

MFO Express Capital + LLC

**Financial Statements
For the Year Ended December 31, 2024**

and

Independent Auditors` Report

Translation of the original Georgian version

MFO Express Capital + LLC
Financial Statements
For the year ended December 31, 2024
Amounts presented in GEL

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STATEMENT OF MANAGEMENT'S RESPONSIBILITY

Management of MFO Express Capital + LLC is responsible for the accompanying financial statements.

This responsibility includes:

- preparation of financial statements in accordance with International Financial Reporting Standards;
- selection of suitable accounting policies and their consistent application;
- making judgments and estimates which are reasonable and prudent;
- preparation of the financial statements on the going concern basis, unless circumstances make this inappropriate;

Management is also responsible for:

- creation, implementation and maintaining efficient internal control system;
- keeping proper accounting records in compliance with local regulations;
- taking such steps as are reasonably open to them to safeguard the assets of the Company;
- prevention and detection of fraud and other irregularities.

The financial statements for the year ended December 31, 2024 were approved by the Management and signed on its behalf:

Jansugh Zeishvili
Executive Director
MFO Express Capital + LLC

Date: June 13, 2025

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Jansugh Zeishvili
Executive Director
MFO Express Capital + LLC



Date: June 13, 2025



Moore Abc, LLC

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INDEPENDENT AUDITORS' REPORT

To the Management and founder of MFO Express Capital + LLC

Qualified Opinion

We have audited the financial statements of MFO Express Capital + LLC (the "Company") which comprise the statement of financial position as at December 31, 2024 and the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the period then ended, and notes to the financial statements, including a summary of significant accounting policies.

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

Basis for Qualified Opinion

During the audit process we found out that Company's Loan Loss Reserve model for Expected Credit Loss (ECL) does not correspond to the requirements of IFRS 9 ("Financial Instruments"), in particular: the Company uses National Bank of Georgia's (NBG's) standard rates for overdue loans in order to group loans (Loan Staging), which is not the complete model in comparison to the instructions described in IFRS, which uses for the model not only the number of overdue days, but also many other criterias, like: changes in credit ratings, restructurings, liquidity and etc. Moreover, the standard rates used by the Company does not comprise of such complex parameters as: Probability of Default (PD), Loss Given Default (LGD) and Exposure At Default (EAD). The absence of this parameters in the model implies that allowance policy of the Company does not comprise the forecasted macroeconomic information, which is one of the main requirement of IFRS 9.

The company recognizes interest income using the simple interest method applied to the principal of issued loans, which is not in compliance with IFRS 9, as it requires interest on loans to be calculated using the effective interest rate method. Based on the company's chosen policy and IFRS 9 requirements, the differences between the accrued interest amounts may result in material discrepancies in interest income recognized over the reporting period.

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 Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the standalone 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 obtained is sufficient and appropriate basis for our audit.

INDEPENDENT AUDITORS' REPORT (Continued)

Other Information That Is Not Financial Statements Nor Auditor's Opinion

Management is responsible for Other Information. Other Information contains information that is included in the Management report, but does not imply financial statements and our opinion regarding them. Probably, Management report will be available for us after the issuance of our audit report.

Our opinion about financial statements does not include abovementioned Other Information and we do not express any kind of assurance regarding it.

Our responsibility regarding to the audit of the financial statements implies that we have to familiarize with abovementioned Other Information and discuss is this information substantionally unsuitable with financial statements or with information that we obtained during the audit or does it leave any kind of impression that it might be substantionally false.

Responsibilities of Management and Those charged with governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards (IFRS), and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 such 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 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, misrepresentation, 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.

INDEPENDENT AUDITORS' REPORT (Continued)

Auditors' Responsibility for the Audit of the Financial Statements (Continued)

- Evaluate the appropriateness of accounting policies used and the reasonableness and correctness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Mikheil Abaiadze / Certified Auditor / Partner

Audit firm registration number: SARAS-F-320544

Auditor's registration number: SARAS-A-865011

Date: June 13, 2025
Tbilisi, Georgia



MFO Express Capital + LLC
STATEMENT OF FINANCIAL POSITION
For the year ended December 31, 2024
Amounts presented in GEL

	Note	31-Dec-24	31-Dec-23
Assets			
Cash and cash equivalents	6	126,509	72,903
Loans to customers	7	1,247,921	1,525,222
Property, plant and equipment	8	560,153	394,560
Intangible assets	9	54,192	59,910
Tax assets	10	73,209	3,332
Other assets	11	13,584	9,442
Total assets		2,075,568	2,065,369
Liabilities			
Borrowings	12	481,169	432,454
Leases	8, 13	321,884	169,268
Deferred income tax liability	21	15,375	18,415
Other liabilities	14	40,418	26,282
Total liabilities		858,846	646,419
Equity			
Charter capital	15	1,203,550	1,203,550
Retained earnings		13,172	215,400
Total equity		1,216,722	1,418,950
Total liabilities and equity		2,075,568	2,065,369

Jansugh Zeishvili
Executive Director
MFO Express Capital + LLC

Date: June 13, 2025

MFO Express Capital + LLC
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Jansugh Zeishvili
Executive Director
MFO Express Capital + LLC



Date: June 13, 2025

MFO Express Capital + LLC
STATEMENT OF COMPREHENSIVE INCOME
For the year ended December 31, 2024
Amounts presented in GEL

	Note	2024	2023
Interest income	16	376,233	285,531
Interest expense	17	(71,047)	(126,278)
Net interest income		305,186	159,253
Income from fines	18	79,872	141,033
Gain/(loss) from currency trade operations		(2,136)	69,574
Net fee and commission income	19	474,554	801,418
Other income		730	2,952
Operating income		858,206	1,174,230
Operating and administrative expenses	20	(891,734)	(804,056)
Depreciation and amortization	8; 9	(87,955)	(78,772)
Income/(expense) from loan loss reserve	7	(71,698)	52,624
Other expenses		(12,087)	(22,836)
Profit before taxes		(205,268)	321,190
Income tax benefit (expense)	21	3,040	(86,579)
Net profit/(loss) for the year		(202,228)	234,611
Other comprehensive income		-	-
Total comprehensive income/(loss) for the year		(202,228)	234,611

