

“Marsh Insurance and Reinsurance Brokers” Limited Liability Company

Financial Statements and
Independent Auditor’s Report
for the year ended 31 December 2025

**“MARSH INSURANCE AND REINSURANCE BROKERS”
LIMITED LIABILITY COMPANY**

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**“MARSH INSURANCE AND REINSURANCE BROKERS”
LIMITED LIABILITY COMPANY**

**STATEMENT OF MANAGEMENT’S RESPONSIBILITIES FOR THE PREPARATION AND
APPROVAL OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025**

Management is responsible for the preparation of the financial statements that present fairly the financial position of “Marsh Insurance and Reinsurance Brokers” Limited Liability Company (the “Company”) as of 31 December 2025, 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 IFRS 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 IFRS;
- 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 31 December 2025 were approved by management of the Company on 31 March 2026.

On behalf of management of the Company:



Ms. Tamilla Asgarova
Director

31 March 2026
Baku, the Republic of Azerbaijan





Mr. Murad Muradov
Chief Financial Officer

31 March 2026
Baku, the Republic of Azerbaijan



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INDEPENDENT AUDITOR'S REPORT

To the Shareholder of "Marsh Insurance and Reinsurance Brokers" Limited Liability Company

Opinion

We have audited the financial statements of "Marsh Insurance and Reinsurance Brokers" Limited Liability Company (the "Company"), which comprise the statement of financial position as at 31 December 2025, 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 material accounting policies.

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 ("IASB").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISA"). 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' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (the "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 and fair presentation of the financial statements in accordance with IFRS Accounting Standards as issued by the IASB, 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.

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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 ISA 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 ISA, 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.

DELOITTE+TOUCHE LLAC

31 March 2026



**“MARSH INSURANCE AND REINSURANCE BROKERS”
LIMITED LIABILITY COMPANY**

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2025
(in thousands of Azerbaijani Manat)**

	Notes	2025	2024
Brokerage fee	5	2,470	2,128
Operating expenses	6	(1,517)	(1,169)
Impairment reversal / (loss) on trade receivables	8	(3)	13
Operating profit		950	972
Foreign exchange gain		138	70
Foreign exchange loss		(82)	(105)
Profit before tax		1,006	937
Income tax expense	7	(178)	(171)
PROFIT FOR THE YEAR AND TOTAL COMPREHENSIVE INCOME		828	766

The accompanying notes are an integral part of these financial statements.

**“MARSH INSURANCE AND REINSURANCE BROKERS”
LIMITED LIABILITY COMPANY**

**STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2025
(in thousands of Azerbaijani Manat)**

	Notes	31 December 2025	31 December 2024
ASSETS			
Non-current assets			
Property and equipment	10	25	26
Intangible assets		23	24
Deferred tax asset	7	87	58
Total non-current assets		135	108
Current assets			
Advances paid		30	26
Trade receivables	8	2,310	1,753
Current income tax asset		9	-
Cash	9	3,745	2,525
Total current assets		6,094	4,304
Total assets		6,229	4,412
EQUITY AND LIABILITIES			
Capital and reserves			
Charter capital		10	10
Retained earnings		1,748	1,566
Total equity		1,758	1,576
Current liabilities			
Trade and other payables	11	4,408	2,740
Tax payables		63	31
Current income tax liability		-	65
Total current liabilities		4,471	2,836
Total liabilities		4,471	2,836
Total equity and liabilities		6,229	4,412

The accompanying notes are an integral part of these financial statements.

**“MARSH INSURANCE AND REINSURANCE BROKERS”
LIMITED LIABILITY COMPANY**

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2025
(in thousands of Azerbaijani Manat)**

	<u>Charter capital</u>	<u>Retained earnings</u>	<u>Total equity</u>
Balance at 1 January 2024	10	1,416	1,426
Dividends declared and paid	-	(616)	(616)
Profit and total comprehensive income for the year	-	766	766
Balance at 31 December 2024	10	1,566	1,576
Dividends declared and paid	-	(646)	(646)
Profit and total comprehensive income for the year	-	828	828
Balance at 31 December 2025	10	1,748	1,758

The accompanying notes are an integral part of these financial statements.

