"AzBiznes" LLC

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

Baku, Azerbaijan
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Contents

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Independent Auditor's Report

To the Shareholders and Management of "AzBiznes" LLC

Opinion

We have audited the financial statements of "AzBiznes" LLC (the "Company"), which comprise the statement of financial position as at 31 December 2024, 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 at 31 December 2024 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

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' (IESBA) Code of Ethics for Professional Accountants (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 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 IFRSs, 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.

17 March 2025

Baku, Azerbaijan

"AzBiznes" LLC
Statement of profit or loss and other comprehensive income for the year ended 31 December 2024
(in thousands of Azerbaijani manats)

	Note	2024	2023
Revenue	4	11,936	10,944
Cost of sales	5	(5,612)	(5,090)
GROSS PROFIT		**6,324**	**5,854**
Selling and distribution expenses	6	(1,352)	(1,236)
Administrative expenses	7	(831)	(731)
Net impairment losses on financial assets	12	11	(18)
Other operating gains and losses		16	(2)
NET OPERATING PROFIT		**4,168**	**3,867**
Finance costs	8	(227)	(279)
Finance income		7	16
Net gain on disposals of property, plant and equipment		26	3
PROFIT BEFORE TAX		**3,974**	**3,607**
Income tax	9	(823)	(736)
NET PROFIT		**3,151**	**2,871**
Revaluation surplus	14	172	-
OTHER COMPREHENSIVE INCOME		**172**	**-**
TOTAL COMPREHENSIVE INCOME		**3,323**	**2,871**

On behalf of the Management:

Mahir Hasanov
Chief Executive Officer

Irada Aliyeva
Chief Financial Officer

(in thousands of Azerbaijani manats)

	Note	31 December 2024	31 December 2023
Cash and cash equivalents	10	4,281	3,401
Prepayments	11	66	67
Trade and other receivables	12	1,603	846
Inventories	13	1,748	1,585
Other assets		4	14
TOTAL CURRENT ASSETS		**7,702**	**5,913**
Property, plant and equipment	14	4,935	5,265
Intangible assets	15	559	559
Right-of-use assets	19	752	669
Deferred tax assets	9	29	27
TOTAL NON-CURRENT ASSETS		**6,275**	**6,520**
TOTAL ASSETS		**13,977**	**12,433**
Trade and other payables	16	2,303	1,329
Advances received	17	114	116
Borrowings	18	749	553
Lease liabilities	19	214	94
Other liabilities	20	1,262	969
TOTAL CURRENT LIABILITIES		**4,642**	**3,061**
Borrowings	18	404	947
Lease liabilities	19	597	614
TOTAL NON-CURRENT LIABILITIES		**1,001**	**1,561**
TOTAL LIABILITIES		**5,643**	**4,622**
Charter capital	21	180	180
Revaluation surplus	14	654	482
Retained earnings		7,500	7,149
TOTAL EQUITY		**8,334**	**7,811**
TOTAL EQUITY AND LIABILITIES		**13,977**	**12,433**

On behalf of the Management:

Mahir Hasanov
Chief Executive Officer

Irada Aliyeva
Chief Financial Officer

(in thousands of Azerbaijani manats)

	Note	Charter capital	Revaluation surplus	Retained earnings	TOTAL
BALANCE AS OF 31 DECEMBER 2022		**180**	**482**	**5,578**	**6,240**
Dividends	21	-	-	(1,300)	(1,300)
Profit for the year		-	-	2,871	2,871
BALANCE AS OF 31 DECEMBER 2023		**180**	**482**	**7,149**	**7,811**
Dividends	21	-	-	(2,800)	(2,800)
Profit for the year		-	-	3,151	3,151
Revaluation	14	-	172	-	172
BALANCE AS OF 31 DECEMBER 2024		**180**	**654**	**7,500**	**8,334**

On behalf of the Management:

Mahir Hasanov
Chief Executive Officer

Irada Aliyeva
Chief Financial Officer

(in thousands of Azerbaijani manats)