Jansugh Zeishvili
Executive Director
MFO Express Capital + LLC

Date: June 13, 2025

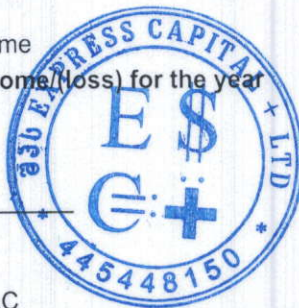
MFO Express Capital + LLC
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Other comprehensive income

Total comprehensive income/(loss) for the year

Jansugh Zeishvili
Executive Director
MFO Express Capital + LLC



Date: June 13, 2025

MFO Express Capital + LLC
STATEMENT OF CHANGES IN EQUITY
For the year ended December 31, 2024
Amounts presented in GEL

	Share capital	Retained earnings	Total equity
Balance as at 31-Dec-2022	1,203,550	465,649	1,669,199
Net profit/(loss) for the year	-	234,611	234,611
Dividends	-	(484,860)	(484,860)
Balance as at 31-Dec-2023	1,203,550	215,400	1,418,950
Net profit/(loss) for the year	-	(202,228)	(202,228)
Dividends	-	-	-
Balance as at 31-Dec-2024	1,203,550	13,172	1,216,722

Jansugh Zeishvili
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Date: June 13, 2025

MFO Express Capital + LLC
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Balance as at 31-Dec-2022

Net profit/(loss) for the year

Dividends

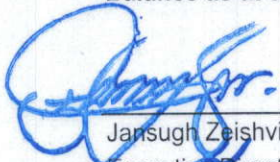
Balance as at 31-Dec-2023

Net profit/(loss) for the year

Dividends

Balance as at 31-Dec-2024

Share capital	Retained earnings	Total equity
1,203,550	465,649	1,669,199
-	234,611	234,611
-	(484,860)	(484,860)
1,203,550	215,400	1,418,950
-	(202,228)	(202,228)
-	-	-
1,203,550	13,172	1,216,722



Jansugh Zeishvili
 Executive Director

MFO Express Capital + LLC



Date: June 13, 2025

MFO Express Capital + LLC
STATEMENT OF CASH FLOWS
For the year ended December 31, 2024
Amounts presented in GEL

	Note	2024	2023
Cash flows from Operating activities			
Profit/(loss) for the period before taxes		(205,268)	321,190
<i>Adjustments:</i>			
Depreciation and amortisation	8, 9	87,955	78,772
Changes in allowance for Expected Credit Loss	7	71,698	(52,624)
Interest expense	12; 13; 17	71,047	126,278
(Increase)/decrease in Loans issued		205,603	110,739
(Decrease)/increase in other current assets		(4,142)	296,757
(Decrease)/increase in Tax assets		(69,877)	(27,575)
(Decrease)/increase in other current liabilities		14,384	(5,426)
Cash outflow before interest expense and taxes		171,400	848,111
Payment of interest expense	12; 13	(74,400)	(112,215)
Payment of income tax		-	(70,360)
Cash flows from Operating activities		97,000	665,536
Cash flows from Investing activities			
Acquisition of PPE	8	(50,690)	(32,646)
Cash inflow from PPE disposals		-	-
Acquisition of intangible assets	9	(10,693)	(12,043)
Cash flows from Investing activities		(61,383)	(44,689)
Cash flows from Financing activities			
Borrowings received	12	3,088,100	1,431,082
Borrowings repaid	12	(3,037,100)	(2,383,523)
Payment of lease liability	13	(33,011)	(33,038)
Cash flows from Financing activities		17,989	(985,479)
Net increase in Cash and cash equivalents		53,606	(364,632)
Cash and cash equivalents at the beginning of the reporting period		72,903	437,535
Cash and cash equivalents at the end of the reporting period	6	126,509	72,903

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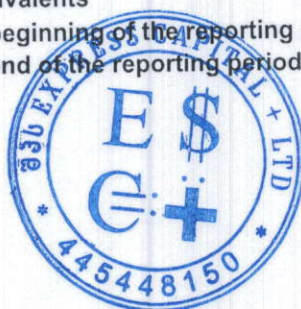
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MFO Express Capital + LLC
STATEMENT OF CASH FLOWS
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Jansugh Zeishvili
Executive Director
MFO Express Capital + LLC

Date: June 13, 2025



1 The Company and its principal activities

MFO Express Capital + LLC (referred to as "the Company") was registered on August 21, 2014. Legal address of the Company is 46, #86a, Gorgiladze str., Batumi, Georgia.

The company's core business activity is providing microloans to individual entrepreneurs and legal entities. The company primarily issues loans without collateral. Under the applicable legislation, there is an upper limit on the amount of loans issued by the company, which is set at one hundred thousand GEL per loan.

Founder of MFO Express Capital + LLC is:

Founder	31-Dec-24	31-Dec-23
Jansugh Zeishvili	100%	100%

2 Operating environment of the Company

The company operates in Georgia. In Georgia, the activities of microfinance organizations are regulated by the National Bank of Georgia. These regulations include making a minimum statutory capital contribution in cash of at least GEL 1,000,000 and submitting financial statements in accordance with IFRS. Currently, microfinance organizations in Georgia are prohibited from accepting deposits from clients and issuing loans exceeding GEL 100,000 per loan (from April 2025, this limit will increase to GEL 200,000).

Developing economies, such as the Georgian economy, are subject to rapid change and are vulnerable to market conditions and economic downturns elsewhere in the world. As a consequence, operations in Georgia may be exposed to certain risks that are not typically associated with those in developed markets. Nevertheless, over the last few years the Georgian government has changed number of civil, criminal, tax, administrative and commercial laws that have positively affected the overall investment climate of the country. Georgia has an international reputation as a country with a favorable investment environment. Georgia has been assigned a score of 53 as demonstrated by Transparency International's 2024 Global Corruption Barometer and ranks 49th out of 180 countries.

3 Basis of preparation

These financial statements have been prepared for the year ended 31 December 2024 in accordance with International Financial Reporting Standards (IFRS) issued by International accounting board, based on the principle of going concern. The Company maintains its accounting records in accordance with Georgian accounting and tax regulations. These financial statements have been prepared from those accounting records and adjusted as necessary in order to be in accordance with IFRS.

In the statement of financial position, assets and liabilities are presented according to their liquidity and are not divided into current and non-current

These financial statements have been prepared in the national currency of Georgia, Georgian Lari (GEL).

