

**“SPACE AGENCY OF THE REPUBLIC OF  
AZERBAIJAN (AZERCOSMOS)”  
PUBLIC LEGAL ENTITY**

**Consolidated Financial Statements and  
Independent Auditors’ Report**

For the Year Ended December 31, 2024

**STATEMENT OF MANAGEMENT'S RESPONSIBILITIES FOR THE PREPARATION AND APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024**

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The following statement is made with a view to distinguishing respective responsibilities of the management and those of the independent auditors in relation to the consolidated financial statements of the "Space Agency of the Republic of Azerbaijan (Azercosmos)" Public Legal Entity (the "Agency") and its subsidiary (collectively referred to as the "Group").

Management is responsible for the preparation of the consolidated financial statements that present fairly the financial position of the Group as at December 31, 2024, the results of its operations, changes in equity and cash flows for the year then ended, in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

In preparing the consolidated 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 IFRS Accounting Standards have been followed, subject to any material departures disclosed and explained in the consolidated financial statements; and
- Preparing the consolidated financial statements on a going concern basis, unless it is inappropriate to presume that the Group 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 Group;
- Maintaining proper accounting records that disclose, with reasonable accuracy at any time, the financial position of the Group, and which enable them to ensure that the consolidated financial statements of the Group comply with IFRS Accounting Standards;
- Maintaining statutory accounting records in compliance with legislation and accounting standards of the Republic of Azerbaijan;
- Taking such steps that are reasonably available to them to safeguard the assets of the Group; and
- Detecting and preventing fraud, errors and other irregularities.

The consolidated financial statements for the year ended December 31, 2024 were authorized for issue on May 14, 2025 by the Management.



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## INDEPENDENT AUDITORS' REPORT

To the Shareholder and Management of the "Space Agency of the Republic of Azerbaijan (Azercosmos)" Public Legal Entity:

### *Opinion*

We have audited the consolidated financial statements of "Space Agency of the Republic of Azerbaijan (Azercosmos)" Public Legal Entity (the "Agency") and its subsidiary (collectively referred to as the "Group"), which comprise the consolidated statement of financial position as at December 31, 2024, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2024 and its consolidated financial performance and cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

### *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 Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' 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.

### *Our Audit Approach*

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. We considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

ASSURANCE ADVISORY TAX LEGAL

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### ***Auditors' Responsibilities for the Audit of the Consolidated Financial Statements***

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

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

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.

From the matters communicated with those charged with governance, we determine those matters that were of the most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' 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.

*Baker Tilly Azerbaijan*

May 14, 2025  
Baku, the Republic of Azerbaijan

**“SPACE AGENCY OF THE REPUBLIC OF AZERBAIJAN (AZERCOSMOS)” PUBLIC  
LEGAL ENTITY**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT DECEMBER 31, 2024**

<i>In Azerbaijani manats</i>	Notes	December 31, 2024	December 31, 2023
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property and equipment	8	319,228,961	264,415,152
Intangible assets	8	950,546	941,335
Finance lease receivable	9	92,486,870	101,283,481
Other non-current assets	10	1,841,266	2,224,636
<b>Total non-current assets</b>		<b>414,507,643</b>	<b>368,864,604</b>
<b>Current assets</b>			
Cash and cash equivalents	7, 11	63,334,662	98,515,944
Trade and other receivables	7, 12	6,673,806	19,581,015
Finance lease receivable	9	14,921,710	14,921,710
Other current assets	13	3,237,098	6,468,884
<b>Total current assets</b>		<b>88,167,276</b>	<b>139,487,553</b>
<b>TOTAL ASSETS</b>		<b>502,674,919</b>	<b>508,352,157</b>
<b>Equity</b>			
Charter capital	14	473,605,880	295,605,880
Additional paid-in capital	14	143,817,822	246,817,822
Accumulated losses		(379,573,692)	(347,324,105)
<b>TOTAL EQUITY</b>		<b>237,850,010</b>	<b>195,099,597</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings	7, 15	231,776,366	265,177,662
<b>Total non-current liabilities</b>		<b>231,776,366</b>	<b>265,177,662</b>
<b>Current liabilities</b>			
Trade and other payables	7, 16	1,472,970	5,095,939
Borrowings	7, 15	28,915,344	42,231,899
Other current liabilities	17	2,660,229	747,060
<b>Total current liabilities</b>		<b>33,048,543</b>	<b>48,074,898</b>
<b>TOTAL LIABILITIES</b>		<b>264,824,909</b>	<b>313,252,560</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>502,674,919</b>	<b>508,352,157</b>

