JSC Georgia Real Estate

Separate financial statements

For the year ended 31 December 2024
with an independent auditor's report

Contents

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Independent auditor's report

To the Shareholder and Supervisory Board of JSC Georgia Real Estate

Opinion

We have audited the separate financial statements of JSC Georgia Real Estate (hereinafter, the "Company"), which comprise the separate statement of financial position as at 31 December 2024, and the separate statement of comprehensive income, separate statement of changes in equity and separate statement of cash flows for the year then ended, and notes to the separate financial statements, including material accounting policy information.

In our opinion, the accompanying separate financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2024 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the separate financial statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' (IESBA) International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the separate 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 opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the separate financial statements of the current period. These matters were addressed in the context of our audit of the separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For the matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the separate financial statements* section of our report, including in relation to this matter. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the separate financial statements. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis for our audit opinion on the accompanying separate financial statements.

Key audit matter	How our audit addressed the key audit matter
Measurement of investments in subsidiaries	
Investments in subsidiaries are the most significant part for the Company's total assets. The Company recognised material impairment charges in profit or loss for the current reporting period. Judgement is required to conclude whether impairment indicators exist in relation to the investments. Further, estimation of their recoverable amount is inherently subjective and requires judgments from management in making estimates of investments' fair value less costs to sell or value in use, which makes it a key audit matter. The disclosures related to investments in subsidiaries are presented in Notes 4 and 11 to the separate financial statements.	We analysed financial information of subsidiaries. We assessed indicators of impairment for each investment in subsidiary. We compared the amounts of dividend and other distributions made by subsidiaries to their total comprehensive income for the year. In respect of each investment in subsidiary, we compared their respective cost of investment recognised in the separate statement of financial position to their net assets and fair values estimated by the management as at 31 December 2024. For the valuation prepared using income approach, we evaluated, involving our business valuation experts, discount rates. We assessed significant future cash flows assumptions in the model. We traced inputs to the valuation model (such as net assets or net debt and investment properties) to the financial information of respective subsidiary. We recalculated impairment charge recognised in the current period profit or loss. We analysed the disclosures related to the investments in subsidiaries in the separate financial statements.

Other information included in the Company's 2024 Management Report

Other information consists of the information included in the Company's 2024 Management Report, other than the separate financial statements and our auditor's report thereon. Management is responsible for the other information. The Company's 2024 Management Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the separate financial statements does not cover the Management Report and we will not express any form of assurance conclusion thereon in our report on the audit of the separate financial statements.

In connection with our audit of the separate financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the separate financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Responsibilities of management and the Supervisory Board for the separate financial statements

Management is responsible for the preparation and fair presentation of the separate financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the separate financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Supervisory Board is responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the separate financial statements

Our objectives are to obtain reasonable assurance about whether the separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these separate financial statements.

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

- Identify and assess the risks of material misstatement of the separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Supervisory Board 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.

We also provide the Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Supervisory Board, we determine those matters that were of most significance in the audit of the separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Dmytro Iurgelevych (SARAS-A-644274)
On behalf of EY LLC (SARAS-F-855308)
Tbilisi, Georgia
22 April 2025

Separate statement of comprehensive income

For the year ended 31 December

(Thousands of Georgian Lari)

	Notes	2024	2023
Revenue from project management	5	2,780	2,677
Other revenue	5	15	448
Net gain from revaluation of investment property		–	54
Administrative employee benefits expense	6	(4,974)	(7,174)
Other general and administrative expenses	7	(524)	(713)
Depreciation and amortization	10	(1,902)	(1,999)
Marketing and advertising expense		–	(71)
Impairment of investments in subsidiaries	11	(162,615)	(51,737)
Expected credit loss on trade and other receivables	5	–	(1,340)
Expected credit loss charge on loans issued		(340)	–
Gain from derecognition of financial liabilities	8	–	8,994
Write-off of intangible assets	12	(1,670)	–
Operating loss		**(169,230)**	**(50,861)**
Finance income		175	66
Finance expense		(11,975)	(11,025)
Net foreign exchange (loss) gain		(4,002)	825
Loss before income tax expense		**(185,032)**	**(60,995)**
Income tax expense	9	–	–
Loss for the year		**(185,032)**	**(60,995)**

Signed and authorised for release on behalf of the management of the Company:

Chief Executive Officer Guram Akhvlediani

Chief Financial Officer Givi Koberidze

22 April 2025

Separate statement of comprehensive income

For the year ended 31 December

(Thousands of Georgian Lari)

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22 April 2025

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Separate statement of financial position

As at 31 December

(Thousands of Georgian Lari)

	Notes	*2024*	*2023*
Assets			
Non-current assets			
Investments in subsidiaries	11	36,664	197,693
Property and equipment	10	2,293	3,535
Intangible assets	12	–	2,413
Loans issued	13	7,735	–
		46,692	**203,641**
Current assets			
Prepayments and other assets	12	487	635
Investment securities	13	–	138
Trade and other receivables	5	2,200	2,164
Cash at bank	13	311	96
		2,998	**3,033**
Total assets		**49,690**	**206,674**
Equity	14		
Share capital		8,899	8,249
Share premium		276,408	273,709
Translation and other reserves		14,724	14,724
Accumulated loss		(394,600)	(209,568)
Total equity		**(94,569)**	**87,114**
Non-current liabilities			
Loans received	13	40,035	6,508
Debt securities issued	13	65,760	–
		105,795	**6,508**
Current liabilities			
Short-term portion of long-term loans received	13	30,900	15,987
Debt securities issued	13	5,964	95,591
Trade and other payables	13	283	259
Accruals for employee compensation	13	1,152	850
Other current liabilities	13	165	365
Total current liabilities		**38,464**	**113,052**
Total liabilities		**144,259**	**119,560**
Total equity and liabilities		**49,690**	**206,674**

Separate statement of financial position

As at 31 December

(Thousands of Georgian Lari)

