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of the Republic of Azerbaijan

INVESTMENT OPPORTUNITIES IN AZERBAIJAN

2025

STATE OF ECONOMY 2024

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74.3 BLN USD
GDP

7,284 USD
GDP per capita

10.2 MLN
Population

68%
Non-oil GDP

CURRENCY RESERVES
71 BLN USD

95.5%
ratio to GDP

FOREIGN DEBT
5.1 BLN USD

6.9%
ratio to GDP

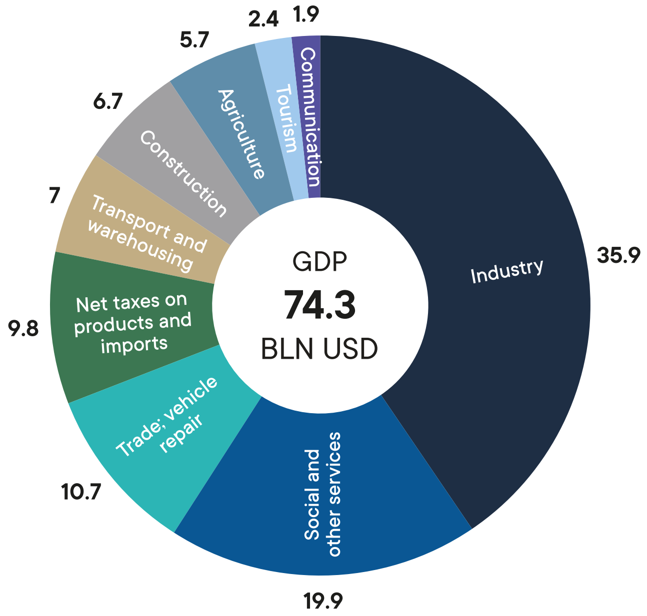
Azerbaijan's budget rule targeting the non-oil deficit is a fiscal policy framework designed to ensure sustainable public finances by focusing on the non-oil sector's fiscal balance.

DURING 1995-2024:

121.4 BLN USD
Total FDI

20.8 BLN USD
Non-oil FDI

83% | oil
17% | non-oil



PROVEN TRADING PARTNER 2024

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26.6 BLN USD TOTAL VALUE OF COMMODITY EXPORTS

TOP 5 EXPORT MARKETS (%)

Italy	Türkiye	Russia	Czechia	Croatia
40.95	14.38	4.44	4.10	3.29

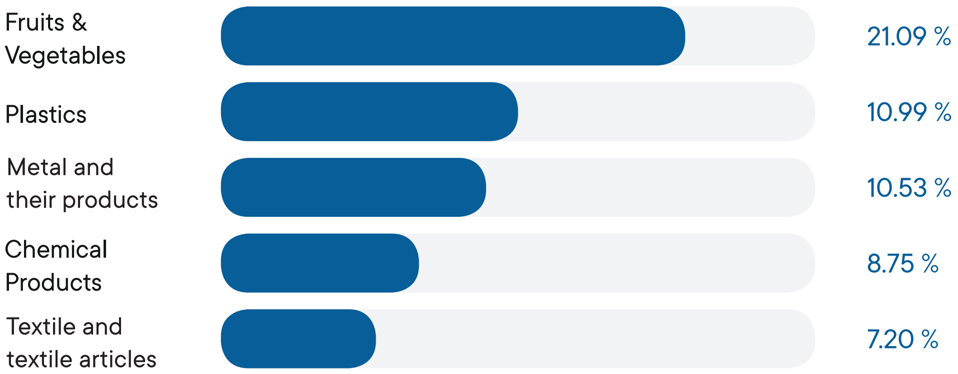
21.1 BLN USD TOTAL VALUE OF COMMODITY IMPORTS

TOP 5 IMPORT MARKETS (%)

