

JSC Khamhesi I

Financial statements

*for the year ended 31 December 2025
with independent auditor's report*

JSC Khramhesi I
Financial statements
for the year ended 31 December 2025

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Independent Auditors' Report

To the Shareholders and Supervisory Board of JSC Khramhesi I

Opinion

We have audited the financial statements of JSC Khramhesi I (hereinafter, the "Company"), which comprise the statement of financial position as at 31 December 2025, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2025, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

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 *Auditors' 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' 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 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.

Other matter

The financial statements of the Company as at and for the year ended 31 December 2024 were audited by other auditors who expressed an unmodified opinion on those statements on 31 January 2025.

Emphasis of matter

We draw attention to Note 14 to the financial statements, which describes a significant concentration of the Company's transactions with related parties. Our opinion is not modified in respect of this matter.

Other information included in the Company's 2025 Management Report

Other information consists of the information included in the Company's 2025 Management Report, other than the financial statements and our auditor's report thereon. Management is responsible for the other information. The Company's 2025 Management Report is expected to be made available to us after the date of this auditor's report.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the 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 financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, 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.

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

Auditor's responsibilities 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 these 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, 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 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 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.

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



Mariam Arakelashvili

UHY LLC

Tbilisi, Georgia

29 January 2026

Auditor's responsibilities 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 these financial statements.

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- ▶ Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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.
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Mariam Arakelashvili

UHY LLC

Tbilisi, Georgia

29 January 2026

JSC Khrameshi I

Statement of comprehensive income

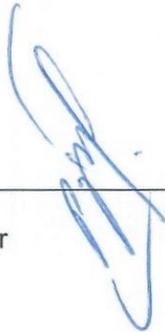
for the year ended 31 December 2025

in thousands of Georgian Lari

	Note	2025	2024
Revenue from contracts with customers	6	5,653	6,523
Depreciation	7	(3,053)	(3,236)
Wages and other employee benefits		(2,520)	(2,257)
Insurance		(638)	(621)
Property tax		(535)	(555)
Repairs and maintenance		(403)	(367)
Professional services		(202)	(299)
Transportation expenses		(174)	(180)
Other operating expenses		(735)	(963)
Operating loss		(2,607)	(1,955)
Finance costs		(8)	(232)
Finance income		280	96
Loss before income tax		(2,335)	(2,091)
Income tax charge		-	-
Net loss for the year		(2,335)	(2,091)
Other comprehensive income		-	-
Total comprehensive loss for the year		(2,335)	(2,091)

These financial statements were approved by management on 29 January 2026 and were signed on its behalf by:

Devi Kandelaki
General Director




Elena Mchedlidze
Financial Director



The accompanying notes on pages 7–21 are an integral part of these financial statements.

JSC Khramhesi I

Statement of comprehensive income

for the year ended 31 December 2025

in thousands of Georgian Lari

	Note	2025	2024
Revenue from contracts with customers	6	5,653	6,523
Depreciation	7	(3,053)	(3,236)
Wages and other employee benefits		(2,520)	(2,257)
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Property tax		(535)	(555)
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Professional services		(202)	(299)
Transportation expenses		(174)	(180)
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Finance costs		(8)	(232)
Finance income		280	96
Loss before income tax		(2,335)	(2,091)
Income tax charge		-	-
Net loss for the year		(2,335)	(2,091)
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Total comprehensive loss for the year		(2,335)	(2,091)

These financial statements were approved by management on 29 January 2026 and were signed on its behalf by:

Devi Kandelaki
General Director

Elena Mchedlidze
Financial Director

The accompanying notes on pages 7–21 are an integral part of these financial statements.

JSC Khramhesi I
Statement of financial position
for the year ended 31 December 2025
in thousands of Georgian Lari

	Note	31 December 2025	31 December 2024
Assets			
Non-current assets			
Property, plant and equipment	7	46,965	49,582
Right-of-use assets		38	58
Intangible assets		28	41
Total non-current assets		47,031	49,681
Current assets			
Inventories		632	718
Tax assets, net		36	27
Trade receivables	8	749	465
Prepayments		313	208
Cash and cash equivalents	9	1,239	1,082
Total current assets		2,969	2,500
Total assets		50,000	52,181
Equity and liabilities			
Equity			
Issued capital	10	3,447	3,447
Revaluation reserve		23,842	25,380
Retained earnings		17,349	18,146
Total equity		44,638	46,973
Non-current liabilities			
Long-term lease liabilities		24	45
Total non-current liabilities		24	45
Current liabilities			
Trade and other payables	11	5,316	5,144
Short-term portion of lease liabilities		22	19
Total current liabilities		5,338	5,163
Total liabilities		5,362	5,208
Total equity and liabilities		50,000	52,181

The accompanying notes on pages 7–21 are an integral part of these financial statements.