	Share capital	*Share premium*	*Translation and other reserves*	*Accumulated loss*	*Total equity*
At 31 December 2022	**8,249**	**269,859**	**14,724**	**(148,573)**	**144,259**
Loss for the year	–	–	–	(60,995)	**(60,995)**
Total comprehensive loss for the year	**–**	**–**	**–**	**(60,995)**	**(60,995)**
Share-based payments (Note 14)	–	3,850	–	–	**3,850**
At 31 December 2023	**8,249**	**273,709**	**14,724**	**(209,568)**	**87,114**
Loss for the year	–	–	–	(185,032)	**(185,032)**
Total comprehensive loss for the year	**–**	**–**	**–**	**(185,032)**	**(185,032)**
Share-based payments (Note 14)	–	1,349	–	–	**1,349**
Increase of share capital (Note 14)	650	1,350	–	–	**2,000**
At 31 December 2024	**8,899**	**276,408**	**14,724**	**(394,600)**	**(94,569)**

Separate statement of cash flows

For the year ended 31 December

(Thousands of Georgian Lari)

	Notes	2024	2023
Cash flows from operating activities			
Proceeds from project management		3,331	2,739
Net proceeds from lease and property management		–	77
Cash paid for operating expenses		(3,678)	(4,207)
Non-income taxes paid		(449)	(645)
Net other operating cashflows		19	–
Net cash flows used in operating activities		**(777)**	**(2,036)**
Cash flows from investing activities			
Proceeds from sale of investment properties		–	79
Purchase of property, plant and equipment and intangible assets		–	(192)
Proceeds from sale of property, plant and equipment		13	110
Loans issued		(9,210)	(2,836)
Repayment of loans issued		1,300	–
Investments in subsidiaries	11	(1,586)	(9,116)
Recovery of investments in subsidiaries	11	–	21,409
Other inflow from investing activities		17	–
Net cash flows (used in) from investing activities		**(9,466)**	**9,454**
Cash flows from financing activities			
Proceeds from debt securities issued	13	67,525	–
Repayment of debt securities issued	13	(94,855)	–
Proceeds from borrowings	13	63,407	20,763
Repayment of borrowings	13	(18,338)	(21,376)
Interest paid on interest-bearing borrowings and debt securities	13	(9,167)	(8,657)
Proceeds from increase of share capital	14	2,000	–
Net cash flows from (used in) financing activities		**10,572**	**(9,270)**
Effect of exchange rate changes on cash and cash equivalents		(114)	(142)
Net increase (decrease) in cash and cash equivalents		**215**	**(1,994)**
Cash and cash equivalents at the beginning of the period	13	96	2,090
Cash and cash equivalents at the end of the period	13	**311**	**96**

Material non-cash transactions in 2023 included gain from derecognition of financial liabilities represented by loans due to subsidiaries comprising GEL 7,085 and trade and other payables comprising GEL 1,909 (Note 8) and charge for expected credit losses of GEL 1,340 (Note 5). In 2023, the Company also contributed loans issued to subsidiaries of GEL 2,891 and investment property of GEL 324 to investments in respective subsidiaries (Note 11).

(Thousands of Georgian Lari)

1. Background

JSC Georgia Real Estate (the "Company"), prior to the legal name change in 2019 known as JSC m2 Real Estate, is a joint stock company incorporated on 27 September 2006. The legal address of the Company is 10, Givi Kartozia Street, 0177, Tbilisi, Georgia. The Company's principal activity is providing project management services to its subsidiaries.

JSC Georgia Capital is a 100% shareholder of the Company. The Company is ultimately owned and controlled by Georgia Capital PLC (the "GCAP"), a listed company incorporated in the United Kingdom.

The Company owns the following subsidiaries:

Subsidiary	***31-Dec-24***	***31-Dec-23***	***Country***	***Date of establishment***	***Date of acquisition***	***Industry***
LLC m2 at Hippodrome	100%	100%	Georgia	06-Jul-15	n/a	Real estate
LLC M Square Park	100%	100%	Georgia	15-Sep-15	n/a	Real estate
LLC Optima Saburtalo	100%	100%	Georgia	15-Sep-15	n/a	Real estate
LLC M2 *	–	100%	Georgia	12-Feb-14	n/a	Hospitality / Real estate
LLC m2 Group	100%	100%	Georgia	17-Aug-15	n/a	Real estate
LLC Georgia Real Estate Management Group	100%	100%	Georgia	17-Aug-15	n/a	Hospitality / Real estate
LLC Land	100%	100%	Georgia	03-Oct-14	n/a	Real estate
LLC Optima	100%	100%	Georgia	03-Aug-16	n/a	Real estate
LLC m2 Kutaisi *	–	100%	Georgia	15-May-17	n/a	Hospitality
LLC Georgia Property Management Group *	–	100%	Georgia	10-Apr-18	n/a	Property management
LLC Gudauri Lodge *	–	100%	Georgia	24-Apr-18	n/a	Hospitality
LLC m2 at Nutsubidze 2	100%	100%	Georgia	24-Jan-20	24-Jan-20	Real estate
LLC m2 Maintenance	100%	100%	Georgia	20-Jul-21	n/a	Real estate
LLC m2 at Mtatsminda Park	100%	100%	Georgia	31-Dec-21	n/a	Real estate
LLC M square Park 3	100%	100%	Georgia	25-May-22	n/a	Real estate
LLC M square Park 4	100%	100%	Georgia	25-May-22	n/a	Real estate
LLC M square Park X	100%	100%	Georgia	23-Jun-22	n/a	Real estate
LLC M square Park 5 **	100%	100%	Georgia	11-Oct-23	n/a	Real estate

* *In 2024, m2 LLC, Georgia Property Management Group LLC, m2 Kutaisi LLC and Gudauri lodge LLC merged to Georgia Real Estate Management Group LLC.*

** *In 2023, LLC m2 Group established a new subsidiary, LLC m2 Park 5.*

2. Basis of preparation

The separate financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). These separate financial statements have been prepared in accordance with the requirements of Law of Georgia on accounting, reporting and auditing. On 22 April 2024, the Company issued consolidated financial statements for the year ended 31 December 2024 prepared in accordance with IFRS.

The separate financial statements have been prepared on a historical cost basis, except for investment securities, which are carried at fair value.

The separate financial statements are presented in Georgian Lari and all values are rounded to the nearest thousand except as otherwise indicated.