**“MARSH INSURANCE AND REINSURANCE BROKERS”
LIMITED LIABILITY COMPANY**

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2025
(in thousands of Azerbaijani Manat)**

	Notes	2025	2024
OPERATING ACTIVITIES:			
Profit for the year		828	766
Adjustments for:			
Income tax expense	7	178	171
Depreciation and amortisation	10	6	7
Foreign exchange loss / (gain), net		(56)	35
Impairment (reversal) / loss on trade receivables		3	(13)
Change in accrued provision	11	-	(9)
Operating cash flows before movements in working capital		959	957
(Increase) in advances paid		(4)	(1)
Decrease / (increase) in trade receivables		(559)	2,049
(Decrease) / increase in tax payables		41	(6)
(Decrease) / increase in trade and other payables		1,660	(2,143)
Cash generated by operations		2,097	856
Income tax paid		(281)	(186)
Net cash from operating activities		1,816	670
INVESTING ACTIVITIES:			
Purchase of property, equipment and intangible assets	10	(5)	(21)
Net cash used in investing activities		(5)	(21)
FINANCING ACTIVITIES:			
Dividends paid		(646)	(616)
Net cash used in financing activities		(646)	(616)
Net increase / (decrease) in cash		1,165	33
Cash at beginning of year		2,525	2,524
Effect of exchange rate changes on cash held in foreign currencies		55	(32)
Cash at end of year	9	3,745	2,525

The accompanying notes are an integral part of these financial statements.

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LIMITED LIABILITY COMPANY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025**

(in thousands of Azerbaijani Manat, unless otherwise indicated)

1. GENERAL INFORMATION

“Marsh Caspian Services” Limited Liability Company was incorporated in the Republic of Azerbaijan on 26 April 2002. “Marsh Caspian Services” Limited Liability Company changed legal name to “Marsh Insurance and Reinsurance Brokers” Limited Liability Company (the “Company”) on 27 December 2005. The Chartered Capital of the Company is divided between “Marsh International Holdings” Limited Liability Company with 100 shares and “Marsh USA” Limited Liability Company with 1 share.

The principal activities of the Company are insurance brokering and consulting services in the Republic of Azerbaijan. The Company currently operates under license of the Ministry of Finance of the Republic of Azerbaijan #000330.

The Company’s registered address is 90A Nizami Street, AZ1000, Baku, Azerbaijan.

The financial statements were authorized for issue on 31 March 2026 by management of the Company.

2. APPLICATION OF NEW AND REVISED STANDARDS

New and amended IFRS that are effective for the current year

In the current year, the Company has applied a number of amendments to IFRS issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2025. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

Amendments to IAS 21 *The Effects of Changes in Foreign Exchange Rates titled Lack of Exchangeability – Classification of Liabilities as Current or Non-Current*

New and revised IFRSs in issue but not yet effective

At the date of authorisation of these financial statements, the Company has not applied the following new and revised IFRSs that have been issued but are not yet effective:

<i>Standards and interpretations</i>	<i>Effective date</i>
Amendments to IFRS 9 and IFRS 7 – <i>Amendments to the Classification and Measurement of Financial Instruments</i>	1 January 2026
Annual Improvements to IFRS Accounting Standards – <i>Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10, and IAS 7</i>	1 January 2026
Amendments to IFRS 9 and IFRS 7 – <i>Contracts Referencing Nature-dependent Electricity</i>	1 January 2026
IFRS 18 – <i>Presentation and Disclosure in Financial Statements</i>	1 January 2027
IFRS 19 – <i>Subsidiaries without Public Accountability: Disclosures</i>	1 January 2027

Management does not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Company in future periods.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025**

(in thousands of Azerbaijani Manat, unless otherwise indicated)

3. MATERIAL ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (“IASB”). The principal accounting policies applied in the preparation of these financial statements are set out below.

The financial statements have been prepared on a historical cost basis unless described otherwise in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Going concern

Management has, at the time of approving the financial statements, a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus, management continues to adopt the going concern basis of accounting in preparing the financial statements.

Brokerage fee recognition

The brokerage fee is measured based on the consideration to which the Company expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Company recognises revenue when it fulfills performance obligations in the contract.

Foreign currencies

In preparing the financial statements of the Company, transactions in currencies other than the entity’s functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences are recognised in profit or loss in the period in which they arise.

Below are exchange rates as at the year-end, which were used by the Company for the purposes of these financial statements:

	31 December 2025	31 December 2024
Closing exchange rates – (AZN)		
1 U.S. Dollar (“USD”)	1.7000	1.7000
1 Euro (“EUR”)	2.0022	1.7724
1 British Pound Sterling (“GBP”)	2.2970	2.1382

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(in thousands of Azerbaijani Manat, unless otherwise indicated)

Compensation and employee benefit costs

Remuneration to employees in respect of services rendered during the reporting period, including accruals for unused vacation and bonuses and related social payments, is recognised as an expense in the period when it is incurred.