	Note	2024	2023
Receipts from customers		13,335	13,107
Payments to suppliers		(6,160)	(6,391)
Payments to employees		(360)	(318)
Payments to state budget		(1,797)	(966)
NET CASH FLOWS FROM OPERATING ACTIVITIES		**5,018**	**5,432**
Purchase of property, plant and equipment		(715)	(463)
Purchase of intangible assets		(47)	(24)
Interest received		16	-
Proceeds from disposals of property, plant and equipment		92	29
NET CASH FLOWS FROM INVESTING ACTIVITIES		**(654)**	**(458)**
Proceeds from borrowings		118	159
Repayments of borrowings		(465)	(626)
Interest paid		(153)	(214)
Lease payments		(206)	(164)
Dividends	21	(2,800)	(1,300)
NET CASH FLOWS FROM FINANCING ACTIVITIES		**(3,506)**	**(2,145)**
NET CHANGE IN CASH AND CASH EQUIVALENTS		**858**	**2,829**
Effects of foreign exchange differences		22	(1)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD	**10**	**3,401**	**573**
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	**10**	**4,281**	**3,401**

On behalf of the Management:

Mahir Hasanov
Chief Executive Officer

Irada Aliyeva
Chief Financial Officer

1. General information

"AzBiznes" LLC (the "Company") is a limited liability company established on 23 March 2018 under the laws of Azerbaijan. The Company's tax registration number is 1234567891. The registered office is located at AZ1010, Baku, Nizami str., 96.

The Company is engaged in the manufacturing and wholesale distribution of home furniture. It operates a single production facility located in Sumgayit, where it carries out the full production cycle. The Company's product portfolio includes living room, bedroom, and dining room furniture, primarily supplied to retail chains and institutional buyers.

The Company's total number of employees as at 31 December 2024 was 49 (31 December 2023: 46).

2. Accounting policies

Basis of preparation

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

The financial statements have been prepared on a historical cost basis. The financial statements are presented in Azerbaijani manats and all values are rounded to the nearest thousand, except when otherwise indicated.

The Management have, at the time of approving the financial statements, a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus, the Company has prepared the financial statements on the basis that it will continue to operate as a going concern.

Foreign currencies

The Company's financial statements are presented in Azerbaijani manats, which is also its functional currency.

Transactions in foreign currencies are initially recorded at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Currency	31 December 2024	31 December 2023
USD	1.7000	1.7000
EUR	1.7724	1.8766

All gains and losses resulting from the settlement of such transactions, and from the translation of monetary assets and liabilities are generally recognised in profit or loss on a net basis. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Foreign exchange gains and losses that relate to borrowings are presented in the statement of profit or loss within finance costs.

Current versus non-current classification

The Company presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

Revenue

Sale of goods

The Company sells goods both to the wholesale market and directly to customers through retail outlets. For sales of goods to the wholesale market, revenue is recognised when control of the goods has transferred, being when the goods have been shipped to the customer's specific location (delivery). Following delivery, the customer has full discretion over the goods, has the primary responsibility and bears the risks of obsolescence and loss in relation to the goods. A receivable is recognised by the Company when the goods are delivered to the customer as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due.

For sales of goods to retail customers, revenue is recognised when control of the goods has transferred, being at the point the customer purchases the goods at the retail outlet. Payment of the transaction price is due immediately at the point the customer purchases the goods.

The Company considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g., warranties, customer loyalty points). In determining the transaction price for the sale of goods, the Company considers the effects of variable consideration, existence of a significant financing component, non-cash consideration, and consideration payable to the customer (if any).

If the consideration in a contract includes a variable amount, the Company estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

The Company typically provides warranties for general repairs of defects that existed at the time of sale of goods, as required by law. These assurance-type warranties are accounted for as warranty provisions. Contracts for bundled sales of goods and related services (e.g., installation) are comprised of two performance obligations because the goods and related services are both sold on a stand-alone basis and are distinct within the context of the contract. Accordingly, the Company allocates the transaction price based on the relative stand-alone selling prices of the goods and bundled services.

Services

The Company provides various specialized services to its customers. Such services are recognised as a performance obligation satisfied over time. The Company recognizes revenue on the basis of the labour hours expended relative to the total expected labour hours to complete the service. Payment for rendered services is not due from the customer until the services are complete and therefore a contract asset is recognised over the period in which the services are performed representing the entity's right to consideration for the services performed to date.

