Development Fund of Georgia JSC

Consolidated Financial Statements
for the year ended 31 December 2024

Contents

Independent Auditors' Report

To the shareholders and management of Development Fund of Georgia JSC

Qualified Opinion

We have audited the consolidated financial statements of Gerogian Development fund JSC and its subsidiary (hereinafter the "Group"), which comprise the consolidated statement of financial position as at 31 December 2024, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity, and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of material accounting policies.

In our opinion, except for the matter described in the Basis for Qualified Opinion paragraph, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as of December 31, 2024, and its financial performance and cash flows for the year then ended, in accordance with International Financial Reporting Standards (IFRS).

Basis for Qualified Opinion

1. As of 31 December 2023 (opening balance and comparative period), there were indications that the recoverable amount of the property, plant and equipment of JSC *Aero-Structures Technologies (Cyclone)* (a subsidiary of the Fund) might have been lower than their carrying amount, which totaled GEL 73,586 thousand. International Accounting Standard IAS 36 *"Impairment of Assets"* requires that, when such indications exist, management should perform a formal assessment of the recoverable amount. No such assessment was performed. The impact of this non-compliance with the financial reporting standards issued by the International Accounting Standards Board (IASB) on the (consolidated) financial statements has not been determined.
2. As of 31 December 2024, the the subsidiary JSC Aero-Structures Technologies (Cyclone) has trade and other payables to, and loans received from its shareholder (LLC Elbit Systems – Cyclone) with amount of USD12,196 thousand and USD8,941 thousand, respectively. We did not receive third party confirmation letter to confirm these balances. Furthermore, we were unable to obtain sufficient audit evidence regarding the contractual terms of the trade and other payables and the loans received (including repayment terms and other conditions). Because of these matters, we were unable to determine whether any adjustments might have been necessary in respect of trade and other payables, interest-bearing loans and borrowings, and other elements making up the financial statements.
3. As disclosed in Note 20 to the consolidated financial statements, based on the shareholders' resolution dated 6 September 2023, the Group's issued capital was determined and declared as subscribed capital in the amount of GEL 250,000 thousand. As noted in the Other Matters paragraph, since the consolidated financial statements of the Group as of and for the year ended 31 December 2022 recorded paid-in subscribed capital amounting to GEL 100,000 thousand, and no additional capital contributions were made during 2023, the Group recognized a receivable from a shareholder amounting to GEL 150,000 thousand in the current consolidated financial statements as of 31 December 2023 (opening balance and comparable period). As of 31 December 2023, the Group had not approached the shareholder regarding the difference between the declared paid-in issued capital and the actual capital contribution. We were unable to verify or substantiate, by alternative procedures, the recoverability of the receivable from the shareholder, as we were not provided with sufficient appropriate audit evidence to confirm the recoverability of the balance. As a result, we were unable to determine whether any adjustments to the receivable from the shareholder were necessary in relation to the consolidated financial position as of 31 December 2024 and the consolidated statement of profit or loss and other comprehensive income, changes in equity, and cash flows for the year then ended.
4. As disclosed in Note 6, the Company restated its 2022 and 2023 financial statements. Specifically, an adjustment was made to recognize an impairment loss on non-current assets with amount of USD7,861 thousand as of 31 December 2022, and a reversal of impairment with amount of USD6,240 thousand for the year ended 31 December 2023. We were unable to obtain sufficient appropriate audit evidence regarding the impairment of non-current assets recognized as of 31

December 2022 and the reversal of impairment recognized for the year ended 31 December 2023. Accordingly, we were unable to determine whether any adjustments might have been necessary to the impairment of non-current assets (property, plant and equipment, and intangible assets) as of 31 December 2022, and to the reversal of impairment for the year ended 31 December 2023. For this reason, our audit opinion on the current year's financial statements is also modified in respect of the possible effects of this matter on the current period figures and the comparability of the corresponding figures.

5. The predecessor auditor expressed a qualified opinion on JSC Borjomi Likani International regarding the existence of inventories, which had a reported balance of GEL 1,246 thousand. During our audit for the year ended 31 December 2024, we were also unable to obtain sufficient and appropriate audit evidence regarding the opening inventory balance as of 1 January 2024. Accordingly, we have expressed a qualified opinion with respect to inventories as at that date. However, we attended the physical inventory count conducted at the end of 2024 and obtained sufficient and appropriate audit evidence regarding the existence of inventories recorded at GEL 1,444 thousand as at 31 December 2024.
6. JSC Borjomi Likani International did not maintain adequate accounting records for property, plant, and equipment. We were unable to obtain sufficient appropriate audit evidence regarding the carrying amount of office inventory and furniture recorded at GEL 220 thousand as of 31 December 2024. As a result, we were unable to determine whether any adjustments might be necessary to the carrying amounts of property, plant, and equipment, depreciation expense, and the related elements of financial position, profit or loss and other comprehensive income, changes in equity, and cash flows as of and for the year ended 31 December 2024. We also note, as mentioned in the Other Matter paragraph, that the financial statements of the Company as of and for the year ended 31 December 2023 were audited by a predecessor auditor who expressed a qualified opinion for the same matter in their report dated 10 December 2024.

The audit was conducted in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the section of this report entitled "Auditor's Responsibilities for the Audit of the Financial Statements." We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' (IESBA) International Code of Ethics for Professional Accountants and the ethical requirements that are relevant to the audit of financial statements in Georgia, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion .

Other Matter

Prior Period Audit Report

The audit of the Group's consolidated financial statements for the year ended 31 December 2023 was performed by another auditor, who expressed a qualified opinion thereon on 30 December 2024.

The basis for the qualified opinion was the following matters:

1. As disclosed in Note 14 to the consolidated financial statements, pursuant to the shareholder's decision dated 6 September 2023, the Group's subscribed capital was defined as GEL 250,000 thousand and declared as paid-in. Given that the Group's consolidated financial statements as at and for the year ended 31 December 2022 reported paid-in subscribed capital of GEL 100,000 thousand, and no additional capital contributions were made during 2023, the Group has recognized a receivable of GEL 150,000 thousand from the shareholder as at 31 December 2023. The Group has not applied to the shareholder regarding the discrepancy between declared paid-in subscribed capital and actual contribution to the subscribed capital. We were unable to confirm or verify by alternative means the recoverability of the receivable from the shareholder. As a result, we were unable to determine whether adjustments might have been found necessary in respect of the receivable from the shareholder and the related elements of the consolidated statements as at and for the year ended 31 December 2023.

2. As at 31 December 2023 there are indications that the recoverable amount of property and equipment of Aerostructure Technologies Cyclone JSC (subsidiary of the Fund) might be lower than its carrying amount stated at GEL 73,586 thousand. International Financial Reporting Standard IAS 36 Impairment of Assets requires that, where such indications exist, management makes a formal estimate of the recoverable amounts. No such estimate has been made. The effects of this departure from IFRS Accounting Standards Bon the consolidated financial statements have not been determined.

Correction of Prior Period Financial Statements

In connection with our audit of the consolidated financial statements for the year ended 31 December 2024, we audited the adjustments described in Note 5 made to the individual financial statements for the year ended 31 December 2023. The consolidated financial statements for the year ended 31 December 2023 were audited by another auditor, who expressed a qualified opinion (refer to the "Prior Period Financial Statements" paragraph above).

In our opinion, the adjustments are appropriate and have been properly applied. We did not audit, review, or perform any procedures on the consolidated financial statements for the year ended 31 December 2023, other than with respect to the adjustments described. Accordingly, we do not express an opinion or any form of assurance thereon.

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, 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.

Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the 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 auditors' 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 auditors' 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.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance 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.

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

Ana Gabedava, Engagement Partner (SARAS-A-518332)

LLC "Nexia Georgia" (SARAS-F-550338)

11 November 2025

Tbilisi, Georgia

Nexia

Independent Auditors' Report

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Nexia

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- 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 auditors' 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 auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

Ana Gabedava, Engagement Partner (SARAS-A-518332)

LLC "Nexia Georgia" (SARAS-F-550338)

11 November 2025

Tbilisi, Georgia

NEXIA GEORGIA LLC * 405040682 Nexia Georgia

'000 GEL	Note	31 December 2024	31 December 2023 restated*	01 January 2023 restated*
Assets				
Property, plant and equipment	10	129,694	132,792	126,512
Investment property	11	62,295	62,221	64,662
Investments in equity accounted investees	15	13,567	11,016	20,010
Other investments	12	13,560	12,603	10,311
Intangible assets	13	4,224	7,987	7,236
Loans receivable	14	13,406	581	3,002
Term deposits	18	2,000	13,555	-
Non-current assets		**238,746**	**240,755**	**231,733**
Inventories	17	17,750	9,391	8,261
Loans receivable	14	6,382	1,757	613
Prepayments and other current assets	16	2,991	9,220	3,439
Receivable from shareholder	20	150,000	150,000	-
Trade receivables		2,797	3,502	96
Receivable from former subsidiary	24(a)	-	56,934	57,770
Current tax assets		82	768	706
Dividends receivable		-	-	2,913
Term deposits	18	12,000	3,200	-
Cash and cash equivalents	19	68,359	67,506	35,528
Current assets		**260,361**	**302,278**	**109,326**
Total assets		**499,107**	**543,033**	**341,059**
Equity				
Subscribed capital	20(a)	250,000	250,000	100,000
Owner distributions	20(b)	(55,844)	(55,970)	(55,159)
Retained earnings		178,797	183,883	150,221
Other reserve		26,781	22,964	21,936
Equity attributable to owners of the Group		**399,734**	**400,877**	**216,998**
Non-controlling interests		(14,924)	(11,603)	(11,606)
Total equity		**384,810**	**389,274**	**205,392**
Liabilities				
Loans and borrowings	21	33,603	9,421	9,852
Other liabilities	22	11,396	10,919	10,970
Payable to former subsidiary	24(b)	-	-	47,738
Non-current liabilities		**44,999**	**20,340**	**68,560**
Payable to former subsidiary	24(b)	-	53,037	-
Loans and borrowings	21	19,907	47,203	50,363
Trade and other payables	23	48,765	32,553	16,653
Advances received for non-current assets		535	535	-
Provisions		91	91	91
Current liabilities		**69,298**	**133,419**	**67,107**
Total liabilities		**114,297**	**153,759**	**135,667**
Total equity and liabilities		**499,107**	**543,033**	**341,059**

*The comparative information has been restated on account of correction of errors, see also Note 5.

The consolidated statement of financial position is to be read in conjunction with the notes to, and forming part of, the consolidated financial statements set out on pages 12 to 52.