In accordance with the requirements of the Republic of Azerbaijan legislation, pension payments are calculated by an employer as certain percentages of salary expenses and transferred to the pension fund of the Republic of Azerbaijan. This expense is charged to the statement of profit or loss and other comprehensive income in the period in which the related salaries are earned. Upon retirement, all retirement benefit payments are made by the pension fund. The Company does not have any pension arrangements separate from the state pension system of the Republic of Azerbaijan. In addition, the Company has no post-retirement benefits or other significant compensated benefits requiring accrual.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

A provision is recognised for those matters for which the tax determination is uncertain but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of tax professionals within the Company supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

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Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the reporting date.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Current tax and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively.

Operating taxes

Azerbaijan also has various other taxes, which are assessed on the Company’s activities. These taxes are included as a component of operating expenses in the statement of profit or loss and other comprehensive income.

Property, equipment and intangible assets

Property, equipment and intangible assets are carried at historical cost less accumulated depreciation and amortisation and any accumulated impairment loss.

Depreciation and amortisation are charged on the carrying value of property, equipment and intangible assets and is designed to write off assets over their useful economic lives. Depreciation and amortisation are calculated using the straight-line method, on the following bases:

Category	Useful life
Vehicles	4 years
Office furniture and equipment	10 years
Computer and related fixed assets	3 years
Intangible assets	10 years

The estimated useful lives, residual values, depreciation and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, equipment and intangible assets are derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

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Impairment of property, equipment and intangible assets

At each reporting date, the Company reviews the carrying amounts of its property, equipment and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with an indefinite useful life are tested for impairment at least annually and whenever there is an indication at the end of a reporting period that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease and to the extent that the impairment loss is greater than the related revaluation surplus, the excess impairment loss is recognised in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss to the extent that it eliminates the impairment loss which has been recognised for the asset in prior years. Any increase in excess of this amount is treated as a revaluation increase.

Financial instruments

Financial assets and financial liabilities are recognised in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value, except for trade receivables that do not have a significant financing component (determined in accordance with IFRS 15 Revenue from Contracts with Customers) which are measured at transaction price.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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(in thousands of Azerbaijani Manat, unless otherwise indicated)

The Company uses the following hierarchy to determine and disclose fair value of financial instruments:

- Level 1 inputs are quoted (unadjusted) prices in active markets for identical assets or liabilities;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Management believes that the fair value of the Company’s financial assets and liabilities, which are classified within Level 3 category of the above hierarchy, approximates their carrying amounts. The estimated fair values of financial instruments have been determined by the Company using available market information, where it exists, and appropriate valuation methodologies. However, judgment is necessarily required to interpret market data to determine the estimated fair value. Management has used all available market information in estimating the fair value of financial instruments.

Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Fiduciary assets and liabilities

In its capacity as an insurance broker or agent, the Company generally collects premiums from insureds and, after deducting its commissions, remits the premiums to the respective insurance underwriters. Unremitted insurance premiums proceeds are held by the Company in a fiduciary capacity. Premiums receivables and premiums payables in the financial statements are presented on a gross basis.

Financial assets

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Financial assets are classified as either financial assets at amortised cost or at fair value through other comprehensive income (FVTOCI) or through profit or loss (FVTPL) depending upon the business model for managing the financial assets and the nature of the contractual cash flow characteristics of the financial asset.

Trade receivables are held to collect the contractual cash flows and therefore are carried at amortised cost adjusted for any loss allowance. The loss allowance is calculated in accordance with the impairment of financial assets policy described below.

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(in thousands of Azerbaijani Manat, unless otherwise indicated)

Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial assets other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the financial instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised in profit or loss.

Impairment of financial assets

The Company recognises a loss allowance for expected credit losses on trade receivables and current accounts with financial institutions. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Company always recognises lifetime expected credit loss (“ECL”) for trade receivables. The expected credit losses on trade receivables are estimated using a provision matrix based on the Company’s historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Company recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

(i) Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument at

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FOR THE YEAR ENDED 31 DECEMBER 2025**

(in thousands of Azerbaijani Manat, unless otherwise indicated)

the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Company's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Company's core operations.