(Thousands of Georgian Lari)

2. Basis of preparation (continued)

Going concern

As of 31 December 2024, the Company's current liabilities exceeded its current assets by GEL 35,466. The Company incurred GEL 185,032 net loss for the year ended 31 December 2024. In 2024, the Company successfully refinanced its USD-denominated bonds maturing in 2024 with a fresh issuance of USD 25 million domestic bonds with carrying value of GEL 71,724 as of 31 December 2024 that mature in August 2026.

Strategically, the Company is focused on continuing its core residential development business while divesting and deleveraging, wholly or partially, from hospitality segment. The Company has already achieved major milestone in execution of that strategy by divesting the majority of its commercial investment property portfolio, extinguishing their associated debt. The hospitality business of one of the Company's subsidiaries retains one operational hotel managed under the brand name "Gudauri Lodge" with its financial liability being the sole bank loan of hospitality business (GEL 19.7 million), one under construction hotel and two land plots. The fair value of the hospitality investment properties pledged as collateral under the hospitality business loans (recognized within the Company's subsidiaries' books) are still sufficiently above the carrying value of respective borrowings, which in any case allows for the full settlement of those liabilities either from proceeds or property sales at their fair value (or even with discount thereto), or through foreclosure. The management has obtained a letter from the Parent which indicates that the Parent intends to provide the Company with adequate funds to enable the Company to continue normal operations for the period extending to more than 12 months from the date of approval of these separate financial statements. The management evaluated that the Parent has sufficient funds to provide the Company with financial support if necessary.

Considering the above-mentioned actions and plans of the Company, the management believes that a going concern basis for preparing these separate statements is appropriate.

3. Summary of material accounting policies

Functional, reporting currencies and foreign currency translation

The Company's functional and presentation currency is the national currency of Georgia, Georgian Lari ("GEL").

Monetary assets and liabilities are translated into the Company's functional currency at the official exchange rate of the National Bank of Georgia ("NBG") at the respective end of the reporting period. Foreign exchange gains and losses resulting from the settlement of the transactions and from the translation of monetary assets and liabilities into the Company's functional currency at year-end official exchange rates of the NBG are recognized in profit or loss.

Differences between the contractual exchange rate of a certain transaction and the National Bank of Georgia ("NBG") exchange rate on the date of the transaction are included in Net foreign exchange gain/(loss). The official NBG exchange rates on 31 December 2024 and 31 December 2023 were GEL 2.8068 and GEL 2.6894 to 1 USD respectively.

Adoption of new or revised standards and interpretations

The Company applied for the first–time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2024. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Following amendments and interpretations apply for the first time in 2024:

- *Lease Liability in a Sale and Leaseback - Amendments to IFRS 16;*
- *Classification of Liabilities as Current or Non-current – Amendments to IAS 1.*

The amendments to IAS 1 specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement;
- That a right to defer must exist at the end of the reporting period;
- That classification is unaffected by the likelihood that an entity will exercise its deferral right;
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

In addition, an entity is required to disclose when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months.

The amendments did not have an impact on the classification of the Company's liabilities.

- *Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7.*

(Thousands of Georgian Lari)

3. Summary of material accounting policies (continued)

Adoption of new or revised standards and interpretations (continued)

In May 2023, the IASB issued amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures to clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

Standards issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's separate financial statements are disclosed below. The Company intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

- *Amendments to IAS 21: Lack of exchangeability – (effective from on or after 1 January 2025).*

The amendments are not expected to have a material impact on the Company's separate financial statements.

- IFRS 18 Presentation and Disclosure in Financial Statements – (effective from 1 January 2027).

In April 2024, the IASB issued IFRS 18, which replaces IAS 1 Presentation of Financial Statements. IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Furthermore, entities are required to classify all income and expenses within the statement of profit or loss into one of five categories: operating, investing, financing, income taxes and discontinued operations, whereof the first three are new.

It also requires disclosure of newly defined management-defined performance measures, subtotals of income and expenses, and includes new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements (PFS) and the notes.

In addition, narrow-scope amendments have been made to IAS 7 Statement of Cash Flows, which include changing the starting point for determining cash flows from operations under the indirect method, from 'profit or loss' to 'operating profit or loss' and removing the optionality around classification of cash flows from dividends and interest. In addition, there are consequential amendments to several other standards.

IFRS 18, and the amendments to the other standards, is effective for reporting periods beginning on or after 1 January 2027, but earlier application is permitted and must be disclosed. IFRS 18 will apply retrospectively.

The Company is currently working to identify all impacts the amendments will have on the separate financial statements and notes to the separate financial statements.

- IFRS 19 Subsidiaries without Public Accountability: Disclosures – (effective from on or after 1 January 2027).

The amendments are not expected to have a material impact on the Company's separate financial statements.

Revenue recognition

Revenue is recognized to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The transfer occurs when the customer obtains control. The Company has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all of the revenue arrangements, it has pricing latitude and is also exposed to inventory and credit risks. The specific recognition criteria described below must also be met before revenue is recognized.

Revenue from project management

Revenue from project management includes services related to the Company's overseeing and management of construction performed by the general constructors for the Company's subsidiaries. Such services are provided through fee-for-service contracts and generally result in revenue recognised in the period in which such services are rendered.

Finance income

Finance income on financial assets at amortized cost is recognised as it accrues using the effective interest rate (EIR) method.

Finance income also includes net gains (such as notional interest) on loans measured at fair value through profit or loss.

(Thousands of Georgian Lari)

3. Summary of material accounting policies (continued)

Taxation

The annual profit earned by entities other than banks, insurance companies and microfinance organizations is not taxed in Georgia starting from 1 January 2017 (Note 9). Corporate income tax is paid on dividends is levied on profit distributed as dividends to the shareholders that are individuals or non-residents of Georgia at the rate of 15/85 of net distribution. The corporate income tax arising from the payment of dividends is accounted for as a liability and expense in the period in which dividends are declared, regardless of the actual payment date or the period for which the dividends are paid. In certain circumstances, deductions from income tax charge payable are available that are accounted as reduction of income tax expense related to respective distribution. Due to the nature of the Georgian taxation system, no deferred tax assets and liabilities arise for the entities registered in Georgia. Withholding tax payable in respect of dividend distribution to the shareholders of the Company is recognized as deduction from equity.

