

“Baku Metropolitan” Closed Joint-Stock Company

Financial Statements and
Independent Auditor’s Report
for the year ended 31 December 2024

“BAKU METROPOLITAN” CLOSED JOINT-STOCK COMPANY

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“Baku Metropolitan” Closed Joint-Stock Company

STATEMENT OF MANAGEMENT’S RESPONSIBILITIES FOR THE PREPARATION AND APPROVAL OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

Management is responsible for the preparation of the financial statements, which present fairly the financial position of “Baku Metropolitan” Closed Joint-Stock Company (the “Company”) as at 31 December 2024, and the results of its operations, cash flows and changes in equity for the year then ended, in accordance with International Financial Reporting Standards (“IFRS Accounting Standards”).

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 IFRS Accounting Standards is 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 IFRS Accounting Standards;
- Maintaining statutory accounting records in compliance with the relevant 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 31 December 2024 were approved by management of the Company on 5 December 2025:

On behalf of management:


Mr. Vusal Aslanov
Chairman

Baku, the Republic of Azerbaijan
5 December 2025


Mr. Kamal Huseynli
Head of Finance Department
Baku, the Republic of Azerbaijan
5 December 2025

INDEPENDENT AUDITOR'S REPORT

To the Supervisory Board and the Management of "Baku Metropolitan" Closed Joint-Stock Company

Qualified Opinion

We have audited the financial statements of "Baku Metropolitan" Closed Joint-Stock Company (the "Company"), which comprise the statement of financial position as at 31 December 2024, 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, except for the possible effects of the matters described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2024, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS Accounting Standards") as issued by the International Accounting Standards Board (the "IASB").

Basis for Qualified Opinion

Valuation of property and equipment

As part of impairment testing, we noted that the estimation of fair value less costs of disposal for some items of property and equipment were based on historical purchase prices and documents were not maintained for the items purchased before 2018 with a total carrying value before impairment of AZN 75,085 thousand and estimated fair value less costs of disposal of AZN 28,597 thousand as at 31 December 2024. We also noted that for some items of property and equipment, fair value less costs of disposal could not be determined and was assumed to be equivalent to their carrying value of AZN 9,328 thousand as at 31 December 2024. We were unable to satisfy ourselves through alternative procedures to obtain sufficient and appropriate audit evidence about the valuation of these assets.

Completeness of passenger transportation revenue

To verify completeness of passenger transportation revenue, we tested General IT Controls on a revenue recording system maintained by a service organisation. We were not able to obtain sufficient and appropriate evidence to be able to conclude on effectiveness of the system. Therefore, we could not satisfy ourselves on completeness of passenger transportation revenue of AZN 100,647 thousand for the year ended 31 December 2024.

Classification of inventories

As part of the audit of financial statements for the year ended 31 December 2023, we noted that some items included in inventories represented materials and parts that are expected to be capitalised on property and equipment. The Company did not perform appropriate analysis of such inventories to determine short-term and long-term classification. We were unable to satisfy ourselves by alternative means concerning their appropriate classification and therefore, to determine whether adjustments might have been necessary in respect of property and equipment and inventories in the statement of financial position as at 31 December 2023. Since such classification of inventories affects the classification of cash flows under operating or investing activities, we were unable to determine whether adjustments might have been necessary in respect of the statement of cash flows for the year ended 31 December 2023. We were also unable to determine whether any adjustments to impairment of property and equipment and provision for slow-moving inventory for the years ended 31 December 2024 and 2023, and respective notes to the financial statements were necessary.

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 Statement* 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)* (the “IESBA Code”), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified 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 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 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.

DELOITTE + TOUCHE LLAC

5 December 2025



“Baku Metropolitan” Closed Joint-Stock Company

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2024
(in thousands of Azerbaijani Manats)**

	Notes	2024	2023
Revenue from passenger transportation		100,647	83,483
Revenue from government subsidies		50,000	38,416
Other operating income	5	5,008	5,240
Total revenue		155,655	127,139
<i>Expenses</i>			
Impairment of fixed assets	9	(148,012)	(79,302)
Staff costs	6	(86,284)	(74,774)
Electricity expenses		(13,934)	(13,435)
Depreciation and amortisation	9	(12,218)	(12,187)
Material expenses		(11,370)	(7,542)
Commission expenses		(5,032)	(4,174)
Cleaning expenses		(4,090)	(3,756)
Water expenses		(3,392)	(3,810)
Provision for slow-moving inventory	10	(3,085)	-
Fuel expenses		(902)	(697)
Insurance expenses		(362)	(588)
Other expenses	7	(5,492)	(2,898)
Total operating expenses		(294,173)	(203,163)
Operating loss		(138,518)	(76,024)
Finance cost	15	(722)	(791)
Foreign exchange loss, net		(376)	(60)
Loss before income tax		(139,616)	(76,875)
Income tax expense	8	-	-
Net loss for the year		(139,616)	(76,875)
<i>Other comprehensive income:</i>			
Revaluation gain	9	2,719	8,496
Total comprehensive loss for the year		(136,897)	(68,379)