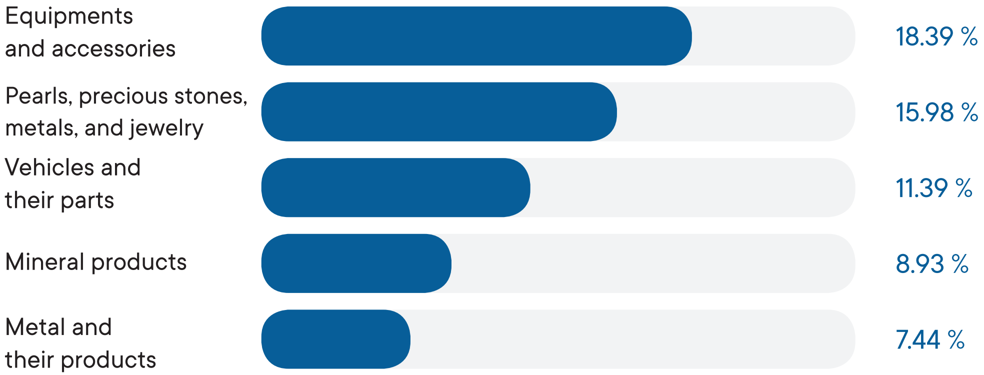
China	Russia	Türkiye	USA	Australia
21.55	20.95	13.37	9.36	8.46

VALUE OF NON-OIL EXPORTS - 3.4 BLN USD

TOP 5 NON-OIL EXPORT PRODUCTS



TOP 5 IMPORT PRODUCTS



SERVICE EXPORTS - 8.1 BLN USD

SERVICE IMPORTS - 10.2 BLN USD

EFFECTIVE TIME SAVING ROUTES

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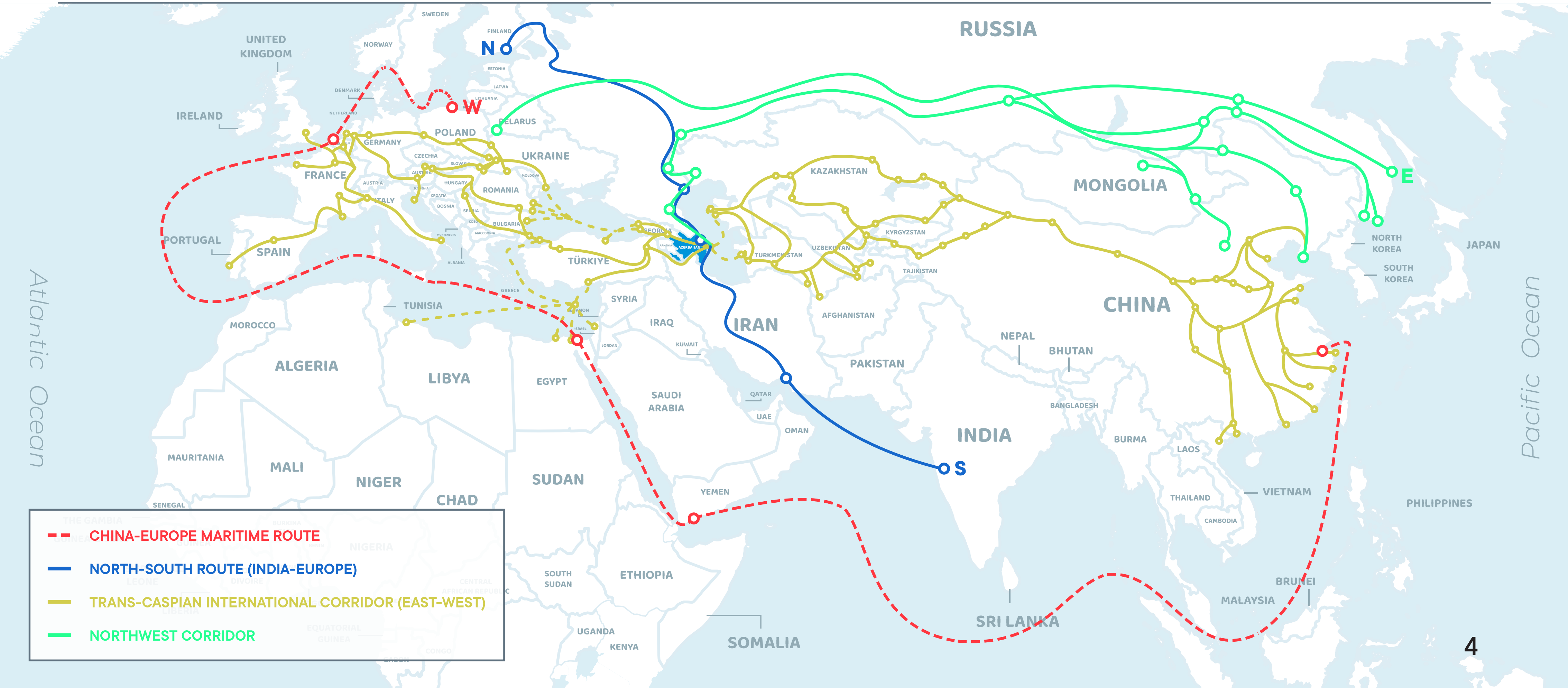