Georgian tax legislation also provides for charging corporate income tax on certain transactions that are considered deemed profit distributions (for example, transactions at non-market prices, non-business-related expenses or supply of goods and services free of charge). Taxation of such transactions is accounted similar to operating taxes and is reported as operating taxes within other general and administrative expenses in separate statement of comprehensive income.

Georgia also has various operating taxes that are assessed on the Company's activities. These taxes are included as a component of general and administrative expenses.

Investments in subsidiaries

Investments in subsidiaries are measured at acquisition cost less impairment losses, if any. The Company accounts for group reorganizations such as the transfers of investments in subsidiaries between subsidiaries at acquisition cost less impairment losses, if any. The Company recognizes reduction of charter capital of subsidiaries in exchange of cash or other assets distributed by the subsidiary to the Company as reduction of cost of investment in subsidiary. Dividend income from subsidiaries is recognized in profit or loss when the dividend is declared.

At each reporting date, the Company assesses whether there is an indication that each investment in subsidiary may be impaired. If any indication exists, the Company estimates the investment's recoverable amount. When the carrying amount of the investment exceeds its recoverable amount, the investment is written down to its recoverable amount. Such impairment charges are recognised in profit or loss. Approach to determination of recoverable amounts of investments in subsidiaries and related estimates used are disclosed in Note 11 and Note 4, respectively.

Property and equipment

Property and equipment are carried at cost less accumulated depreciation and any accumulated impairment in value.

Depreciation of an asset begins when it is available for use. Depreciation is calculated on a straight-line basis over the following estimated useful lives:

	Years
Buildings	50
Furniture and fixtures	5–10
Computers and other office equipment	5
Motor vehicles	5

Costs related to repairs and renewals are charged when incurred and included in general and administrative expenses unless they qualify for capitalization.

Leasehold improvements are amortized over the life of the related leased asset or expected lease term, if lower.

Prepayments

Prepayments are carried at cost less provision for impairment. A prepayment is classified as non-current when the goods or services relating to the prepayment are expected to be obtained after one year, or when the prepayment relates to an asset which will itself be classified as non-current upon initial recognition. Prepayments to acquire assets are transferred to the carrying amount of the asset once the Company has obtained control of the asset and it is probable that future economic benefits associated with the asset will flow to the Company.

(Thousands of Georgian Lari)

3. Summary of material accounting policies (continued)

Share-based payment transactions

Senior executives of the Company receive share-based remuneration settled in equity instruments of the Company's ultimate parent. Grants are made by the Parent. Grants that the Company does not have a liability to settle are accounted as equity-settled transactions (even if the Company may subsequently recharge the cost of the award to the settling entity, which is recognized as equity deduction at respective payment date).

Equity-settled transactions

The cost of equity settled transactions with employees is measured by reference to the fair value at the date on which they are granted.

The cost of equity settled transactions is recognized together with the corresponding increase in share premium in capital, over the period in which the performance and/or service conditions are fulfilled, ending on the date when the relevant employee is fully entitled to the award ("the vesting date"). The cumulative expense recognized for equity settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. Settlements to the Parent for the shares granted to the employees of the Company are accounted as a reduction in share premium.

Share capital

Ordinary shares

Ordinary shares are classified as equity. External costs directly attributable to the issue of new shares, other than on a business combination, are shown as a deduction from the proceeds in equity. Any excess of the fair value of consideration received over the par value of shares issued is recognised as share premium.

Preferred shares

Preferred shares are classified as equity. Any excess of the fair value of consideration received over the par value of shares issued is recognised as share premium.

Contribution of assets

The Parent or entities under common control, from time to time, contributes assets to the capital of the Company in exchange for the Company's shares. The Company measures the assets received, and the corresponding increase in equity at the fair value of the assets received.

4. Significant accounting judgments, estimates and assumptions

The preparation of the Company's separate financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Estimates

Impairment of investments in subsidiaries

The Company annually performs impairment testing for investments in subsidiaries for which impairment indicators have been identified. Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next two to three years. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash inflows and the growth rate used for extrapolation purposes. Refer to Note 11.

(Thousands of Georgian Lari)

4. Significant accounting judgments, estimates and assumptions (continued)

Estimates (continued)

Allowance for expected credit losses (ECL)

Trade and other receivables

As of 31 December 2024, 98% of gross trade and other receivables are attributable to related parties (2023: 99%). Thus, as of 31 December 2024, the Company mostly measures ECL on its trade receivables on individual, rather than collective basis.

The Company analyses each receivable balance based on its past experience with customer, public information where available adjusted for forward-looking factors to the debtors and the economic environment.

In case of receivables from subsidiaries and entities under common control, the Company's management assess the overall net exposure towards or from the counterparty. The Company recognizes ECL if the amounts due from related party is higher than payable from respective party, as it expects setoffs to be applied in normal course of business in respect of overdue amounts, if any. Significant judgement was required to evaluate whether the offset expectations are appropriate inputs in ECL measurement in respect of the related party receivables. As a result, no ECL is recognised for receivables from subsidiaries and entities under common control as of 31 December 2024 and 2023.

As of 31 December 2024, the Company recognized additional charge for expected credit losses totalling GEL nil (2023: GEL 1,340) in respect of its trade and other receivables (Note 5).

Loans issued

The Company's issued loans are solely comprised of loans granted to its subsidiaries for the purpose of financing construction projects. In absence of sufficient own past history of defaults and recoveries for such instruments, ECL has been assessed with reference to probability of default and loss given default benchmarks published by external credit rating agencies. As of 31 December 2024, the Company recognized an ECL charge totalling GEL 340 (2023: nil) in respect of its issued loans (Note 13).

5. Revenue

	2024	*2023*
Revenue from project management – management fees	2,780	2,677
Other revenue	15	448
Total revenue from contracts with customers	**2,795**	**3,125**

Trade and other receivables comprise:

	2024	*2023*
Receivables from project management	2,200	2,167
Expected credit loss	(50)	(50)
Net receivables from project management	**2,150**	**2,117**
Other receivables	50	47
Total	**2,200**	**2,164**

Trade receivables are non−interest bearing. Trade receivables from operating subsidiaries that comprise majority of receivables from project management are contractually due in 30 days but are factually settled in accordance with the business needs of the Company considering its liquidity requirements. Accordingly, the Company does not recognize ECL in respect of overdue receivables due from its operating subsidiaries, as it has power and ability to collect such receivables in full in due course and considers them fully recoverable taking into account financial standing of its subsidiaries.

