

“AZRE REINSURANCE” OJSC

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

For the year ended December 31, 2025

INDEPENDENT AUDITORS' REPORT

To the Shareholders and Management of “AzRe Reinsurance” Open Joint Stock Company

Opinion

We have audited the consolidated financial statements of “AzRe Reinsurance” Open Joint Stock Company (the “Company”) and its subsidiary (together the “Group”), which comprise the consolidated statement of financial position as at December 31, 2025 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 material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as at December 31, 2025, and its consolidated financial performance and its consolidated 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 Auditor’s 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’ International Code of Ethics for Professional Accountants (including International Independence Standards) (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.

Other Matter

The consolidated financial statements of the Group as at and for the year ended December 31, 2024 were audited by another auditor who expressed an unmodified opinion on those statements on June 30, 2025.

As a part of the audit of the consolidated financial statements for the year ended December 31, 2025, we also audited the adjustments described in Note 7 that were applied to the consolidated financial statements for the year ended December 31, 2024. We were not engaged to audit the consolidated financial statements of the Group for the year ended December 31, 2024, other than with respect to the adjustments, if any. Accordingly, we do not express an opinion or any other form of assurance on those consolidated financial statements taken as a whole.

Responsibilities of Management and the Audit Committee for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

The Audit Committee is responsible for overseeing the Group's financial reporting process.

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 skepticism 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 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 Group to cease to continue as a going concern; and
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

Baker Tilly Azerbaijan

June 25, 2026

Baku, the Republic of Azerbaijan

“AZRE REINSURANCE” OPEN JOINT STOCK COMPANY

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2025

	Notes	December 31, 2025	December 31, 2024 (reclassified)
Assets			
Cash and cash equivalents	8	12,320,627	6,825,515
Deposits with banks	9	25,052,578	5,639,317
Investments at amortised cost	10	132,192,310	122,269,327
Investments at fair value through other comprehensive income	11	13,176,872	11,585,741
Restricted cash	12	12,776,242	8,414,715
Insurance contract assets	13	10,160,935	2,678,682
Reinsurance contract assets	13	3,793,028	4,348,891
Intangible assets	15	708,907	399,364
Premises and equipment	16	1,230,378	1,055,182
Right-of-use assets	17	1,487,865	1,641,168
Deferred income tax asset	14	327,929	699,144
Other assets	18	323,282	235,255
Total assets		213,550,953	165,792,301
Liabilities			
Insurance contract liabilities	13	74,736,651	48,972,173
Reinsurance contract liabilities	13	896,989	153,832
Lease liabilities	19	1,669,161	1,728,854
Tax payables		2,536,475	1,844,204
Deferred income tax liability	14	1,258,454	1,065,822
Other liabilities	20	1,861,094	2,016,988
Total liabilities		82,958,824	55,781,873
Equity			
Share capital	21	50,000,000	50,000,000
Net unrealized gain on investment securities		5,210,085	4,212,640
Retained earnings		61,388,544	45,103,874
Equity attributable to the Owners of the Company		116,598,629	99,316,514
Non-controlling interest		13,993,500	10,693,914
Total equity		130,592,129	110,010,428
Total liabilities and equity		213,550,953	165,792,301

Mr. Vusal Abbasov
Chief Executive Officer

Ms. Lala Afandiyeva
Chief Financial Officer

June 25, 2026
Baku, the Republic of Azerbaijan

June 25, 2026
Baku, the Republic of Azerbaijan

“AZRE REINSURANCE” OPEN JOINT STOCK COMPANY

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2025

	Notes	Year ended December 31, 2025	Year ended December 31, 2024 (reclassified)
Insurance revenue	13, 22	128,051,499	96,909,484
Insurance service expenses	13, 23	(67,310,825)	(50,276,617)
Insurance services results before reinsurance contracts held		60,740,674	46,632,867
Allocation of reinsurance premiums	13	(17,971,072)	(11,614,667)
Amounts recoverable from reinsurance for incurred claims	13	(376,801)	2,627,870
Net expenses from reinsurance contracts held		(18,347,873)	(8,986,797)
Insurance services results		42,392,801	37,646,070
Insurance finance expense for insurance contracts issued	13, 24	(1,627,019)	(958,506)
Reinsurance finance income/(expense) for reinsurance contracts held	13, 24	265,976	(796,024)
Net insurance financial results		41,031,758	35,891,540
Finance income	25	10,681,507	7,730,811
Operating expenses	26	(13,340,708)	(9,124,135)
Expected credit loss (charges)/recoveries on financial assets	9,10,13	(1,565,294)	50,323
Finance cost	27	(184,604)	(181,891)
Foreign exchange translation loss, net		(212,895)	(1,464,681)
Other income, net	28	601,599	666,021
Profit before income tax		37,011,363	33,567,988
Income tax:			
Income tax expense	14	(7,577,567)	(7,316,901)
Net profit for the year		29,433,796	26,251,087
Other comprehensive income for the year			
Items that will not be classified subsequently to profit or loss:			
Surplus on investments at fair value through other comprehensive income, net of tax		1,272,905	1,800,188
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		30,706,701	28,051,275
Net profit for the year attributable to:			
Owners of the Company		23,909,670	22,363,331
Non-controlling interest		5,524,126	3,887,756
		29,433,796	26,251,087
Total comprehensive income for the year attributable to:			
Owners of the Company		24,907,115	23,851,871
Non-controlling interest		5,799,586	4,199,404
		30,706,701	28,051,275