JSC Khrameshi I

Statement of changes in equity

for the year ended 31 December 2025

in thousands of Georgian Lari

	Issued capital	Revaluation reserve for property, plant and equipment	Retained earnings	Total
Balance at 31 December 2023	3,447	27,068	18,549	49,064
Net loss for the year	–	–	(2,091)	(2,091)
Total comprehensive loss for the year	–	–	(2,091)	(2,091)
Depreciation of revaluation reserve	–	(1,688)	1,688	–
Balance at 31 December 2024	3,447	25,380	18,146	46,973
Net loss for the year	–	–	(2,335)	(2,335)
Total comprehensive loss for the year	–	–	(2,335)	(2,335)
Depreciation of revaluation reserve	–	(1,538)	1,538	–
Balance at 31 December 2025	3,447	23,842	17,349	44,638

The accompanying notes on pages 7–21 are an integral part of these financial statements.

JSC Khramhesi I

Statement of cash flows

for the year ended 31 December 2025

in thousands of Georgian Lari

	Note	2025	2024
Operating activities			
Loss before income tax		(2,335)	(2,091)
<i>Non-cash adjustments to reconcile income before tax to net cash flows</i>			
Depreciation	7	3,053	3,236
Amortization		13	12
Loss on disposal of property, plant and equipment		28	28
Finance costs		8	232
Finance income		(280)	(96)
		487	1,321
<i>Working capital adjustments</i>			
Change in inventories		86	(210)
Change in trade receivables		(284)	172
Change in prepayments		(105)	36
Change in tax assets, net		(9)	(40)
Change in trade and other payables		363	(107)
		538	1,172
Income tax paid		-	-
Net cash flows from operating activities		538	1,172
Investing activities			
Payments for property, plant and equipment and intangible assets		(444)	(1,654)
Interest received		89	96
Net cash flows used in investing activities		(355)	(1,558)
Financing activities			
Repayment of lease liability		(27)	(27)
Net cash flows used in financing activities		(27)	(27)
Net change in cash and cash equivalents		156	(413)
Cash and cash equivalents at the beginning of the year	9	1,082	1,500
Net foreign exchange difference on cash and cash equivalents		1	(5)
Cash and cash equivalents at the end of the year	9	1,239	1,082

There were no significant non-cash transactions in 2025 and 2024.

The accompanying notes on pages 7-21 are an integral part of these financial statements.

JSC Khramhesi I

Notes to the financial statements

for the year ended 31 December 2025

in thousands of Georgian Lari

1. Corporate information

JSC Khramhesi I (the “Company”) is a joint stock company incorporated and domiciled in Georgia. The Company’s registered office is Khramhesi, Tsalka region.

The Company’s principal activity is the generation of electric power. The Company’s primary operating asset is a hydro–power plant located in the Tsalka region, Georgia (HPP Khrami I). Generated electric power is sold in Georgia. The Company’s main customer is Tbilisi Electricity Retail Company LLC, entity under common control.

During 2024, the Company submitted an application to the regulator – the Georgian National Energy and Water Supply Regulatory Commission (“GNERC”) for issuing a new license in accordance with GNERC Resolution No. 22 dated 27 May 2020, as previous one was expiring on 24 December 2024. The Company obtained a new license in October 2024. The new license is with indefinite useful life. The Company has not paid anything for the new license.

Based on the GNERC decree dated 31 October 2017 the tariff was set to GEL 0.023 per MW/hr starting from 1 January 2025 and this tariff will be applied until 31 December 2025.

As of 5 December 2025 GNERC has issued new decree based on which the tariff was set to GEL 0,04764 per MW/hr starting from 1 January 2026 and this tariff will be applied until 1 January 2027.

As at 31 December 2025 and 2024, 100% of the Company’s shares are owned by Gardabani Holding B.V. (the “Parent”). The Parent is controlled by PJSC Inter RAO UES (the “Ultimate Parent”). PJSC INTER RAO is controlled by the Russian Federation.