In 2023, the Company accrued additional charge of expected credit loss of GEL 1,340 in respect of receivables due from its non-operating subsidiary, following disposal of the hotel property this subsidiary operated. The Company no longer expects or pursues collection of these receivables.

(Thousands of Georgian Lari)

5. Revenue (continued)

Ageing of receivables from project management by overdue days and respective allowance as of 31 December 2024 and 2023 was as follows:

31 December 2024	***Not overdue***	***1–90 days overdue***	***91–180 days overdue***	***More than 180 days overdue***	***Total***
Gross carrying value	2,084	–	–	116	**2,200**
Expected credit loss rate, %	0%	0%	0%	44%	**2.3%**
Expected credit losses	–	–	–	(50)	**(50)**
Net carrying value	**2,084**	**–**	**–**	**66**	**2,150**

31 December 2023	***Not overdue***	***1–90 days overdue***	***91–180 days overdue***	***More than 180 days overdue***	***Total***
Gross carrying value	269	807	807	284	**2,167**
Expected credit loss rate, %	–	–	–	17.6%	**2.3%**
Expected credit losses	–	–	–	(50)	**(50)**
Net carrying value	**269**	**807**	**807**	**234**	**2,117**

Changes in allowance for expected credit losses on trade and other receivables (measured using simplified approach as lifetime ECL) for the year ended 2024 and 2023 were as follows:

	Trade and other receivables
31 December 2022	**50**
Expected credit loss charge for the period	1,340
Written off	(1,340)
31 December 2023	**50**
Expected credit loss charge for the period	–
31 December 2024	**50**

6. Administrative employee benefits expense

	2024	***2023***
Salary and other employee benefits	1,902	2,196
Cash bonus	1,723	1,128
Share-based compensation acceleration costs and management termination costs	1,349	3,850
Total administrative employee benefits expense	**4,974**	**7,174**

7. Other general and administrative expenses

	2024	***2023***
Auditing services	241	229
Communication	102	111
IT services	88	89
Corporate hospitality	30	28
Legal and other professional services	29	14
Transportation	13	16
Insurance	6	–
Write off of property and equipment	5	145
Personnel training and recruitment	4	48
Other	6	33
Total other general and administrative expenses	**524**	**713**

8. Gain from derecognition of financial liabilities

In 2023, the Company recognized gain from derecognition of financial liabilities represented by loans due to subsidiaries comprising GEL 7,085 (Note 13) and trade and other payables comprising GEL 1,909.

(Thousands of Georgian Lari)

9. Income tax

In accordance with the Georgian tax regime appliable to the Company, income tax is recognized upon distribution of dividends, to the extent tax offsets are not available. The Company did not distribute dividends in 2024 and 2023 and, accordingly, no income tax was recognized in 2024 and 2023.

Tax-related contingencies

Applicable tax regulations are updated frequently, and not large number of precedents have been established. This creates tax risks in Georgia, which could be more significant than typically found in countries with more developed tax systems. Management believes that the Company is in substantial compliance with the tax laws affecting its operations. However, the risk remains that relevant authorities could take differing positions with regard to interpretative issues.

10. Property and equipment

	Buildings	*Furniture and fixtures*	*Computers*	*Motor vehicles*	*Leasehold improvements*	*Total*
Gross book value						
31 December 2022	2,332	342	317	340	5,404	**8,735**
Disposals	–	–	(6)	(195)	–	**(201)**
31 December 2023	**2,332**	**342**	**311**	**145**	**5,404**	**8,534**
Disposals	–	(4)	(154)	–	–	**(158)**
31 December 2024	**2,332**	**338**	**157**	**145**	**5,404**	**8,376**
Accumulated depreciation						
31 December 2022	**262**	**68**	**63**	**56**	**3,331**	**3,780**
Depreciation charge	47	68	63	11	1,081	**1,270**
Disposals	–	–	(2)	(49)	–	**(51)**
31 December 2023	**309**	**136**	**124**	**18**	**4,412**	**4,999**
Depreciation charge	46	68	45	9	992	**1,160**
Disposals	–	(2)	(74)	–	–	**(76)**
31 December 2024	**355**	**202**	**95**	**27**	**5,404**	**6,083**
Net book value						
31 December 2023	**2,023**	**206**	**187**	**127**	**992**	**3,535**
31 December 2024	**1,977**	**136**	**62**	**118**	**–**	**2,293**

11. Investments in subsidiaries

	2024	*2023*
m2 Group, LLC	6,257	170,568
Georgia Real Estate Management Group, LLC	30,407	27,125
Total investments in subsidiaries	**36,664**	**197,693**

A summary of movement in investments in subsidiaries is set out below:

	2024	*2023*
Balance on 1 January	**197,693**	**258,508**
Investments in subsidiaries in cash	1,586	9,116
Recovery of investments in subsidiaries in cash	–	(21,409)
Investment in subsidiaries through contribution of loans issued*	–	2,891
Investment in subsidiaries through contribution of investment property	–	324
Impairment charge	(162,615)	(51,737)
Balance on 31 December	**36,664**	**197,693**

* *In 2023, the Company converted loans issued to m2 LLC (subsidiary of Georgia Property Management Group, LLC) and m2 Svaneti LLC (subsidiary of Georgia Real Estate Management Group LLC) with carrying value of GEL 2,891 to subsidiaries' capital.*

(Thousands of Georgian Lari)

11. Investments in subsidiaries (continued)

Recoverable amount of investments in subsidiaries was determined with reference to their fair value less costs to sell, measured at fair values at each reporting date in accordance with IFRS 13, Fair Value Measurement. Fair value, as defined in IFRS, is the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction at the reporting date.