WELL DEVELOPED INFRASTRUCTURE

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More than **20 thousand** km of **roads** and **highways** constructed and rehabilitated

9 new international **airports**, including in the liberated territories of Azerbaijan

The **Baku-Tbilisi-Kars** railroad, also known as **“The Iron Silkway”**, is an **826 km** railway line connecting **Baku** in Azerbaijan, **Tbilisi** in Georgia, and **Kars** in Türkiye

Modern **Baku International Sea Trade Port** with a total capacity of **15 million tons** of general cargo per year

AFEZ is a multi-modal site in a prime strategic location offering a wide range of **incentives** and **benefits**

STATE OIL FUND AND SOVEREIGN RATINGS

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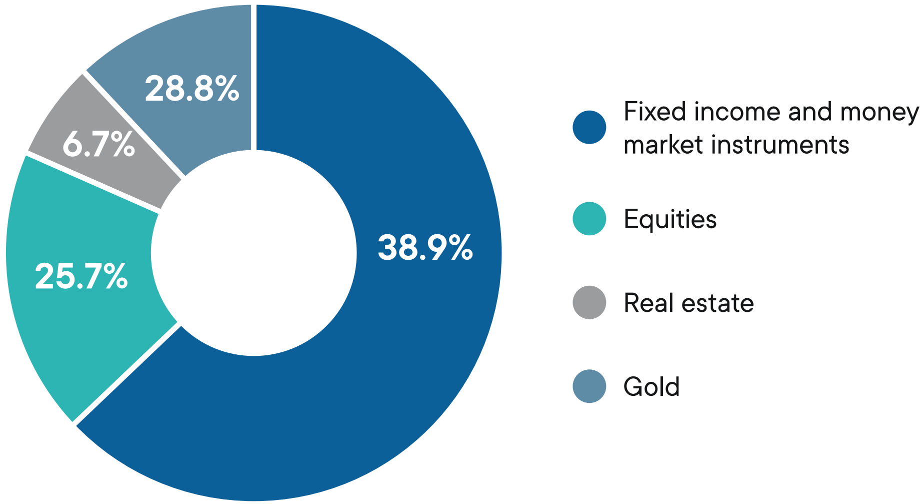
66.5 BLN USD - AS OF JUNE 30, 2025 SOFAZ'S PORTFOLIO BREAKDOWN BY ASSET CLASS



SOVEREIGN RATINGS BY MAJOR RATING AGENCIES

STANDARD & POOR'S	BB+/B, Outlook Stable
MOODY'S	Baa3, Outlook Positive
FitchRatings	BBB-, Outlook Stable

- On 06.12.2024, Standard & Poor's Global Ratings affirmed Azerbaijan's long- and short-term foreign and local currency sovereign credit ratings at BB+/B with a stable outlook.
- On 04.07.2025 Moody's Ratings (Moody's) upgraded the Government of Azerbaijan's issuer and foreign currency senior unsecured ratings to Baa3 from Ba1 and maintained the positive outlook.
- On 13.06.2025 Fitch Ratings affirmed Azerbaijan's Long-Term Foreign-Currency Issuer Default Rating (IDR) at BBB- with a stable outlook.