The preparation of the financial statements requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities as at the date of the financial statements, and the reported amounts of revenues and expenses during the reported period. Although these estimates are based on Management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

4 Significant accounting policies

4.1 New and updated financial statements international standards

A number of new standards and amendments entered into force on January 1, 2024, although they did not have an impact on the company's financial statements:

IFRS 16 - Lease

"Lease Commitments in Leaseback Transactions" - Lease Commitments in Leaseback Transactions amends the requirements of IFRS 16 by adding further measurement requirements for sale and leaseback transactions.

IAS 7 - Statement of Cash Flows; IFRS 7 - Financial Instruments: Explanatory Notes

"Supplier Financing Arrangements" - Supplier Financing Arrangements amends the requirements of IAS 7 "Statement of Cash Flows" and requires an entity to disclose additional information about supplier financing arrangements. The amendments also add supplier financing arrangements, such as those in IFRS 7 "Financial Instruments: Disclosures", to the scope of the liquidity risk disclosure requirements.

IAS 1 - Presentation of Financial Statements

"Classification of Current and Non-Current Liabilities" - IAS 1 Presentation of Financial Statements, Classification of Liabilities as Current or Non-Current clarifies the criteria for classifying a liability as non-current: the requirement that the entity has the right to defer settlement of the liability for at least 12 months after the reporting date.

"Non-current Liabilities with Covenants" - Long-term liabilities with covenants amend the requirements of IAS 1 Presentation of Financial Statements. The amendments improve the disclosures an entity provides when its right to defer settlement of a liability for at least twelve months is subject to the fulfillment of a covenant. The amendments also address concerns raised by stakeholders about the classification of such a liability as current or non-current.

4.2 New standards and amendments that have been issued but are not yet effective for the year ended 31 December 2024

IFRS 9 and IFRS 7 amendments to the classification and measurement of financial instruments

These amendments change the requirements as to when financial liability can be derecognized when it settled via electronic transfer as well as when cash flows can be considered simply payments of principal and interest and hence the ability to classify assets at amortized cost.

"Long-term Liabilities with Covenants" - Long-term Liabilities with Covenants amends the requirements of IAS 1 "Presentation of Financial Statements". The amendments improve the disclosures provided by an entity when its right to defer settlement of a liability for at least twelve months is subject to the fulfillment of a covenant. The amendments also address concerns raised by stakeholders about the classification of such a liability as current or non-current.

IFRS 18 Presentation and Disclosure of Financial Statements

This standard will replace IAS 1 Presentation of Financial Statements. Whilst many of the requirements will be remain consistent, the new standard will have impacts on the presentation of the Statement of Profit and Loss and consequential impacts of the Statement of Cash Flows. It will also require the disclosure of non-IFRS management performance measures and may impact the level of aggregation and disaggregation throughout the primary financial statements and the notes. IFRS 18 applies for periods beginning on or after 1 January 2027 and will be applied retrospectively.

4 Significant accounting policies (continued)

4.3 Cash and cash equivalents

Cash and cash equivalents include: cash and cash held in banks on current accounts.

4.4 Loans to customers

Loans to customers are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans to customers are initially recognized at the fair value (which is equal to the amount disbursed to customer), plus costs directly related to the issuance of the loan. Loans are subsequently valued at amortized cost using the effective interest method.

Loans issued are presented at net value, after deducting impairment reserves. A loan impairment reserve is created when there is objective evidence that the company will be unable to collect amounts due under the loan agreement. The carrying amount of the loan is reduced through the use of a reserve account, and the loss amount is recognized in the statement of comprehensive income. When a loan is deemed uncollectible, it is written off against the reserve account. Loans are written off from the reserve account once management is satisfied that all possible means of recovery have been exhausted and after the company has disposed of all collateral held.

4.5 Property, plant and equipment

Property, plant and equipment are tangible assets that are held for use in supply of services, for rental, or for administrative purposes and are expected to be used during more than one period. Property and equipment are stated at historical cost less depreciation.

Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The repairs and maintenance are charged to the income statement during the financial period in which they are incurred. Depreciation is calculated using the straight-line method over the estimated useful lives of the individual assets. Depreciation commences when assets are available for use. The estimated useful lives of the groups of PP&E are disclosed in the following table.

Asset group	Estimated useful life
Office furniture and other fixed assets	5 - 10 years
Vehicles	5 years
Buildings	20 years
Right-of-use asset	10 years

The useful lives, residual values and depreciation methods are reviewed annually to ensure they are consistent with the expected pattern of economic benefits from those assets. An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the net carrying amount of the asset) is included in the income statement in the year the asset is derecognized/disposed.

At each reporting date, the management assesses whether there is any indicator that property, plant and equipment may be impaired. If there is an indicator of possible impairment, the recoverable amount (the higher of an asset's value in use and its fair value less costs of disposal) of any affected asset is estimated and compared with its carrying amount. If the carrying amount is greater than its recoverable amount, an impairment loss is recognised immediately in the statement of comprehensive income. Recovery of impairment loss recognised in previous years occurs, when impairment no longer exists or it is reduced. Recovery of impairment loss is included in same account, where impairment loss is recognized. The previously recognized impairment loss is reversed in a way, that after recovery the carrying amount of an asset does not exceed the amount that would have been determined if no impairment loss had been recognised for the asset in prior years.

4 Significant accounting policies (continued)

4.6 Intangible assets

Intangible assets that are created are accounted by capitalising expenses incurred on them and then deducting accumulated amortization and impairment loss. Amortization expenses are presented in profit or loss statement based on a straight line method over the useful life of an individual intangible asset. Useful life is 10 years.

4.7 Income tax

Income taxes have been provided for in the financial statements in accordance with the legislation enacted or substantively enacted by the end of reporting period in Georgia. The income tax charge/credit comprises current tax and deferred tax and is recognised in profit or loss except if it is recognised directly in other comprehensive income because it relates to transactions that are also recognised, in the same or a different period, directly in other comprehensive income.

Current tax is the amount expected to be paid to or recovered from the taxation authorities in respect of taxable profits or losses for the current and prior periods. Taxable profits or losses are based on estimates if financial statements are authorised prior to filing relevant tax returns. Taxes, other than on income, are recorded within administrative and other operating expenses.