As at 31 December 2024 and 2023, the Company assessed whether there are indications of impairment of each investment and concluded that there were such indicators for the investment in m2 Group LLC as of 31 December 2024 and for both investments in 2023. In addition, the Company assessed that impairment recovery indication existed in relation to the investment in Georgia Real Estate Management Group LLC as at 31 December 2024.

a. Discounted cash flow

The management determined that as of 31 December 2024, impairment indicators existed in respect of its investment in m2 Group LLC, being decrease of its net assets below cost of investment. The Company recognized GEL 165,896 (2023: GEL 12,392) impairment in profit or loss for 2024 in respect of the investment. Recoverable amount of the Company's investment in m2 Group LLC was measured using discounted cash flow method.

Under the discounted cash flow (DCF) valuation method, fair value is estimated by deriving the present value of the business using reasonable assumptions of expected future cash flows and the terminal value, and the appropriate risk-adjusted discount rate that quantifies the risk inherent to the business. The discount rate is estimated with reference to the market risk-free rate, a risk adjusted premium and information specific to the business or market sector. DCF is mostly used to estimate fair values of project-based cash-flow driven businesses.

As of 31 December 2024, discount rate applied for valuation of m2 Group LLC's recoverable amount was estimated at approximately 15%, cash flow projections covered 2-3 years' period and terminal growth rate is assumed to be 3.50%. Significant future cash flow assumptions included those of sellable area available to the investment and selling price per square meter (ranging from USD 548 to USD 2,159, net of value added tax).

b. Net Asset Value

The management determined that as of 31 December 2024 impairment reversal indicators existed in respect of its investment in Georgia Real Estate Management Group LLC. As of 31 December 2024, the net asset value (NAV) of Georgia Real Estate Management Group LLC increased to GEL 30,407 (2023: GEL 27,125), primarily due to a reduction in the subsidiary's financial liabilities following the partial settlement of borrowings from a local bank.

In 2023, impairment indicators existed in respect of its investment in Georgia Real Estate Management Group LLC, being decrease of its net assets below cost as the result of significant sales of subsidiary's investment properties and significant devaluation in 2023. The Company recognized a partial reversal of the previously recognized impairment loss in the amount of GEL 3,281 in profit or loss for 2024 (2023: impairment charge of GEL 39,345) in respect of the investment.

Fair value of investment in Georgia Real Estate Management Group LLC was deemed to approximate its net asset value (NAV) as of 31 December 2024 and 2023. The net assets methodology (NAV) involves estimating fair value of equity investment in a company based on its book value at reporting date. This method is appropriate for businesses whose value derives mainly from the underlying value of its assets and where such assets are already carried at their fair values in subsidiary's statement of financial position.

12. Intangible assets, prepayments and other assets

	2024	*2023*
Intangible assets, net (software and licenses)	–	2,413
Prepayments for legal and other professional services	276	445
VAT assets	142	121
Prepayments for marketing services	4	4
Other current assets	65	65
Prepayments and other assets, current	**487**	**635**

As of 31 December 2024, 'intangible assets' gross book value amounted to GEL nil (2023: GEL 3,974) and the accumulated amortisation charge GEL nil (2023: GEL 1,561). Amortisation expense for intangible assets amounted to GEL 742 in 2024 (2023: GEL 729). In 2024, the Company's additions to intangible assets (related mostly to development of the new core IT system) amounted to GEL nil (2023: GEL 209).

The Company has written off software balance with a carrying value of GEL 1,670 during the year ended 31 December 2024.

(Thousands of Georgian Lari)

13. Financial instruments

Financial instruments overview

Investment securities

As of 31 December 2024, included into investment securities are shares of GCAP held for settlement of the Company's cash-settled share-based transactions with fair value of GEL nil (2023: GEL 138). GCAP's shares are categorized within Level 1 of the fair value hierarchy (2023: Level 1).

Loans received

	Currency	***Maturity***	***2024***	***2023***
Borrowings from local commercial banks	USD	Jan 2025 – Sep 2026	27,747	–
Borrowings from subsidiaries	GEL	Oct 2025 – Dec 2026	39,073	20,985
Borrowings from subsidiaries	USD	Apr 2026 – Dec 2026	4,115	1,510
Total borrowings			**70,935**	**22,495**
Non-current portion			40,035	6,508
Current portion			30,900	15,987

Debt securities issued

In August 2024, the Company successfully completed the replacement of USD 25,000 bonds, reducing its debt balance by USD 10,000, from USD 35,000 to USD 25,000. The bonds were issued at par carrying 8.5% coupon rate per annum with semi-annual payments. The bonds are due for repayment in August 2026.

On 31 December 2024 and 2023, debt securities issued comprised USD denominated 2–year local bonds with total issue size of USD 25,000, registered on the Georgian Stock Exchange issued in August 2024. On 31 December 2024 and 2023, out of total amount of debt securities, current portion amounted to GEL 5,964 and GEL 95,591, respectively.

Changes in liabilities arising from financing activities

	1 January 2024	***Cash inflows***	***Cash outflows (principal)***	***Cash outflows (interest)***	***Foreign exchange movement***	***Finance costs***	***Other changes***	***31 December 2024***
Loans and borrowings	**22,495**	63,407	(18,338)	(1,140)	656	4,097	(242)	**70,935**
Debt securities issued	**95,591**	67,525	(94,855)	(8,027)	3,361	8,044	85	**71,724**
Total liabilities from financing activities	**118,086**	**130,932**	**(113,193)**	**(9,167)**	**4,017**	**12,141**	**(157)**	**142,659**

	1 January 2023	***Cash inflows***	***Cash outflows (principal)***	***Cash outflows (interest)***	***Foreign exchange movement***	***Loans write–off***	***Finance costs***	***31 December 2023***
Loans and borrowings	**28,715**	20,763	(21,376)	(904)	(441)	(7,085)	2,823	**22,495**
Debt securities issued	**95,638**	–	–	(7,753)	(490)	–	8,196	**95,591**
Total liabilities from financing activities	**124,353**	**20,763**	**(21,376)**	**(8,657)**	**(931)**	**(7,085)**	**11,019**	**118,086**

During 2023, the Company recognized gain from write-off of liabilities due to subsidiaries which comprised GEL 7,085 (Note 8).