'000 GEL	Note	2024	2023 restated*
Continuing operations			
Revenue	6	41,381	27,808
Other investment income	15(b)	2,056	34,457
Operating expenses	7	(25,946)	(16,077)
Wages and other employee benefits		(16,144)	(13,625)
Depreciation and amortisation		(10,072)	(10,264)
Share of loss of equity accounted investees	15	(234)	(1,300)
Other income/(expense)		1,254	2,594
Reversal of impairment on loans receivable		3,046	(1,212)
Impairment loss on non-financial assets		(1,625)	16,398
Impairment loss on other assets		(2,044)	-
Impairment loss on investment in equity accounted investees		(553)	-
Reversal of impairment of trade and other receivables		347	-
Results from operating activities		**(8,534)**	**38,779**
Finance income	8	7,709	7,859
Finance costs	8	(10,587)	(12,969)
Net finance (loss)/income		**(2,878)**	**(5,110)**
Income/(loss) before income tax		**(11,412)**	**33,669**
Income tax expense	9	1,038	(534)
Profit for the year		**(10,374)**	**33,135**
Other comprehensive income			
Other comprehensive income for the year net of tax		5,784	1,558
Total comprehensive income for the year		**(4,590)**	**34,693**
Profit for year attributable to:			
Owners		(5,086)	33,662
Non-controlling interests		(5,288)	(527)
		(10,374)	**33,135**
Total comprehensive income attributable to:			
Owners		(1,269)	34,690
Non-controlling interests		(3,321)	3
		(4,590)	**34,693**

*The comparative information has been restated on account of correction of errors, see also Note 5.

These consolidated financial statements were approved by management on 11 November 2025 and were signed on its behalf by:

Besik Bugianishvili
Chief Executive Officer

Ioseb Mamukelashvili
Chief Financial Officer

The consolidated statement of profit or loss and other comprehensive income is to be read in conjunction with the notes to, and forming part of, the consolidated financial statements set out on pages 12 to 52.

'000 GEL	Note	2024	2023 restated*
Continuing operations			
Revenue	6	41,381	27,808
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	Equity attributable to to owners of the Group						
’000 GEL	**Subscribed capital**	**Owner contributions/ (distributions)**	**Retained earnings/ (accumulated deficit)**	**Foreign exchange translation reserve**	**Total**	**Non-controlling interests**	**Total equity**
Balance at 31 December 2022	**100,000**	**(55,159)**	**145,356**	**-**	**190,197**	**(1,130)**	**189,067**
Adjustment due to restatement	-	-	4,865	21,936	26,801	(10,476)	16,325
Balance at 1 January 2023	**100,000**	**(55,159)**	**150,221**	**21,936**	**216,998**	**(11,606)**	**205,392**
Profit for the year	-	-	33,662	-	33,662	(527)	33,135
Other comprehensive income for the year	-	-	-	1,028	1,028	530	1,558
Transactions with owners, recorded directly in equity							
Increase in subscribed capital (see not 20(a))	150,000	-	-	-	150,000	-	150,000
Withdrawal of non-cash assets	-	(811)	-	-	(811)	-	(811)
Balance at 31 December 2023	**250,000**	**(55,970)**	**183,883**	**22,964**	**400,877**	**(11,603)**	**389,274**
Balance at 1 January 2024	250,000	(55,970)	183,883	22,964	400,877	(11,603)	389,274
Profit for the year	-	-	(5,086)	-	(5,086)	(5,288)	(10,374)
Other comprehensive income for the year	-	-	-	3,817	3,817	1,967	5,784
Transactions with owners, recorded directly in equity							
Increase of non-cash assets	-	126	-	-	126	-	126
Balance at 31 December 2024	**250,000**	**(55,844)**	**178,797**	**26,781**	**399,734**	**(14,924)**	**384,810**

*The comparative information has been restated on account of correction of errors, see also Note 5.

The consolidated statement of equity is to be read in conjunction with the notes to, and forming part of, the consolidated financial statements set out on pages 12 to 52.

’000 GEL	**Note**	**2024**	**2023 restated***
Cash flows from operating activities			
(Loss)/Profit for the year		(10,374)	33,135
Adjustments for:			
Depreciation and amortisation		10,072	10,264
Income tax expense	9	(1,038)	534
Net finance income/(costs)	8	2,878	5,110
Share of loss of equity accounted investees (net of income tax)	15	234	1,300
Impairment loss/(recovery) on trade receivables		(347)	1300
Impairment loss on loan receivables		(3,046)	1,212
Impairment loss/(recovery) on property, plant and equipment		1,231	(16,398)
Impairment loss on other assets		2,044	-
Other investment income	15(b)	(2,056)	(34,124)
Financial assets at FVTPL – net change in fair value		(768)	(333)
Impairment loss on investments in equity accounted investees	15	553	-
Other non-cash items		1,552	(1,595)
		935	**(895)**
Changes in:			
Inventories		(7,324)	(1,444)
Trade receivables and prepayments and other current assets		39,378	(3,624)
Trade and other payables		(20,978)	15,086
Taxes other than on income		1,908	(1,692)
Provisions		(271)	-
Cash flows from operations before income taxes and interest paid		**13,648**	**7,431**
Interest paid	21(b)	(2,826)	(3,575)
Income tax recovered/(paid)	9	1,038	(534)
Net cash from operating activities		**11,860**	**3,322**
Cash flows from investing activities			
Interest received		4,659	4,523
Issue of loans		(13,674)	-
Repayment of loan issued		211	58
Acquisition of property, plant and equipment and changes in prepayments for non-current assets and other non-current assets		(350)	(1,249)
Acquisition of investments in equity accounted investees	15	(9,409)	(232)
Decrease/(placement) of term deposit		2,755	(16,755)
Increase in other investments		(187)	(1,959)
Considiration received from equity accounted investee	15	10,414	42,383
Considiration from the sale of subsidiary		-	2,575
Advance received for investment property		-	535
Dividends received		-	2,828
Net cash from/(used) in investing activities		**(5,581)**	**32,707**
Cash flows from financing activities			
Repayment of borrowings	21(b)	(7,122)	(6,397)
Net cash used in financing activities		**(7,122)**	**(6,397)**
Net increase/(decrease) in cash and cash equivalents		**(843)**	**29,632**
Cash and cash equivalents at 1 January	19	67,506	35,528
Effect of movements in exchange rates on cash and cash equivalents		1,696	2,346
Cash and cash equivalents at 31 December	19	**68,359**	**67,506**

*The comparative information has been restated on account of correction of errors, see also Note 5.

The consolidated statement of cash flow is to be read in conjunction with the notes to, and forming part of, the consolidated financial statements set out on pages 12 to 52.

The consolidated statement of cash flow is to be read in conjunction with the notes to, and forming part of, the consolidated financial statements set out on pages 12 to 52.

1. Reporting entity

(a) Business environment

The Group's operations are primarily located in Georgia. Consequently, the Group is exposed to the economic and financial markets of Georgia, which display characteristics of an emerging market. The legal, tax and regulatory frameworks continue development, but are subject to varying interpretations and frequent changes which together with other legal and fiscal impediments contribute to the challenges faced by entities operating in Georgia.

Despite global and regional factors, Georgia's economy grew by 9.4% and the inflation rate amounted to 1.9% in 2024. The real GDP growth was mainly driven by the increased export, tourism revenues and acceleration of remittances related to the inflow of migrants and tourists. Georgian Lari remained stable in 2024, appreciating against USD by 4.37% (2023: 9.87%). Sources: www.geostat.ge; www.nbg.gov.ge.

The consolidated financial statements reflect management's assessment of the impact of the Georgian business environment on the operations and the financial position of the Group. The future business environment may differ from management's assessment.

(b) Organisation and operations

Development Fund of Georgia JSC (former Partnership Fund JSC) (the "Fund") is a joint stock company domiciled in Georgia. As a result of reorganization, formerly Partnership Fund JSC changed its name to Development Fund of Georgia JSC since September 2023.

The consolidated financial statements include financial statements of the Fund and its subsidiaries (together referred to as the "Group" and individually as "Group entities") and the Group's interest in associates and joint ventures. All significant Group entities are Georgian joint stock and limited liability companies as defined in the "Law of Georgia on Entrepreneurs" and are disclosed in notes 1(c) and 26.

The Fund was established on 28 June 2011 as a wholly state-owned enterprise based on the "Law of Georgia on Development Fund of Georgia JSC". The Fund is a specialised public sector entity established by the State of Georgia, governed by the Supervisory Board chaired by the Prime Minister of Georgia. It was created to support investments in less developed industries of the Georgian economy and to create new employment opportunities in the country.

The Fund's principal activity is to provide equity and debt financing to private and public sector companies operating in Georgia with priority for projects in the energy, agriculture, manufacturing and real estate sectors. The main sources of income are expected to come from dividends.

Till the end of 2022, the principal activities of the Group entities were the import and sale of gas, rental of gas and oil pipelines, oil and gas exploration and extraction, electricity generation, operation of a nationwide railway system providing freight and passenger transportation services and transmission. After withdrawal of the significant subsidiaries from the ownership, principal activities of the Group are related to investing in start-up entities, hospitality and sales of composite aerostructure materials.

The Fund obtained control over the significant subsidiaries following the decrees issued by the Government of Georgia dated 30 July 2012 and 14 August 2012, pursuant to which 100% of ownership interests in Georgian State Electrosystem JSC, Electricity System Commercial Operator JSC and the remaining shares in former associates Georgian Oil and Gas Corporation JSC and Georgian Railway JSC were contributed by the Government of Georgia into the capital of the Fund. However, according to the decision issued on 28 February 2020 by the Government of Georgia, the

Government of Georgia reduced the Fund's capital by transferring its ownership interest (100% of shares) in Georgian State Electrosystem JSC and Electricity System Commercial Operator JSC to the Government of Georgia (Ministry of Economy and Sustainable Development of Georgia). Additionally, by decision issued on 29 November 2022, the Government of Georgia further reduced the Fund's capital by transferring its 100% ownership interest in Georgian Oil and Gas Corporation JSC and Georgian Railway JSC to the Government of Georgia.

The Fund's registered office is 6 Vukol Beridze street, 0108, Tbilisi, Georgia and the Fund's registration number is #404404550.

The Fund is wholly owned by the State of Georgia represented by the Government of Georgia (the "Parent", "Owner"). Related party transactions are detailed in note 28.