Deferred income tax is provided using the balance sheet liability method for tax loss carry forwards and temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax balances are measured at tax rates enacted or substantively enacted at the end of reporting period which are expected to apply to the period when the temporary differences will reverse or the tax loss carry forwards will be utilised. Deferred tax assets for deductible temporary differences and tax loss carry forwards are recorded only to the extent that it is probable that future taxable profit will be available against which the deductions can be utilised.

In May 2016, the Parliament of Georgia introduced amendments to the Tax Code and adopted a bill on profit tax reform. This amendment is known as the Estonian model of profit taxation. The changes came into effect on January 1, 2017, and apply to all legal entities except certain financial institutions (commercial banks, insurance companies, microfinance organizations, and pawnshops).

On December 16, 2022, pursuant to amendments to the Tax Code, the taxable object for banks, credit unions, microfinance organizations, and loan-issuing entities is the difference between the total income received during the calendar year and the deductions provided by this Code. Taxable profit is subject to a 20% tax rate. The amendment came into effect on January 1, 2023, and under this change, these organizations recognize interest income accrued on issued loans and loan impairment reserves for tax purposes in accordance with IFRS standards.

4.8 Impairment of non financial assets

Non-financial assets, which in these financial statements of the Company include Property, plant and equipment and long term assets held for sale, are assessed at each reporting date if any indicators of

An impairment loss is recognized when the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount.

The recoverable amount of such non-financial assets is the greater of their fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

4 Significant accounting policies (continued)

4.8 Impairment of non financial assets (continued)

All impairment losses in respect of such non-financial assets are recognized in profit or loss and reversed only if there has been a change in the estimates used to determine the recoverable amount. Any impairment loss is only reversed to the extent that the asset's carrying amount does not exceeds the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

4.9 Leases

Determining whether the agreement contains a lease

Determining whether an agreement constitutes (or contains) a lease occurs at the beginning of the lease, depending on the substance of the agreement. An agreement constitutes or includes a lease if it transfers control of an identifiable asset over a period of time in exchange for a funds.

Initially the Company recognizes the right of use asset and the lease liability

The right of use asset

The right of use asset is initially recognised at cost. The initial cost of the right-of-use asset comprises The amount of the initial measurement of the lease liability, lease payments made at or before the commencement date, any initial direct costs, the estimated costs of removing or dismantling the underlying asset as per the conditions of the lease.

Depreciation of The right of use asset from the commencement of the lease until the end is accrued on a straight-line basis, which is recognized in statement of comprehensive income.

Lease liability

The lease liability is initially measured at the present value of the lease payments that have not yet been paid. Lease payments are discounted. The discount rate should be the rate implicit in the lease. If this cannot be determined, then the entity should use its incremental borrowing rate.

In general, rent payments include fixed payments (including existing fixed payments) less rental incentive payments received; Index or rate-dependent variable lease payments that are initially estimated using an index, or rate, for the lease start date; The amounts that the lessee is expected to pay under the residual value guarantees; The price of the option to purchase, if it is sufficiently credible that the lessee will exercise this right and pay penalties for early termination of the lease, if the term of the lease reflects the lessee's exercise of the right to terminate the lease early.

In the case of a company, rent payments include monthly fixed payments in foreign currency.

After the start date of the lease term, the Company increases the lease liability by reflecting the interest on the lease liability and decreases the lease payments made. In addition, the Company reassesses the lease liability if changes in the terms of the lease occur.

4.10 Other liabilities

Other liabilities are recognized initially at fair value and subsequently measured at amortized cost.

4.11 Borrowings

Loans and borrowings are carried at amortized cost using the effective interest method. Related Borrowing costs are recognized as an expense in the profit and loss in the period when they are incurred.

4 Significant accounting policies (continued)

4.12 Charter capital

The amount of Company's charter capital is defined by the Company's Charter. The changes in the Company's Charter (including changes in share capital, ownership, etc) shall be made only based on the decision of the Company's shareholders. The authorized capital is recognized as charter capital in the equity of the Company to the extent that it was actually contributed by the shareholders to the Company.

4.13 Interest income and expense recognition

Interest income and expense are recorded in the income statement for all debt instruments on an accrual basis using the effective interest method. This method defers, as part of interest income or expense, all fees paid or received between the parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

4.14 Fines, other incomes and expenses

All other fees and commissions, as well as other income and expenses, are recorded on a accrual basis in connection with the completion of a particular transaction, which is assessed on the basis of the service actually provided as part of the full service provided.

4.15 Foreign currency translation

Transactions denominated in foreign currency are recorded at the exchange rate on the transaction date. Exchange differences resulting from the settlement of transactions denominated in foreign currency are included in the statement of comprehensive income using the exchange rate on that date.

Monetary assets and liabilities denominated in foreign currency are translated into Georgian Lari at the official exchange rate of the National Bank of Georgia (NBG) for the last date of the reporting period. On December 31 the principal rates of exchange used for translating foreign currency balances were:

	31-Dec-24	31-Dec-23
USD/GEL	2.8068	2.6894
EUR/GEL	2.9306	2.9753

4.16 Offsetting

Financial assets (loans and receivables) and financial liabilities (borrowings and accounts payable) are offset and the net amount reported in the statement of financial position only when there is a legally enforceable right to set off the recognised amounts and the Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. Incomes and liabilities are not offset unless required or permitted by IFRS and as specifically disclosed in the accounting policies of the Company.

4.17 Financial instruments

Initial recognition and measurement

The Company recognises a financial asset or a financial liability in the statement of financial position if only it becomes a party to the contractual provisions of the instrument. On initial recognition, the Company recognises all financial assets and financial liabilities at fair value. The fair value of a financial asset / liability on initial recognition is normally represented by the transaction price. The transaction price for financial assets / liabilities other than those classified at fair value through profit or loss includes the transaction costs that are directly attributable to the acquisition / issue of the financial instrument.

Transaction costs incurred on acquisition of a financial asset and issue of a financial liability classified at fair value through profit or loss are expensed immediately.

4 Significant accounting policies (continued)

4.17 Financial instruments (continued)

The company recognizes the financial assets on the payment date, the asset is recognized on the day the company receives it and its recognition is terminated on the day the company sells it.