(Thousands of Georgian Lari)

13. Financial instruments (continued)

Risks arising from financial instruments

In the course of its ordinary activity the Company is exposed to currency, interest rate, credit and liquidity risks. The Company's senior management oversees the management of these risks.

Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. As of 31 December 2024, and 2023, the Company has no other significant financial assets subject to credit risk except for:

Cash at bank

As of 31 December 2024, GEL 311 (2023: GEL 96) was kept with local commercial banks having a rating of "Ba2/Ba3" (LC) from Moody's and "B-/BB/B+" from Fitch Ratings.

Trade and other receivables and loans issued

Trade and other receivables and loans issued do not have internal credit grading. Other receivables and loans issued are not collateralized. Allowance for impairment included to trade and other receivables from contracts with customers amounted to GEL 50 (2023: GEL 50). Ageing of trade and other receivables is presented in Note 5. Allowance for impairment included to loans issued amounted to GEL 340 (2023: GEL nil). Loans issued are not overdue. No significant increase in credit risk occurred in relation to the loans issued as at 31 December 2024.

Liquidity risk

Liquidity risk is the risk that the Company will be unable to meet its payment obligations when they fall due under normal and stress circumstances. The Company's liquidity risk is analysed and managed by the Company's management.

The table below summarizes the maturity profile of the Company's financial liabilities based on contractual undiscounted repayment obligations:

As of 31 December 2024	***Less than 3 months***	***3 to 12 months***	***1 to 5 years***	***Total***
Debt securities issued	3,007	2,958	76,134	**82,099**
Loans received	5,176	26,381	53,933	**85,490**
Trade and other payables	283	–	–	**283**
Accruals for employee compensation	1,152	–	–	**1,152**
Other current liabilities	165	–	–	**165**
Total	**9,783**	**29,339**	**130,067**	**169,189**

As of 31 December 2023	***Less than 3 months***	***3 to 12months***	***1 to 5 years***	***Total***
Debt securities issued	–	102,086	–	**102,086**
Loans received	–	15,987	6,508	**22,495**
Trade and other payables	259	–	–	**259**
Accruals for employee compensation	850	–	–	**850**
Other current liabilities	365	–	–	**365**
Total	**1,474**	**118,073**	**6,508**	**126,055**

In managing liquidity risk, the management of the Company considers the Company will be able to settle the liabilities falling due by applying cash proceeds from operations, debt or equity transfers from subsidiaries and the Parent, refinancing and rolling over of maturing facilities and, if appropriate, renegotiation of financial covenants.

Currency risk

In respect of currency risk, management sets limits on the level of exposure by currency and in total for both overnight and intra-day positions, which are monitored daily.

(Thousands of Georgian Lari)

13. Financial instruments (continued)

Risks arising from financial instruments (continued)

The table below summarises the Company's exposure to foreign currency exchange rate risk at the end of the reporting period:

	On 31 December 2024			*On 31 December 2023*		
	Monetary financial assets	**Monetary financial liabilities**	**Net balance sheet position**	**Monetary financial assets**	**Monetary financial liabilities**	**Net balance sheet position**
USD	2,383	(103,586)	**(101,203)**	2,120	(97,104)	**(94,984)**

The above analysis includes only monetary assets and liabilities. Investments in non-monetary assets are not considered to give rise to any material currency risk.

The following table presents sensitivities of profit and loss and equity to reasonably possible changes in exchange rates applied at the end of the reporting period relative to the functional currency of the Company, with all other variables held constant:

	On 31 December 2024
	Impact on profit and loss
US Dollars strengthening by 18.39%	(18,611)
US Dollars weakening by 7.52%	7,610

	On 31 December 2023
	Impact on profit and loss
US Dollars strengthening by 20%	(18,997)
US Dollars weakening by 20%	18,997

14. Equity

As of 31 December 2024, issued share capital comprised 889,878,199 class "A" shares (2023: 824,887,622), and 21,958,370 Class "B" shares (2023: 21,958,370). Class "A" and class "B" shares have a nominal value of GEL 0.01. Class "B" shares were issued for no consideration.

Class "A" shares are common shares that entitle shareholders a right to one vote per one class "A" share at the general meeting of shareholders.

Class "B" shares entitle shareholders to dividends and liquidations proceeds of the Company similar to those of common shares shareholders and provide no voting rights on the annual shareholders meeting.

The share premium stated in the separate financial statements represents the surplus generated from the issuance of the Company's shares, which exceeds their nominal value. According to the Law of Georgia "On Entrepreneurs," this surplus is categorized as "reserve capital." Its primary purposes include covering any losses incurred during the last fiscal year of the joint-stock company and facilitating the redemption of the Company's shares, particularly when no other funds are available.

Increase in share capital and share premium

In October 2024, the Company issued 64,990,577 Class "A" shares with par aggregate par value of GEL 650 in exchange of cash consideration of GEL 2,000. GEL 1,350 excess of consideration received over par value of shares issued was recognized as share premium.

Dividends

No dividends were announced and paid in 2024 and 2023.

(Thousands of Georgian Lari)

14. Equity (continued)

Capital management

The Company's objectives when managing capital (which it defines as reported net assets in its IFRS separate financial statements) are:

- To safeguard the Company's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders;
- To maintain sufficient size to make the operation of the Company cost-efficient.

To achieve these goals the Company performs a detailed analysis of each potential project setting an individual minimal requirement for internal rate of return considering the cost of borrowed funds and level of own capital available.

The Company was not subject to any externally imposed capital requirements as of 31 December 2024 and 2023.

Share-based payments

Senior executives of the Parent, who are also members of the key management personnel of the Company, receive share-based awards in shares of Georgia Capital plc, settled by the Company and recognized as equity-settled awards in the Company's separate financial statements. The Company recognizes its proportionate share of the total share-based charges for respective employees in its separate financial statements. The awards have graded vesting period ranging from four to five years, with the only vesting condition being continued employment within GCAP Group during such vesting period. The fair value of the awards was determined at the respective grant dates using available market quotations of GCAP shares.

In 2023, the Parent modified the terms of the share-based awards to remove service condition in respect of some awards made earlier to the members of the Company key management personnel. Accordingly, the Company recognized GEL 1,349 (2023: GEL 3,850) share-based charge in its separate statement of changes in equity for 2024 as acceleration of share-based compensation in respect of services expected to be provided in future periods that are no longer subject to the service condition, presented as an administrative employee benefits expense in the separate statement of comprehensive income.

