“SILK WAY DEVELOPMENT” LIMITED LIABILITY COMPANY

Consolidated Financial Statements and
Independent Auditor’s Report
for the year ended 31 December 2024

"SILK WAY DEVELOPMENT" LIMITED LIABILITY COMPANY

TABLE OF CONTENTS

"SILK WAY DEVELOPMENT" LIMITED LIABILITY COMPANY

STATEMENT OF MANAGEMENT'S RESPONSIBILITIES FOR THE PREPARATION AND APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

Management is responsible for the preparation of the consolidated financial statements that present fairly, in all material respects, the consolidated financial position of "Silk Way Development" Limited Liability Company and its subsidiaries (the "Group") as at 31 December 2024, consolidated statements of profit or loss and other comprehensive income for the year then ended, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and of material accounting policy information and notes to the consolidated financial statements in compliance with IFRS Accounting Standards.

In preparing the consolidated 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 Accounting Standards are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group's consolidated financial position and consolidated financial performance; and
- Making an assessment of the Group'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 Group;
- Maintaining adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time consolidated financial position of the Group, and which enable them to ensure that the consolidated financial statements of the Group comply with IFRS Accounting Standards;
- Maintaining statutory accounting records in compliance with local legislation and accounting standards;
- Taking such steps as are reasonably available to them to safeguard the assets of the Group; and
- Preventing and detecting fraud and other irregularities.

The consolidated financial statements for the year ended 31 December 2024 were authorised for issue by management on 10 July 2025.

On behalf of Management:

Mr. Zaur Akhundov	Mr. Mir Samad Movsum-zada
President	Vice President, Finance
Baku, the Republic of Azerbaijan	Baku, the Republic of Azerbaijan
10 July 2025	10 July 2025

Deloitte & Touche LLAC
25E 8 November Avenue
Baku, AZ1025, Azerbaijan

Tel.: +994 (12) 404 12 10
Email: deloitte.az

INDEPENDENT AUDITOR'S REPORT

To the Shareholder and the Supervisory Board of "Silk Way Development" Limited Liability Company

Opinion

We have audited the consolidated financial statements of "Silk Way Development" Limited Liability Company and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statements of profit or loss and other comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity for the year then ended, and notes to the consolidated financial statements, including a summary of material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2024, 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 ("IASB").

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' 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 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.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's 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 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 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 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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes 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.

Deloitte & Touche LLAC

DELOITTE & TOUCHE
MƏHDUD MƏSULİYYƏTLİ AUDİTOR CƏMİYYƏTİ
AZERBAIJAN

10 July 2025

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2024

(in thousands of Azerbaijani Manats)

	Note	Year ended 31 December 2024	Year ended 31 December 2023
Revenue	5	2,427,987	2,068,662
Other operating income		10,180	17,488
Total revenue		**2,438,167**	**2,086,150**
Expenses			
Fuel		(780,000)	(794,558)
Handling, landing and navigation charges		(364,044)	(336,847)
Depreciation	15, 16	(294,569)	(195,956)
Staff costs	6	(127,379)	(117,684)
Commissions		(98,578)	(72,979)
Aircraft and engine lease costs	7	(72,086)	(57,949)
Engineering and maintenance		(65,998)	(53,491)
Crew rental and other crew costs		(50,433)	(46,963)
Trucking costs		(43,561)	(32,585)
Materials expenses		(39,283)	(44,172)
Taxes, other than income tax	8	(31,715)	(30,369)
Fees for transportation by chartered flights		(620)	(187)
Other costs	12	(51,436)	(54,447)
Total operating expenses		**(2,019,702)**	**(1,838,187)**
Operating profit		**418,465**	**247,963**
Finance costs	9	(99,805)	(75,378)
Corporate social responsibility expenses	10	(47,167)	(44,605)
Foreign exchange loss		(23,380)	(32,218)
Net loss on revaluation of aircraft and engines	16	(6,820)	(50,510)
Finance income		22,153	10,039
Foreign exchange gain		17,305	31,443
Gain / (loss) from sale of property and equipment		12,024	(1,157)
Recoveries from financial assets, net[1]	21	3,516	2,813
Other income	11	6,245	46,742
Profit before income tax		**302,536**	**135,132**
Income tax expense	13	(64,029)	(35,037)
Profit for the year		**238,507**	**100,095**
Other comprehensive income:			
Foreign exchange differences on translation of foreign operations		65	887
Loss on property revaluation, net of income tax		(1,067)	(499)
Other comprehensive income for the year, net of profit tax		**1,002**	**388**
Total comprehensive income for the year		**237,505**	**100,483**

[1] 2024 impairment includes AZN 64 amounts due from related parties recovered through profit or loss. AZN 3,420 previously recognized ECL was written-off as bad debt in 2024.