Subsequent measurement of financial assets

Subsequent measurement of financial assets depends on their classification on initial recognition.

Financial assets are measured at amortised cost if both of the following conditions are met: (a) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets are measured at fair value through other comprehensive income if both of the following conditions are met: (a) the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are classified and measured at fair value through profit or loss unless the Company makes an irrevocable election at initial recognition for investments in equity instruments to present subsequent profit or loss in the statement of other comprehensive income.

Impairment of financial assets

The measurement of the loss allowance depends upon the company's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets measured at fair value through other comprehensive income, the loss allowance is recognised within other comprehensive income. In all other cases, it is recognised in profit or loss.

In addition, for loans issued that are assessed not to be impaired individually, the Company assesses them collectively for impairment, based on the Company's past experience of collecting payments, an increase in the delayed payments in the portfolio, observable changes in economic conditions that correlate with default on loans issued, etc (Note 7).

For financial assets measured at amortized cost, if the amount of the impairment loss decreases in a subsequent period and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed (either directly or by adjusting the allowance account for trade receivables) through profit or loss. However, the reversal must not result in a carrying amount that exceeds what the amortized cost of the financial asset would have been had the impairment not been recognised at the date the impairment is reversed.

4 Significant accounting policies (continued)

4.17 Financial instruments (continued)

Derecognition of financial assets

Irrespective of the legal form of the transactions, financial assets are derecognised when they pass the "substance over form" based derecognition test prescribed by IFRS 9. That test comprises two different types of evaluations which are applied strictly in sequence:

- Evaluation of the transfer of risks and rewards of ownership
- Evaluation of the transfer of control

Subsequent measurement of financial liabilities

Subsequent measurement of financial liabilities depends on how they have been categorised on initial recognition. The Company classifies financial liabilities in one of the following two categories:

Liabilities at fair value through profit or loss (FVTPL) Liabilities are classified in this category when they are held principally for the purpose of selling or repurchasing in the near term (trading liabilities) or are derivatives (except for a derivative that is a designated and effective hedging instrument) or meet the conditions for designation in this category. All changes in fair value relating to liabilities at fair value through profit or loss are charged to profit or loss as they arise.

Other financial liabilities - All liabilities which have not been classified in the previous category fall into this category. These liabilities are recognized at amortized cost using the effective interest method.

Derecognition of financial liabilities

A financial liability is removed from the Company's statement of financial position only when the liability is discharged, cancelled or expired (i.e. extinguished). The difference between the carrying amount of the financial liability derecognised and the consideration paid is recognised in profit or loss.

5 Critical accounting judgments

In the application of the Company's accounting policies, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects both current and future periods.

Below are presented the key assumptions concerning the future and other key sources at the end of the reporting period that have a significant risk of causing an adjustment to the carrying amounts of assets and liabilities within the next reporting period.

In determining the term of the lease, the management of the company takes into account all the circumstances that create an incentive to use the extension option or not to use the termination option. Extension options (or periods after termination options) are included in the term of the lease only if there is a reasonable basis for extending the lease (or no grounds for termination). An assessment is reviewed if a significant changes are occurred in the circumstances affecting that assessment and which are under the control of the lessee.

5 Critical accounting judgments (continued)

If the lessee cannot readily determine the interest rate implicit in the lease, then the lessee uses its incremental borrowing rate. This is the rate that a lessee would have to pay at the commencement date of the lease for a loan of a similar term, and with similar security, to obtain an asset of similar value to the right-of-use asset in a similar economic environment. Accordingly, an incremental borrowing rate requires an assessment to be made when empirical rates are not available to the Company or when they need to be adjusted to reflect the terms of the lease.

In general, the company assesses an incremental borrowing rate based on empirical data (such as interest rates on its own borrowed loans and / or interest rates on commercial banks leasing-like loans).

Useful life of property, plant and equipment – The estimation of the useful life of property and equipment is a matter of management estimate based upon experience with similar assets. In determining the useful life of an item of property, plant and equipment, management considers the expected usage, estimated technical obsolescence, physical wear and tear and the physical environment in which the asset is operated. Changes in any of these conditions or estimates may result in adjustments for future depreciation rates.

Useful life of intangible assets - assessment of the useful life by the management is based on management's estimates in respect of similar assets. In determining the useful life of intangible assets, management takes into consideration estimated use, estimated technical malfunctions, and amortization. Changes in the assessments can lead to adjustment of amortization expenses.

Loss related to loans and receivables - is recognized in the profit or loss statement and adjusted if the following increase in recoverable amount can be objectively related to the events after recognition of the above mentioned impairment loss. When the loan is uncollectible, it is written off against loan loss reserve. The Company will write off the remaining part of the loan and related loan loss reserve, when the management determines that the collection of loan is impossible and all actions are taken to collect the loan.

6 Cash and cash equivalents

	31-Dec-24	31-Dec-23
Cash in bank	96,300	20,121
Cash on hand	30,209	52,782
Total Cash and cash equivalents	126,509	72,903

Cash and cash equivalents by currencies

	31-Dec-24	31-Dec-23
Georgian Lari	105,413	19,947
United States Dollar	9,195	28,728
Euro	8,587	13,791
Turkish Lira	3,294	10,332
Russian Ruble	20	105
Total Cash and cash equivalents	126,509	72,903

The Company's cash is deposited in reliable banks, where no significant credit risk arises for it. Company's cash is deposited in banks rated by Fitch as BB- (long-term rating).

7 Loans to customers

The Company issues loans mainly to individual entrepreneurs and to individuals for the purpose of financing working capital. There are short term and long term loans. Loans are collateralized with guarantee, movable property or real estate.

7 Loans to customers (continued)

7.1 Gross loan portfolio by principal and accrued interest	31-Dec-24	31-Dec-23
Principal	1,416,781	1,648,056
Interest	84,839	59,167
Gross loan portfolio	1,501,620	1,707,223
<i>Less: Loan loss reserve</i>	<i>(253,699)</i>	<i>(182,001)</i>
Net portfolio	1,247,921	1,525,222

7.2 Loan loss reserve

The Company makes provisions on principal and interest. In 2024 and 2023 the Company has made provisions on issued loans according to the requirements of the National Bank of Georgia (NBG), which states that: if loan is overdue for a period of 30-60 days provision is equal to 30%, for the period of 60-120 days rate must be increased to 50% and if the overdue period is more than 120 days provision is equal to 100%. Provisions are made for both principal amount and interest receivable.