(c) Group structure

As at 31 December 2024 and 2023 the Fund has direct and indirect ownership interests in the following entities:

		2024	2023	
Name	**Country of incorporation and operation**	**Ownership/ voting**	**Ownership/ voting**	**Principal activities**
Project LLC	Georgia	100%	100%	Manufacture of spare parts for airplanes
Aerostructure Technologies Cyclone JSC	Georgia	66%	66%	Manufacture of spare parts for airplanes
Tbilisi Logistics Center LLC and its subsidiaries				
Tbilisi Logistics Center LLC	Georgia	100%	100%	Food services
Fruit and Vegetable Export Company LLC	Georgia	100%	100%	Export of fruit and vegetables
Georgian Product LLC	Georgia	100%	100%	Tourism development
Black Sea Port of Georgia LLC	Georgia	100%	100%	Construction and operation of a port
Lagodekhi Trading Company LLC	Georgia	100%	100%	Construction and leasing out of a shopping mall in Lagodekhi
Rukhi Trading Center LLC	Georgia	100%	100%	Construction and leasing out of a shopping mall
Start-up Georgia LLC	Georgia	100%	100%	Venture capital
Imereti Greenery LLC	Georgia	100%	100%	Agriculture/farming
Caucasus Clean Energy I, LLP	United Kingdom	8%	8%	Investment fund
Georgian Industrial and Regional Development Company LLC	Georgia	100%	100%	Investment fund, providing investments in regional developments in Georgia
Likani Residence LLC	Georgia	100%	100%	Renovation of Romanov Palace in Likani
Global Brand LLC	Georgia	100%	100%	Wine export to USA
Infrastructure Development Partnership Company LLC	Georgia	100%	100%	Providing investments in Anaklia Port Project
Gazelle Fund LP	Canada	29.11%	29.11%	International investment company represented in Georgia and Armenia
Partnership Fund - Green Development LLC and its subsidiaries				
Partnership Fund - Green Development LLC	Georgia	100%	100%	Real estate development
Gino Green City Corporation LLC	Georgia	49%	49%	Real estate development

Name	Country of incorporation and operation	2024 Ownership/ voting	2023 Ownership/ voting	Principal activities
East West Bridge LLC and its subsidiaries				
East West Bridge LLC	Georgia	100%	100%	Ownership of investment fund
Georgian National Construction Fund Company LLC	Georgia	49%	49%	Dormant
Nenskra Hydro JSC	Georgia	7.4%	7.4%	Development, construction and operation of hydroelectric power plant in Svaneti, Georgia
Caucasian SUS Heritage LLC	Georgia	49.90%	49.90%	Hog farm
Nenskra JSC	Georgia	100%	100%	Construction and operation of hydroelectric power plant
Borjomi Likani International JSC	Georgia	100%	100%	Construction and operation of a hotel
Borjomi Likani LLC	Georgia	100%	100%	Development of real estate
New Technology Impex LLC	Georgia	10%	10%	Dormant
Georgian Natural Products LLC	Belarus	100%	100%	Export of wine and agricultural products
Aghobili LLC	Georgia	49%	49%	Construction and operation of a hotel
Peace Fund for Better Future NCLE	Georgia	33.33%	33.33%	Investment company

All of the Fund’s significant subsidiaries and equity accounted investees are Georgian joint stock and limited liability companies as defined in the “Law of Georgia on Entrepreneurs”.

2. Basis of accounting

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS Accounting Standards”).

3. Functional and presentation currency

The national currency of Georgia is the Georgian Lari (“GEL”), which is the functional currency of the Fund and of all significant Group entities and the currency in which these consolidated financial statements are presented. All financial information presented in GEL has been rounded to the nearest thousand, except when otherwise indicated.

4. Use of estimates and judgments

The preparation of consolidated financial statements in conformity with IFRS Accounting Standards requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements is included in the following notes:

- Note 15 – existence of indicators for impairment accrual/impairment reversal for equity accounted investees.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year is included in the following notes:

- Note 10 – impairment of property, plant of the Group.
- Note 15 – existence of indicators for impairment accrual/impairment reversal for equity accounted investees.

Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- *Level 1*: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- *Level 2*: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- *Level 3*: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the fair value measurement of financial assets and liabilities is included in note 25(a) – fair values of financial assets and liabilities.

5. Correction of prior period errors

The Fund's management has restated prior period errors in the financial statements for the years ended 31 December 2023 and 2022. In management's view, the restated presentation more fairly reflects the Company's financial position and comprehensive income. Specifically, management made changes in the following areas:

- As of 31 December 2022, the Fund conducted an impairment test of long-term assets, based on which the recoverable amount of company's non-current assets was determined to be GEL 215,118. Accordingly, the Group recognized reversal of impairment GEL 13,047 for property, plant, and equipment and intangible assets.
- As of 31 December 2022, the Group wrote off construction in progress with a total carrying amount of GEL 3,428, since it was not possible to identify the asset or verify its existence based on available documentation and information. This write-off was made to ensure the reliability and accuracy of the financial statements.
- As of 31 December 2023, the Fund conducted an impairment test of long-term assets, based on which the recoverable amount of the assets was determined to be GEL 132,792. Accordingly, the company recognized a reversal of impairment loss of GEL 13,263 for property, plant, and equipment and intangible assets. For additional information, see note 13.

- The Fund recalculated prior period taxes and made the necessary adjustments to the related accounts.
- The company recalculated interest on loans received from the shareholders and made the necessary adjustments to the related accounts.
- The Fund reclassified trade and other payables to the shareholder into current and non-current liabilities.

The effect of prior period adjustments on financial statements are as following:

Consolidated statement of financial position 31 December 2023

'000 GEL **31 December 2023**	**As previously stated**	**Impact**	**As restated**
Property, plant and equipment	110,066	22,726	132,792
Intangible assets	5,076	2,911	7,987
Inventories	9,017	374	9,391
Prepayments and other current assets	9,126	94	9,220
Trade receivables	3,407	95	3,502
Current tax assets	1,928	(1,160)	768
Cash and cash equivalents	67,503	3	67,506
Retained earnings	167,326	16,557	183,883
Translation	-	22,964	22,964
Non-controlling interests	(7,931)	(3,672)	(11,603)
Other liabilities	-	10,919	10,919
Loans and borrowings	53,877	(6,674)	47,203
Trade and other payables	47,604	(15,051)	32,553

Consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2023

'000 GEL **For the year ended** **31 December 2023**	**As previously stated**	**Impact**	**As restated**
Revenue	28,105	(297)	27,808
Operating expenses	(17,360)	1,283	(16,077)
Wages and other employee benefits	(13,468)	(157)	(13,625)
Depreciation and amortisation	(13,205)	2,941	(10,264)
Other income/(expense)	2,478	116	2,594
Impairment loss on non-financial assets	-	16,398	16,398
Finance income	7,902	(43)	7,859
Finance costs	(10,694)	(2,275)	(12,969)
Other comprehensive income for the year, net of tax	-	1,558	1,558
Profit for the year attributable to:			
Owners	21,970	11,692	33,662
Non-controlling interests	(6,801)	6,274	(527)
Total comprehensive income attributable to:			
Owners	21,970	12,720	34,690
Non-controlling interests	(6,801)	6,804	3

There is no impact on the Group's total operating, investing or financing cash flows for the year ended 31 December 2023.

Consolidated statement of financial position 31 December 2022

'000 GEL 31 December 2022	As previously stated	Impact	As restated
Property, plant and equipment	118,582	7,930	126,512
Intangible assets	8,473	(1,237)	7,236
Inventories	7,947	314	8,261
Prepayments and other current assets	4,476	(1,037)	3,439
Trade receivables	-	96	96
Current tax assets	1,695	(989)	706
Cash and cash equivalents	35,534	(6)	35,528
Retained earnings	145,356	4,865	150,221
Translation	-	21,936	21,936
Non-controlling interests	(1,130)	(10,476)	(11,606)
Other liabilities	-	10,970	10,970
Loans and borrowings	57,059	(6,696)	50,363
Trade and other payables	32,181	(15,528)	16,653

6. Revenue

'000 GEL	2024	2023
Revenue from hospitality services		
Room revenue	8,109	7,517
Food and beverage revenue	5,941	5,507
Spa and health care	1,159	1,074
Other revenue	128	119
Total Revenue from hospitality services	**15,337**	**14,217**
Sales of composite aerostructure parts	**25,539**	**12,059**
Other revenue from contracts with customers	**505**	**1,532**
Total revenue	**41,381**	**27,808**

(a) Disaggregation of revenue from contracts with customers

In the following table, revenue from contracts with customers is disaggregated by the primary geographical markets, the major revenue streams and timing of revenue recognition.

'000 GEL	Revenue from hospitality services		Sale of composite aerostructure parts		Other revenue from contracts with customers		Total	
Primary geographical markets	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**
Domestic	15,337	14,217	-	-	505	1,010	41,381	27,286
Foreign	-	-	25,539	12,059	-	522	-	522
Total	**15,337**	**14,217**	**25,539**	**12,059**	**505**	**1,532**	**41,381**	**27,808**

(b) Contract balances

The following table provides information about receivables and contract liabilities from contracts with customers.

'000 GEL	**31 December 2024**	**31 December 2023**
Trade receivables	2,797	3,501
Contract liabilities	19,943	11,560

The contract liabilities primarily relate to the advance consideration received from customers for hospitality services and sales of composite aerostructure parts. The amount of GEL 8,383 thousand recognised in contract liabilities at the beginning of the period has been recognised as revenue for the period ended 31 December 2024.

(c) Performance obligations and revenue recognition policies

Revenue is measured based on the consideration specified in a contract with a customer. The Group recognises revenue when it transfers control over a good or service to a customer.

Revenue from hospitality services:

Room revenue - Revenue is recognised over time as the services are provided. The stage of completion for determining the amount of revenue to recognise is assessed based on completed guest nights in the hotel.

Food and beverage revenue **-** Revenue is recognised at a point in time when the goods have been accepted by customers. The Company recognizes revenue when it transfers control at a point in time for the sale of goods and over time for the provision of services, however services are provided in an insignificantly short period of time. Revenues are recognized in contractual consideration, net of value added tax charged to customers.

Spa and health care **-** Revenue is recognised over time as the services are provided. The stage of completion for determining the amount of revenue to recognise is assessed based on the works completed, however services are provided in an insignificantly short period of time. Revenues are recognized in contractual consideration, net of value added tax charged to customers.

Other revenue **-** Revenue is recognised over time as the services are provided. The stage of completion for determining the amount of revenue to recognise is assessed based on the works completed, however services are provided in an insignificantly short period of time. Revenues are recognized in contractual consideration, net of value added tax charged to customers.

Sales of composite aerostructure parts – Sale of composite aerorsturcture parts revenue is recognised at a point in time when sale has been made and control over the goods is transferred. Revenue is recognised when the Group satisfies the performance obligation, i.e. at a point in time when the control over the goods has passed to the customer, generally on delivery of the goods.

Other revenue from contracts with customers - Other revenue is recognised at a point in time when sale has occurred and control over the goods was transferred. Revenue is recognised at a point in time when the goods have been accepted by customers at the Group`s warehouse.

7. Operating expenses

'000 GEL	**2024**	**2023**
Inventory consumption	15,210	7,246
Utilities	2,460	2,299
Taxes, other than on income	2,055	2,033
Professional fees*	990	801
Business trip expense	792	288
Security expense	509	408
Bank commissions	475	649
Transportation expense	447	165
Office expense	264	153
Maintenance expense	224	194
Insurance expense	159	122
Communication fee	146	111
Marketing and advertising expense	80	102
Hotel reservation fee	18	348
Other expense	2,117	1,158
	25,946	**16,077**

Professional fees include audit fees of GEL 367 thousand (2023: GEL 335 thousand).

8. Finance income and finance costs

'000 GEL	**2024**	**2023**
Recognised in profit or loss		
Interest income under the effective interest method	6,632	2,285
Net foreign exchange gain	1,077	5,574
Finance income	**7,709**	**7,859**
Interest expense on under the effective interest method	(10,587)	(11,797)
Modification loss on financial instruments	-	(642)
Loss on fair value change of financial instruments	-	(530)
Finance costs	**(10,587)**	**(12,969)**
Net finance income recognised in profit or loss	**(2,878)**	**(5,110)**

The Group's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities are disclosed in note 25.

