
“Norm” Open Joint Stock Company

Financial Statements and
Independent Auditor’s Report
For Year ended 31 December 2021

“NORM” OPEN JOINT STOCK COMPANY

STATEMENT OF MANAGEMENT’S RESPONSIBILITIES FOR THE PREPARATION AND APPROVAL OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

Management is responsible for the preparation of the financial statements that present fairly the financial position of “Norm” Open Joint Stock Company (the “Company”) as of December 31, 2021, and the results of its operations, cash flows and changes in equity for the year then ended in compliance with International Financial Reporting Standards (“IFRS”).

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 IFRSs are 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 IFRSs;
- Maintaining statutory accounting records in compliance with legislation and accounting standards of the Republic of Azerbaijan;
- Taking such steps as are reasonably available to them to safeguard the assets of the Company; and
- Preventing and detecting fraud and other irregularities.

The financial statements for the year ended December 31, 2021 were approved by management on June 2, 2022.

On behalf of Management of the Company:


Mr. Henning Sasse
Chief Executive Officer


Mr. Elvin Mirzayev
Chief Financial Officer


Mr. Dnyamin Safaraliyev
Finance Manager



INDEPENDENT AUDITOR'S REPORT

To the Shareholder and Board of Directors of "Norm" Open Joint Stock Company

Opinion

We have audited the financial statements of "Norm" Open Joint Stock Company (the "Company"), which comprise the statement of financial position as at December 31, 2021, 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 a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2021, 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' *Code of Ethics for Professional Accountants* (the "IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the 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.

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.

DEBITTE + TOUCHE

June 2, 2022



“NORM” OPEN JOINT STOCK COMPANY

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2021
(In thousands of Azerbaijani Manats)**

	Notes	Year ended December 31, 2021	Year ended December 31, 2020 (As reclassified)*
Revenue	6	170,864	156,327
Cost of sales	7	(100,068)	(91,657)
Gross profit		70,796	64,670
General and administrative expenses	5, 8	(12,969)	(9,327)
Selling and marketing expenses	9	(4,906)	(4,689)
Distribution expenses	10	(11,965)	(9,856)
Change in provision for other liabilities and charges		419	(2,840)
Change in allowance for impairment of trade receivables	15	(133)	(918)
Operating profit		41,242	37,040
Finance income		109	-
Finance cost		-	(938)
Unwinding of long-term payable	19	-	609
Foreign exchange gain / (loss), net		66	(303)
Charity expenses	5	(5,574)	(2,172)
Other income		701	540
Profit before tax		36,544	34,776
Income tax expense	11	(8,147)	(8,162)
PROFIT FOR THE YEAR AND TOTAL COMPREHENSIVE INCOME		28,397	26,614

*Charity expenses for the year ended December 31, 2020 presented within general and administrative expenses in the prior year financial statements have been reclassified in the current year to improve presentation of the financial statements (see Note 5).

The notes on pages 8-36 form an integral part of these financial statements.

“NORM” OPEN JOINT STOCK COMPANY

**STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2021
(in thousands of Azerbaijan Manats)**

	Notes	December 31, 2021	December 31, 2020
ASSETS			
<i>Non-current assets</i>			
Property, plant and equipment	12	155,468	161,838
Advances given for property, plant and equipment		1,391	2,749
Intangible assets		1,014	751
Total non-current assets		157,873	165,338
<i>Current assets</i>			
Inventories	14	38,505	35,484
Trade receivables	15	10,549	15,111
Other taxes receivable	16	5,971	2,708
Cash and cash equivalents	17	45,046	9,407
Other assets	13	41,112	41,083
Total current assets		141,183	103,793
Total assets		299,056	269,131
EQUITY AND LIABILITIES			
<i>Capital and reserves</i>			
Share capital	18	161,963	161,963
Retained earnings		84,961	58,264
Total equity		246,924	220,227
<i>Non-current liabilities</i>			
Trade and other payables	19	4,464	3,464
Deferred tax liabilities	11	4,265	9,101
Total non-current liabilities		8,729	12,565
<i>Current liabilities</i>			
Trade and other payables	19	33,213	22,564
Tax payables	20	9,007	9,006
Contract liabilities	6	447	1,093
Provisions for other liabilities and charges	21	736	3,676
Total current liabilities		43,403	36,339
Total liabilities		52,132	48,904
Total equity and liabilities		299,056	269,131

The notes on pages 8-36 form an integral part of these financial statements.

"NORM" OPEN JOINT STOCK COMPANY

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2021
(in thousands of Azerbaijan Manats)**

	Notes	Share capital	Retained earnings	Total Equity
Balance at January 1, 2020		161,963	48,150	210,113
Dividends declared and paid	18	-	(16,500)	(16,500)
Profit for the year and total comprehensive income		-	26,614	26,614
Balance at December 31, 2020		161,963	58,264	220,227
Dividends declared and paid	18	-	(1,700)	(1,700)
Profit for the year and total comprehensive income		-	28,397	28,397
Balance at December 31, 2021		161,963	84,961	246,924

The notes on pages 8-36 form an integral part of these financial statements.

"NORM" OPEN JOINT STOCK COMPANY

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2021
(In thousands of Azerbaijani Manats)**

	Notes	Year ended December 31, 2021	Year ended December 31, 2020
CASH FLOWS FROM OPERATING ACTIVITIES:			
Profit before tax		36,544	34,776
<i>Adjustments for:</i>			
Depreciation and amortisation		11,834	11,606
Disposal of property, plant and equipment		65	-
Change in allowance for impairment of trade receivables	15	133	918
Change in provision for other liabilities and charges		(419)	2,840
Unwinding of long-term payable	21	-	(609)
Finance income		(109)	-
Finance cost		-	938
Foreign exchange (gain) / loss, net		(66)	303
Cash inflows before movement in working capital		47,982	50,772
<i>Movements in working capital:</i>			
Increase in inventories		(3,021)	(2,041)
Decrease in trade receivables		4,428	132
(Increase) / decrease in other taxes receivable		(3,263)	1,427
Increase in other assets		(454)	(848)
Increase in trade and other payables		11,094	141
Decrease in contract liability		(614)	(268)
(Decrease) / increase in provision for other liabilities and charges		(2,521)	155
(Decrease) / increase in tax payables		(5,002)	30
Cash generated from operations		48,629	49,500
Income tax paid		(7,980)	-
Interest paid		-	(1,057)
Net cash generated from operating activities		40,649	48,443
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from borrowings		-	31,414
Repayment of borrowings		-	(64,629)
Dividends paid		(1,700)	(16,500)
Net cash used in financing activities		(1,700)	(49,715)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Release of restricted cash		-	23,088
Acquisition of property, plant and equipment		(3,632)	(10,861)
Investment in bonds		-	(1,462)
Withdrawal / (placement) of bank deposits		534	(414)
Acquisition of intangible assets		(138)	(248)
Net cash (used in) / generated from investing activities		(3,236)	10,103
Effect of exchange rate changes on the balance of cash held in foreign currencies		(74)	(119)
NET INCREASE IN CASH		35,713	8,831
CASH, at the beginning of the year	17	9,407	695
CASH, at the end of the year	17	45,046	9,407

The notes on pages 8-36 form an integral part of these financial statements.