Property, plant and equipment

Land held for use in the production or supply of goods or services, for rental to others (excluding investment properties), or for administrative purposes, is stated in the statement of financial position at its revalued amount, being the fair value at the date of revaluation, less accumulated impairment losses. Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at the reporting date.

A revaluation surplus is recorded in OCI and credited to the asset revaluation surplus in equity. However, to the extent that it reverses a revaluation deficit of the same asset previously recognised in profit or loss, the increase is recognised in profit and loss. A revaluation deficit is recognised in the statement of profit or loss, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation surplus. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the revaluation surplus is transferred directly to retained earnings.

All other property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets, as follows:

Asset category	Useful life
Buildings and constructions	25 - 40 years
Machinery and equipment	5 - 15 years
Vehicles	5 - 10 years
Other fixed assets	4 - 8 years

Land is not depreciated. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss. When revalued assets are sold, it is the Company's policy to transfer any amounts included in other reserves in respect of those assets to retained earnings.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss.

Impairment of non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating unit's (CGU) fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Company bases its impairment calculation on most recent budgets and forecast calculations, which are prepared separately for each of its CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognised in the statement of profit or loss, except for properties previously revalued with the revaluation taken to OCI. For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Leases

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment.

Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases of various assets (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of assets that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and on hand, demand deposits with banks and other financial institutions and short-term highly liquid investments with a maturity of three months or less, that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value. Cash and cash equivalents are held for the purpose of meeting short-term cash commitments rather for investment or other purposes.

Trade and other receivables

Trade and other receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within one month and are therefore all classified as current.

Trade and other receivables are recognised when the Company has an unconditional right to receive consideration and only the passage of time is required before payment of that consideration is due. Trade and other receivables that do not contain a significant financing component are initially measured at their transaction price. Trade and other receivables that contain a significant financing component and other receivables are initially measured at fair value plus transaction costs. All receivables are subsequently stated at amortised cost.

Impairment of financial assets

For trade receivables, the Company applies a simplified approach in calculating expected credit losses (ECLs). Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the it is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company.

The Company writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g., when the debtor has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Inventories

Raw materials and stores, work in progress and finished goods are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Costs of purchased inventory are determined after deducting rebates and discounts. Cost is calculated using the weighted average cost method.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Company prior to the end of the financial year which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings, pending their expenditure on qualifying assets, is deducted from the borrowing costs eligible for capitalisation.

Other borrowing costs are expensed in the period in which they are incurred.

Taxation

Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the country where the Company operates and generates taxable income. As a domestic taxpayer in Azerbaijan the Company is a subject to income tax at the flat rate of 20%. Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. In assessing the recoverability of deferred tax assets, the Company relies on the same forecast assumptions used elsewhere in the financial statements and in other management reports.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Value added tax (VAT)

Value added tax (VAT) is levied on the supply of goods and services in Azerbaijan, and on the import of goods. The standard rate of VAT is 18%.

All revenues, expenses and assets are recorded following deduction of the applicable VAT, except for:

- cases where the VAT paid when purchasing assets or services cannot be recovered from tax authorities, in which case it is reported as part of the purchase cost of a given asset or as an expense;
- receivables and liabilities reported as inclusive of VAT.

The net amount of VAT recoverable from or payable to tax authorities is reported in the statement of financial position as part of the Company’s current assets or liabilities.

Employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

According to the relevant laws of the Azerbaijan Republic the Company is obliged to make mandatory social security contributions for employment income, unemployment insurance payments and mandatory medical insurance. The Company has no legal or constructive obligation to make pension or similar benefit payments beyond the payments to statutory defined contribution scheme.

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, and it is probable that the Company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

New and amended standards

The Company has applied the following standards and amendments for the first time for its annual reporting period commencing 01 January 2024:

- Classification of liabilities as current or non-current and non-current liabilities with covenants – Amendments to IAS 1;
- Lease liability in sale and leaseback – Amendments to IFRS 16;
- Supplier finance arrangements – Amendments to IAS 7 and IFRS 7.

The standards and amendments listed above did not have any material impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

3. Significant accounting judgements and estimates

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. Below is an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be wrong.

Allowance for expected credit losses

The Company uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by product type, customer type and rating, geographical region, and coverage by letters of credit or other forms of credit insurance).