The following table summarizes information about financial impact of the Company's share-based arrangements:

	2024	*2023*
Awards in the Parent's shares – equity settled charges:	**1,349**	**3,850**
Expensed in profit or loss (Administrative employee benefits expense)	1,349	3,850

15. Fair value measurements

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability.

The following tables show analysis of assets and liabilities measured at fair value or for which fair values are disclosed by level of the fair value hierarchy. It also includes a comparison by class of the carrying amounts and fair values of the Company's financial instruments that are carried in the separate financial statements. The table does not include the fair values of non-financial assets and non-financial liabilities carried at cost:

	Level 1	*Level 2*	*Level 3*	*Total fair value 2024*	*Carrying value 2024*	*Unrecognised gain/(loss) 2024*
Assets for which fair values are disclosed						
Trade and other receivables	–	2,200	–	**2,200**	2,200	–
Loans issued	–	–	7,735	**7,735**	7,735	–
Cash and cash equivalents	–	311	–	**311**	311	–
Liabilities for which fair values are disclosed						
Loans received	–	70,256	–	**70,256**	70,935	679
Debt securities issued	–	72,514	–	**72,514**	71,724	(790)
Trade and other payables	–	283	–	**283**	283	–

(Thousands of Georgian Lari)

15. Fair value measurements (continued)

	Level 1	*Level 2*	*Level 3*	*Total fair value 2023*	*Carrying value 2023*	*Unrecognised gain/(loss) 2023*
Assets measured at fair value						
Investment securities	138	–	–	**138**	138	–
Assets for which fair values are disclosed						
Trade and other receivables	–	2,164	–	**2,164**	2,164	–
Cash and cash equivalents	–	96	–	**96**	96	–
Liabilities for which fair values are disclosed						
Loans received	–	22,559	–	**22,559**	22,495	(64)
Debt securities issued	–	94,129	–	**94,129**	95,591	1,462
Trade and other payables	–	259	–	**259**	259	–

Fair value of financial instruments

For a description of the determination of fair value investment securities please refer to Note 13.

Carrying value of cash and cash equivalents as of 31 December 2024 and 2023 approximates its fair value due to short term nature (available on demand).

The following describes the methodologies and assumptions used to determine fair values for those financial instruments that are not already recorded at fair value in the separate financial statements:

- *Assets for which fair value approximates carrying value* – for financial assets and financial liabilities that are liquid or have a short-term maturity (less than three months) it is assumed that the carrying amounts approximate their fair value. This assumption is also applied to variable rate financial instruments;
- *Fixed rate financial instruments* – the fair value of fixed rate financial assets and liabilities carried at amortised cost are estimated by comparing market interest rates when they were first recognised with current market rates offered for similar financial instruments. Fair value of debt securities issued is determined with reference to their quoted price on inactive market.

16. Related party transactions

The volumes of related party transactions, outstanding balances at the year end, and related expenses and income for the year comprise:

	2024			
	Parent[1]	*Subsidiaries*	*Entities under common control[2]*	*Key management personnel*
Balances as of 31 December				
Borrowings	–	43,188	–	–
Loans issued	–	8,075	–	–
Less: allowance for impairment	–	(340)	–	–
Trade and other receivables	–	2,018	116	–
Less: allowance for impairment	–	–	(50)	–
Trade and other payables	7	72	–	–
Transactions for the year ended 31 December				
Revenue from project management	–	2,780	–	–
Share-based compensation acceleration cost	–	–	–	1,349
Employee benefits expense	–	–	–	2,875
Expected credit loss charge on loans issued	–	340	–	–
Interest expense on borrowings	–	3,041	–	–
Interest income on loans issued	–	174	–	–

(Thousands of Georgian Lari)

16. Related party transactions (continued)

	2023			
	Parent[1]	*Subsidiaries*	*Entities under common control*[2]	*Key management personnel*
Balances as of 31 December				
Borrowings	–	22,495	–	–
Trade and other receivables	–	2,117	–	–
Trade and other payables	7	22	14	–
Transactions for the year ended 31 December				
Revenue from project management	–	2,677	–	–
Share-based compensation acceleration cost	–	–	–	3,850
Employee benefits expense	–	–	–	3,237
Termination compensation	–	–	–	61
Gain from derecognition of financial liabilities	–	8,994	–	–
Expected credit loss on trade and other receivables	–	1,340	–	–
Interest expense on borrowings	305	2,195	–	–

[1] *As of 31 December 2024 and 2023, the Parent includes balances and transactions with Georgia Capital PLC and Georgia Capital JSC.*

[2] *As of 31 December 2024 and 2023, entities under common control include Georgia Capital PLC's subsidiaries, except for those included in the Parent category.*

In 2023 the Company made a number of cash and non-cash contributions to and obtained distributions from its subsidiaries (Note 11).

In 2024, total number of key management personnel members receiving employee benefits amounted to 6 persons (2023: 11 persons), CEO and 5 deputies (2023: CEO and 9 deputies) while other transactions with key management personnel include above mentioned 6 employees and total 5 members of supervisory board (2023: 10 employees and total 3 members of supervisory board).

Compensation of key management personnel comprised the following:

	2024	*2023*
Share-based compensation	1,349	3,850
Salary	1,500	1,784
Cash bonus	1,375	1,453
Termination compensation	–	61
Total compensation	**4,224**	**7,148**

17. Events after the reporting period

In March 2025, the Parent contributed GEL 4,723 to the Company's capital in exchange of 176,439,553 class A shares issued.

In March 2025, the Company established a new subsidiary Gudauri Lodge, LLC.

In March 2025, the Company contributed GEL 4,373 to its newly established subsidiary.

In March 2025, the Company's new established subsidiary acquired a subsidiary, Georgia Hospitality Management Group Gudauri LLC, from a related party under common control for total cash consideration of GEL 4,367. The acquired entity previously leased a hotel property (Gudauri Lodge hotel) from one of the Company's subsidiaries (Gudauri Lodge, LLC) and successfully operated in hospitality business.