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2024
(in thousands of Azerbaijani Manats)

	Note	31 December 2024	31 December 2023
Non-current assets			
Right-of-use assets	15	1,160,297	1,250,372
Property and equipment	16	592,695	624,397
Advances paid	17	577,626	424,119
Aircraft spare parts	18	35,203	29,359
Security deposits		16,036	19,444
Other long-term assets		4,071	4,245
Total non-current assets		**2,385,928**	**2,351,936**
Current assets			
Cash and cash equivalents	19	86,713	80,940
Bank deposits	20	878,390	674,390
Trade and other receivables	21	203,271	194,076
Restricted cash	19	21,878	23,241
Advances paid	17	20,454	23,771
Inventories	18	20,213	18,183
Other current assets		2,798	6,898
Total current assets		**1,233,717**	**1,021,499**
Total assets		**3,619,645**	**3,373,435**
Equity			
Charter capital	22	12,329	12,329
Retained earnings		1,424,716	1,197,562
Properties revaluation reserve	23	386,707	393,233
Foreign exchange translation reserve		132	67
Total equity		**1,823,884**	**1,603,191**
Non-current liabilities			
Lease liabilities	25	566,403	685,047
Loans and borrowings	26	374,137	366,718
Deferred tax liabilities	14	137,522	102,434
Provisions	27	-	1,395
Total non-current liabilities		**1,078,062**	**1,155,594**
Current liabilities			
Loans and borrowings	26	301,445	199,274
Trade and other payables	24	210,606	236,355
Lease liabilities	25	174,128	146,622
Current income tax liabilities		-	3,256
Other liabilities	28	31,520	29,143
Total current liabilities		**717,699**	**614,650**
Total liabilities		**1,795,761**	**1,770,244**
Total equity and liabilities		**3,619,645**	**3,373,435**

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2024
(in thousands of Azerbaijani Manats)

	Note	Charter Capital	Properties revaluation reserve	Foreign exchange translation reserve	Retained earnings	Total equity
Balance at 1 January 2023		**12,329**	**394,496**	**(820)**	**1,096,703**	**1,502,708**
Profit for the year		-	-	-	100,095	**100,095**
Other comprehensive income for the year		-	(499)	887	-	**388**
Total comprehensive income for the year		**-**	**(499)**	**887**	**100,095**	**100,483**
Utilisation of revaluation reserve	23	-	(764)	-	764	**-**
Balance at 31 December 2023		**12,329**	**393,233**	**67**	**1,197,562**	**1,603,191**
Profit for the year		-	-	-	238,507	**238,507**
Total comprehensive income for the year		**-**	**-**	**-**	**238,507**	**238,507**
Transfer of revaluation gain upon derecognition of assets	23	-	(5,459)	-	5,459	**-**
Other comprehensive income for the year		-	(1,067)	65	-	**(1,002)**
Dividends	22	-	-	-	(16,812)	**(16,812)**
Balance at 31 December 2024		**12,329**	**386,707**	**132**	**1,424,716**	**1,823,884**

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

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2024
(in thousands of Azerbaijani Manats)

	Note	Year ended 31 December 2024	Year ended 31 December 2023
Profit for the year before tax		302,536	135,132
Adjustments for:			
Depreciation	15, 16	294,569	195,956
Finance costs	9	99,805	75,378
Foreign exchange loss		23,380	32,218
Foreign exchange gain		(17,305)	(31,443)
Net loss on revaluation of aircraft and engines	16	6,820	50,510
Finance income		(22,153)	(10,039)
(Gain) / loss on disposal of property and equipment		(12,024)	1,157
Recoveries from financial assets, net[1]	21	(3,516)	(2,813)
Gain on derecognition of re-delivery provision	11, 27	(1,395)	(30,358)
Gain on early termination of lease	11	(1,152)	(14,427)
Operating cash flow before movements in working capital		**669,565**	**401,271**
Change in trade and other payables		188,928	153,223
Change in other short-term assets		5,415	4,718
Change in advances paid		3,058	13,812
Change in other long-term assets		174	(909)
Change in trade and other receivables		(268,818)	(240,005)
Change in inventories		(7,874)	17,459
Change in other liabilities		2,377	(1,114)
Cash generated by operating activities		**592,825**	**348,455**
Income tax paid		(2,139)	(62,000)
Interest paid		(74,868)	(59,366)
Net cash generated by operating activities		**515,818**	**227,089**
Investing activities			
Bank deposits placement	20	(878,390)	(674,390)
Advance payments for aircraft and engine purchase	17	(108,863)	(170,094)
Payments for property and equipment purchases and overhauls		(82,670)	(40,980)
Advance payments for aircraft repair services	17	(59,105)	(36,455)
Advance payments for construction of new airport	17	(10,569)	-
Advance payments for flight simulator purchase	17	(7,253)	(20,744)
Security deposit payments		(178)	(443)
Bank deposit withdrawal	20	674,390	425,000
Cash proceeds from disposal of property and equipment		125,173	28
Interest received for bank deposits	20	19,228	7,601
Cash proceeds from finance lease receivables		1,167	15,001
Cash released from collateral		-	20,400
Net cash used in investing activities		**(327,070)**	**(475,076)**