Irrespective of the outcome of the above assessment, the Company presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Company has reasonable and supportable information that demonstrates otherwise.

(ii) Definition of default

If historical experience indicates that financial assets, for which information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Company, in full, the Company considers this as an event of default for internal risk management purposes.

Irrespective of the above analysis, the Company considers that default has occurred when a financial asset is more than 330 days past due (360 days from the date of invoice issuance) unless the Company has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default.

The Company recognises an impairment reversal or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Derecognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments issued by a Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

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Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the entity are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVTPL.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company’s obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Dividends

Dividends are recognised as a liability and deducted from equity at the reporting date only if they are declared before or on the reporting date. Dividends are disclosed when they are proposed before the reporting date or proposed or declared after the reporting date but before the financial statements are authorised for issue.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In applying the Company’s accounting policies, which are described in note 3, management is required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets within the next financial year, are discussed below.

Calculation of loss allowance

When measuring ECL the Company uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

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Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

If the ECL rates on trade receivables between 151 and 330 days past due had been 50 per cent higher (lower) as of December 2025, the loss allowance on trade receivables would have been AZN 15 thousand (2024: AZN 20 thousand) higher (lower).

If the ECL rates on trade receivables between 31 and 150 days past due had been 50 per cent higher (lower) as of December 2025, the loss allowance on trade receivables would have been AZN 14 thousand (2024: AZN 12 thousand) higher (lower).

5. BROKERAGE FEE

The Company derives its revenue from contracts with customers for the transfer of services at a point in time in the following major revenue streams.

	<u>2025</u>	<u>2024</u>
Reinsurance brokerage fee	1,052	1,051
Insurance brokerage fee	1,103	734
Consultancy	310	259
Other income	5	84
Total brokerage fee	<u>2,470</u>	<u>2,128</u>

In 2024, the Company wrote off AZN 84 thousand insurance premium payables whose statutory claim period expired and recognised as other Income.

6. OPERATING EXPENSES

	<u>2025</u>	<u>2024</u>
Staff costs	920	793
Other operating expenses	204	198
Professional services	130	103
Management fee	256	77
Change in provision for the estimated losses	-	(9)
Depreciation and amortisation of property, equipment and intangible assets	7	7
Total operating expenses	<u>1,517</u>	<u>1,169</u>

The Company pays management fee for technical assistance to the related party, Marsh Limited.

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7. INCOME TAX EXPENSE

Income tax recognised in the statement of profit or loss and other comprehensive income:

	<u>2025</u>	<u>2024</u>
Current income tax in respect of the current year	207	187
Deferred tax benefit	<u>(29)</u>	<u>(16)</u>
Income tax expense	<u>178</u>	<u>171</u>

The corporate income tax rate in the Republic of Azerbaijan for the years ended 31 December 2025 and 31 December 2024 was 20%. The income tax expense for the year can be reconciled to the profit before tax as follows:

	<u>2025</u>	<u>2024</u>
Profit before tax	1,006	937
Income tax expense at statutory rate (20%)	201	187
Effect of permanent differences and non-deductible expenses	<u>(23)</u>	<u>(16)</u>
Income tax expense	<u>178</u>	<u>171</u>

Deferred taxes reflect the net tax effects of temporary differences that exist between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes.

The following are the major deferred tax liabilities and assets recognised by the Company and movements thereon during the reporting period:

	<u>31 December 2024</u>	<u>Recognised in profit or loss</u>	<u>31 December 2025</u>
Trade receivables and advances paid	23	22	45
Trade and other payables	37	8	45
Property, equipment and intangible assets	<u>(2)</u>	<u>(1)</u>	<u>(3)</u>
Total	<u>58</u>	<u>29</u>	<u>87</u>
	<u>31 December 2023</u>	<u>Recognised in profit or loss</u>	<u>31 December 2024</u>
Trade receivables and advances paid	29	(6)	23
Trade and other payables	14	23	37
Property, equipment and intangible assets	<u>(1)</u>	<u>(1)</u>	<u>(2)</u>
Total	<u>42</u>	<u>16</u>	<u>58</u>

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8. TRADE RECEIVABLES

	31 December 2025	31 December 2024
Premiums receivable, gross	1,474	1,129
Commissions and fees, gross	1,065	850
Loss allowance	<u>(229)</u>	<u>(226)</u>
Total trade receivables	<u>2,310</u>	<u>1,753</u>

The average credit period on brokerage services is 30 days. No interest is charged on outstanding trade receivables.