As disclosed in Note 14, most of the Company’s operating activities are with entities under common control of the Ultimate Parent.

These financial statements have not yet been approved by the shareholder. The shareholder meeting is usually held during the first half of the year subsequent to the reporting period. The shareholder has the power to amend the financial statements after issue.

2. Basis of preparation

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

The financial statements have been prepared on the historical cost basis except for property, plant and equipment that have been measured at fair value under revaluation model.

The financial statements are presented in thousands of Georgian Lari (GEL) and all values are rounded to the nearest thousand, unless otherwise indicated.

Going concern

These financial statements have been prepared on a going concern basis, that contemplates the realisation of assets and the satisfaction of liabilities in the ordinary course of business. In making this judgement management considered the Company’s financial position, current intentions, profitability of operations and access to financial resources, and analysed the impact of the situation in the financial markets on the operations of the Company.

JSC Khrameshi I

Notes to the financial statements (continued)

for the year ended 31 December 2025

in thousands of Georgian Lari

2. Basis of preparation (continued)

Going concern (continued)

As at 31 December 2025, the Company's current liabilities exceeded its current assets by GEL 2,369 (31 December 2024: GEL 2,663). The Company's net loss for the year is GEL 2,335. The majority of the Company's current liabilities, specifically trade and other payables in amount of GEL 4,517 (Note 14), are due to Ultimate Parent and therefore management believes that this provides the Company with sufficient flexibility with regard to the timing of payments and receipts as required for ensuring adequate liquidity in the business into the future.

The Ultimate Parent confirmed that they do not intend to demand repayment of the abovementioned payables (GEL 4,517) if it harms financial stability of the Company. The Ultimate Parent has also confirmed its ability and intention to support the Company through its centralized treasury management process, for the Company to meet its financial obligations as they become due if there is such a need for at least 12 months from January 2026.

The management is of the view that it is appropriate to prepare the financial statements on a going concern basis. Management is confident that the Company has sufficient liquidity to continue its operations for the foreseeable future.

3. Summary of material accounting policies

Material accounting policies have been consistently applied to the financial statements. Newly issued standards had no significant impact on the Company's financial statements.

(a) Foreign currency

GEL is the Company's functional currency since it is a currency of a primary economic environment where it operates.

(b) Financial instruments

(i) Financial assets

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

(ii) Fair value measurement

The Company measures instruments and non-financial assets such as property, plant and equipment at fair value at each balance sheet date.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

JSC Khrameshi I

Notes to the financial statements (continued)

for the year ended 31 December 2025

in thousands of Georgian Lari

3. Summary of material accounting policies (continued)

(b) Financial instruments (continued)

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- ▶ Level 1 – quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- ▶ Level 2 – valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable;
- ▶ Level 3 – valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

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 and the level of the fair value hierarchy as explained above. An analysis of fair values of financial instruments and further details as to how they are measured are provided in Note 12.

(c) Property, plant and equipment

(i) Recognition and measurement

Property, plant and equipment is measured at fair value less accumulated depreciation and impairment loss recognised after the date of revaluation. Valuations are performed with sufficient frequency to ensure that the fair value of a revalued asset does not differ materially from its carrying amount.

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

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

Any revaluation surplus is recognised in other comprehensive income and accumulated in equity in the revaluation reserve for property, plant and equipment, except to the extent that it reverses a revaluation decrease of the same asset previously recognised as an expense, in which case the increase is recognised as gain on revaluation. A revaluation deficit is recognised as an expense, except to the extent that it offsets an existing surplus on the same asset recognised in the revaluation reserve for property, plant and equipment.

JSC Khramhesi I

Notes to the financial statements (continued)

for the year ended 31 December 2025

in thousands of Georgian Lari

3. Summary of material accounting policies (continued)

(c) Property, plant and equipment (continued)

(i) Recognition and measurement (continued)

An annual transfer from the asset revaluation reserve to retained earnings is made for the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost. Additionally, accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings. Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets.

An item of property, plant and equipment and any significant part initially recognised is derecognised 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 difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of comprehensive income when the asset is derecognised.