**“SPACE AGENCY OF THE REPUBLIC OF AZERBAIJAN (AZERCOSMOS)” PUBLIC LEGAL ENTITY**

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2024**

<i>In Azerbaijani manats</i>	Notes	Year ended December 31, 2024	Year ended December 31, 2023
Revenue	7, 18	37,693,547	41,181,459
Cost of services	7, 19	(38,150,856)	(40,824,890)
<b>Gross (loss)/profit</b>		<b>(457,309)</b>	<b>356,569</b>
General and administrative expenses	7, 20	(22,446,925)	(34,444,123)
Recovery/(charge) of expected credit losses on trade and other receivables	12	112,370	(687,352)
<b>Operating loss</b>		<b>(22,791,864)</b>	<b>(34,774,906)</b>
Finance cost	7, 21	(12,742,150)	(15,847,274)
Finance income	22	6,418,389	6,920,025
Foreign exchange gain/(loss), net		1,427,763	(2,481,811)
Other expense, net	23	(4,561,725)	(8,270,053)
<b>Net loss for the year</b>		<b>(32,249,587)</b>	<b>(54,454,019)</b>
<b>Total comprehensive loss for the year</b>		<b>(32,249,587)</b>	<b>(54,454,019)</b>

## LEGAL ENTITY

### CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED DECEMBER 31, 2024

	Charter capital	Additional paid-in capital	Accumulated losses	Total equity
<i>In Azerbaijani manats</i>				
<b>Balance at January 1, 2023</b>	<b>272,605,880</b>	<b>166,817,822</b>	<b>(292,870,086)</b>	<b>146,553,616</b>
Total comprehensive loss for the year	-	-	(54,454,019)	(54,454,019)
Transfer from additional paid-in capital to charter capital	23,000,000	(23,000,000)	-	-
Increase in additional paid-in capital	-	103,000,000	-	103,000,000
<b>Balance at December 31, 2023</b>	<b>295,605,880</b>	<b>246,817,822</b>	<b>(347,324,105)</b>	<b>195,099,597</b>
Total comprehensive loss for the year	-	-	(32,249,587)	(32,249,587)
Transfer from additional paid-in capital to charter capital	178,000,000	(178,000,000)	-	-
Increase in additional paid-in capital	-	75,000,000	-	75,000,000
<b>Balance at December 31, 2024</b>	<b>473,605,880</b>	<b>143,817,822</b>	<b>(379,573,692)</b>	<b>237,850,010</b>

**“SPACE AGENCY OF THE REPUBLIC OF AZERBAIJAN (AZERCOSMOS)” PUBLIC  
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**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2024**

<i>In Azerbaijani manats</i>	Notes	Year ended December 31, 2024	Year ended December 31, 2023
<b>Cash flows from operating activities</b>			
Net loss for the year		(32,249,587)	(54,454,019)
<i>Adjustments for:</i>			
Depreciation and amortization expenses	8	25,698,165	27,563,735
(Reversal)/charge of impairment loss on property and equipment	8	(205,201)	13,838,481
Finance income on finance lease receivable	9	(6,418,389)	(6,920,025)
(Recovery)/charge of expected credit losses on trade and other receivables	12	(112,370)	687,352
Interest expense on borrowings	21	12,742,150	15,847,274
Provision charge for damaged and obsolete inventories	23	4,648,287	7,213,084
Investment loss/(income)	23	311,975	(74,328)
Loss on disposal of property and equipment and intangible assets	23	118,015	6,847,185
Gain on extinguishment of liabilities	23	(172,467)	-
Government grants income	23	-	(13,222,200)
Property and equipment received free of charge		(88,755)	-
Foreign exchange (gain)/loss, net		(1,427,763)	2,481,811
<b>Operating cash flows before working capital changes:</b>		<b>2,844,060</b>	<b>(191,650)</b>
Change in trade and other receivables		4,143,549	1,155,631
Change in other current assets		(1,339,189)	(10,525,901)
Change in trade and other payables		(3,373,510)	4,075,945
Change in other current liabilities		1,993,667	(220,698)
<b>Cash inflow/(outflow) from operating activities before interest paid</b>		<b>4,268,577</b>	<b>(5,706,673)</b>
Interest paid	15	(8,783,483)	(6,205,941)
<b>Net cash outflow from operating activities</b>		<b>(4,514,906)</b>	<b>(11,912,614)</b>
<b>Cash flows from investing activities</b>			
Purchases of property and equipment and intangible assets		(80,345,244)	(3,407,821)
Proceeds from insurance compensation		8,712,183	36,097,589
Proceeds from finance lease receivables	9	15,215,000	15,215,000
Grant received from the Government		-	10,000,000
Dividend received		71,395	-
<b>Net cash flows (used in)/from investing activities</b>		<b>(56,346,666)</b>	<b>57,904,768</b>
<b>Cash flows from financing activities</b>			
Equity contribution by shareholder		75,000,000	103,000,000
Proceeds from borrowings		47,262,606	-
Repayment of borrowings	15	(94,351,583)	(62,214,662)
<b>Net cash flows from financing activities</b>		<b>27,911,023</b>	<b>40,785,338</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(32,950,549)</b>	<b>86,777,492</b>
Effect of exchange rate changes on cash and cash equivalents		(2,230,733)	787,358
<b>Cash and cash equivalents at the beginning of the year</b>	11	<b>98,515,944</b>	<b>10,951,094</b>
<b>Cash and cash equivalents at the end of the year</b>	11	<b>63,334,662</b>	<b>98,515,944</b>