

PASHA Insurance OJSC

Financial statements

Year ended 31 December 2025

together with independent auditors' report

Contents

Independent Auditors' Report

Financial statements

Statement of financial position	1
Statement of profit or loss and other comprehensive income.....	2
Statement of changes in equity.....	3
Statement of cash flows	4

Notes to the financial statements

1. Principal activities.....	8
2. Basis of preparation	8
3. Material accounting policies	8
4. Changes in material accounting policies.....	27
5. Use of judgments and estimates.....	28
6. Cash and cash equivalents	30
7. Investment securities	31
8. Amounts due from credit institutions	32
9. Receivables.....	33
10. Property, equipment and intangible assets	33
11. Right-of-use assets and lease liabilities	33
12. Other assets and liabilities	34
13. Insurance and reinsurance contracts.....	35
14. Payables.....	83
15. Borrowings	83
16. Taxation.....	84
17. Equity	85
18. Contingencies and commitments	86
19. Insurance service results	87
20. Personnel expenses.....	89
21. Other operating and administrative expenses	89
22. Investment income	89
23. Related party transactions	90
24. Risk management	91
25. Fair values of financial instruments.....	104



KPMG Audit Azerbaijan LLC
Port Baku South Tower
Neftchilar Avenue, 153
Baku, Azerbaijan AZ1010
+994 12 404 89 10

Independent Auditors' Report

To the Shareholder and Board of Directors of PASHA Insurance OJSC

Opinion

We have audited the financial statements of PASHA Insurance OJSC (the "Company"), which comprise the statement of financial position as at 31 December 2025, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2025, and its financial performance and its 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 Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), as applicable to audits of the financial statements of public interest entities, together with the ethical requirements that are relevant to audits of the financial statements in Republic of Azerbaijan. We have also 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 IFRS Accounting Standards, 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.

Auditors' 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 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 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 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 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 auditors' 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.

The engagement partner on the audit resulting in this independent auditors' report is:

Nasiba Muradkhanova
KPMG Audit Azerbaijan LLC
Baku, the Republic of Azerbaijan
3 March 2026



STATEMENT OF FINANCIAL POSITION*(Amounts presented are in thousands of Azerbaijani manats, unless otherwise indicated)*

	Notes	31 December 2025	31 December 2024
Assets			
Cash and cash equivalents	6	17,736	11,468
Investment securities	7	141,524	186,813
Amounts due from credit institutions	8	101,820	32,968
Receivables	9	11,746	9,409
Reinsurance contract assets	13	15,958	11,819
Deferred expenses		1,529	772
Current income tax assets	16	-	1,350
Deferred income tax assets	16	1,205	643
Property, equipment and intangible assets	10	12,685	10,075
Right-of-use assets	11	5,401	5,848
Other assets	12	6,439	7,152
Total assets		316,043	278,317
Liabilities			
Insurance contract liabilities	13	173,206	143,415
Reinsurance contract liabilities	13	1,042	1,595
Payables	14	13,169	10,393
Borrowings	15	-	5,585
Deferred revenue		381	1,224
Current income tax liabilities	16	7,512	-
Dividends payable		1,230	299
Lease liabilities	11	5,996	6,333
Other liabilities	12	16,298	16,928
Total liabilities		218,834	185,772
Equity			
Share capital	17	50,000	50,000
Retained earnings		47,427	44,130
Net unrealized losses on investment securities		(218)	(1,585)
Total equity		97,209	92,545
Total liabilities and equity		316,043	278,317

Signed and authorized for release on behalf of the Management Board of the Company:



Niyaz İsmayilov
Chief Executive Officer
Chairman of the Management Board



Inara Mirfasanova
Chief Financial Officer,
Member of the Management Board

3 March 2026

The accompanying notes on pages 8 to 107 are an integral part of these financial statements.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**For the year ended 31 December***(Amounts presented are in thousands of Azerbaijani manats, unless otherwise indicated)*