(ii) Subsequent costs

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

(iii) Depreciation

Depreciation is recognised in statement of comprehensive income on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately. Land is not depreciated. Depreciation methods, useful lives and residual values are reviewed at each financial year end and adjusted, if appropriate.

The estimated useful lives for the current period are as follows:

Buildings and facilities	Up to 40 years
Plant and equipment	2–34 years
Vehicles	2–10 years
Other	2–7 years

(d) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on weighted average cost principle, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition.

JSC Khramhesi I

Notes to the financial statements (continued)

for the year ended 31 December 2025

in thousands of Georgian Lari

3. Summary of material accounting policies (continued)

(e) Revenue from contracts with customers

The Company is in business of generation of electric power. The electric power generated is sold to an electricity distribution company, which is an entity under common control of the Ultimate Parent, and directly to third parties. The electric power is sold in separate identified contracts and sale of electric power is the only performance obligation. The performance obligation is satisfied and the revenue recognition occurs at a point in time when control of the asset is transferred to the customer, generally upon delivery.

The Company applies practical expedient regarding the existence of a significant financial component, that is the promised amount of consideration is not adjusted for the effects of significant financing component if the period between the transfer of promised goods and the payment is one year or less.

Revenue from the sale of electric power is determined monthly based on the amount of electric power sold to customers as determined by an act of receipt of electric power issued by Georgian State Electrosystem, the operator of the high voltage electricity network of Georgia and agreed with the customers.

Sales tariffs for electric power within Georgia are regulated by the Georgian National Energy Regulating Commission (GNERC).

(f) Taxation

(i) Income tax

The annual profit earned by entities other than banks, insurance companies and microfinance organizations is not taxed in Georgia starting from 1 January 2017. 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 in the statement of changes in 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 other taxes within other operating expenses in profit or loss.

JSC Khramhesi I

Notes to the financial statements (continued)

for the year ended 31 December 2025

in thousands of Georgian Lari

3. Summary of material accounting policies (continued)

(g) New and amended 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 2025 (unless otherwise stated). The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Lack of exchangeability – Amendments to IAS 21

For annual reporting periods beginning on or after 1 January 2025, *Lack of Exchangeability – Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates* specifies how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments also require disclosure of information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows.

The amendments did not have a material impact on the Company's financial statements.

4. Use of estimates, judgments and assumptions

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities at the end of the reporting period. 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.

(a) Judgments

In the process of applying the Company's accounting policies, management has made the following judgment, which have the most significant effect on the amounts recognized in the financial statements:

Frequency for fair valuation of property, plant and equipment

The Company elected revaluation policy for accounting of its property, plant and equipment. IAS 16 *Property, plant and equipment* requires reporting entity to make revaluations with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

The last revaluation of property, plant and equipment was done as at 30 September 2023 and is reflected in the carrying value of the property, plant and equipment as at 31 December 2023. Based on the Company's judgment, no revaluation of property, plant and equipment is required as at 31 December 2025, because there were no events or circumstances since last revaluation date that would indicate a material difference between the fair value and the carrying value of the Company's property, plant and equipment as at 31 December 2025.

JSC Khramhesi I

Notes to the financial statements (continued)

for the year ended 31 December 2025

in thousands of Georgian Lari

4. Use of estimates, judgments and assumptions (continued)

(b) Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared.

Existing circumstances and assumptions about future developments however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

5. Standards issued but not yet effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are listed below. The Company does not expect material impact on its financial statements from applying those standards and amendments:

- ▶ IFRS 18: Presentation and Disclosure in Financial Statements – (effective for reporting periods beginning on or after 1 January 2027);
- ▶ IFRS 19: Subsidiaries without Public Accountability: Disclosures – (effective for reporting periods beginning on or after 1 January 2027).
- ▶ Amendments to the Classification and Measurement of Financial Instruments—Amendments to IFRS 9 and IFRS 7 – (effective for reporting periods beginning on or after 1 January 2026).
- ▶ Annual Improvements to IFRS Accounting Standards - Volume 11 – (effective for reporting periods beginning on or after 1 January 2026).
- ▶ Contracts Referencing Nature-dependent Electricity – Amendments to IFRS 9 and IFRS 7 – (effective for reporting periods beginning on or after 1 January 2026).