The provision matrix is initially based on the Company's historical observed default rates. The Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

Useful lives of property, plant and equipment

The residual values of items of property, plant and equipment are reviewed annually after considering future market conditions, the remaining life of assets and projected disposal values. The estimation of the useful lives is based on historic performance as well as expectation about future use and, therefore, requires a degree of judgement to be applied. The depreciation rates represent management's current best estimate of the useful lives of the assets.

(in thousands of Azerbaijani manats)

4. Revenue

The breakdown of revenue by product for the years ended 31 December 2024 and 2023 is as follows:

	2024	2023
Tables and chair sets	2,704	2,449
Living room	2,619	1,495
Bedrooms	2,443	3,008
Sofas	2,312	2,047
Kitchen	1,858	1,945
TOTAL REVENUE	**11,936**	**10,944**

5. Cost of sales

Cost of sales is mainly represented by the carrying amount of inventories recognised as an expense in the period in which the related revenue is recognised. It also includes other direct costs, such as wages and salaries of the staff involved in manufacturing, machinery depreciation and other production overheads.

6. Selling and distribution expenses

The breakdown of selling and distribution expenses for the years ended 31 December 2024 and 2023 is as follows:

	2024	2023
Distribution costs	715	665
Agent commissions	256	238
Depreciation and amortization	219	175
Marketing and advertising	110	100
Gifts	34	38
Other commercial expenses	18	20
TOTAL SELLING AND DISTRIBUTION EXPENSES	**1,352**	**1,236**

(in thousands of Azerbaijani manats)

7. Administrative expenses

The breakdown of administrative expenses for the years ended 31 December 2024 and 2023 is as follows:

	2024	2023
Depreciation and amortization	347	273
Wages and salaries	290	280
Social security costs	73	70
Rent	26	26
Bank commissions	21	13
Transportation	20	20
Professional services	17	15
Insurance	12	10
Communication	10	10
Utilities	8	8
Other administrative expenses	7	6
TOTAL ADMINISTRATIVE EXPENSES	**831**	**731**

8. Finance costs

The breakdown of finance costs for the years ended 31 December 2024 and 2023 is as follows:

	2024	2023
Interest expense on borrowings	153	214
Interest expense on lease	74	65
TOTAL FINANCE COSTS	**227**	**279**

(in thousands of Azerbaijani manats)

9. Income tax

The breakdown of income tax for the years ended 31 December 2024 and 2023 is as follows:

	2024	2023
Current income tax	825	744
Deferred income tax	(2)	(8)
TOTAL INCOME TAX	**823**	**736**

Reconciliation between the theoretical and the actual tax charge for the years ended 31 December 2024 and 2023 is as follows:

	2024	2023
PROFIT BEFORE TAX	**3,974**	**3,607**
Tax at statutory income tax rate of 20%	795	721
Effect of permanent differences	28	15
TOTAL INCOME TAX	**823**	**736**

The movement of deferred tax assets for the years ended 31 December 2024 and 2023 is as follows:

	Lease liabilities	Right-of-use assets	Trade receivables	TOTAL
BALANCE AS OF 31 DECEMBER 2022	**59**	**(56)**	**16**	**19**
Additions	82	-	4	86
Disposals	-	(78)	-	(78)
BALANCE AS OF 31 DECEMBER 2023	**141**	**(134)**	**20**	**27**
Additions	20	-	-	20
Disposals	-	(16)	(2)	(18)
BALANCE AS OF 31 DECEMBER 2024	**161**	**(150)**	**18**	**29**

(in thousands of Azerbaijani manats)

10. Cash and cash equivalents

The breakdown of cash and cash equivalents as of 31 December 2024 and 2023 is as follows:

	31 December 2024	31 December 2023
Cash in bank	4,058	3,288
VAT deposit	217	109
Cash in hand	6	4
TOTAL CASH AND CASH EQUIVALENTS	**4,281**	**3,401**

VAT deposit represent special account with Tax authorities. It's use is limited only to VAT input and output payments and other taxes.