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024
(in thousands of Azerbaijani Manats)

	Note	Year ended 31 December 2024	Year ended 31 December 2023
Financing activities			
Dividends paid	22	(16,812)	(3,868)
Principal payments on lease liabilities	26	(131,691)	(269,022)
Principal payments on loans and borrowings	26	(162,792)	(113,289)
Proceeds from loans and borrowings	26	153,076	303,390
Advance payment for lease liability	19	(21,878)	(23,241)
Net cash used in financing activities		**(180,097)**	**(106,030)**
Net change in cash and cash equivalents		**8,651**	**(354,017)**
Foreign currency effect on cash		(2,878)	(311)
Cash and cash equivalents, beginning of the year	19	**80,940**	**435,268**
Cash and cash equivalents, end of the year	19	**86,713**	**80,940**

[1]2024 impairment includes AZN 63 due from related parties recovered through profit or loss. AZN 3,420 previously recognized ECL was written-off as bad debt in 2024.

The following non-cash transactions were not included in consolidated statement of cash flows for the year ended 31 December 2024 and 31 December 2023:

(a) Recognition of right-of-use assets of AZN 90,542 through lease liabilities (2023: AZN 488,929) (Note 26);
(b) Capitalisation of pre-delivery payments of AZN 20,882 (2023: 166,228) (Note 17) by transfer from advances paid for purchase of aircraft and engines to right-of-use assets;
(c) Capitalisation of AZN 10,624 for overhauls of engines by transfer from advances paid for aircraft service providers under power-by-hour (PBH)) (2023: AZN 10,130) to right-of-use assets;
(d) Derecognition of right-of-use assets of AZN 45,244 upon termination of lease contract against lease liabilities (2023: AZN 138,120) (Note 15);
(e) Transfer of payments from restricted cash of AZN 23,241 to lease liabilities (2023: nil);
(f) Acquisition of aircraft through asset acquisition (STLC Europe Seven Leasing Limited) of AZN 94,011 (2023: nil) (Note 11);
(g) Offset of trade and other receivables with trade and other payables of AZN 253,301 (2023: AZN 191,310);
(h) Offset of trade and other receivables with current income tax liabilities of AZN 25,418 (2023: AZN 30,630).

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

(in thousands of Azerbaijani Manats)

1. NATURE OF ACTIVITIES

"Silk Way Development" Limited Liability Company (the "Company") is a legal entity registered by the State Tax Service under the Ministry of Economy of the Republic of Azerbaijan on 12 December 2011. The registered office of the Company is Heydar Aliyev Airport, Baku, Azerbaijan Republic.

The principal activity of the Company and its subsidiaries (the "Group") is provision of regular and charter air cargo transportation throughout Europe, Asia and America with its central hub located in Heydar Aliyev Airport, Baku, Azerbaijan Republic.

The Company's immediate owners as at 31 December 2024 and 2023 were as follows:

Shareholder	**Ownership, %**
Mr. Zaur Akhundov	89.78%
Mrs. Dilara Akhundova	10.22%

The ultimate controlling party of the Group as at 31 December 2024 and 2023 is Mr. Zaur Akhundov.

The Company has several subsidiaries. Details of the Company's subsidiaries consolidated in these consolidated financial statements as at the end of the reporting period are as follows:

Name of Subsidiary	**Principal activity**	**Place of incorporation and operation**	**Proportion of ownership interest held % 2024**	**2023**
Silk Way Holding	Holding Company	The Republic of Azerbaijan	100%[1]	100%[1]
Silk Way Airlines LLC	Air cargo transportation	The Republic of Azerbaijan	100%[2]	100%[2]
Silk Way West Airlines LLC	Air cargo transportation and technical services to aircraft	The Republic of Azerbaijan	100%[3]	100%[3]
Silk Way Airlines Germany GmbH	Air cargo agency services	Germany	100%[1]	100%[1]
Silk Way Airlines Limited	Air cargo agency services	China (Hong Kong)	100%[1]	100%[1]
Silk Way Airlines USA Inc.	Air cargo agency services	USA	100%[4]	100%[4]
Silk Way Airlines Bishkek Inc	Air cargo agency services	Kyrgyzstan	100%[4]	100%[4]
Silk Way West S.A.R.L	Air cargo agency services	Luxembourg	100%[1]	-
SW AFEZCO	Cargo village development	The Republic of Azerbaijan	100%[5]	100%[5]
STLC Europe Seven Leasing Limited	Leasing air transportation equipment	Ireland	100%[5]	-

[1] 100% owned by Silk Way Development LLC;
[2] 62% owned by Silk Way Holding and 38% owned by Silk Way Development LLC;
[3] 98% owned by Silk Way Airlines LLC and 2% owned by Silk Way Development LLC;
[4] 100% owned by Silk Way Airlines LLC;
[5] 100% owned by Silk Way West Airlines LLC.