9. Income tax expense

Group incurs income tax expense in connection with the investments made in foreign entities according to the Georgian tax code. Consequently, as the tax is paid, income tax expense is recognised in the consolidated statement of profit or loss. In accordance with tax legislation, when the capital distributions or dividends are received from the investee, the Group is entitled to the proportionate recovery of the income tax that's been previously paid. Such recoveries of the amount are recognised as positive income tax expense in the consolidated statement of profit or loss in the period in which the right to recovery arises.

For the year ended 31 December 2024 the Group incurred recovery of income tax expense in the amount of GEL 1,038. For the year ended 31 December 2023 the Group recognised income tax expense in the amount of GEL 534.

10. Property, plant and equipment

’000 GEL	**Lands, buildings and constructions**	**Transport, machinery, equipment and other**	**Under construction and uninstalled equipment**	**Total**
Cost or deemed cost				
Balance at 31 December 2022 as previously recorded	77,247	98,356	4,261	179,864
Restatement	13,047	-	(4,261)	8,786
Balance at 31 December 2022 as restated	90,294	98,356	-	188,650
Additions	70	1,179	-	1,249
Currency translation effect	(192)	(357)	-	(549)
Balance at 31 December 2023	**90,172**	**99,178**	**-**	**189,350**
Balance at 1 January 2024	90,172	99,178	-	189,350
Additions	176	598	-	774
Disposals	-	(35)	-	(35)
Currency translation effect	1,787	3,337	-	5,124
Balance at 31 December 2024	**92,135**	**103,078**	**-**	**195,213**
Depreciation and impairment losses				
Balance at 31 December 2022 as previously stated	14,854	45,595	833	61,282
Restatement	-	-	(833)	(833)
Balance 31 December 2022 as restated	14,854	45,595	-	60,449
Depreciation for the year	1,531	8,234	-	9,765
Reverse of impairment	(6,562)	(6,701)	-	(13,263)
Currency translation effect	(187)	(206)	-	(393)
Balance at 31 December 2023	**9,636**	**46,922**	**-**	**56,558**
Balance at 1 January 2024	**9,636**	**46,922**	**-**	**56,558**
Depreciation for the year	2,188	3,842	-	6,030
Impairment	949	282	-	1,231
Currency translation effect	268	1,432	-	1,700
Balance at 31 December 2024	**13,041**	**52,478**	**-**	**65,519**
Carrying amounts				
At 31 December 2023	**80,536**	**52,256**	**-**	**132,792**
At 31 December 2024	**79,094**	**50,600**	**-**	**129,694**

As at 31 December 2024, the management analyzed impairment indicators (external and internal) according to IAS 36 and concluded concluded that there were no indications of additional impairment or the reversal of previously recognized impairment losses.

Security
At 31 December 2024, property, plant and equipment (land plots and other items) with a carrying amount of GEL 123,169 thousand (2023: GEL 98,397 thousand) are pledged as a security against loans and borrowings from local Georgian banks (see note 21).

11. Investment property

’000 GEL	**2024**	**2023**
Balance at 1 January	62,221	64,662
Additions	64	-
Depreciation for the year	(78)	(83)
Impairment	-	-
Transfer	88	-
Disposals	-	(2,358)
Balance at 31 December	**62,295**	**62,221**

As at 31 December 2024 and 31 December 2023, investment property is represented by lands, building and properties under construction, which held for undetermined future use.

(a) Fair value of investment property

As at 31 December 2024 management estimated the fair values of investment properties. The fair value of investment property was determined by external, independent property valuers, having appropriate professional qualifications and recent experience in the location and category of the property being valued.

As at 31 December 2024 and 2023 the fair value measurement for investment properties of GEL 436,582 thousand and GEL 99,528 thousand has been categorised as a Level 3 fair value based on the inputs to the valuation technique used.

The following table shows the valuation techniques used in measuring the fair value of the land, as well as the significant unobservable inputs used:

Property	Valuation technique
Land and Building located in Georgia.	Fair value was determined based on announced asking prices of similar properties in the similar location and physical condition. The significant unobservable inputs related to the differences in the characteristics of the lands and buildings, such as size, location, access to the property and discount achieved through negotiation, for which the management applied 0%-35% adjustments to observed asking prices.

No indicators of additional impairment or reversal of previously recognized impairment loss were identified as at 31 December 2024.

12. Other investments

Other investment comprise of the equity interest in Caucasus Clean Energy I LLP, a UK incorporated company. The investment represents financial instrument and it is recorded with its fair value through profit or loss..

’000 GEL	31 December 2024	31 December 2023
Financial instrument	13,560	12,603
Total other investments	**13,560**	**12,603**

13. Intangible assets

’000 GEL	2024	2023
Intangible assets	4,224	7,987
	4,224	**7,987**

On July 2015, the Group paid USD 15,000 thousand to LLC Elbit Systems – Cyclone as one-time pre-paid licence/know-how fee as required by the Turn-Key Agreement. The licence relates to sharing know-how by LLC Elbit System – Cyclone in construction and production phase and is amortized over 10 years to reflect the benefit received.

14. Loans receivable

’000 GEL	**31 December 2024**	**31 December 2023**
Non-current assets		
Loan receivable from a third party	13,406	581
Total non-current	**13,406**	**581**
Current assets		
Short term portion of the loan receivable from a third party	6,382	1,757
Total current	**6,382**	**1,757**
	19,788	**2,338**

Terms and schedules of loans receivable were as follows:

				31 December 2024		**31 December 2023**	
’000 GEL	**Currency**	**Nominal interest rate**	**Year of maturity**	**Face value**	**Carrying amount**	**Face value**	**Carrying amount**
Unsecured loans:							
Unsecured loan issued to a third party	USD	11%	2027	7,200	5,537	6,921	2,338
Secured loans:							
Secured issued loan to a third party	USD	8.69%+6M SOFR	2031	14,251	14,251	-	-
Total loans receivable				**21,451**	**19,788**	**6,921**	**2,338**

The Group’s exposure to credit and currency risks and impairment losses related to loans receivable are disclosed in note 25(c).

15. Investments in equity accounted investees

’000 GEL	**2024**	**2023**
Balance at 1 January	**11,016**	**20,010**
Capital contributions	9,409	232
Capital distribution	(6,071)	-
Fund’s share of losses of equity accounted investees (net of income tax) recognized in profit or loss	(234)	(1,300)
Impairment loss	(553)	-
Disposal of equity accounted investee	-	(7,926)
Balance at 31 December	**13,567**	**11,016**

None of the Group’s equity accounted investees are publicly listed entities and consequently do not have published price quotations.

Following table describes details of the Group’s investments in equity accounted investees’ movements during 2024. Investments in equity accounted investees presented in note 1(c) that have not been disclosed in the below table represent dormant entities that do not carry out business activities and do not generate any form of revenue.

'000 GEL Associate	Ownership 2024	Ownership 2023	Business activity	Balance as at 31 December 2023	Contributions	Share of loss of equity accounted investees	Impairment	Capital distribution	Balance as at 31 December 2024
Nenskra Hydro JSC	7.4%	7.4%	Development, construction and operation of hydroelectric power plant in Svaneti, Georgia	-	-	-	-	-	-
Gazzele Fund LP	29.11%	29.11%	International investment company represented in Georgia	10,347		(79)	-	(6,071)	4,197
Caucasian SUS Heritage LLC	49.9%	49.9%	Hog farm	669		(116)	(553)	-	-
Aghobili LLC	49%	49%	Hotel in Abastumani	-	9,409	(39)	-	-	9,370
				11,016	**9,409**	**(234)**	**(553)**	**(6,071)**	**13,567**

Despite the fact that the Group held less than 20 percent of the voting power in Nenskra Hydro JSC (the Entity), the management of the Group concluded that due to meaningful representation on the governing body of the Entity (the Supervisory Board of the Entity is composed of 6 members, out of which four members are nominated by K-water and two members by the Group), the Group has the power to participate in the Entity's financial and operating policy decisions and thus had the ability to exercise significant influence over the Entity as at 31 December 2023 and 2022.

(a) Impairment of investment in Nenskra Hydro JSC

At each reporting date, the Group assesses whether there is any indication that the recoverable amount of the investment in Nenskra Hydro JSC has declined below the carrying amount or previously recognized impairment loss is subject to reversal.

On 12 December 2022, the Government of Georgia officially requested from the Nenskra Hydro JSC to decrease energy rate by circa 13% compared to the energy rate that was the highest one that the Fund assumed for the base scenario, as set forth in the Implementation Agreement executed on 31 August 2015, as amended and restated in 2017. Decrease in the energy rate significantly deteriorated profitability of the Project and the management concluded that latter was an impairment indicator. As at 31 December 2022, impairment testing was carried out by the Group. Recoverable amount of the cash generating unit (CGU) was based on its value in use amounting to negative GEL 60,845 thousand (equivalent to USD 22,500 thousand), determined by independent valuer by discounting future cash flows to be generated by the CGU. Fair value less costs of disposal of the CGU was determined to approximate nil, considering the fact that as at 31 December 2022 it is not expected that existing assets, representing mainly Project-specific expenditures capitalized to CIP, are capable of generating future economic benefits, either individually or in combination with other non-current assets. The events and circumstances resulting in recognition of impairment are mostly attributable to the reduction in the energy rate and postponing of the first period of generation, as stipulated by Side Agreement terms negotiated during 2022.

The following key assumptions were used in the estimation of the recoverable amount as at 31 December 2022:

- After-tax cash flows were projected over the forecast period of 54 years and assumes that the HPP will start operations in July, 2028;
- Electricity generation forecasts were based on the results of the technical reports prepared by the Nenskra Hydro JSC's technical advisor, which indicated the total monthly generation and total monthly losses;
- Projected starting energy tariff was set to equal the new energy rate which was under negotiation with GoG as of 31 December 2022 (and was subsequently formally agreed through a Side Agreement later in May, 2023). Impairment model assumes escalation rate of 3% per annum over 15 years starting from the first full generation period;
- An after-tax discount rate of 8.88% is applied in determining the recoverable amount of the CGU. The discount rate reflects the required rate of return for the cash flows on the invested capital of companies operating in similar industries and is denominated in USD;
- CAPEX represents expansionary CAPEX for the years 2023-2028 and maintenance CAPEX is expensed for the entire projection period, with major CAPEX capitalized in 2053. In addition, additional major CAPEX was considered in the terminal period as an adjustment to the terminal value; and
- The terminal growth rate was assessed at 2%.

The key assumptions, to which the impairment analysis is most sensitive to, include:

- Discount rate - a decrease of 1.2% in the discount rate would have resulted in the recoverable amount to be equal to the carrying amount of the CGU. The analysis assumes that all other variables remain constant.
- Tariff rate - an increase in the revised energy rate by 22% would have resulted in recoverable amount to be equal to the carrying amount of the CGU. The analysis assumes that all other variables remain constant.