11. Prepayments

The breakdown of prepayments as of 31 December 2024 and 2023 is as follows:

	31 December 2024	31 December 2023
Joint stock companies	33	35
Individuals	33	-
Limited liability companies	-	32
TOTAL PREPAYMENTS	**66**	**67**

12. Trade and other receivables

The breakdown of trade and other receivables as of 31 December 2024 and 2023 is as follows:

	31 December 2024	31 December 2023
Amounts due from customers	1,687	941
Impairment allowance	(84)	(95)
TOTAL TRADE AND OTHER RECEIVABLES	**1,603**	**846**

Trade receivables are non-interest bearing and are generally on terms of 30 to 90 days. The breakdown of trade and other receivables by counterparty as of 31 December 2024 and 2023 is as follows:

(in thousands of Azerbaijani manats)

	31 December 2024	31 December 2023
Limited liability companies	937	244
Government bodies and enterprises	323	97
Individuals	203	200
Joint stock companies	140	305
TOTAL TRADE AND OTHER RECEIVABLES	**1,603**	**846**

The movement of impairment allowance for the years ended 31 December 2024 and 2023 is as follows:

	Individuals	Joint stock companies	Limited liability companies	TOTAL
BALANCE AS OF 31 DECEMBER 2022	**-**	**(77)**	**-**	**(77)**
Provision	-	-	(29)	(29)
Release of provision	11	-	-	11
BALANCE AS OF 31 DECEMBER 2023	**11**	**(77)**	**(29)**	**(95)**
Provision	(18)	-	-	(18)
Release of provision	-	-	29	29
BALANCE AS OF 31 DECEMBER 2024	**(7)**	**(77)**	**-**	**(84)**

13. Inventories

The breakdown of inventories as of 31 December 2024 and 2023 is as follows:

	31 December 2024	31 December 2023
Finished goods	1,361	1,130
Raw materials	237	402
Work in progress	150	53
TOTAL INVENTORIES	**1,748**	**1,585**

Inventories of AZN 4,829 and AZN 4,378 were recognised as an expense during the years ended 31 December 2024 and 2023, respectively, and included in "Cost of sales".

(in thousands of Azerbaijani manats)

14. Property, plant and equipment

The movement of property, plant and equipment for the years ended 31 December 2024 and 2023 is as follows:

	Buildings and constructions	Land	Machinery and equipment	Vehicles	Other fixed assets	TOTAL
Cost						
BALANCE AS OF 31 DECEMBER 2022	**2,665**	**1,722**	**2,973**	**840**	**390**	**8,590**
Additions	160	-	171	-	132	463
Disposals	-	-	-	-	(137)	(137)
BALANCE AS OF 31 DECEMBER 2023	**2,825**	**1,722**	**3,144**	**840**	**385**	**8,916**
Additions	132	-	65	225	293	715
Disposals	-	-	(188)	-	-	(188)
Revaluation	-	172	-	-	-	172
BALANCE AS OF 31 DECEMBER 2024	**2,957**	**1,894**	**3,021**	**1,065**	**678**	**9,615**
Accumulated depreciation						
BALANCE AS OF 31 DECEMBER 2022	**(591)**	**-**	**(1,338)**	**(504)**	**(333)**	**(2,766)**
Depreciation charge	(198)	-	(472)	(168)	(158)	(996)
Disposals	-	-	-	-	111	111
BALANCE AS OF 31 DECEMBER 2023	**(789)**	**-**	**(1,810)**	**(672)**	**(380)**	**(3,651)**
Depreciation charge	(207)	-	(500)	(213)	(231)	(1,151)
Disposals	-	-	122	-	-	122
BALANCE AS OF 31 DECEMBER 2024	**(996)**	**-**	**(2,188)**	**(885)**	**(611)**	**(4,680)**
Net book value						
BALANCE AS OF 31 DECEMBER 2023	**2,036**	**1,722**	**1,334**	**168**	**5**	**5,265**
BALANCE AS OF 31 DECEMBER 2024	**1,961**	**1,894**	**833**	**180**	**67**	**4,935**

(in thousands of Azerbaijani manats)

The fair value of the land was determined using the market comparable method in accordance with International Valuation Standards. The valuation has been performed by the independent valuer and is based on proprietary databases of prices of transactions for lands of similar nature, location and condition.

A net gain from the revaluation of the land of AZN 172 in 2024 was recognised in other comprehensive income. If the land was measured using the cost model, the carrying amount as at 31 December 2024 and 2023 would be AZN 1,240.