BUSINESS ORIENTED REFORMS

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ONGOING REFORM AREAS

- STARTING A BUSINESS
- GETTING CREDIT
- DEALING WITH CONSTRUCTION PERMITS
- REGISTERING PROPERTY
- PROTECTING MINORITY INVESTORS
- PAYING TAXES
- TRADING ACROSS BORDERS
- ENFORCING CONTRACTS
- RESOLVING INSOLVENCY
- LAW ON INVESTMENT ACTIVITY
- AZERBAIJAN'S NEW COMPETITION CODE
- PUBLIC PROCUREMENT LAW

REDUCED RED TAPE

- NO STATE INSPECTIONS OF BUSINESSES
- STREAMLINED LICENSING SYSTEM
- E-GOV SERVICES FOR BUSINESS
- STREAMLINED PUBLIC SERVICES
- ONE-STOP-SHOP SYSTEMS
- LOW TAX BURDEN

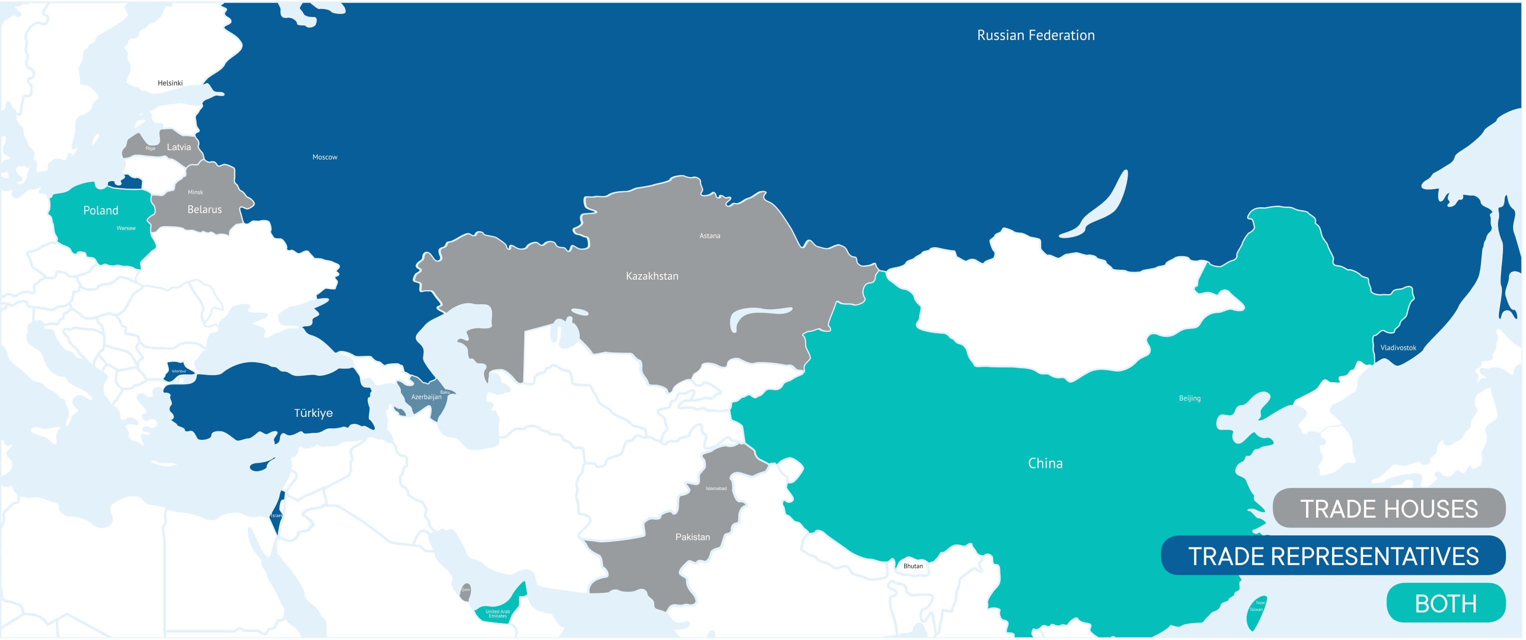
EXPORT PROMOTION

TRADE HOUSES

- CHINA
- UAE
- POLAND
- BELARUS
- KAZAKHSTAN
- QATAR
- LATVIA
- PAKISTAN

TRADE REPRESENTATIVES

- CHINA
- UAE*
- POLAND*
