

Delta Telecom Ltd

Consolidated financial statements for
the year ended 31 December 2020.

Independent auditor's report.....	2
Consolidated statement of financial position.....	3
Consolidated statement of financial performance.....	4
Consolidated statement of cash flows.....	5
Consolidated statement of changes in equity.....	6
1. General.....	10
2. Significant accounting policies.....	10
3. Cash and cash equivalents.....	28
4. Inventories.....	29
5. Trade receivables.....	29
6. Prepayments.....	30
7. Advances to state budget.....	30
8. Loans receivable.....	31
9. Property, plant and equipment.....	31
10. Trade payables.....	32
11. Advances received.....	33
12. Payable to state budget.....	34
13. Staff costs.....	34
14. Other operating expenses.....	34
15. Income tax.....	35

Independent auditor's report

To the Shareholders and Management of Delta Telecom Ltd

Opinion

We have audited the consolidated financial statements of Delta Telecom Ltd and its subsidiaries (the Company), which comprise the consolidated statement of financial position as at 31 December 2020, and the consolidated statement of profit or loss, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2020 and its financial performance and its cash flows for the years 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 (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 of consolidated the financial statements in accordance with IFRS 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 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 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 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 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 auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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.

20 November 2021

Baku, Azerbaijan



Delta Telecom Ltd
Consolidated statement of changes in equity for the year ended 31 December
2020
(in thousands Azerbaijani manats)

	Charter capital	Retained earnings	TOTAL
Balances as at 31-Dec-2018	27	125,395	125,422
Dividends	-	(20,782)	(20,782)
Profit for the year	-	23,365	23,365
Balances as at 31-Dec-2019	27	127,978	128,005
Dividends	-	(11,112)	(11,112)
Profit for the year	-	21,144	21,144
Balances as at 31-Dec-2020	27	138,010	138,037

On behalf of Management:

Ramazan Valiyev,
General Director



Leyla Bahramova,
Finance Director



Delta Telecom Ltd
 Consolidated statement of financial performance for the year ended 31
 December 2020
 (in thousands Azerbaijani manats)

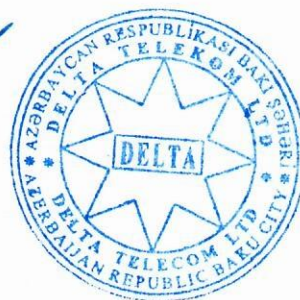
	Note	2020	2019
Revenues		69,251	78,657
TOTAL REVENUES		69,251	78,657
Traffic services		(18,815)	(27,904)
Depreciation	9	(8,697)	(8,273)
Staff costs	13	(5,857)	(5,465)
Cost of materials		(1,125)	(2,344)
Other operating expenses	14	(9,345)	(3,733)
TOTAL OPERATING EXPENSES		(43,839)	(47,719)
NET OPERATING PROFIT		25,412	30,938
Foreign exchange gain/(loss)		2,507	(487)
Other non-operating expenses		(800)	-
TOTAL NON-OPERATING EXPENSES		1,707	(487)
PROFIT BEFORE TAX		27,119	30,451
Income tax	15	(5,975)	(7,086)
NET PROFIT		21,144	23,365

On behalf of Management:

Ramazan Valiyev,
 General Director



Leyla Bahramova,
 Finance Director

Delta Telecom Ltd

Consolidated statement of financial position as at 31 December 2020

(in thousands Azerbaijani manats)

	Note	31 December 2020	31 December 2019
Cash and cash equivalents	3	34,342	26,952
Inventories	4	4,118	4,084
Trade receivables	5	41,579	33,933
Prepayments	6	34,568	19,859
Advances to state budget	7	54	49
Advances to employees		7	6
Loans receivable	8	1,058	793
TOTAL CURRENT ASSETS		115,726	85,676
Property, plant and equipment	9	64,604	62,246
Intangible assets		56	66
Long-term loans receivable	8	2,117	2,382
TOTAL NON-CURRENT ASSETS		66,777	64,694
TOTAL ASSETS		182,503	150,370
Trade payables	10	19,166	12,151
Contract liabilities		8,575	-
Advances received	11	4,078	2,836
Payable to state budget	12	6,962	1,016
TOTAL CURRENT LIABILITIES		38,781	16,003
Deferred tax liability	15	5,685	6,362
TOTAL NON-CURRENT LIABILITIES		5,685	6,362
TOTAL LIABILITIES		44,466	22,365
Charter capital		27	27
Retained earnings		138,010	127,978
TOTAL EQUITY		138,037	128,005
TOTAL EQUITY AND LIABILITIES		182,503	150,370

On behalf of Management:

Ramazan Valiyev,
General Director

Leyla Bahramova,
Finance Director