15. Intangible assets

The movement of intangible assets for the years ended 31 December 2024 and 2023 is as follows:

	Licenses and patents	**Software**	**TOTAL**
Cost			
BALANCE AS OF 31 DECEMBER 2022	**620**	**98**	**718**
Additions	-	24	24
BALANCE AS OF 31 DECEMBER 2023	**620**	**122**	**742**
Additions	17	30	47
BALANCE AS OF 31 DECEMBER 2024	**637**	**152**	**789**
Accumulated amortization			
BALANCE AS OF 31 DECEMBER 2022	**(109)**	**(31)**	**(140)**
Amortization charge	(31)	(12)	(43)
BALANCE AS OF 31 DECEMBER 2023	**(140)**	**(43)**	**(183)**
Amortization charge	(32)	(15)	(47)
BALANCE AS OF 31 DECEMBER 2024	**(172)**	**(58)**	**(230)**
Net book value			
BALANCE AS OF 31 DECEMBER 2023	**480**	**79**	**559**
BALANCE AS OF 31 DECEMBER 2024	**465**	**94**	**559**

(in thousands of Azerbaijani manats)

16. Trade and other payables

The breakdown of trade and other payables as of 31 December 2024 and 2023 is as follows:

	31 December 2024	31 December 2023
Limited liability companies	1,551	790
Joint stock companies	436	410
Government bodies and enterprises	160	114
Individuals	156	15
TOTAL TRADE AND OTHER PAYABLES	**2,303**	**1,329**

Trade payables are non-interest bearing and are usually paid within 30 days of recognition.

17. Advances received

The breakdown of advances received as of 31 December 2024 and 2023 is as follows:

	31 December 2024	31 December 2023
Limited liability companies	59	60
Individuals	55	56
TOTAL ADVANCES RECEIVED	**114**	**116**

18. Borrowings

The breakdown of borrowings between current and non-current as of 31 December 2024 and 2023 is as follows:

	31 December 2024	31 December 2023
Kapital Bank 5 year loan	530	378
ABB credit line	219	175
TOTAL SHORT-TERM BORROWINGS	**749**	**553**
Kapital Bank 5 year loan	404	947
TOTAL LONG-TERM BORROWINGS	**404**	**947**
TOTAL BORROWINGS	**1,153**	**1,500**

(in thousands of Azerbaijani manats)

The breakdown of borrowings as of 31 December 2024 and 2023 is as follows:

	Interest rate	Maturity	31 December 2024	31 December 2023
ABB credit line	14%	N/A	219	175
Kapital Bank 5 year loan	11%	30 May 2026	934	1,325
TOTAL BORROWINGS			**1,153**	**1,500**

A loan from Kapital Bank is denominated in AZN and repayable in equal monthly installments within five years from the issue date. It is secured by a fixed charge over certain of the Company's buildings and constructions with carrying value of AZN 1,230 and AZN 1,176 as at 31 December 2024 and 2023, respectively.

Credit line from ABB represents an unsecured loan facility with total available amount of AZN 400. Every tranche is repayable within 6 months from the drawdown date.

19. Lease liabilities

The Company has lease contracts for its three administrative offices with lease terms between 5 and 7 years.

The Company also has certain leases of machinery and vehicles with lease terms of 12 months or less and leases of office equipment with low value. The Company applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases. The movement of lease liabilities for the years ended 31 December 2024 and 2023 is as follows:

	Office rent	TOTAL
BALANCE AS OF 31 DECEMBER 2022	**295**	**295**
Additions	512	512
Repayments	(164)	(164)
Accretion of interest	65	65
BALANCE AS OF 31 DECEMBER 2023	**708**	**708**
Additions	235	235
Repayments	(206)	(206)
Accretion of interest	74	74
BALANCE AS OF 31 DECEMBER 2024	**811**	**811**

(in thousands of Azerbaijani manats)

The breakdown of lease liabilities between current and non-current as of 31 December 2024 and 2023 is as follows:

	31 December 2024	31 December 2023
Non-current	597	614
Current	214	94
TOTAL LEASE LIABILITIES	**811**	**708**

The movement of right-of-use assets for the years ended 31 December 2024 and 2023 is as follows:

	Office rent	TOTAL
BALANCE AS OF 31 DECEMBER 2022	**278**	**278**
Additions	513	513
Depreciation charge	(122)	(122)
BALANCE AS OF 31 DECEMBER 2023	**669**	**669**
Additions	235	235
Depreciation charge	(152)	(152)
BALANCE AS OF 31 DECEMBER 2024	**752**	**752**

For the years ended 31 December 2024 and 2023 following amounts are recognized in the statement of profit or loss relating to leases:

	2024	2023
Depreciation expense of right-of-use assets	152	122
Interest expense on lease liabilities	74	65
Expense relating to leases of low-value assets	26	26
TOTAL AMOUNT RECOGNISED IN PROFIT OR LOSS	**252**	**213**

(in thousands of Azerbaijani manats)

20. Other liabilities

The breakdown of other liabilities as of 31 December 2024 and 2023 is as follows:

	31 December 2024	31 December 2023
Tax liabilities	1,229	938
Employee liabilities	33	31
TOTAL OTHER LIABILITIES	**1,262**	**969**

21. Charter capital

As at 31 December 2024 and 2023 charter capital of the Company consisted of 90 shares with par value of AZN 2 each. The breakdown of charter capital by shareholders as of 31 December 2024 and 2023 is as follows:

	31 December 2024	31 December 2023
Elmar Huseynov	80	80
Narmin Aliyeva	60	60
Rashad Mammadov	40	40
TOTAL CHARTER CAPITAL	**180**	**180**

Dividends declared and paid by the Company for the years ended 31 December 2024 and 2023 amounted to AZN 2,800 and AZN 1,300, respectively. Dividends are proposed by the Board of Directors and are subject to approval at the annual general meeting of shareholders.

22. Commitments and contingencies

Operating environment

The Company conducts most of its operations in the Azerbaijan. Emerging markets such as Azerbaijan are subject to different risks including economic, political, social and legal risks. Laws and regulations affecting businesses in Azerbaijan continue to change rapidly, tax and regulatory frameworks are subject to varying interpretations. Azerbaijani economy is particularly sensitive to oil and gas prices. During recent years, Azerbaijani government continued major economic and social reforms to accelerate transition to a more balanced economy and reduce dependence on the oil and gas sector.

International credit rating agencies regularly evaluate the credit rating of Azerbaijan. As at 31 December 2024 Fitch evaluated the rating of Azerbaijan as "BB+", S&P with "BB+" and Moody's Investors Service - "Ba1".

Taxation contingencies

The Company is subject, together with income tax, to various taxes. The taxation system in Azerbaijan continues to evolve and is characterised by frequent changes in legislation, official pronouncements and court decisions, which are sometimes contradictory and subject to varying interpretation by different tax authorities. Taxes are subject to review and investigation by a number of authorities who have the authority to impose severe fines, penalties and interest charges.

Fiscal periods remain open to review by the tax authorities in respect of taxes for three calendar years preceding the year of tax audit. Under certain circumstances such reviews may cover longer periods.

Significant judgment is required in determining provisions for tax liabilities. Management believes that it has provided adequately for tax liabilities based on its interpretations of applicable Azerbaijani tax legislation, official pronouncements and court decisions. However, the interpretations of the relevant authorities could differ and the effect on the financial statements, if the authorities were successful in enforcing their interpretations, could be significant.

Capital commitments

Capital commitments represent the balances committed to capital projects on reporting date that will be incurred in the period subsequent to the reporting date. There were no capital commitments to be disclosed in these financial statements as of 31 December 2024 and 2023.

Legal proceedings

From time to time and in the normal course of business, claims against the Company may be received. On the basis of its own estimates and both internal and external professional advice, management is of the opinion that no material losses will be incurred in respect of claims in excess of provisions that have been made in these financial statements.

23. Financial risk management

Financial risk management note explains the Company's exposure to financial risks and how these risks could affect the Company's future financial performance. The Company is exposed to market risk, credit risk and liquidity risk. The Company’s financial department manages these risks under policies approved by the senior management. Financial department identifies, evaluates and mitigates financial risks in close co-operation with the Company’s operating units.

The Company’s principal financial assets include cash and cash equivalents and trade and other receivables. The Company’s principal financial liabilities include trade and other payables, borrowings and lease liabilities.

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities and financing activities, including cash and cash equivalents and trade and other receivables.