- RUSSIA
- ISRAEL
- TÜRKİYE



NO EXPORT DUTIES

* UAE trade representatives also covers Saudi Arabia, Kuwait and Bahrain.

* Poland trade representatives also covers Germany, Austria, Switzerland, Liechtenstein, Czech Republic, Slovakia, Hungary, Croatia and Slovenia.

INVESTMENT CLIMATE

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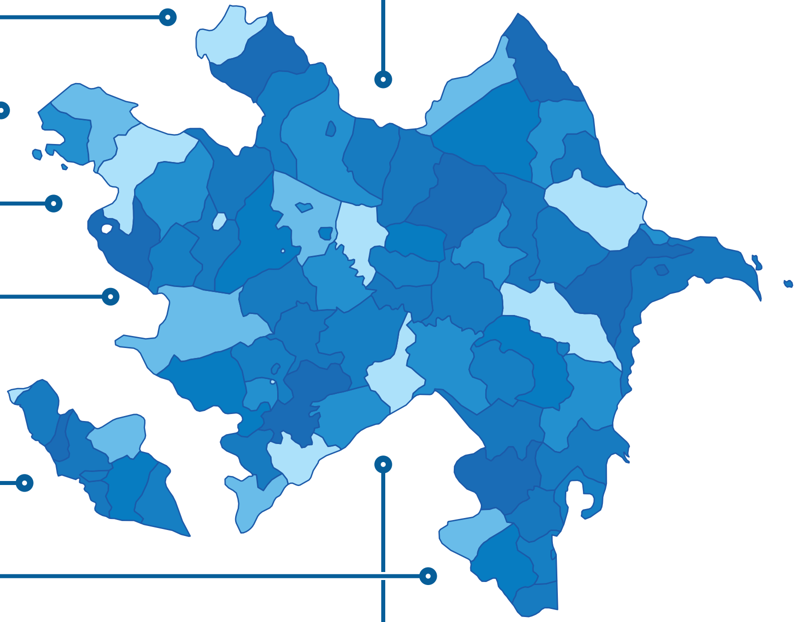
- LIMITED PRICE CONTROL
- TEMPORARY RESIDENCE ALLOWED UPON INVESTMENTS
- NO LOCAL COUNTERPART REQUIREMENT
- NO FOREIGN EXCHANGE RESTRICTIONS
- NO DISCRIMINATION BETWEEN FOREIGN AND DOMESTIC INVESTORS
- NO LIMITS ON THE AMOUNT OF FOREIGN CAPITAL IN COMPANIES
- NO RESTRICTIONS ON REPATRIATION OF PROFITS
- NO PRIOR AUTHORIZATION OF FOREIGN INVESTMENT REQUIRED
- NO TECHNOLOGY TRANSFER RESTRICTIONS