At 31 December 2024, the Management analyzed impairment reversal indicators (external and internal) and concluded that there is no indication of reversal of previously recognized impairment.

(b) Sale of share in Gardabani TPP LLC

Based on Government of Georgia decision dated 29 November 2022 and 7 December 2022, Georgian Oil and Gas Corporation JSC (GOGC JSC) was instructed to acquire the remaining 49.092% of Gardabani TPP LLC from the Fund. The purchase price of the Group's share in Gardabani TPP was determined based on valuation report of Gardabani TPP LLC, which represented the fair value of shares. The acquisition of the 49.092% share, value at EUR 43,259 thousand, was structured as follows: EUR 17,000 thousand, representing 19.292% of the share was paid in cash by the GOGC JSC. Loan given by GOGC JSC to the Group amounting to EUR 7,123 thousand was offset against the price for 8.084% of the shares. Remaining amount EUR 19,136 thousand should have been paid by GOGC JSC when Gardabani TPP would have been sold by GOGC JSC. Gardabani TPP LLC was not sold during 2023 year, therefore the 21.716% share of ownership in Gardabani TPP LLC was transferred to the Fund and from GOGC JSC in accordance with the decision by the Government of Georgia on 29 November 2022 and 7 December 2022..

In January of 2024, the 21.716% share of ownership in Gardabani TPP LLC was transferred to Georgian Railway JSC and, in exchange, payable to Georgian Railway JSC in the amount of GEL 53,037 thousand was settled and the Fund received cash amounting to GEL 4,343 thousand in accordance with the decision by the Government of Georgia on 29 November 2022 and 7 December 2022. As a result, a gain of GEL 2,056 was recognized as other investment income in the statement of profit or loss.

16. Prepayments and other current assets

'000 GEL	31 December 2024	31 December 2023
Prepayments to suppliers	1,600	1,876
Other receivables*	1,391	7,344
Total prepayments and other current assets	**2,991**	**9,220**

17. Inventories

'000 GEL	31 December 2024	31 December 2023
Inventories in composite aerostructure parts	16,496	7,616
Hotel inventories	1,144	1,246
Retail inventories	110	529
Total prepayments and other current assets	**17,750**	**9,391**

Inventories in composite aerostructure parts comprise of raw materials, component parts used in manufacturing, work in progress and finished goods of composite parts. Hotel inventories comprise of consumables, stocks used in hotel operations, while retail inventory includes merchandise held for sale in subsidiary's outlet.

18. Term deposits

'000 GEL	Depositor	Currency	31 December 2024	31 December 2023
Certificate of deposit	Commercial bank	GEL	7,000	3,200
Deposit	Commercial bank	GEL	5,000	-
Total term deposits, current			**12,000**	**3,200**
Deposit	Commercial bank	GEL	2,000	-
Deposit	Commercial bank	USD	-	13,555
Total term deposits, non-current			**2,000**	**13,555**
Total term deposits			**14,000**	**16,755**

Deposits and certificate of deposits are placed in Georgian Commercial Banks.

19. Cash and cash equivalents

’000 GEL	31 December 2024	31 December 2023
Bank balances	40,792	32,499
Call deposits	27,567	35,007
Total Cash and cash equivalents	**68,359**	**67,506**

Call deposits represent term deposits with banks with maturities greater than three months from the acquisition date but for which the Group has the unilateral right to withdraw the deposits by providing notification without incurring significant penalties or loss of interest. Consequently, these term deposits have been classified in accordance with their nature which is that of a call deposit.

The Group’s exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities are disclosed in note 25.

20. Equity

(a) Subscribed capital

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Fund.

Following the decree of the Government of Georgia dated 8 May 2012, share capital of the Fund was determined as 100,000,000 ordinary shares with a par value of GEL 1.

Pursuant to the shareholder’s decision dated 6 September 2023, the Group’s subscribed capital was defined as GEL 250,000 thousand and declared as paid-in. Given that the Group’s consolidated financial statements as at and for the year ended 31 December 2022 reported paid-in subscribed capital of GEL 100,000 thousand, and no additional capital contributions were made during 2023, the Group has recognized a receivable of GEL 150,000 thousand from the shareholder as at 31 December 2024 and 31 December 2023.

(b) Owner contributions/(distributions)

As of 31 December 2024 ‘Owner contributions’ were increased by GEL 126 thousand.
During 2023, management decided to return some lands and properties to the Government of Georgia. Carrying amount of the transferred lands and properties amounted to GEL 811 thousand. Consequently, ‘Owner contributions’ were reduced by the above-mentioned amount (see Note 11).

21. Loans and borrowings

This note provides information about the contractual terms of the Group’s interest-bearing loans and borrowings, which are measured at amortised cost. For more information about the Group’s exposure to interest rate, foreign currency and liquidity risks, see note 25.

’000 GEL	31 December 2024	31 December 2023
Non-current liabilities		
Secured loans from financial institutions	8,507	9,421
Unsecured loans from related party	25,096	-
	33,603	**9,421**
Current liabilities		
Current portion of secured loans from financial institutions	19,907	26,162
Current portion of unsecured loans from related party	-	21,041
	19,907	**47,203**

(a) Terms and debt repayment schedule

Terms and conditions of outstanding loans were as follows:

				31 December 2024		31 December 2023	
'000 GEL	**Currency**	**Nominal interest rate**	**Year of maturity**	**Face value**	**Carrying amount**	**Face value**	**Carrying amount**
Unsecured loans from related parties:							
Unsecured loans from related parties	USD	Libor+6.0%	2027	25,096	25,096	21,041	21,041
Secured loans from financial institutions:							
Secured loan from financial institution (ATC)	USD	Libor+6.0%	2027	19,907	19,907	25,096	25,096
Secured loan from financial institution (BLI)	EUR	5.3%	2034	8,507	8,507	10,487	10,487
Total interest-bearing liabilities				**53,510**	**53,510**	**56,624**	**56,624**

(b) Reconciliation of movements of to cash flows arising from financing activities

'000 GEL	**2024**	**2023**
Loans and borrowings as at 1 January	**56,624**	**60,237**
Repayment of borrowings	(7,122)	(6,397)
Total changes from financing cash flows	**(7,122)**	**(6,397)**
Changes arising from losing control over subsidiaries or other businesses	**-**	**-**
The effect of changes in foreign exchange rates	(7,830)	(69)
Interest expense	7,990	6,428
Interest paid	3,484	(3,575)
Total liability-related other changes	**4,008**	**2,784**
Loans and borrowings as at 31 December	**53,510**	**56,624**

22. Other liabilities

'000 GEL	**31 December 2024**	**31 December 2023**
Payables for acquisition of property, plants and equipment	11,396	10,919
	11,396	**11,396**

Payables for acquision of property, plants and equipment is from related party and it is not expected to be settled within a year after the reporting period, thus it represents a non-current liability for the Group.

23. Trade and other payables

’000 GEL	31 December 2024	31 December 2023
Trade and other payables	28,822	20,993
Advances received	19,943	11,560
	48,765	**32,553**

The Group’s exposure to currency and liquidity risk related to trade and other payables is disclosed in note 25.

24. Receivables and payable from/to former subsidiary

(a) Receivables from former subsidiary

’000 GEL	31 December 2024	31 December 2023
Receivable from former subsidiary	-	56,934
	-	**56,934**

Based on Government of Georgia decision dated 29 November 2022 and 7 December 2022, Georgian Oil and Gas Corporation JSC (GOGC JSC) was instructed to acquire the remaining 49.092% of Gardabani TPP LLC from the Fund. The purchase price of the Fund’s share in Gardabani TPP was determined based on valuation report of Gardabani TPP LLC, which represented the fair value of shares. The acquisition of the 49.092% share, value at EUR 43,259 thousand, was structured as follows: EUR 17,000 thousand, representing 19.292% of the share was paid in cash by the GOGC JSC. Loan given by GOGC JSC to the Fund amounting to EUR 7,123 thousand was offset against the price for 8.084% of the shares. Remaining EUR 19,136 thousand, included in other receivable, is to be paid by GOGC JSC upon the sale of Gardabani TPP by GOGC JSC. Difference between carrying amount of the Fund’s investment in Gardabani TPP and consideration was recognized as other investment income in 2022 in the amount of GEL 40,190 thousand.

In case GOGC JSC did not sell 100% of shares in Gardabani TPP LLC during 2023, 21.716% shares of Gardabani TPP LLC had to be returned to Development Fund of Georgia JSC. The GOGC JSC failed to sell its share of Gardabani TPP in 2023, but share transfer of Gardabani TPP was not finalized as at 31 December 2023.

Management estimates that as at 31 December 2023 other receivable of GEL 56,934 thousand approximates fair value of 21.716% shares of Gardabani TPP LLC. The Company derived at the fair value of the investment in Gardabani TPP LLC by discounting future cash flows expected from the operations of the thermal power plant owned by Gardabani TPP LLC, by discount rate of 15.07% (in GEL) and adjusting the total business value by minority and liquidity discounts of 22.1% to derive at the value of 21.716% investment.

The valuation is included in Level 3 measurement. Increase in discount rate by 1% would decrease the fair value of 21.716% of investment by GEL 2,908 thousand.

In January of 2024, the share of ownership in Gardabani TPP LLC was transferred to the Fund and, in exchange, the receivable from GOGC JSC was settled in accordance with the decision by the Government of Georgia on 29 November 2022 and 7 December 2022.

(b) Payable to former subsidiary

’000 GEL	31 December 2024	31 December 2023
Payable to former subsidiary	-	53,037
	-	**53,037**

On 29 November 2022, terms of loan due to the Georgian Railway JSC were amended as follows: currency was changed from USD to EUR, interest accrual was suspended and the parties agreed that the loan will be recovered in 2023 through cash that equals to carrying amount of the loan at modification date, on the basis that by 31 December 2023 the Fund is able to sell its indirect 100% shareholding of Gardabani TPP (Option 1). In case The Fund fails to sell Gardabani TPP in 2023, it will be obliged to transfer 21.716% of Gardabani TPP to the Georgian Railway JSC no later than one month from 31 December 2023 (Option 2).

The above was assessed as a substantial modification to the contractual terms of the loan during 2022. As a result, on 29 November 2022, the Fund derecognized related party loan of GEL 49,152 thousand and recognized a payable to Georgian Railway JSC of GEL 46,723 thousand. The difference between the balance of derecognised loan and recognized payable of GEL 2,429 thousand was recognised directly in equity.

On initial recognition in 2022, payable to Georgian Railway JSC was measured at lower of present value of other Payable of GEL 46,723 thousand and fair value of 21.716% shares of Gardabani TPP of GEL 53,187 thousand.

On 18 January 2023 the Company entered into a conditional agreement with Georgian Railway JSC, under which the purchase price for 21.716% of Gardabani TPP shares was established as EUR 19,135,693. Additionally, parties agreed that in case Option 2 of original agreement is materialized, purchase price of Gardabani TPP shares will be settled as follows:

- Payable to Georgian Railway JSC will be settled via delivery of 21.716% shares of Gardabani TPP to the same counterparty.
- A payment of EUR 1,492,887 will be received from Georgian Railway JSC within 5 days after the transfer of 21.716% of Gardabani TPP shares to Georgian Railway JSC.