Customer credit risk is managed by each business unit responsible for underlying transactions. Credit quality of a customer is assessed based on past experience, its financial position and other factors. Individual credit limits are defined in accordance with this assessment. The compliance with credit limits by customers is regularly monitored by line management.

At 31 December 2024 and 2023, the Company had 6 customers with total balance of AZN 960 (2023: 6 customers, AZN 588), collectively representing around 59% and 70% of total outstanding trade receivables, respectively.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by product type, customer type and rating, geographical region, and coverage by letters of credit or other forms of credit insurance). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

(in thousands of Azerbaijani manats)

The information about the credit risk exposure on the Company's trade and other receivables using a provision matrix as of 31 December 2024 and 2023 is as follows:

	Current	30-90 days	90-180 days	180-365 days	Over 1 year	TOTAL
Trade and other receivables - gross	1,013	532	115	27	-	1,687

	Current	30-90 days	90-180 days	180-365 days	Over 1 year	TOTAL
Trade and other receivables - gross	735	88	99	19	-	941

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company undertakes transactions denominated in foreign currencies, consequently, exposures to exchange rate fluctuations arise.

The Company's exposure to foreign currency risk at the end of the reporting period was as follows:

	EUR	USD	TOTAL
Cash and cash equivalents	369	987	1,356
TOTAL FINANCIAL ASSETS	**369**	**987**	**1,356**
Trade and other payables	(3)	(71)	(74)
TOTAL FINANCIAL LIABILITIES	**(3)**	**(71)**	**(74)**
NET EXPOSURE 2024	**366**	**916**	**1,282**

	EUR	USD	TOTAL
Cash and cash equivalents	299	651	950
TOTAL FINANCIAL ASSETS	**299**	**651**	**950**
Trade and other payables	(79)	(61)	(140)
TOTAL FINANCIAL LIABILITIES	**(79)**	**(61)**	**(140)**
NET EXPOSURE 2023	**220**	**590**	**810**

(in thousands of Azerbaijani manats)

The Company's exposure to the risk of changes in foreign exchange rates relates primarily to its operating and financing activities.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due. The Company's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

The following tables show the remaining contractual maturities at the end of the reporting period of the Company's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates) and the earliest date the Company can be required to pay:

	Up to 3 months	3 to 12 months	1 to 5 years	Over 5 years	TOTAL
Borrowings	398	541	295	-	1,234
Lease liabilities	59	179	709	-	947
Trade and other payables	2,303	-	-	-	2,303
TOTAL FINANCIAL LIABILITIES 2024	**2,760**	**720**	**1,004**	**-**	**4,484**

	Up to 3 months	3 to 12 months	1 to 5 years	Over 5 years	TOTAL
Borrowings	332	473	887	-	1,692
Lease liabilities	47	143	604	-	794
Trade and other payables	1,329	-	-	-	1,329
TOTAL FINANCIAL LIABILITIES 2023	**1,708**	**616**	**1,491**	**-**	**3,815**

(in thousands of Azerbaijani manats)

24. Related party transactions

The following balances are outstanding in relation to transactions with related parties as of 31 December 2024 and 2023:

	31 December 2024 - related	31 December 2024 - total	31 December 2023 - related	31 December 2023 - total
Trade and other receivables	2	1,603	2	846
- Other related parties	2		2	
Trade and other payables	(135)	(2,303)	(66)	(1,329)
- Other related parties	(135)		(66)	

The following transactions occurred with related parties for the years ended 31 December 2024 and 2023:

	2024 - related	2024 - total	2023 - related	2023 - total
Revenue	661	11,936	348	10,944
- Other related parties	661		348	
Purchases	(790)	(6,637)	(420)	(5,854)
- Other related parties	(790)		(420)	

The compensation of key management personnel of the Company for the years ended 31 December 2024 and 2023 is as follows:

	2024	2023
Wages and salaries	54	48
Bonuses	12	10
TOTAL KEY MANAGEMENT COMPENSATION	**66**	**58**

25. Events after the reporting period

On 17 February 2025, the Company signed new loan agreement with ABB to finance the construction of the new production plant for the office furniture. The total available amount under the agreement is AZN 850, which is expected to be drawn down over the next 12 months.

The loan is repayable in monthly annual instalments within 4 years and bears 9.5% interest per annum.