Premiums receivable from customers on behalf of the insurance and reinsurance companies do not carry credit risk, therefore, no loss allowance is recognised for premiums receivable.

The Company always measures the loss allowance for commissions and fees at an amount equal to lifetime ECL. The Company has recognised a loss allowance of 100 per cent against all commissions and fees over 330 days past due (360 days from the date of invoice issuance) since historical experience has indicated that these receivables are generally not recoverable unless the Company has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

The Company writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the trade receivables are over three years past due, whichever occurs earlier. None of the trade receivables that have been written off are subject to enforcement activities.

The following table details the risk profile of trade receivables based on the Company’s provision matrix:

31 December 2025	Trade receivables – days past due					Total
	Not past due	<30	31-150	151-330	>330	
Expected credit loss rate	11.43%	12.08%	8.33%	17.16%	91.67%	
Estimated total gross carrying amount at risk of default	280	149	336	169	132	1,065
Lifetime ECL	(32)	(18)	(28)	(29)	(121)	<u>(229)</u>
Commission and fees, net						<u>836</u>

31 December 2024	Trade receivables – days past due					Total
	Not past due	<30	31-150	151-330	>330	
Expected credit loss rate	10.61%	12.17%	9.06%	38.68%	80.65%	
Estimated total gross carrying amount at risk of default	198	115	276	106	155	850
Lifetime ECL	(21)	(14)	(25)	(41)	(125)	<u>(226)</u>
Commission and fees, net						<u>624</u>

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	<u>2025</u>	<u>2024</u>
Balance at the beginning of the year	226	239
Amount recovered	(148)	(163)
Change in loss allowance due to new trade receivables originated net of those derecognised due to settlement	93	85
Net remeasurement of loss allowance	58	65
Balance at the end of the year	<u>229</u>	<u>226</u>

9. CASH

	<u>31 December 2025</u>	<u>31 December 2024</u>
Fiduciary bank accounts	2,213	1,167
Corporate bank accounts	1,532	1,358
Total cash	<u>3,745</u>	<u>2,525</u>

Fiduciary accounts are held for collection of insurance premiums which are payable to insurers. There are no restrictions on use of such funds.

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10. PROPERTY AND EQUIPMENT

	Vehicles	Office furniture and equipment	Computers and related equipment	Total
Cost				
At 1 January 2024	131	17	97	245
Additions	-	-	21	21
Disposals	-	-	-	-
At 31 December 2024	131	17	118	266
Additions	-	-	5	5
Disposals	-	-	-	-
At 31 December 2025	131	17	123	271
Accumulated depreciation				
At 1 January 2024	(131)	(17)	(85)	(233)
Charge for the year	-	-	(7)	(7)
Eliminated on disposals	-	-	-	-
At 31 December 2024	(131)	(17)	(92)	(240)
Charge for the year	-	-	(6)	(6)
Eliminated on disposals	-	-	-	-
At 31 December 2025	(131)	(17)	(98)	(246)
Carrying amount				
At 1 January 2024	-	-	12	12
At 31 December 2024	-	-	26	26
At 31 December 2025	-	-	25	25

As at 31 December 2025 and 2024, no indication of impairments of property and equipment was identified.

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11. TRADE AND OTHER PAYABLES

	<u>31 December 2025</u>	<u>31 December 2024</u>
Payables from insurance operations	3,666	2,297
Accrued expenses	86	105
Other payables	656	338
Total trade and other payables	<u>4,408</u>	<u>2,740</u>

Trade and other payables principally comprise amounts to be ceded to reinsurance companies and amounts payable for ongoing costs. The average credit period is 30 days. No interest is charged on the outstanding balance for trade and other payables.

The maturity analysis of trade and other payables is disclosed in note 12.

12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Capital management

The Company manages its capital to ensure that the Company will be able to continue as a going concern while maximising the return to shareholder through the optimisation of the debt and equity balance.

Capital structure of the Company consists of equity comprising issued capital and retained earnings.

The Company is not subject to any externally imposed capital requirements.

Categories of financial instruments

The Company’s principal financial liabilities comprise trade and other payables. Financial assets are represented by cash in bank accounts and trade receivables. The carrying values of cash, trade receivables and trade and other payables recorded at amortised cost approximate to their fair values because of the short maturities of these instruments.

The main risks arising from the Company’s financial instruments are credit, liquidity and market risks.

Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. Financial assets which are potentially subject to concentration of credit risk consist principally of current bank accounts and trade receivables.

Current bank accounts and trade receivables are subject to the expected credit loss model.

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been used based on shared credit risk characteristics and the days past due.

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The expected loss rates are based on the payment profiles of sales over a period of 12 month before 31 December 2024 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on factors affecting the ability of the customers to settle the receivables.

Exposure to credit risk

Premiums receivable from customers on behalf of the insurance and reinsurance companies in amount of AZN 1,474 thousand as at 31 December 2025 (2024: AZN 1,129 thousand) do not carry credit risk.

The maximum exposure to credit risk at the reporting date was:

	<u>31 December 2025</u>	<u>31 December 2024</u>
Cash	3,745	2,525
Commissions and fees, gross	<u>1,065</u>	<u>850</u>
Total	<u>4,810</u>	<u>3,375</u>

Commissions and fees consist of number of customers. Ongoing credit evaluation is performed on the financial condition of trade receivables. Of the commissions and fees at the end of the year, AZN 187 thousand or 18% (2024: AZN 125 thousand or 15%) was due from Marsh UK Limited.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to settle all liabilities as they are due. The Company’s liquidity position is monitored and managed. The Company has a detailed budgeting and cash forecasting process in place to ensure that it has adequate cash available to meet its payment obligations. In addition, the Company manages liquidity risk by maintaining adequate reserves, banking facilities and borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The following tables show analysis, by expected maturities, of amounts recognised in the statement of financial position as at 31 December 2025 and 2024:

	<u>On demand</u>	<u>Within one year</u>	<u>31 December 2025</u>
Trade and other payables	-	(4,408)	(4,408)
Trade receivables	-	2,310	2,310
Cash	<u>3,745</u>	<u>-</u>	<u>3,745</u>
Net position	<u>3,745</u>	<u>(2,098)</u>	<u>1,647</u>

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	On demand	Within one year	31 December 2024
Trade and other payables	-	(2,740)	(2,740)
Trade receivables	-	1,753	1,753
Cash	2,525	-	2,525
Net position	2,525	(987)	1,538

Market risk

The Company’s activities expose it primarily to the financial risk of changes in foreign currency exchange rates (see below).

Foreign currency risk management

The Company undertakes transactions denominated in foreign currencies, consequently exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters.

The carrying amounts of the Company’s foreign currency denominated financial assets and financial liabilities at the end of the reporting period are as follows:

	USD denominated	EUR denominated	GBP denominated	31 December 2025
Financial assets				
Trade receivables	1,933	584	18	2,535
Cash	1,869	279	-	2,149
Total financial assets	3,802	863	18	4,684
Financial liabilities				
Trade and other payables	3,585	92	121	3,798
Total financial liabilities	3,585	92	121	3,798
Net position	217	771	(103)	
	USD denominated	EUR denominated	GBP denominated	31 December 2024
Financial assets				
Trade receivables	1,472	102	19	1,593
Cash	1,717	379	2	2,098
Total financial assets	3,189	481	21	3,691
Financial liabilities				
Trade and other payables	2,166	64	40	2,270
Total financial liabilities	2,166	64	40	2,270
Net position	1,023	417	(19)	

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Foreign currency sensitivity analysis

The following table details the Company’s sensitivity to changes in exchange rates by 30% (2024: 30%) which is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management’s assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only foreign currency denominated monetary items. A negative amount below indicates a decrease (2024: decrease) in profit where the AZN strengthens by 30% (2024: 30%) against the relevant currency. For a 30% (2024: 30%) weakening of the AZN against the relevant currency, there would be a positive (2024: positive) impact on the profit and equity of the same amount as below.

The impact on profit and equity based on asset values as at 31 December 2025 and 2024, respectively:

	<u>31 December 2025</u>	<u>31 December 2024</u>
USD	(65)	(307)
EUR	(231)	(125)
GBP	31	6

Limitations of sensitivity analysis

The above tables demonstrate the effect of a change in a key assumption while other assumptions remain unchanged. In reality, there is a correlation between the assumptions and other factors. It should also be noted that these sensitivities are non-linear, and larger or smaller impacts should not be interpolated or extrapolated from these results.

The sensitivity analyses do not take into consideration that the Company’s assets and liabilities are actively managed. Additionally, the financial position of the Company may vary at the time that any actual market movement occurs. For example, the Company’s financial risk management strategy aims to manage the exposure to market fluctuations.