	Notes	2025	2024
Insurance revenue	19	291,611	281,457
Insurance service expenses	19	(185,985)	(188,000)
Net expenses from reinsurance contracts	19	(42,322)	(35,871)
Insurance service result		63,304	57,586
Personnel expenses	20	(20,844)	(17,785)
Other operating and administrative expenses	21	(17,038)	(10,554)
Operating expenses		(37,882)	(28,339)
Investment income	22	19,329	16,250
Dividend income	22	3,022	3,030
Interest expense		(366)	(323)
Loss on derecognition of financial assets		(305)	-
Impairment (charge)/reversal, net	7, 8	(187)	1,266
Foreign exchanges loss, net		(136)	(53)
Other income, net		1,503	1,949
Profit before income tax		48,282	51,366
Income tax expense	16	(8,776)	(9,664)
Profit for the year		39,506	41,702
Other comprehensive income			
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods</i>			
Changes in allowance for expected credit losses of debt instruments at fair value through other comprehensive income	7	(2)	(35)
Income tax relating to components of other comprehensive income		-	7
Net other comprehensive loss to be classified to profit or loss in subsequent periods		(2)	(28)
<i>Other comprehensive income that will not be reclassified to profit or loss in subsequent periods</i>			
Net change in fair value of equity instruments at fair value through other comprehensive income	25	1,712	(2,536)
Income tax relating to components of other comprehensive income		(343)	508
Net other comprehensive income/(loss) not to be reclassified to profit or loss in subsequent periods		1,369	(2,028)
Total other comprehensive income/(loss), net of tax		1,367	(2,056)
Total comprehensive income for the year		40,873	39,646

The accompanying notes on pages 8 to 107 are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY**For the year ended 31 December***(Amounts presented are in thousands of Azerbaijani manats, unless otherwise indicated)*

	Notes	Share capital	Retained earnings	Net unrealized losses on investment securities	Total equity
Balance at 1 January 2024		50,000	37,915	471	88,386
Dividends to shareholder	17	-	(35,487)	-	(35,487)
Total comprehensive income for the period		-	41,702	(2,056)	39,646
As at 31 December 2024		50,000	44,130	(1,585)	92,545
Balance at 1 January 2025		50,000	44,130	(1,585)	92,545
Dividends to shareholder	17	-	(36,209)	-	(36,209)
Total comprehensive income for the period		-	39,506	1,367	40,873
As at 31 December 2025		50,000	47,427	(218)	97,209

The accompanying notes on pages 8 to 107 are an integral part of these financial statements.

STATEMENT OF CASH FLOWS**For the year ended 31 December***(Amounts presented are in thousands of Azerbaijani manats, unless otherwise indicated)*

	Notes	2025	2024
Cash flows from operating activities			
Insurance premiums received		338,465	302,660
Reinsurance premiums paid		(74,105)	(72,248)
Claims paid		(139,840)	(139,456)
Claims received, reinsurers' share of claims paid		1,165	650
Fees and commissions paid, net		(9,713)	(8,549)
Personnel expenses paid		(37,338)	(32,159)
General and administrative expenses paid		(22,686)	(16,749)
Marketing and advertising expenses paid		(3,650)	(1,817)
Subrogation income received		2,427	1,883
Net cash flows from operating activities before income tax		54,725	34,215
Income tax paid		(1,124)	(10,388)
Net cash from operating activities		53,601	23,827
Cash flows from investing activities			
Investment income received		16,393	15,188
Purchase of investment securities		(16,010)	(54,350)
Proceeds from sale and redemption of investment securities		62,100	43,725
Dividend income received		2,871	2,880
Amounts placed at credit institutions		(97,000)	(31,500)
Amounts repaid by credit institutions		31,500	36,064
Purchase of property, equipment and intangible assets		(5,052)	(6,354)
Proceeds from sale of property, equipment and intangible assets		135	158
Net cash (used in)/from investing activities		(5,063)	5,811
Cash flows from financing activities			
Dividends paid	17	(35,278)	(35,188)
Payment of lease liabilities		(1,329)	(876)
Repayment of repurchase agreements		(5,585)	-
Proceeds from repurchase agreements		-	5,585
Net cash used in financing activities		(42,192)	(30,479)
Effect of exchange rates changes on cash and cash equivalents		(78)	(73)
Net increase/(decrease) in cash and cash equivalents		6,268	(914)
Cash and cash equivalents, beginning	6	11,468	12,382
Cash and cash equivalents, ending	6	17,736	11,468

Non-cash transactions performed by the Company comprise the following:

	2025	2024
Cash flows from operating activities		
Gross written premiums and premiums ceded to reinsurers on fronting contracts	37	368
Claims settled to reinsurers on fronting contracts	-	(2,504)
Claims settled from reinsurers on fronting contracts	-	2,504
Cash flows from financing activities		
Withholding tax on dividend income	150	150
Remeasurement and addition of right-of-use assets	351	5,255
Remeasurement and addition of lease liabilities	(351)	(5,255)

The accompanying notes on pages 5 to 107 are an integral part of these financial statements.