BILATERAL INVESTMENT AND DOUBLE TAXATION TREATIES

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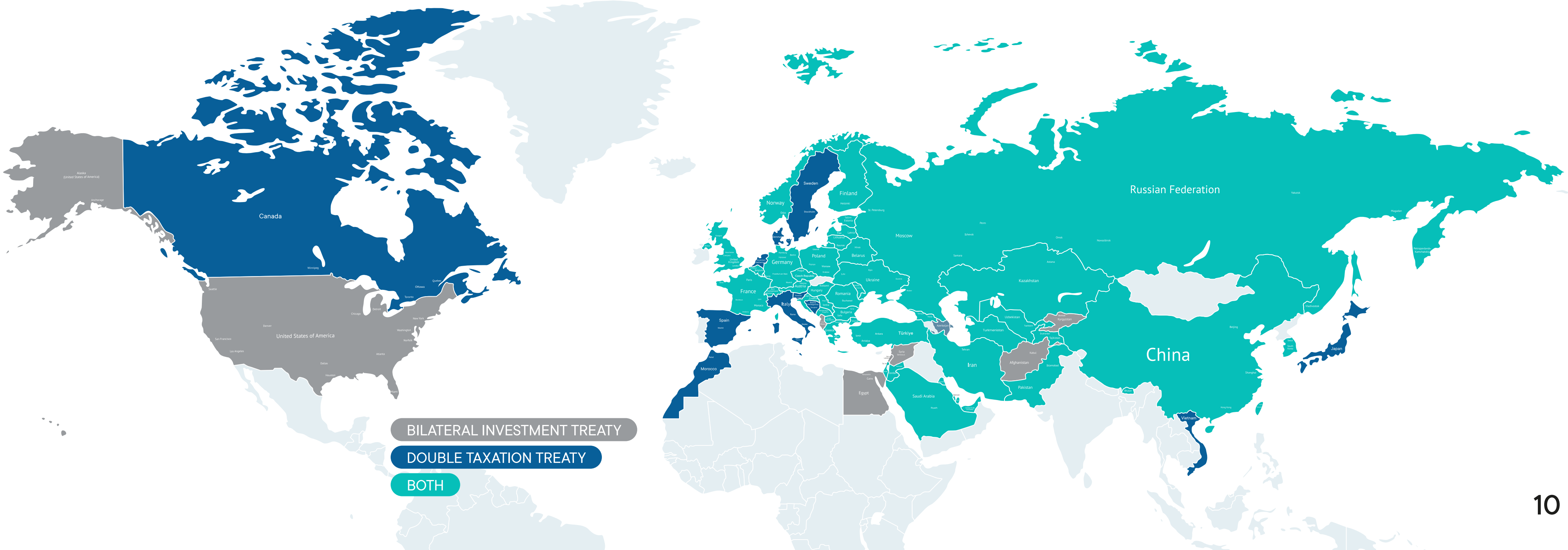
AFGHANISTAN	ALBANIA	AUSTRIA	BELARUS	BELGIUM	B&H	BULGARIA	CANADA	CHINA	CROATIA	CZECHIA	EGYPT	ESTONIA	FINLAND	FRANCE	GEORGIA	GERMANY	GREECE	HUNGARY	IRAN
ISRAEL	ITALY	JAPAN	JORDAN	KAZAKHSTAN	KOREA	KUWAIT	KYRGYZSTAN	LATVIA	LEBANON	LITHUANIA	LUXEMBOURG	MACEDONIA	MOLDOVA	MONTENEGRO	NETHERLANDS	NORWAY	PAKISTAN	POLAND	QATAR
ROMANIA	RUSSIA	SAUDI ARABIA	SAN MARINO	SERBIA	SLOVAKIA	SLOVENIA	SPAIN	SWEDEN	SWITZERLAND	SYRIA	TAJIKISTAN	TÜRKİYE	TURKMENISTAN	UAE	UK	UKRAINE	USA	UZBEKISTAN	VIETNAM