Other limitations in the above sensitivity analyses include the use of hypothetical market movements to demonstrate potential risk that only represent the Company’s view of possible near-term market changes that cannot be predicted with any certainty; and the assumption that all interest rates move in an identical fashion.

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13. RELATED PARTY TRANSACTIONS

Details of transactions between the Company and its related parties are disclosed below:

	Notes	2025		2024	
		Related party transactions	Total category as per the financial statements	Related party transactions	Total category as per the financial statements
Brokerage fee	5		2,470		2,128
- entities under common control		743		852	
Operating expenses	6		1,517		1,169
- entities under common control		256		77	
- key management		380		296	

	Notes	31 December 2025		31 December 2024	
		Related party balances	Total category as per the financial statements	Related party balances	Total category as per the financial statements
Trade receivables	8		2,310		1,753
- entities under common control		403		167	
Trade and other payables	11		4,408		2,740
- entities under common control		2,738		1,521	
- key management		151		101	

The remuneration of key management is short-term and is determined having regard to financial performance of the Company and wider region, and the performance of individuals.

AZN 403 thousand (2024: AZN 167 thousand) of trade receivables from entities under common control is presented net of AZN 78 thousand (2024: AZN 42 thousand) of loss allowance.

14. COMMITMENTS AND CONTINGENCIES

Operating environment

Because Azerbaijan produces and exports large volumes of oil and gas, its economy is particularly sensitive to the price of oil and gas on the world market.

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Emerging markets such as Azerbaijan are subject to different risks than more developed markets, including economic, political and social, and legal and legislative risks. Laws and regulations affecting businesses in Azerbaijan continue to change rapidly, tax and regulatory frameworks are subject to varying interpretations. The future stability of the Azerbaijan economy is heavily influenced by reforms and developments and the effectiveness of economic, financial and monetary measures undertaken by the government.

Since 2014, a number of packages of sanctions have been imposed by the United States, the United Kingdom, the European Union, and others against some Russian officials, businessmen, and companies. On February 21, 2022, the President of Russia signed a decree recognizing the Donetsk People's Republic and the Luhansk People's Republic. On February 24, 2022, a decision was announced to conduct a special military operation in Ukraine. Following these events, the United States, the United Kingdom, the European Union, and other countries announced expanded sanctions against some Russian officials, businessmen, and companies. Due to the existing interdependence between the economies of Russia and other CIS countries, such a development of events could lead to a decrease in the access of regional businesses to international capital and export markets, a weakening of the Russian ruble and the currencies of the CIS region, a decline in capital markets, and other negative economic consequences.

The management of Marsh & McLennan Companies, Inc. is monitoring developments in the current environment and is taking the necessary measures to ensure the sustainability and development of the Company's operations in the near future.

Legal proceedings

From time to time and in the normal course of business, claims against the Company are received from customers and counterparties. Management is of the opinion that no material non-accrued losses will be incurred and accordingly no provision has been made in these financial statements.

Taxation

The taxation system in the Republic of Azerbaijan continues to evolve and is characterised by frequent changes in legislation, official pronouncements and court decisions, which are sometimes contradictory and subject to varying interpretation by different tax authorities. Taxes are subject to review and investigation by a number of authorities who have the authority to impose severe fines, penalties and interest charges. A tax year remains open for review by the tax authorities during the three subsequent calendar years; however, under certain circumstances a tax year may remain open longer. Recent events within the Azerbaijan Republic suggest that the tax authorities are taking a more assertive position in their interpretation and enforcement of tax legislation.

These circumstances may create tax risks in Azerbaijan that are substantially more significant than in other countries. Management believes that it has provided adequately for tax liabilities based on its interpretations of applicable Azerbaijan tax legislation, official pronouncements and court decisions. However, the interpretations of the relevant authorities could differ and the effect on the financial statements, if the authorities were successful in enforcing their interpretations, could be significant.

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15. EVENTS AFTER THE REPORTING PERIOD

Subsequent to the reporting date, geopolitical tensions escalated following the outbreak of military conflict between Iran and Israel in late February 2026, which has resulted in regional instability and disruptions to certain global trade routes and energy markets. Based on the information available as of the date of authorization of the financial statements, management has determined that the conflict has not had an impact on the Company’s business operations or financial performance. Management will continue monitoring the situation and evaluate any potential implications should the conflict further escalate.