Change in Loan Loss Reserve	2024	2023
Balance at January 1	182,001	233,339
plus: Doubtful loans in the current period	437,046	601,365
<i>minus: Recovered doubtful loans</i>	<i>(262,254)</i>	<i>(666,110)</i>
<i>Recovered / (Written-down) loans</i>	<i>(103,094)</i>	<i>13,407</i>
Balance at December 31	253,699	182,001

At December 31, 2024

Overdue days	Reserve rate	Loan principal	Reserve amount
0-30	0%	1,198,353	-
31-60	30%	25,466	5,059
61-120	50%	58,322	29,161
> 120	100%	219,479	219,479
Total		1,501,620	253,699

For loans that are no longer overdue, but have already created a reserve due to overdue in the past (GEL 64,155), in accordance with the requirements of the National Bank of Georgia as of December 31, 2023, remain in reserve and are presented in the part of overdue 0-30 days.

At December 31, 2023

Overdue days	Reserve rate	Loan principal	Reserve amount
0-30	0%	1,583,833	64,155
31-60	30%	6,115	1,605
61-120	50%	2,069	1,035
> 120	100%	115,206	115,206
Total		1,707,223	182,001

8 Property, plant and equipment

	Buildings	Vehicles	Right-of-use asset*	furniture and other	Total
Historical cost					
31-Dec-22	211,500	27,600	264,999	122,376	626,475
Additions	-	27,720	-	5,848	33,568
Disposals	-	-	-	(1,120)	(1,120)
31-Dec-23	211,500	55,320	264,999	127,104	658,923
Additions	-	-	201,383	34,934	236,317
Disposals	-	-	-	-	-
31-Dec-24	211,500	55,320	466,382	162,038	895,240
Accumulated depreciation					
31-Dec-22	(43,183)	(23,050)	(64,042)	(73,096)	(203,371)
Depreciation for the period	(12,650)	(4,804)	(26,500)	(17,236)	(61,190)
Depreciation write-off	-	-	-	198	198
31-Dec-23	(55,833)	(27,854)	(90,542)	(90,134)	(264,363)
Depreciation for the period	(11,385)	(4,903)	(41,252)	(13,184)	(70,724)
Depreciation write-off	-	-	-	-	-
31-Dec-24	(67,218)	(32,757)	(131,794)	(103,318)	(335,087)
Carrying amount					
31-Dec-22	168,317	4,550	200,957	49,280	423,104
31-Dec-23	155,667	27,466	174,457	36,970	394,560
31-Dec-24	144,282	22,563	334,588	58,720	560,153

Loans received from banks are collateralized by Property, plant and equipment (See Note 12).

* The company has entered into lease agreements as a lessee. Under these agreements, in 2020 the company leased office space in Batumi for a term of 10 years. The monthly lease payment is USD 1,000. According to the terms of the agreement, the first five months' rent was paid in advance. In 2024, under a new agreement, the company leased office space in Tbilisi for a term of 11 years, with monthly lease payments of USD 750. The right-of-use assets for both leases are presented in a separate category within property, plant, and equipment.

9 Intangible assets

Company's intangible asset is a financial accounting and loans software.

	Software	Total
Historical cost		
31-Dec-22	155,970	155,970
Additions	12,043	12,043
31-Dec-23	168,013	168,013
Additions	11,513	11,513
31-Dec-24	179,526	179,526
Accumulated Amortisation		
31-Dec-22	(90,521)	(90,521)
Depreciation for the period	(17,582)	(17,582)
31-Dec-23	(108,103)	(108,103)
Depreciation for the period	(17,231)	(17,231)
31-Dec-24	(125,334)	(125,334)
Net book value		
31-Dec-22	65,449	65,449
31-Dec-23	59,910	59,910
31-Dec-24	54,192	54,192

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10 Tax assets

As of December 31, 2024, the tax asset amounted to GEL 73,209. As of December 31, 2023, the tax asset was GEL 3,332.

11 Other assets

	31-Dec-24	31-Dec-23
Advances	7,116	1,800
Debitors	2,004	1,761
Other assets	4,464	5,881
Total other assets	13,584	9,442

12 Borrowings

	31-Dec-24	31-Dec-23
Borrowings from banks in GEL	436,000	385,000
Borrowings from natural persons in USD	25,542	24,474
Borrowings from natural persons in GEL	16,377	16,377
Interest payable	3,250	6,603
Total borrowings	481,169	432,454

Duration of borrowings

	31-Dec-24	31-Dec-23
Short-term borrowings	481,169	432,454
Total borrowings	481,169	432,454

Reconciliation of Borrowings

	31-Dec-24	31-Dec-23
Opening balance	432,454	1,382,992
Loan Receipt	3,088,100	1,431,082
Interest Accrual	46,016	114,118
Principal Repayment	(3,037,100)	(2,383,523)
Interest Payment	(49,369)	(112,215)
Exchange Difference	1,068	-
Closing balance	481,169	432,454

Loans received from individuals are summarized and presented in a table

Name	currency	Agr. Date	Loan Amount	Maturity date	Interest rate	31.12.2024 (GEL)	31.12.2023 (GEL)
Lia Apakidze	GEL	28-Oct-14	4,378	12 month	11%	4,377	4,377
Lia Apakidze	USD	30-Jul-19	8,000	12 month	6%	15,438	14,792
Maia Devadze	GEL	02-Jul-15	10,000	15 month	12%	10,000	10,000
Giorgi Katamadze	GEL	28-Nov-22	2,000	6month	16%	2,000	2,000
Giorgi Katamadze	USD	28-Nov-22	2,400	6 month	6%	1,684	1,614
Tengiz Devadze	USD	15-Mar-22	20,000	12 month	5%	8,420	8,068
						41,919	40,851

The company acts as a joint guarantor for the founder's bank loan under loan agreement No. 9403590. As of December 31, 2024, the outstanding balance of the loan secured by the guarantee amounts to GEL 165,879, while the maximum liability under the guarantee is USD 10,000,000.