INDUSTRIAL ZONES AND AGRICULTURAL PARKS

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GENERAL INFORMATION ABOUT INDUSTRIAL ZONES

1.566,7
Total area in hectares

132
Registered residents
*(**12** Registered non-resident)*

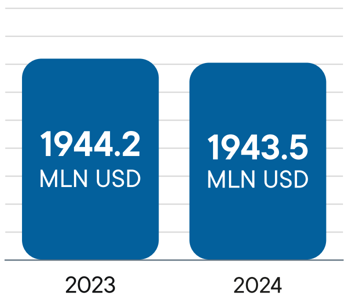
78
Residents started their activity

4.6 BLN USD
investment

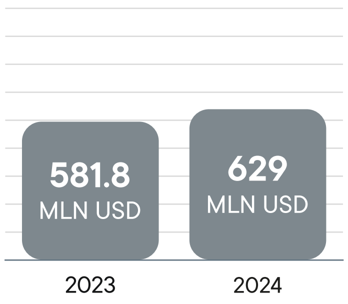
20.300+
new work places

TOTAL REVENUE OF INDUSTRIAL ZONES

TOTAL PRODUCTION



EXPORT



- INDUSTRIAL PARKS
- INDUSTRIAL DISTRICTS
- AGRICULTURAL PARK
- ALAT FREE ECONOMIC ZONE
- LIBERATED TERRITORIES

INFRASTRUCTURE

Residents of industrial zones are provided with infrastructure developed at the expense of state funds:

- Electricity supply
- Natural gas supply
- Sewage system
- Water supply
- Internal roads
- Railway lines
- Fiber-optic cable

INVESTMENT INCENTIVES

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7 YEARS **HOLDERS OF INVESTMENT PROMOTION DOCUMENT**	50% decrease from corporate and income taxes	0% land and property taxes	0% VAT on hardware, technological equipment and structures imported by IPD holders	0% customs duties on hardware, technological equipment and structures imported by IPD holders
10 YEARS (FROM THE DATE OF RECEIVING RESIDENT STATUS) **RESIDENTS OF INDUSTRIAL AND TECHNOLOGY PARKS**	0% corporate and income taxes	0% land and property taxes	0% VAT on hardware and technological equipment imported by residents	0% customs duties on hardware and technological equipment imported by residents
10 YEARS (STARTING FROM JANUARY 1, 2023) **RESIDENTS OF INDUSTRIAL PARKS LOCATED IN THE LIBERATED TERRITORIES**	0% corporate and income taxes	0% land and property taxes	0% VAT on hardware, technological equipment, raw materials and structures imported by residents	0% customs duties on hardware, technological equipment, raw materials and structures imported by residents

INVESTMENT OPPORTUNITIES IN THE LIBERATED TERRITORIES

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10 YEARS
(STARTING FROM JANUARY 1, 2023)

LEGAL ENTITIES IN THE LIBERATED TERRITORIES

Exemption from corporate, income, property, land and the simplified taxes

VAT and customs duties exemption: for the import of machinery, technological equipment, and devices, as well as for raw materials and supplies

Exemption for dividend incomes of stakeholders and stockholders

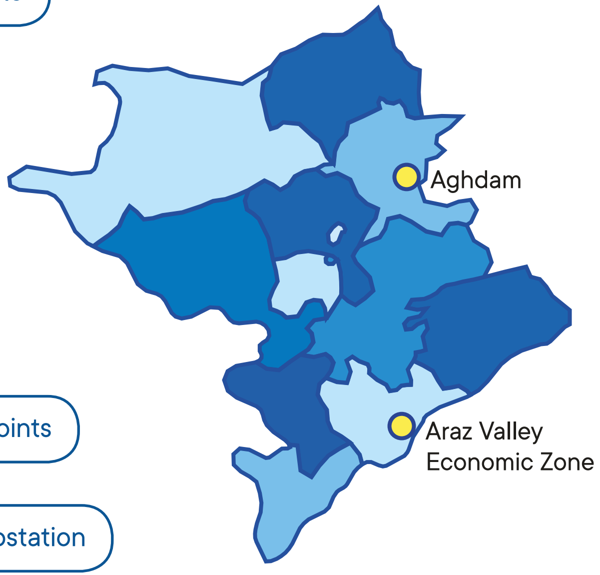
20% discount on utility services

Subsidization of the mandatory state social insurance fee

Provision of loans with state guarantee and subsidization of loan interest

Offering infrastructure in industrial parks based on the "Plug&Play" principle:

- Sewage lines and chemical waste
- Natural gas supply line
- Road and railways
- Fiber optic cable line
- Transformers and distribution points
- Power transmission line and substation
- Rain, potable, technical and fire water supply networks



Industrial parks in the territories liberated from occupation

PUBLIC PRIVATE PARTNERSHIP

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LEGISLATION:

- On December 27, 2022, the Law on Public-Private Partnership was enacted. The law provides a framework for collaboration between the public and private sectors to facilitate the implementation of projects.
- The secondary legislation (rules) that further details of the PPP law was accepted on March 19, 2024. This secondary legislation clarifies the procedures and requirements for implementing PPP projects.

PUBLIC-PRIVATE PARTNERSHIP PROJECTS FOR 2025 - 2026:

- Construction and operation of a scientific-technological park in Baku
- Solid Waste Management in Lankaran city
- Creation of a tourism and recreation zone in Kalbajar city
- Construction of centers for disposal of animal carcasses and biological waste
- Establishment of freight truck parks (TIR parks)
- Reconstruction of Hovsan aeration station and installation of wastewater reuse systems

ADVANTAGES FOR THE INVESTOR:

- Long-term, repayable investment
- Implementation of the project with the participation of the State
- Possibility of obtaining additional guarantees
- Sharing risks with the state
- Expansion of private sector participation in economics and management

SECTOR OPPORTUNITIES

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AGRICULTURE

Azerbaijan's largest employer, employing approximately 36% of the population, but accounting for only 4.8% of GDP. Sown areas are above 1.9 million hectares, which is approximately 22% of the total territory of Azerbaijan.

TRANSPORT AND LOGISTICS

Today, as trade flows increase between Europe and Asia, Azerbaijan is emerging as a transport and logistics hub at the crossroad of Eurasia, adjoining seaports on the Caspian Sea, as well as serving as an interconnection point for various transportation corridors.

CHEMICAL INDUSTRY

Chemical industry is one of the main sectors of the Azerbaijani economy. The country's availability of the raw materials of oil and gas, salt, iodine-bromide mine water, and the waste of ferrous metals, combined with access to large neighbor consumers, gives Azerbaijan a comparative advantage in this sector.

LIGHT INDUSTRY

Light industry is well developed in Azerbaijan and apart from many other directions, include weaving, sewing, and knitting, as well as fur-leather, skin-leather, textile and shoe production. Traditional and rich in patterns, carpet-making is also on the rise.

SECTOR OPPORTUNITIES

FOOD PROCESSING

Accounts for around 32% ($2.9 billion) of Azerbaijan's total processing industry, and covers a selection of more segmented industries. Azerbaijan possesses great potential in the development of halal food industry, as Islam is a dominant religion in the country.

INFORMATION AND COMMUNICATION TECHNOLOGIES

Education and e-government programs have been launched. ASAN service, as part of the State Agency for Public Services and Social Innovations under the President of the Republic of Azerbaijan provides public services, which makes it more easily accessible to the citizens using modern technologies.

RENEWABLES

Currently, foreign investors are engaged in the construction of 3 solar and wind power plants with a capacity of 710 megawatts in Azerbaijan. The total power generation capacity of Azerbaijan is 7954 MW and the capacity of the power plants on renewable energy sources, including large hydropower plants is 1312 MW, which is 16.5 % of the total capacity.

TOURISM

Untouched nature, mineral springs, a unique ancient architecture, diverse culture, rich in flavors cuisine, people known for hospitality, as well as other factors contribute to the formation of a highly attractive tourism destination and also for various purposes: business, sport, medical, hunting, beach and gastronomic.

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THANK YOU!

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