6. Revenue from contracts with customers

The majority of revenue from contracts with customers is attributable to revenue from sale of electric power. Revenue is generated in Georgia. The revenue breakdown by customers is as follows:

	2025	2024
Revenue from sales to entities under common control (Note 14)	5,653	5,829
Revenue from sales to other customers	-	694
Total revenue from contracts with customers	5,653	6,523

There were no contract liabilities as at 31 December 2025 and 2024. Information about assets from contracts with customers is disclosed in Note 8.

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Notes to the financial statements (continued)

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7. Property, plant and equipment

Movements of property, plant and equipment were as follows:

	Land	Buildings and facilities	Plant and equipment	Vehicles	Construction in progress	Other	Total
Cost or revalued amount							
At 31 December 2023	2,824	25,721	20,949	733	1,368	228	51,823
Additions	-	-	757	-	1,044	12	1,813
Disposals/write-off	-	(30)	(2)	-	-	(3)	(35)
Transfers	-	-	1,425	-	(1,425)	-	-
At 31 December 2024	2,824	25,691	23,129	733	987	237	53,601
Additions	-	-	114	-	327	3	444
Disposals/write-off	-	(35)	(1)	-	-	(2)	(38)
Transfers	-	-	78	-	(78)	-	-
At 31 December 2025	2,824	25,656	23,320	733	1,236	238	54,007
Accumulated depreciation							
At 31 December 2023	-	(256)	(511)	(27)	-	(15)	(809)
Disposals/write-off	-	6	1	-	-	-	7
Depreciation for the year	-	(1,017)	(2,025)	(120)	-	(55)	(3,217)
At 31 December 2024	-	(1,267)	(2,535)	(147)	-	(70)	(4,019)
Disposals/write-off	-	8	1	-	-	2	11
Depreciation for the year	-	(1,001)	(1,865)	(118)	-	(50)	(3,034)
At 31 December 2025	-	(2,260)	(4,399)	(265)	-	(118)	(7,042)
Net book value							
At 31 December 2023	2,824	25,465	20,438	706	1,368	213	51,014
At 31 December 2024	2,824	24,424	20,594	586	987	167	49,582
At 31 December 2025	2,824	23,396	18,921	468	1,236	120	46,965

Out of total depreciation expense of GEL 3,053 for the year ended 31 December 2025 (2024: GEL 3,236), GEL 3,034 (2024: GEL 3,217) is attributable to property, plant and equipment and GEL 19 (2024: GEL 19) is attributable to right of use assets.

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Notes to the financial statements (continued)

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8. Trade receivables

	31 December 2025	31 December 2024
Trade receivables due from an entity under common control (Note 14)	747	132
Trade receivables due from other customers	2	333
	749	465

Trade receivables are non-interest bearing and are generally on 30-day terms. As at 31 December 2025 there are no overdue trade receivables and existing balance fully relates to the sales of December. The Company uses the forward-looking expected credit loss (ECL) to estimate allowance for the trade receivables. Under the method expected credit losses for the year 2025 is immaterial and no allowance has been recognized.

9. Cash and cash equivalents

	31 December 2025	31 December 2024
Cash at bank	1,239	1,082

Interest earned on cash and cash equivalents in 2025 amounted to GEL 89 (2024: GEL 96). Cash at banks earn the annual interest based on agreed bank deposit rates.

10. Equity

(a) Issued capital

As at 31 December 2025 and 2024, the Company had 3,447,238 shares authorised and issued of GEL 0.001 each. 100% of the shares are owned by Gardabani Holdings B.V. as at 31 December 2025 and 2024.

(b) Dividends

From 1 January 2022, taking into account interim or annual financial results, in accordance with the procedure established by law, a joint-stock company has the right, to decide distribution of profits in the form of dividends on issued shares, except in the following cases:

- i. before or as a result of the distribution of dividends, the net assets as set out in the last financial statement of the joint-stock company are lower than the amount of the subscribed capital, plus the reserves determined by law or the statute, which may not be distributed to shareholders;
- ii. the amount of dividends to be distributed exceeds the amount of the net profit of the joint-stock company specified in the last financial statement, or in the case of interim dividends, earned after drawing up the last financial statement, plus any profits brought forward and sums drawn from free reserves, less any losses brought forward and sums placed in reserve in accordance with law or the statute;
- iii. by the date dividends are distributed or as a result of the distribution of dividends, a joint-stock company will become insolvent or face the risk of insolvency.