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

“Baku Metropolitan” Closed Joint-Stock Company

**STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2024
(in thousands of Azerbaijani Manats)**

	Notes	31 December 2024	31 December 2023
ASSETS			
Non-current assets			
Property and equipment	9	366,346	361,117
Intangible assets		2,791	1,768
Other non-current assets	12	14,700	7,429
Total non-current assets		383,837	370,314
Current assets			
Inventories	10	19,904	38,490
Trade and other receivables		3,939	574
Cash and cash equivalents	11	9,839	186
Other current assets	12	1,299	5,006
Total current assets		34,981	44,256
Total assets		418,818	414,570
EQUITY AND LIABILITIES			
Equity			
Share capital	13	2,580,638	2,580,638
Additional paid-in capital	13	809,131	676,427
Accumulated deficit		(3,109,540)	(2,969,924)
Properties revaluation reserve	9	105,302	102,583
Total equity		385,531	389,724
Non-current liabilities			
Provisions, non-current	15	5,591	6,571
Total non-current liabilities		5,591	6,571
Current liabilities			
Trade and other payables	14	26,446	16,782
Provisions, current	15	1,250	1,493
Total current liabilities		27,696	18,275
Total equity and liabilities		418,818	414,570

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

“Baku Metropolitan” Closed Joint-Stock Company

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2024
(in thousands of Azerbaijani Manats)**

	Notes	Share capital	Additional paid-in capital	Properties revaluation reserve	Accumulated deficit	Total equity
Balance at 1 January 2023		<u>2,580,638</u>	<u>627,682</u>	<u>94,087</u>	<u>(2,893,049)</u>	<u>409,358</u>
Loss for the year		-	-	-	(76,875)	(76,875)
Other comprehensive income for the year	9	-	-	8,496	-	8,496
Total comprehensive loss for the year		-	-	8,496	(76,875)	(68,379)
Increase in additional paid-in capital	13	-	50,000	-	-	50,000
Transfer of assets to the entities under common control		-	(1,255)	-	-	(1,255)
Balance at 31 December 2023		<u>2,580,638</u>	<u>676,427</u>	<u>102,583</u>	<u>(2,969,924)</u>	<u>389,724</u>
Loss for the year		-	-	-	(139,616)	(139,616)
Other comprehensive income for the year	9	-	-	2,719	-	2,719
Total comprehensive loss for the year		-	-	2,719	(139,616)	(136,897)
Increase in additional paid-in capital	13	-	132,704	-	-	132,704
Balance at 31 December 2024		<u>2,580,638</u>	<u>809,131</u>	<u>105,302</u>	<u>(3,109,540)</u>	<u>385,531</u>

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

“Baku Metropolitan” Closed Joint-Stock Company

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2024
(in thousands of Azerbaijani Manats)**

	Notes	2024	2023
OPERATING ACTIVITIES			
Loss before income tax		(139,616)	(76,875)
<i>Adjustments for:</i>			
Depreciation and amortisation	9	12,218	12,187
Impairment losses on property and equipment	9	148,012	79,302
Unwinding of discount in provision	15	722	791
Slow-moving inventory provision	10	3,085	-
Loss on disposal of property and equipment	9	374	-
Foreign exchange loss, net		376	60
Operating cash flow before movements in working capital		25,171	15,465
Change in trade and other receivables		(7,900)	(4,272)
Change in inventories		(56,356)	(13,919)
Change in other current assets		3,707	(4,413)
Change in trade and other payables		15,989	6,223
Change in provision		(1,332)	(1,367)
Cash used in operating activities		(20,721)	(2,283)
Income tax paid	8	-	-
Net cash used in operating activities		(20,721)	(2,283)
INVESTING ACTIVITIES			
Purchase of property and equipment		(89,139)	(42,296)
Advances given for property and equipment		(11,025)	(7,170)
Net cash used in investing activities		(100,164)	(49,466)
FINANCING ACTIVITIES			
Increase in additional paid-in-capital	13	132,704	50,000
Net cash from financing activities		132,704	50,000
Net change in cash		11,819	(1,749)
Cash at beginning of year		186	2,205
Effect of exchange rate changes on cash held in foreign currencies		(2,166)	(270)
Cash at end of year		9,839	186

Following non-cash transactions were not included in statement of cash flows for the year ended 31 December 2024 and 2023:

- (a) Utilisation of advance payments given for the acquisition of property and equipment in the amount of AZN 3,754 (2023: AZN 43,826);
- (b) Transfer of AZN 71,857 from inventories to property and equipment (2023: AZN 42,840);
- (c) Transfer of AZN 1,278 from property and equipment to intangible assets (2023: AZN 83);
- (d) Revaluation increase of AZN 2,719 recognised through other comprehensive income for land plots within property and equipment (2023: AZN 8,496);
- (e) Offset of trade and other receivables of AZN 4,535 against trade and other payables (2023: AZN 4,174); and
- (f) Capitalisation of change in provision for compensation to employees for loss of working capacity on property and equipment in the amount of AZN 613 (2023: AZN 899).

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