaijan Republic Open Joint-Stock Company A-GROUP SIGORTA SIRKETI Açıq Səhmdar Cəmiyyəti Azərbaycan Respublikası

Mammad Atakishiyev
Chairman of the Board

Natavan Imamguliyeva
Chief Accountant

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