During 2025 and 2024 the Company has not declared any dividends.

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Notes to the financial statements (continued)

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11. Trade and other payables

	31 December 2025	31 December 2024
Management fee payable to a related party (Note 14)	3,512	3,657
Technical fee payable to a related party (Note 14)	1,005	1,046
Trade payables to suppliers	373	45
Other payables	426	396
	5,316	5,144

Terms and conditions of the above financial liabilities:

- ▶ Trade payables to suppliers are non-interest bearing and are normally settled on 30-day terms;
- ▶ Payables to a related party originated from transactions prior to 2011, they are overdue but not paid since the related party have not requested repayment;

12. Financial instruments and risk management

Overview

The Company's principal financial liabilities comprise trade and other payables. The main purpose of these financial liabilities is to finance the Company's capital and operating expenditures. The Company has trade receivables and cash on current accounts that arrive directly from its operations.

The Company is exposed to credit risk, liquidity risk and market risk.

The Company is part of a larger group controlled by the Ultimate Parent. Most of the financial risks are overseen and controlled at the level of the Ultimate Parent. Most of financial assets and liabilities of the Company are with entities under common control. Financial risk management objective is to safeguard the Company's day-to-day operations, raise sufficient cash from operations to finance operating and on-going capital expenditures and service obligations to third parties.

(a) 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. The Company is exposed to credit risk from its operating activities (primarily for trade receivables) and from its financing activities, including deposits with banks.

As at 31 December 2025, the Company has trade receivable from entity under common control – LLC Tbilisi Electricity Retail Company in amount of GEL 747 (31 December 2024: GEL 132). Trade receivable from LLC Tbilisi Electricity Retail Company relates to the sales of December and is not past due.

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Notes to the financial statements (continued)

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12. Financial instruments and risk management (continued)

(a) Credit risk (continued)

Settlement of overdue balances and other financial instruments within the group is managed by the Ultimate Parent based on the group's need for cash, rather than maturities of individual instruments. Management believes LLC Tbilisi Electricity Retail Company is creditworthy entity and any amounts due will be collected if a need for additional cash arises, thus that expected credit losses ("ECL") were deemed to be immaterial and no provision was made for amounts receivable from it.

All cash and cash equivalents are held with the four largest Georgian banks with international credit ratings of BB/B+. None of cash and cash equivalents are impaired or past due.

The maximum exposure to credit risk at the reporting date was:

	31 December 2025	31 December 2024
Trade receivables (Note 8)	749	465
Cash and cash equivalents (Note 9)	1,239	1,082
	1,988	1,547

(b) Liquidity risk

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

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. The majority of the Company's current liabilities are due to Ultimate Parent and therefore management believes that this provides the Company with sufficient flexibility with regard to the timing of payments and receipts as required for ensuring adequate liquidity in the business into the future. The Company's current liabilities exceed its current assets as at the reporting date by GEL 2,369. The details of the Company's plans to overcome the negative gap are disclosed in Note 2.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments:

31 December 2025	Carrying value	Contractual cash flows	On demand	0 to 3 months	3 months to 1 year	1 to 5 years
Financial liabilities						
Lease liabilities	46	86	-	-	22	64
Trade and other payables (Note 11)	5,316	5,316	4,517	799	-	-
	5,362	5,402	4,517	799	22	64

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Notes to the financial statements (continued)

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12. Financial instruments and risk management (continued)

(a) Liquidity risk (continued)

31 December 2024	Carrying value	Contractual cash flows	On demand	0 to 3 months	3 months to 1 year	1 to 5 years
Financial liabilities						
Lease liabilities	64	113	–	–	19	94
Trade and other payables (Note 11)	5,144	5,144	4,703	441	–	–
	5,208	5,257	4,703	441	19	94

(c) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise two types of risks: Interest rate risk and currency risk. Financial instruments affected by market risk include trade payables and current accounts in banks.

The Company is not subject to interest rate risk due to the fact that all of its financial assets and liabilities have fixed interest rates.

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the financial liabilities denominated in foreign currencies.

The Company does not hedge its exposure to currency risk. The Company's exposure to foreign currency risk was as follows based on notional amounts:

	USD – denominated	
	31 December 2025	31 December 2024
Trade and other payables	(4,517)	(4,743)
Cash and cash equivalents	10	10
Net exposure	(4,507)	(4,733)

A strengthening/weakening of the GEL, as indicated below, against the USD at 31 December 2025, would have increased/(decreased) profit or loss by the amounts shown below. The analysis is based on foreign currency exchanges rate variances that the Company considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables remain constant.