The GOGC JSC failed to sell its share of Gardabani TPP in 2023, hence, pursuant to conditional agreement with Georgian Railway JSC, the Company recognised payable to Georgian Railway JSC at its fair value. Share transfer of Gardabani TPP was not finalised as at 31 December 2023.

The Fund estimated the fair value of the investment in Gardabani TPP by discounting future cash flows expected from the operations of the thermal power plant, owned by Gardabani TPP, by discount rate of 15.07% (31 December 2022: 16.55%) (in GEL), and adjusting the total business value by minority and liquidity discounts of 22.1% (31 December 2022: 22.1%) to derive the value of 21.716% investment. The valuation is included in Level 3 measurement. The movement in the financial asset at FVTPL represents GEL 530 thousand in 2023 and is included in the finance costs. The valuation is relatively sensitive to discount rate; 2% increase in discount rate would resulted in decrease of fair value of GEL 5.6 million.

In January of 2024, the share of ownership in Gardabani TPP LLC was transferred to Georgian Railway JSC and, in exchange, payable to Georgian Railway JSC in the amount of GEL 53,037 thousand was settled and the Fund received cash amounting to GEL 4,343 thousand in accordance with the decision by the Government of Georgia on 29 November 2022 and 7 December 2022. As a result, a gain of GEL 2,056 was recognized as other investment income in the statement of profit or loss.

25. Fair values and risk management

(a) Fair values of financial assets and liabilities

The estimates of fair value are intended to approximate 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. However given the uncertainties and the use of subjective judgment, the fair value should not be interpreted as being realizable in an immediate sale of the assets or transfer of liabilities. The Group has determined fair values of financial assets and liabilities using valuation techniques.

The objective of valuation techniques is to arrive at a fair value determination that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date. The valuation technique used is the discounted cash flow model. Fair value of all financial assets and liabilities is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

(b) Financial risk management

The Group has exposure to the following risks from its use of financial instruments:

- credit risk (see note 25(c));
- liquidity risk (see note 25(d));
- market risk (see note 25(e)).

Risk management framework

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Supervisory Boards of the Fund and the Group entities have overall responsibility for the establishment and oversight of the Group entities' risk management framework. The Supervisory Boards oversee how management monitors compliance with the Group entities' risk management policies and procedures and review the adequacy of the risk management framework in relation to the risks faced by the Group entities.

(c) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's trade receivables, loans receivable and cash and cash equivalents.

(i) Exposure to credit risk

The carrying amount of financial assets represents the maximum credit risk exposure. The maximum exposure to credit risk at the reporting date was as follows:

	Note	Carrying amount	
'000 GEL		**31 December 2024**	**31 December 2023**
Trade receivables		2,797	3,502
Recevable from former subsidiary	24(a)	-	56,934
Loans receivable		19,788	2,338
Term deposits		14,000	16,755
Cash and cash equivalents	19	68,359	67,506
		104,944	**147,035**

(ii) Trade receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of the Group's customer base, including the default risk of the industry and the country, in which customers operate.

Credit risk is managed by requesting prepayments from customers or assessing their creditworthiness prior to extending credit, as well as through monthly monitoring of receivable balances and requiring immediate repayment of debt when the balance approaches specific limits set for each individual counterparty. No collateral in respect of trade receivables is generally required.

The Group establishes an allowance for impairment that represents its estimate of expected credit losses in respect of trade receivables.

Management believes that the Group is not exposed to significant credit risk relating to the Trade and other receivables as at 31 December 2024 and 2023.

(iii) Loans receivable

Management believes that the Group is not exposed to significant credit risk relating to the loans issued, as these instruments are not past due as at 31 December 2023 and 2022.

(iv) Cash and cash equivalents and term deposits

The Group held cash and cash equivalents and term deposits manly with banks which are rated B or higher based on rating agency Fitch Ratings.

ECLs on cash and cash equivalents and term deposits have been measured on a 12-month expected loss basis and reflects the short maturities of the exposures. The Group considers that its cash and cash equivalents and term deposits have low credit risk based on the external credit ratings of the counterparties.

(v) Receivable from former subsidiary

As at 31 December 2023, the Group has receivable from JSC Georgian Oil and Gas Corporation. Management believes that the Fund is not exposed to a significant amount of credit risk relating to the receivable. There are no indications the JSC Georgian Oil and Gas Corporation will fail to meets its obligations when it falls due; furthermore, the Group has option to receive investment in Gardabani TPP. As at 31 December 2024, the receivable from Georgian Oil and Gas Corporation JSC is nil.

(d) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Group's liquidity management also involves monitoring the covenants embedded in the loan agreements.

Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date, including estimated interest payments and excluding the impact of netting agreements. It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

31 December 2024			**Contractual cash flows**			
'000 GEL	**Carrying amount**	**Total**	**On Demand**	**0-12 mths**	**1-5 yrs**	**Over 5 yrs**
Non-derivative financial liabilities						
Loans and borrowings*	53,510	64,887	-	8,684	56,203	-
Trade and other payables	48,765	48,765	-	48,765	-	-
Other liabilities	11,396	11,396	-	-	11,396	-
	113,671	**125,048**	**-**	**57,449**	**67,599**	**-**

31 December 2023			Contractual cash flows			
’000 GEL	**Carrying amount**	**Total**	**On Demand**	**0-12 mths**	**1-5 yrs**	**Over 5 yrs**
Non-derivative financial liabilities						
Loans and borrowings*	56,624	70,722	-	9,660	54,107	6,955
Payable to former subsidiary	53,037	53,037	-	53,037	-	-
Trade and other payables	32,553	32,553	-	32,553	-	-
	142,214	**156,312**	**-**	**95,250**	**54,107**	**6,955**

* The Group has secured loans from financial institution which there was a breach of financial and non-financial covenants as at 31 December 2024 and 31 December 2023 resulting in the reclassification of the loans to current liabilities. However, considering that the Group is in the process of negotiation to obtain waiver letter from the lender, the management expects that the repayment of the loan will follow the contractual schedule.

(e) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group’s income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

(i) Currency risk

The Group is exposed to currency risk to the extent that there is a mismatch between currencies in which sales, purchases and borrowings are denominated and the respective functional currencies of Group entities. The functional currencies of all significant Group entities is the Georgian Lari (GEL). The currencies in which these transactions are primarily denominated and are settled are U.S. Dollar (USD) and Euro (EUR).

Exposure to currency risk

The Group’s exposure to foreign currency risk was as follows:

’000 GEL	USD-denominated 2024	EUR - denominated 2024	USD-denominated 2023	EUR - denominated 2023
Cash and cash equivalents	30,401	538	31,224	546
Term deposits	14,000	-	13,555	-
Trade and other receivables	-	-	3,136	3,750
Receivable from former subsidiary	-	-	-	56,934
Loans receivable	16,742	-	2,338	-
Loans and borrowings	(44,218)	(9,292)	(46,444)	(10,180)
Payable to former subsidiary	-	-	-	(53,037)
Trade and other payables	(29,048)	-	(32,698)	-
Net exposure	**(12,123)**	**(8,754)**	**(28,889)**	**(1,987)**

The following significant exchange rates have been applied during the year:

	Average rate		Reporting date spot rate	
in GEL	**2024**	**2023**	**2024**	**2023**
USD 1	2.7208	2.6279	2.8068	2.6894
EUR 1	2.9440	2.8416	2.9306	2.9753

Sensitivity analysis

A reasonably possible weakening of the GEL, as indicated below, against all other currencies at 31 December would have affected the measurement of financial instruments denominated in a foreign currency and affected profit or loss by the amounts shown below. There would be no direct impact on other comprehensive income or equity. The analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

'000 GEL	**Profit or loss**
31 December 2024	
USD (10% weakening)	(1,212)
EUR (10% weakening)	(875)

'000 GEL	**Profit or loss**
31 December 2023	
USD (10% weakening)	(2,889)
EUR (10% weakening)	(199)

A strengthening of the GEL against the above currencies at 31 December would have had the equal but opposite effect on the above currencies on the amounts shown above, on the basis that all other variables remain constant.

(ii) Interest rate risk

Changes in interest rates impact primarily loans and borrowings by changing either their fair value (fixed rate debt) or their future cash flows (variable rate debt). Management does not have a formal policy of determining how much of the Group's exposure should be to fixed or variable rates. However, at the time of raising new loans or borrowings the Group entities' management uses its judgment to decide whether it believes that a fixed or variable rate would be more favourable to the Group over the expected period until maturity.

Exposure to interest rate risk

At the reporting date the interest rate profile of the Group's interest-bearing financial instruments was as follows:

'000 GEL	**Carrying amount**	
	2024	**2023**
Variable rate instruments		
Financial liabilities	(53,510)	(56,624)
	(53,510)	**(56,624)**

Cash flow sensitivity analysis for variable rate instruments

A reasonably possible change of 100 basis points in interest rates at the reporting date would have increased (decreased) equity and profit or loss net of taxes by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	Profit or loss	
'000 GEL	**100 bp increase**	**100 bp decrease**
2024		
Variable rate instruments	(535)	535
Cash flow sensitivity	**(535)**	**535**
2023		
Variable rate instruments	(566)	566
Cash flow sensitivity	**(566)**	**566**

(f) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns to shareholder and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets.

The Supervisory Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.

The Group's debt to capital ratio at the end of the reporting period was as follows:

'000 GEL	**31 December 2024**	**31 December 2023**
Total debt	53,510	56,624
Less: cash and cash equivalents	(68,359)	(67,506)
Less: term deposits	(14,000)	(16,755)
Net debt	**(27,179)**	**(27,637)**
Total equity	**384,810**	**389,274**
Debt to capital ratio	**-0.07**	**-0.07**

There were no changes in the Group's approach to capital management during the year.

Neither the Fund nor any of its subsidiaries are subject to externally imposed capital requirements.

26. Significant subsidiaries

Aerostructure Technologies Cyclone JSC ("ATC") was established in Georgia in March 2015 by Partnership Fund JSC, Project LLC (under 100% ownership of the Group), and Elbit Systems - Cyclone Ltd, with 33.33%, 33.33%, and 33.34% interest, respectively. The parties agreed to incorporate the subsidiary with the authorized share capital of USD 60,000 thousand.

In accordance with the shareholders' agreement, unanimous agreement is required for certain decisions. Management has concluded that the Group has control over the subsidiary because the Group is exposed to (has rights to) variable returns from its involvement with the subsidiary, and has the ability to affect those returns through its power over the subsidiary. The conclusion is based on the percentage of the ownership interest and the significance of decisions defined in shareholders' agreement of the subsidiary, for which only a majority of votes is required.

The subsidiary was established to engage in the development, production, sale and support of composite aero-structure products for the commercial (civil) market.