“AZRE REINSURANCE” OPEN JOINT STOCK COMPANY

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2025**

	Share capital	Net unrealized gain on investment securities	Retained earnings	Total attributable to the owner of Parent Company	Non-controlling interest (NCI)	Total equity
Balance at January 1, 2024	50,000,000	2,724,100	43,311,074	96,035,174	2,054,977	98,090,151
Net profit for the year	-	-	22,363,331	22,363,331	3,887,756	26,251,087
Other comprehensive income for the year	-	1,488,540	-	1,488,540	311,648	1,800,188
Total comprehensive income	-	1,488,540	22,363,331	23,851,871	4,199,404	28,051,275
<i>Transaction with owners</i>						
Dividends declared (Note 21)	-	-	(19,517,413)	(19,517,413)	(1,830,225)	(21,347,638)
Changes in the proportion held by non-controlling interests (Note 21)	-	-	(1,053,118)	(1,053,118)	6,269,758	5,216,640
Balance at December 31, 2024	50,000,000	4,212,640	45,103,874	99,316,514	10,693,914	110,010,428
Net profit for the year	-	-	23,909,670	23,909,670	5,524,126	29,433,796
Other comprehensive income for the year	-	997,445	-	997,445	275,460	1,272,905
Total comprehensive income	-	997,445	23,909,670	24,907,115	5,799,586	30,706,701
<i>Transaction with owners</i>						
Dividends declared (Note 21)	-	-	(7,625,000)	(7,625,000)	(2,500,000)	(10,125,000)
Balance at December 31, 2025	50,000,000	5,210,085	61,388,544	116,598,629	13,993,500	130,592,129

“AZRE REINSURANCE” OPEN JOINT STOCK COMPANY

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2025

	Note	Year ended December 31, 2025	Year ended December 31, 2024 (reclassified)
OPERATING ACTIVITIES			
Profit before income tax for the year		37,011,363	33,567,988
Adjustments for non-cash and non-operating items:			
Depreciation of premises and equipment	16	417,938	349,081
Depreciation of right-of-use assets	17	506,752	346,949
Amortisation of intangible assets	15	170,932	105,625
Expected credit loss charges/(recoveries) on financial assets	9, 10, 13	1,565,294	(50,323)
Interest income on deposits with banks	25	(1,020,938)	(218,251)
Interest income from overnight deposits	25	(149,176)	(25,785)
Interest income on investment securities	25	(9,001,322)	(7,180,563)
Interest income from reverse repo	25	(134,498)	(34,461)
Interest income on restricted cash	25	(375,573)	(271,751)
Finance cost on lease liabilities	27	184,604	181,891
Loss/(gain) on disposal of premises and equipment and intangible assets	28	17,932	(12,960)
Gain on termination of lease liabilities	28	-	(8,950)
Operating cash flows before changes in working capital		29,193,308	26,748,490
Changes in working capital:			
Insurance and reinsurance contract assets – net *		(8,454,909)	455,108
Insurance and reinsurance contract liabilities – net *		26,507,635	5,300,509
Tax payables		236,325	628,020
Other assets		(88,027)	537,673
Other liabilities		(155,894)	970,076
		<u>47,238,438</u>	<u>34,639,876</u>
Income tax paid		(6,876,000)	(7,129,141)
Net cash generated from operating activities		40,362,438	27,510,735
INVESTING ACTIVITIES			
Placements of deposits with banks		(24,450,000)	(11,600,000)
Proceeds from deposits with banks		5,550,000	11,699,612
Purchase of investment securities		(69,840,479)	(57,327,478)
Proceeds from investment securities		59,904,823	45,352,981
Placements of restricted cash		(4,442,470)	(3,178,414)
Payment for premises and equipment		(593,310)	(703,018)
Payment for intangible assets		(498,231)	(239,760)
Interest received from investment securities		9,002,313	6,794,728
Interest received from bank deposits		482,584	239,935
Interest received from restricted cash		456,516	209,473
Interest received from reverse repo		134,498	34,461
Interest received from overnight deposits		149,176	25,785
Proceeds from disposal of premises and equipment		-	25,656
Net cash used in investing activities		(24,144,580)	(8,666,039)

“AZRE REINSURANCE” OPEN JOINT STOCK COMPANY

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2025 (Continued)**

	Notes	Year ended December 31, 2025	Year ended December 31, 2024 (reclassified)
FINANCING ACTIVITIES			
Dividends paid to the shareholders	21	(10,125,000)	(21,347,638)
Lease liabilities paid	19	(597,746)	(467,853)
Proceeds from equity contributions from non-controlling interest	21	-	5,216,640
Net cash used in financing activities		(10,722,746)	(16,598,851)
Net change in cash and cash equivalents		5,495,112	2,245,845
Cash and cash equivalents at the beginning of the year	8	6,825,515	4,579,670
Cash and cash equivalents at the end of the year	8	12,320,627	6,825,515

* For detailed information regarding premiums received, premiums paid, claims paid and claims recovered from reinsurers, refer to Note 13.