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Notes to the financial statements (continued)

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12. Financial instruments and risk management (continued)

(c) Market risk (continued)

	<u>Strengthening</u>	<u>Weakening</u>
31 December 2025		
USD (18.84% movement)	849	(849)
31 December 2024		
USD (18.84% movement)	892	(892)

(d) Fair values

Fair values of the Company's financial assets and liabilities can be analysed as follows:

	<u>Level</u>	<u>31 December 2025</u>		<u>31 December 2024</u>	
		<u>Carrying value</u>	<u>Fair Value</u>	<u>Carrying value</u>	<u>Fair value</u>
Financial assets					
Trade receivables (Note 8)	Level 3	749	749	465	465
Cash and cash equivalents (Note 9)	Level 1	1,239	1,239	1,082	1,082
Financial liabilities					
Lease liabilities	Level 3	46	46	64	64
Trade and other payables (Note 11)	Level 3	5,316	5,316	5,144	5,144

The following methods and assumptions were used to estimate the fair values:

- ▶ the fair values of cash and cash equivalents, trade and other payables and trade receivables are approximated by their carrying amounts due to the short-term maturities of these instruments.

Assets measured at fair value are limited to property, plant and equipment measured using revaluation model and categorised as level 3 within the fair value hierarchy.

The Company has no formal policy for capital management but management seeks to maintain a sufficient capital base (determined based on the amount of equity presented in Company's IFRS financial statements) for meeting the Company's operational and strategic needs.

13. Contingencies

Taxation contingencies in Georgia

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

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

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Notes to the financial statements (continued)

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13. Contingencies (continued)

Taxation contingencies in Georgia (continued)

At each reporting date, management makes assessment of its tax positions and considers those transactions which may be challenged by Georgian Tax Authorities. When it is probable that additional tax liability as the result of such challenge will arise, the Company recognized a provision in its statement of financial position.

Conflict in Ukraine

As a result of the conflict in Ukraine, many leading countries and economic unions have announced severe economic sanctions on Russia, including Russian banks, other entities and individuals. Since the start of the conflict, there has been a significant depreciation of the Russian Ruble against foreign currencies, as well as significant loss of value on the securities markets in Russia and of Russian companies listed in other markets. The situation is still unfolding, but it has already resulted in a humanitarian crisis and huge economic losses in Ukraine, Russia, and the rest of the world. Ukraine and Russia are important trade partners of Georgia. It is expected that the war will have a negative impact on the Georgian economy.

The Ultimate Parent of the Company is controlled by the Russian Federation. As of the date of these financial statements neither the Company nor the Ultimate Parent were sanctioned by EU, US or UK. The Company is not sanctioned in Georgia. The Company does not have trade operations with its Ultimate Parent and the only balance toward the Ultimate Payable relates to the payable of management and technical fees in amount of GEL 4,517 (Notes 11, 14).

Furthermore, the Company does not have any operations in Russia, Ukraine, UK, US or EU and conducts most of its business activities within Georgia.

Considering all above we believe that there is no clear and present threat related to the Company's business activities, however as the conflict is still waging, it is impossible to reliably assess the impact this may have on the Company's business as there is uncertainty over the magnitude of the impact on the economy in general.

14. Related party transactions

(i) Transactions with management

Key management personnel of the Company received GEL 357 as remuneration during 2025 (2024: GEL 347), which is included in wages and bonuses and other employee benefits.

(ii) Revenue

	Sales to related parties 2025	Sales to related parties 2024	Amounts owed by related parties 31 December 2025	Amounts owed by related parties 31 December 2024
<i>Sale of electric power</i> Entities under common control (Notes 5 and 8)	5,653	5,829	747	132

Sales are based on the approved tariff as set by the GNERC.

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Notes to the financial statements (continued)

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14. Related party transactions (continued)

(iii) Trade and other payables

	Amounts owed to related parties 31 December 2025	Amounts owed to related parties 31 December 2024
<i>To the Ultimate Parent</i>		
Management fees (Note 11)	3,512	3,657
Technical fees (Note 11)	1,005	1,046
	4,517	4,703