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13 Leases	31-Dec-24	31-Dec-23
Opening Balance of Lease Liability	169,268	190,146
New Lease	171,186	-
Accrued Interest	25,031	12,160
Interest Payment	(25,031)	(12,160)
Lease Payment	(33,011)	(19,426)
Exchange Difference	14,441	(1,452)
Closing Balance of Lease Liability	321,884	169,268

For discounting lease payments, the following interest rates were used: Tbilisi lease – 9.25%, Batumi lease – 6.98%. Lease liabilities are presented in GEL equivalent of USD, based on the official exchange rate at year-end.

An analysis of the undiscounted amounts of future lease payments by periods is presented as follows:

31-Dec-24	< 1 years	1 to 3 years	3 to 5 years	> 5 years	Total
Undiscounted Lease Payments	54,031	117,886	117,886	156,479	446,282

31-Dec-23	< 1 years	1 to 3 years	3 to 5 years	> 5 years	Total
Undiscounted Lease Payments	32,273	64,546	64,546	51,099	212,464

14 Other Liabilities	31-Dec-24	31-Dec-23
Advances Received	25,237	13,065
Salary payable	5,716	6,989
Other Accounts Payable	9,465	6,228
Total Other liabilities	40,418	26,282

15 Charter capital

At December 31, 2024 and 2023 is equal to 1,203,550 GEL.

16 Interest income

Interest income is the interest earned on the loans issued by the Company, which amounted to GEL 376,233 during 2024 (2023: GEL 285,531).

17 Interest expense	2024	2023
Interest expense on borrowings	46,016	114,118
Interest expense on lease liability	25,031	12,160
Total interest expense	71,047	126,278

18 Income from fines

Income from fines is the penalty income from loans issued by the Company, which amounted to GEL 79,872 during 2024 (2023: GEL 141,033)

19 Net fee and commission income

Commission income includes fees from the service of the so-called 'Pocket' POS terminal, which represents a significant portion of the company's total non-interest income. The company provides services to customers at locations specified by them using mobile payment devices known as 'Pocket.' This means that, upon the client's request, a consultant visits the address indicated by the client to facilitate payment. During 2024, this amounted to GEL 474,554 (2023: GEL 801,418).

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20	Operating and administrative expenses	2024	2023
	Salary expense	676,611	640,085
	Service expense	38,723	28,492
	Consultation expense	38,651	33,772
	Software expense	26,364	17,815
	Transportation expense	20,805	14,033
	Short term lease expense	17,148	-
	Bank service expense	1,889	1,035
	Other general expenses	71,543	68,824
	Total operating and administrative expenses	891,734	804,056
21	Deferred and current income taxes	31-Dec-24	31-Dec-23
	Property, plant and equipment	(73,907)	(46,364)
	Intangibles	(5,845)	(5,904)
	Lease liability	64,377	33,853
	Net deferred income tax asset (liability)	(15,375)	(18,415)

The reasons for tax deferral are briefly given below:

PP&E and intangibles - There are certain differences in assets recognition criteria, depreciation /amortization methods and useful life estimations between IFRS and Georgian tax Code which cause differences between IFRS-determined carrying value of PP&E/Intangibles and the tax base of those assets. This difference gives raise to deferred tax. Also, some write-offs of PP&E recognized in IFRS financial statements in one period can only be deducted for tax purposes in later periods, when certain administrative procedures are completed.

Right-of-use assets and lease liabilities - There are certain differences in assets recognition criteria between IFRS and Georgian tax Code. In particular, under IFRS leases are recognised as expense in form of depreciation and interest expense, while under Georgian tax Code only the contract value of lease is recognised as expense.

Movement in the deferred tax during the year	2024	2023
At the beginning of the year - asset (liability)	(18,415)	(2,196)
Movement for the year – benefit / (expense)	3,040	(16,219)
At the end of the year	(15,375)	(18,415)
Income tax expense for the year	-	(70,360)
Total Income tax (expense)/benefit for the year	3,040	(86,579)

22 Financial risks management

22.1 Foreign exchange risk

Foreign currency risk is the risk that fluctuations in currency exchange rates will negatively affect the Company's financial position and its profitability. Foreign currency risk arises from assets and liabilities denominated in foreign currencies.

Company's financial liabilities are denominated in foreign currency - the Company received some loans in USD. Therefore the effect of foreign currency rate changes may be significant for the Company.

Financial assets and financial liabilities of the Company categorized by currencies (corresponding equivalents in GEL) are presented in the table below.

22 Financial risks management (continued)

22.1 Foreign exchange risk (continued)

As at December 31, 2024	GEL	Other	USD	Total
Financial assets				
Cash and cash equivalents	105,413	11,901	9,195	126,509
Loans to customers (Net)	1,247,921	-	-	1,247,921
Other assets	6,468	-	-	6,468
Total financial assets	1,359,802	11,901	9,195	1,380,898
Financial liabilities				
Loans and borrowings	455,627	-	25,542	481,169
Financial lease	-	-	321,884	321,884
Other liabilities	15,181	-	-	15,181
Total financial liabilities	470,808	-	347,426	818,234
Net currency position	888,994	11,901	(338,231)	
As at December 31, 2023	GEL	Other	USD	Total
Financial assets				
Cash and cash equivalents	19,947	24,228	28,728	72,903
Loans to customers (Net)	1,525,222	-	-	1,525,222
Other assets	9,442	-	-	9,442
Total financial assets	1,554,611	24,228	28,728	1,607,567
Financial liabilities				
Loans and borrowings	407,980	-	24,474	432,454
Financial lease	-	-	169,268	169,268
Other liabilities	13,217	-	-	13,217
Total financial liabilities	421,197	-	193,742	614,939
Net currency position	1,133,414	24,228	(165,014)	

22.2 Liquidity risk

The table below presents analysis of the effect on the Company's income statement of a reasonably possible movement of the currency exchange rate against the GEL, with all other variables held constant. A negative amount in the table reflects a potential net reduction in income statement or equity, while a positive amount reflects a net potential increase. The base currency is assumed to be the GEL. All amounts are presented in GEL.

	2024	2023
Change in exchange rate	Impact on profit	Impact on profit
-10%	32,633	14,079
-5%	16,317	7,039
5%	(16,317)	(7,039)
10%	(32,633)	(14,079)

Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet its commitments on time. Liquidity risk exists when the maturities of assets and liabilities do not match. The management controls these types of risks by means of maturity analysis, determining the Company's strategy for the next financial period. In order to manage liquidity risk, the Company performs regular monitoring of future expected cash flows, which is a part of assets/liabilities management process. The following table presents a maturity analysis for non-derivative financial assets and liabilities of the Company with the remaining contractual maturities. The presentation below is based upon the information provided internally to key management personnel of the Company.