Borjomi Likani International JSC ("BLI") - In June 2018 the Group acquired 100% interest in KMG Service Georgia LLC. The latter had interest in Borjomi Likani International JSC. Borjomi Likani International JSC was established by Partnership Fund JSC and KMG Group (represented by Kazmunaygas Service LLP and KMG Service Georgia LLC), with the aim to construct high-class hotel at the Likani resort. The hotel opened in 2015. Before the acquisition the Group possessed 50% in Borjomi Likani International JSC.

27. Contingencies

(a) Insurance

The insurance industry in Georgia is in a developing state and many forms of insurance protection common in other parts of the world are not yet generally available. The Group does not have full coverage for its plant facilities, business interruption, or third party liability in respect of property or environmental damage arising from accidents on Group property or relating to Group operations. Until the Group obtains adequate insurance coverage, there is a risk that the loss or destruction of certain assets could have a material adverse effect on the Group's operations and financial position.

(b) Litigations

In the ordinary course of business, the Fund is subject to legal actions, litigations and complaints. Management believes that the ultimate liability, if any, arising from such actions or complaints will not have a material adverse effect on the financial condition or the results of future operations.

(c) Taxation contingencies

The taxation system in Georgia is relatively new and is characterised by frequent changes in legislation, official pronouncements and court decisions, which are sometimes unclear, contradictory and subject to varying interpretation. In the event of a breach of tax legislation, no liabilities for additional taxes, fines or penalties may be imposed by the tax authorities after three years have passed since the end of the year in which the breach occurred.

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

(d) Environmental matters

The enforcement of environmental regulation in Georgia is evolving and the enforcement posture of government authorities is continually being reconsidered. The Group periodically evaluates its obligations under environmental regulations. As obligations are determined, they are recognized immediately. Potential liabilities, which might arise as a result of changes in existing regulations, civil litigation or legislation, cannot be estimated but could be material. In the current enforcement climate under existing legislation, management believes that there are no significant liabilities for environmental damage.

28. Related parties

(a) Parent and ultimate controlling party

As at 31 December 2024 and 2023 the Group was wholly owned by the Government of Georgia.

(b) Transactions with key management personnel

(i) Key management remuneration

Key management received the following remuneration during the year, which is included in wages and other employee benefits.

'000 GEL	**2024**	**2023**
Salaries and bonuses	2,038	1,818

(c) Transactions with Government related entities

The Group transacts in its daily operations with a number of entities that are either controlled/ jointly controlled by or under significant influence of the Government of Georgia. The Group has opted to apply the exemption in IAS 24 *Related Party Disclosures* that allows the presentation of reduced related party disclosures regarding transactions with government-related entities.

The significant transactions with entities controlled or significantly influenced by the Government of Georgia and balances for these transactions are disclosed below. Management estimates that the aggregate amounts of all other income and expenses and the related balances with government-related entities at the reporting dates are not significant. Transactions with the shareholder are disclosed in note 20.

(i) Revenue

	Transaction value		Outstanding balance as at 31 December	
'000 GEL	**2024**	**2023**	**2024**	**2023**
Non-controlling interest:				
Sales of composite aerostructure parts	25,606	12,059	-	-

(ii) Expenses

	Transaction value		Outstanding balance as at 31 December	
'000 GEL	**2024**	**2023**	**2024**	**2023**
Non-controlling interest:				
Composite materials	4,607	6,086	29,048	36,078

(iii) Loans

	Interest income/expense		Outstanding balance as at 31 December	
'000 GEL	**2024**	**2023**	**2024**	**2023**
Loans and borrowings:				
Non-controling interest	2,919	2,835	25,096	21,041

The interest rates and maturities of loans from related parties are disclosed in note 21 (a).

29. Subsequent events

Under the Partnership Agreement ("PA") dated 29 June 2022 between the majority shareholder in Aghobili LLC (an entity responsible for building a Hilton branded hotel in the Samtskhe-Javakheti region of Georgia) and the Fund, specific call and put option rights were granted regarding the non-controlling interest in Aghobili LLC. The exercise price for both options was defined in the PA as Fund's investment in the above-mentioned entity, plus accumulated interest, as agreed by the parties.

On 18 August 2025, under the terms of the PA, the majority shareholder acquired the remaining non-controlling interest in Aghobili LLC. The Fund, which held a 49% stake in Aghobili LLC, received consideration amounting to USD 4,117.

No other transaction other than discussed above requires additional attention to be disclosed in the subsequent events.

30. Basis of measurement

The consolidated financial statements are prepared on the historical cost basis.

31. Material accounting policies

The accounting policies set out below have been applied consistently to all periods and all group entities presented in these consolidated financial statements.

(a) Basis of consolidation

(i) Business combination

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group.

The Group measures goodwill at the acquisition date as:

- The fair value of the consideration transferred; plus
- The recognised amount of any non-controlling interests in the acquiree; plus
- If the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquire; less
- The net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

(ii) Non-controlling interests

Non-controlling interests are measured at their proportionate share of the acquiree's identifiable net assets at the acquisition date.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

(iii) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

(iv) Acquisitions from entities under common control

Business combinations arising from the transfers of interests in entities that are under the control of the shareholder that controls the Group are accounted for from the date the control is obtained by the Group. The assets and liabilities acquired are recognised at the carrying amounts recognised in the acquiree's financial statements. The equities of the acquired entities are added to the equity of the Group. Pre-acquisition interests are not remeasured. Any cash paid for the acquisition is recognised directly in equity.

(v) Loss of control

Upon the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

(vi) Investments in associates and joint ventures (equity accounted investees)

The Group's interests in equity-accounted investees comprise interest in associates and joint ventures.

Associates are those entities in which the Group has significant influence, but not control or joint control over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20% and 50% of the voting power of another entity. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Interests in associates and joint ventures are accounted for using the equity method and are recognised initially at cost or at the Group's share of the carrying value of the net assets of the investee recognised in the equity accounted investee's financial statements at the date of the acquisition if the acquisition is from an entity under common control. The cost of the investment includes transaction costs.

The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases.

When the Group's share of losses exceeds its interest in an equity accounted investee, the carrying amount of that interest including any long-term investments is reduced to zero and the recognition of further losses is discontinued, except to the extent that the Group has an obligation or has made payments on behalf of the investee.

(vii) Joint operations

A joint operation is an arrangement carried on by each venture using its own assets in pursuit of the joint operations. The consolidated financial statements include the assets that the Group controls and the liabilities that it incurs in the course of pursuing the joint operation, and the expenses that the Group incurs and its share of the income that it earns from the joint operation.

(viii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(b) Discontinued operations

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which:

- represents a separate major line of business or geographical area of operations;
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier.

When an operation is classified as a discontinued operation, the comparative consolidated statement of profit or loss and other comprehensive income is re-presented as if the operation had been discontinued from the start of the comparative period.

(c) Revenue

Information about the Group's accounting policies relating to contracts with customers is provided in note 6.

(d) Finance income and costs

The Group's finance income and finance costs include:

- interest income on bank deposits and loans receivable;
- customer late payments penalties;
- interest expense on financial liabilities;
- foreign currency gains and losses on financial assets and financial liabilities.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Foreign currency gains and losses are reported on a net basis as either finance income or finance costs depending on whether foreign currency movements are in a net gain or net loss position.

(e) Foreign currency transactions

Transactions in foreign currencies are translated to GEL at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the reporting period.

Non- monetary assets and liabilities denominated in foreign currancies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

Foreign currency differences arising in retranslation are recognised in profit or loss.

(f) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

(g) Income tax

Income tax expense comprises current tax. Current tax is recognised in profit or loss.

(i) Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Current tax payable also includes any tax liability arising from dividends.

On 13 May 2016 the Parliament of Georgia passed the bill on corporate income tax reform (also known as the Estonian model of corporate taxation), which mainly moves the moment of taxation from when taxable profits are earned to when they are distributed. The law entered into force in 2016 and is effective for tax periods starting after 1 January 2017 for all entities except for financial institutions (such as banks, insurance companies, microfinance organizations, pawnshops), for which the law will become effective at a later date.

The new system of corporate income taxation does not imply exemption from Corporate Income Tax (CIT), rather CIT taxation is shifted from the moment of earning the profits to the moment of their distribution; i.e. the main tax object is distributed earnings. The Tax Code of Georgia defines Distributed Earnings (DE) to mean profit distributed to shareholder as a dividend. However, some other transactions are also considered as DE, for example non-arm's length cross-border transactions with related parties and/or with persons exempted from tax are also considered as DE for CIT purposes.

The corporate income tax arising from the payment of dividends is accounted for as an expense in the period when dividends are declared, regardless of the actual payment date or the period for which the dividends are paid. The amount of tax payable on a dividend distribution is calculated as 15/85 of the amount of the net distribution.
Set off the tax payable on dividends declared and paid is available for the corporate income tax paid on the undistributed earnings in the years 2008-2016, if those earnings are distributed in 2017 or further years.

The Tax Code of Georgia provides for charging corporate income tax on certain transactions not related to the entity's economic activities, free of charge supplies and representative expenses over the allowed limit. The Group considers the taxation of such transaction as outside of the scope of IAS 12 *Income Taxes* and accounts for the tax on such items as taxes other than on income.

(h) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is principally determined on the first-in first-out principle, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(i) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and is recognised net within other income/other expenses in profit or loss.

(ii) Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Maintenance and repair expenses are recognised as follows:

- Rolling stock:

  - current maintenance expenses during the useful life of equipment (repair work and replacement of unusable and missing parts) are recognised as operating expenses in profit or loss as incurred;
  - expenses under multi-year major overhaul programmes are capitalised as a separate overhaul component and depreciated separately from the main asset;
  - overhauls performed near the end of the useful life of an asset, together with refurbishment, are capitalised when they extend the useful life of the underlying asset.
- Fixed installations:

  - current maintenance and repair expenses (technical inspections, maintenance contracts, etc.) are recognised as operating expenses in profit or loss as incurred;
  - labour, materials and other costs (associated with the installation of rails, sleepers and ballast) under multi-year major building or infrastructure maintenance programmes are capitalised through the partial or total replacement of each component concerned;
  - costs associated with infrastructure improvements are capitalized to the extent that they enhance the functionality (traffic working speed) of the asset.

(iii) Depreciation

Items of property, plant and equipment are depreciated from the date that they are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use. Depreciation is based on the cost of an asset less its residual value.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful life of each part of an item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Land is not depreciated.

The estimated useful lives of significant items of property, plant and equipment for the current and comparative periods are as follows:

- buildings and constructions 15 - 50 years;
- rail track infrastructure 13 - 25 years;
- gas and oil pipelines 30 - 35 years;
- oil wells 4 - 9 years;
- electricity generating unit 25 years;
- transport, machinery, equipment and other 1 - 25 years.

Depreciation methods, useful lives and residual values are reviewed at each financial year end and adjusted, if appropriate.

(j) Investment properties

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in production or supply of goods or services or for administrative purposes.

Recognition and measurement

Investment property is measured at cost less accumulated depreciation and impairment losses. Land is measured at cost less impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located and capitalised borrowing costs.

When parts of an item of investment property have different useful lives, they are accounted for as separate items (major components) of investment property.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

Subsequent expenditure

The cost of replacing part of an item of investment property is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of investment property are recognised in profit or loss as incurred.

Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of investment property, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Land is not depreciated.

The estimated useful lives for the current and comparative periods are as follows:

- buildings and constructions 15 - 50 years;

Depreciation methods, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate.

(k) Financial instruments

(i) Recognition and initial measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

– it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
– its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

– it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
– its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Trade and other receivables, loans receivable and cash and cash are classified as measured at amortised cost.

Cash and cash equivalents comprise cash balances, call deposits and highly liquid investments with maturities of three months or less from the acquisition date that are subject to insignificant risk of changes in their fair value. Call deposits represent term deposits with banks with maturities greater than three months from the acquisition date but for which the Group has the unilateral right to withdraw the deposits within a few days of providing notification without incurring significant penalties or loss of interest.

These financial assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Financial liabilities – Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

(iii) Modification of financial assets and financial liabilities

Financial assets

If the terms of a financial asset are modified, the Group evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different (referred to as 'substantial modification'), then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised and a new financial asset is recognised at fair value.

The Group performs a quantitative and qualitative evaluation of whether the modification is substantial, i.e. whether the cash flows of the original financial asset and the modified or replaced financial asset are substantially different. The Group assesses whether the modification is substantial based on quantitative and qualitative factors in the following order: qualitative factors, quantitative factors, combined effect of qualitative and quantitative factors. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset deemed to have expired. In making this evaluation the Group analogizes to the guidance on derecognition of financial liabilities.
The Group concludes that the modification is substantial as a result of the following qualitative factors:

– change the currency of the financial asset;
– change in collateral or other credit enhancement;
– change of terms of financial asset that lead to non-compliance with SPPI criterion (e.g. inclusion of conversion feature).

If the cash flows of the modified asset carried at amortised cost are not substantially different, then the modification does not result in derecognition of the financial asset. In this case, the Company recalculates the gross carrying amount of the financial asset and recognises the amount arising from adjusting the gross carrying amount as a modification gain or loss in profit or loss. The gross carrying amount of the financial asset is recalculated as the present value of the renegotiated or modified contractual cash flows that are discounted at the financial asset's original effective interest rate. Any costs or fees incurred adjust the carrying amount of the modified financial asset and are amortised over the remaining term of the modified financial asset.

Financial liabilities

The Group derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in profit or loss.

If a modification (or exchange) does not result in the derecognition of the financial liability the Group applies accounting policy consistent with the requirements for adjusting the gross carrying amount of a financial asset when a modification does not result in the derecognition of the financial asset, i.e. the Group recognises any adjustment to the amortised cost of the financial liability arising from such a modification (or exchange) in profit or loss at the date of the modification (or exchange).

Changes in cash flows on existing financial liabilities are not considered as modification, if they result from existing contractual terms, e.g. changes in fixed interest rates initiated by banks due to changes in the CBR key rate, if the loan contract entitles banks to do so and the Group have an option to either accept the revised rate or redeem the loan at par without penalty. The Group treats the modification of an interest rate to a current market rate using the guidance on floating-rate financial instruments. This means that the effective interest rate is adjusted prospectively.

The Group performs a quantitative and qualitative evaluation of whether the modification is substantial considering qualitative factors, quantitative factors and combined effect of qualitative and quantitative factors. The Group concludes that the modification is substantial as a result of the following qualitative factors:

– change the currency of the financial liability;
– change in collateral or other credit enhancement;
– inclusion of conversion option;
– change in the subordination of the financial liability.

For the quantitative assessment the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. If an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are amortised over the remaining term of the modified liability.

(iv) Derecognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognised in its consolidated statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

(v) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(l) Equity

Ordinary shares are classified as equity. Incremental costs directly attributable to issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

Non-cash owner contributions, except for contributions of interests in associates and subsidiaries constituting a business, are recognised at fair value of the assets contributed at the date of the contribution.

Non-cash distributions are recognized at the carrying amount of the assets distributed if those distributions are out of scope of IFRIC 17 *Distributions of Non-cash Assets to Owners*.

(m) Impairment

(i) Non-derivative financial assets

The Group recognises loss allowances for ECLs on financial assets measured at amortised cost.

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

– debt securities that are determined to have low credit risk at the reporting date; and
– other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group’s historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when:

– the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
– the financial asset is more than 90 days past due.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

– significant financial difficulty of the borrower or issuer;
– a breach of contract such as a default or being more than 90 days past due;
– the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
– it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
– the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECL in the consolidated statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-off

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

(ii) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGU.

The Group's corporate assets do not generate separate cash inflows and are utilised by more than one CGU. Corporate assets are allocated to CGUs on a reasonable and consistent basis and tested for impairment as part of the testing of the CGU to which the corporate asset is allocated.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. 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 or CGU.

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit (CGU) exceeds its estimated recoverable amount.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated to reduce the carrying amounts of the assets in the CGU (group of CGUs) on a pro rata basis.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(n) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carries at cost less any accumulated amortization and accumulated impairment losses.

The useful lives of intangible assets are assessed as finite and are limited to 10 years.

(o) Dividends

Dividends on ordinary shares are reflected as an appropriation of retained earnings in the period in which they are declared.

(p) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

(q) Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in IFRS 16.

(i) As a lessee

The Group does not have significant lease agreements where it acts as a lessee as at 31 December 2022 and 2021. The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(ii) As a lessor

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

If an arrangement contains lease and non-lease components, then the Group applies IFRS 15 to allocate the consideration in the contract.

The Group applies the derecognition and impairment requirements in IFRS 9 to the net investment in the lease. The Group further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

(r) Restatement of Financial Statements

The Group corrects material errors from prior periods retrospectively in the first set of financial statements authorized for issue after the errors are identified, by either: adjusting the comparative figures for the period(s) in which the error occurred; or restating the opening balances of assets, liabilities, and equity for the earliest comparative period presented, if the error relates to an even earlier period. The financial statements, including comparative information for prior periods, are presented as if the correction had been made in the period in which the error actually occurred. Accordingly, the amount of the correction relating to each period presented is included in the financial statements for that period.

32. New standards and interpretations not yet adopted

A **A Standard and amendments mandatorily effective from 1 January 2024**

This edition are effective from 1 January 2024 and include amendments to fice accounting standards, issued in:

The table and subsequent summaries provide further details:

Table—New requirements effective from 1 January 2024			
Standard/ amendment	**When issued**	**Effective date (early application is possible unless otherwise noted)**	**Standards / Interpretations amended**
Classification of Liabilities as Current or Non-current Amendment to IAS 1	20-Jan-25	1-Jan-24	IAS 1
Lease Liability in a Sale and Leaseback Amendment to IFRS 16	22-Sep	1-Jan-24	IFRS 16
Non-current Liabilities with Covenants Amendments to IAS 1	22-Oct	1-Jan-24	IAS 1
Supplier Finance Arrangements Amendments to IAS 7 and IFRS 7	23-May	1-Jan-24	IAS 7, IFRS 7
International Tax Reform—Pillar Two Model Rules Amendments to IAS 12	23-May	1-Jan-23	IAS 12

Classification of Liabilities as Current and Non-current

Classification of Liabilities as Current or Non-current clarifies a criterion in IAS 1 Presentation of Financial Statements for Classifying a liability as non-current: the requirement for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period.

Lease Liability

In a sale and leaseback lease liability in a sale and leaseback amends IFRS 16 by adding subsequent measurement requirements for sale and leaseback transactions.

Non-current Liabilities with Covenants

Non-current liabilities with Covenants amends IAS 1 Presentation of Financial Statements. The amendments improve the information an entity provides when its right to defer settlement of a liability for at least twelve months is subject to compliance with covenants. The amendments also respond to stakeholders' concerns about the classification of such a liability as current or non-current.

Supplier Finance Arrangements

Supplier finance arrangements amends IAS 7 statement of cash flows to require an entity to provide additional disclosures about its supplier finance arrangements. The amendments also add supplier finance arrangements as an example within the liquidity risk disclosure requirements of IFRS 7 Financial Instruments: Disclosures.

International Tax Reform – Pillar Two Model Rules

International Tax Reform – Pillar Two model rules amends IAS 12 income taxes. The amendments introduce a temporary exception to the requirements to recognize and disclose information about deffered tax assets and liabilities related to Pillar Two income taxes. The amendments also introduce targeted disclosure requirements for affected entities.

Effect of changes is not material fot the financial statements.

B New standards, Interprerattions and amendmens not yet effective

This edition does not include accounting standards that have effective date later than 1 January 2024.

These accounting standards are relevant, however, even if an entity does ont intend to adopt a requirement early. Paragraph 30 of IAS 8 accounting policies, changes in accounting estimates and errors requires an entity to disclose 'information relevant to assessing the possible impact that application of the new IFRS {accounting standards} will have on the netity's financial statements in the period of initial appliation'.

The table shows amendments and Accounting Standrads that have been an effecvtive date after 1 January 2024.

Table–Accounting Standards and amendments issued, but not effective, as at 1 January 2024			
Standard/ amendment	**When issued**	**Effective date (Early application is possible unless otherwise noted)**	**Standards/ Interpretations amended**
Lack of Exchangeability Amendments to IAS 21	23-Aug	1-Jan-25	IAS 21, IFRS 1

Lack of Echangeability

Lack of echangeability amends IAS 21 the effects of changes in foreign exchange rates to require an entity to apply a consistent approach to assessing whether a currency is exchangeable into another currency and, when it is nont, to determining the exchange rate to use and the disclosures to provide.

Amendment – Non current Liabilities with Covenants (Amentment to IAS 1)

Subsequent to the release of amendments to IAS 1 Classification of Liabilities as Current or Non-current, the IASB amended IAS 1 further in October 2022. If an entity's right to defer is subject to the entity complying with specified conditions, such conditions affect whether that right exists at the end of the reporting period. If the entity is required to comply with the condition on or before the end of the reporting period and not if the entity is required to comply with the conditions after the reporting period. The amendments also provide clarification on the meaning of 'settlement' for the purpose of classifying a liability as current or non-current.

Standards and Amendments Mandatorily Effective from 1 January 2025

Lack of Exchangeability (Amendment to IAS 21) On 15 August 2023, the IASB issued Lack of Exchangeability which amended IAS 21 The Effects of Changes in Foreign Exchange Rates (the Amendments). The Amendments arose because of a submission received by the IFRS Interpretations Committee (the Committee) about the determination of the exchange rate when there is a long-term lack of exchangeability. IAS 21, prior to the Amendments, did not include explicit requirements for the determination of the exchange rate when a currency is not exchangeable into another currency, which led to diversity in practice. The Committee recommended that the IASB develop narrow-scope amendments to IAS 21 to address this issue. After further deliberations, the IASB issued an exposure draft of the proposed amendments to IAS 21 in April 2021 and the final amendments were issued in August 2023. The Amendments introduce requirements to assess when a currency is exchangeable into another currency and when it is not. The Amendments require an entity to estimate the spot exchange rate when it concludes that a currency is not exchangeable into another currency.

If it is not stated otherwise, new standards and interpretations are not expected to have material effect on the Company separate financial statements.