22 Financial risks management (continued)

22.2 Liquidity risk (continued)

December 31, 2024	< 1 years	1 to 3 years	3 to 5 years	> 5 years	Total
Financial assets					
Cash and cash equivalents	126,509	-	-	-	126,509
Loans to cutomers	1,172,282	75,639	-	-	1,247,921
Other assets	6,468	-	-	-	6,468
Total assets	1,305,259	75,639	-	-	1,380,898
Financial liabilities					
Loans and borrowings	481,169	-	-	-	481,169
Financial lease	29,512	77,130	89,638	125,604	321,884
Other liabilities	15,181	-	-	-	15,181
Total liabilities	525,862	77,130	89,638	125,604	818,234
Liquidity gap	779,397	(1,491)	(89,638)	(125,604)	562,664
Cummulative liquidity gap	779,397	(1,491)	(89,638)	(125,604)	

December 31, 2023	< 1 years	1 to 3 years	3 to 5 years	> 5 years	Total
Financial assets					
Cash and cash equivalents	72,903	-	-	-	72,903
Loans to cutomers	1,420,488	104,734	-	-	1,525,222
Other assets	9,442	-	-	-	9,442
Total assets	1,502,833	104,734	-	-	1,607,567
Financial liabilities					
Loans and borrowings	432,454	-	-	-	432,454
Financial lease	21,319	47,414	54,460	46,075	169,268
Other liabilities	13,217	-	-	-	13,217
Total liabilities	466,990	47,414	54,460	46,075	614,939
Liquidity gap	1,035,843	57,320	(54,460)	(46,075)	992,628
Cummulative liquidity gap	1,035,843	57,320	(54,460)	(46,075)	

22.3 Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Credit risk arises from cash and cash equivalents and loans. The Company's maximum exposure to credit risk at the reporting date was:

	31-Dec-24	31-Dec-23
Cash in bank	96,300	20,121
Loans to customers	1,247,921	1,525,222
Total	1,344,221	1,545,343

The Company's cash is placed with highly reliable financial institutions and the management is convinced there is no credit risk related to its cash and cash equivalent balances.

Loans to customers is actually the only item giving rise to the credit risk for the Company. The company has established non-formal credit policy and procedures, that is based on obtaining and investigation of detailed information about customers on Adjarian market, based on which the decision is made whether issue loan or not.

23 Financial assets and liabilities: fair values and accounting classifications

The purpose of calculating fair value is to determine the value that, at the measurement date, can be derived from the sale of an asset or paid to settle a liability in the ordinary course of trade between market participants. Despite this attempt to reflect the fair value of such an amount (as explained in the previous sentence), Due to the usual uncertainties inherent in the operating environment and the presence of possible subjective factors in the valuations, we should not assume that fair value accurately reflects the amount that may be received in the event of an immediate sale of the asset or may be required to repay the liability immediately.

The estimated fair values of all financial instruments approximate their carrying values. The estimated fair values of all financial assets and liabilities are calculated using discounted cash flow techniques based on estimated future cash flows and discount rates for similar instruments at the reporting date. The Company uses widely recognised valuation models for determining the fair value of common and more simple financial instruments that use only observable market data and require little management judgment and assumption.

For the reporting date the company does not have any financial instrument, with fair value assessment methods, based on using visible non-market data.

23.1 Fair value hierarchy

The Company measures fair values using the following fair value hierarchy:

Level 1 quoted market price (unadjusted) in an active market for an identical instrument.

Level 2 inputs other than quotes prices included within Level 1 that are observable either directly (i.e, as prices) or indirectly (i.e, derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3 inputs that are unobservable. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

24 Capital management

Following table represents the analysis of compliance of the Company's statutory capital with the minimum capital requirements set by the National Bank of Georgia, as of December 31, 2024 and December 31, 2023:

	31-Dec-24	31-Dec-23
Cherter capital	1,203,550	1,203,550
Capital increase	-	-
Total Equity	1,203,550	1,203,550

Minimum requirement of statutory capital based on the requirements of the National Bank of Georgia as of December 31, 2024 and 2023 was GEL 1,000,000.

25 Related parties

Parties are generally considered to be related if one party has the ability to control the other party or can exercise significant influence over the other party in making financial and operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form. The details of the related party balances as at the reporting date and of transactions with them are provided in the next tables:

25 Related parties (continued)

Balances and transactions with related parties	Loans issued	Other liabilities	Other expenses	Salary expenses
31-Dec-2024				
Members of the Supervisory Board, Shareholder	34,027	-	(5,940)	(308,921)
Members of the Supervisory Board	-	(3,206)	(4,980)	(164,173)
Total	34,027	(3,206)	(10,920)	(473,094)

Balances and transactions with related parties	Loans issued	Salary expenses
31-Dec-2023		
Members of the Supervisory Board, Shareholder	27,000	(261,340)
Members of the Supervisory Board	-	(129,219)
Total	27,000	(390,559)

26 Contingencies

Legal proceedings

During the ordinary course of the business the Company can act as an independent party in litigation process. For the date of reporting there is no information known by management about new or paused lawsuits against the Company or any other disputes that may be transferred to the court, which may significantly affect the financial position of the company.

27 Going concern considerations

At the end of reporting period, management of the Company considers the Company's ability to continue as a going concern, in order to ensure that presentation of financial statements based on a going concern assumption is relevant in the circumstances. The management is convinced that the Company's functionality as going concern is not threatened and they don't have any plans for company liquidation or significant restriction of its activity.

28 Events after the reporting period

On April 3, 2025, the Company transferred a 1% equity stake to a member of the Supervisory Board.

Subsequent to the reporting date, the Company obtained a loan of GEL 562,900 from Bank of Georgia and a loan of USD 20,900 from an individual shareholder holding a 1% equity stake. During the same period, the Company repaid GEL 402,192 to Bank of Georgia and settled GEL 2,000 and USD 600 of the loan received from the individual

There was no events after the reporting date which could cause any need for additional corrections to these financial statements.
