

GIPA - Georgian Institute of Public Affairs
Financial Statements
For the Year Ended December 31, 2024
Together with the Independent Auditor's Report

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Independent Auditor's Report

GIPA - Georgian Institute of Public Affairs

To the Owner and Management

Opinion on the Audit of the Separate Financial Statements

Qualified Opinion

We have audited the financial statements of N(N)LE "GIPA – Georgian Institute of Public Affairs" (hereinafter, the "Company"), which comprise the statement of financial position as at December 31, 2024, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

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

Basis for Qualified Opinion

The company has not carried out an inventory of its property, plant, and equipment. We were also unable to obtain sufficient and appropriate audit evidence regarding the existence and condition of property, plant, and equipment as of December 31, 2024, through alternative procedures. As of December 31, 2024, property, plant, and equipment are presented in the statement of financial position in the amount of GEL 5,561,608. We were unable to determine whether any adjustments might have been necessary to the figures related to property, plant, and equipment and other financial elements presented in the financial statements in connection therewith.

We are independent of the Company in accordance with the **Code of Ethics for Professional Accountants** issued by the International Ethics Standards Board for Accountants (IESBA) and the ethical requirements relevant to performing audits of financial statements in Georgia. In addition, we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code of Ethics.

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

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the accompanying financial statements in accordance with **IFRS**, as well as 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, and, where applicable, for disclosing matters related to the Company's going concern and the use of the going concern basis of accounting in the notes to the financial statements, except in cases where management intends to liquidate the Company or 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.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objective is to obtain reasonable assurance about whether the accompanying financial statements 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 ISA will always detect a material misstatement when it exists. Misstatements may 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.

An audit conducted in accordance with **International Standards on Auditing (ISA)** involves the exercise of professional judgment and the maintenance of professional skepticism throughout the audit process. In addition, we also:

- Identify and assess the risks of material misstatement in 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 the risk of not detecting a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions of transactions, the provision of deliberately misleading information to the auditor, or the override of internal control.
- We obtain an understanding of the internal control mechanisms relevant to the audit in order to design audit procedures that are appropriate in the circumstances, not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- We evaluate the appropriateness of the accounting policies used by management, the reasonableness of accounting estimates made by management, and the adequacy of the related disclosures.
- We form a conclusion on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, determine whether there is any material uncertainty 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 audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the Company to cease to be a going concern.
- We evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and determine whether the separate financial statements represent the underlying transactions and events fairly in accordance with the applicable financial reporting framework.

We communicate to those charged with governance, among other matters, information regarding the planned scope and timing of the audit, as well as significant findings arising during the audit, including any significant deficiencies in internal control, if such exist.

Salome Kiknadze, Engagement Partner (SARAS-A-337043)

LLC "KK Group" (SARAS-F-326522)

October 16, 2025
Tbilisi, Georgia

N(N)LE “GIPA – Georgian Institute of Public Affairs”

Statement of Profit or Loss and Other Comprehensive Income

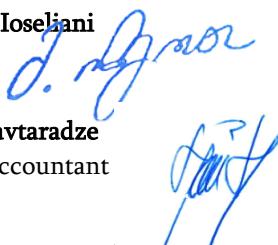
For the Year Ended December 31, 2024

(Georgian Lari)

	Note	2024	2023
Revenue	5	11.306.028	10.557.352
Gross Profit		11.306.028	10.557.352
Other Income	6	654.530	2.434.249
General and Administrative Expenses	7	-9.145.063	-7.733.713
Grant Expenses	8	-3.201.065	-2.289.268
Operating Profit (Loss)		-385.569	2.968.621
Finance Costs		-	-
Non-operating Income/Expense	9	-906.476	-3.439.014
Net Profit / (Loss) from Foreign Exchange Differences		-	-
Accumulated Loss		-1.292.045	-470.393

The financial statements presented on pages 6–9 were approved by the management of N(N)LE “GIPA – Georgian Institute of Public Affairs” on October 16, 2025. On behalf of the Company, the financial statements are signed by:

Marine Ioseliani
Rector



Vasil Kavtaradze
Chief Accountant



Statement of Financial Position

For the Year Ended December 31, 2024

(Georgian Lari)

	Note	2024	2023
Assets			
Non-current Assets			
Property, Plant and Equipment	10	5.453.736	3.754.290
Intangible Assets	11	107.872	51.615
Total Non-current Assets		5.561.608	3.805.905
Current Assets			
Inventories		11.340	11.964
Trade and Other Receivables	12	1.519.598	1.770.649
Cash and Cash Equivalents	13	1.860.558	4.212.455
Total Current Assets		3.391.496	5.995.068
Total Assets		8.953.104	9.800.973
Equity and Liabilities			
Equity			
Revaluation Reserve		1.790.285	1.790.285
Retained Earnings / (Loss)		4.891.839	6.183.884
Total Equity		6.682.124	7.974.169
Short-term Liabilities			
Tax Liabilities		64.022	60.789
Trade and Other Liabilities	14	2.206.958	1.766.014
Total Short-term Liabilities		2.270.981	1.826.803
Total Liabilities		2.270.981	1.826.803
Total Liabilities and Equity		8.953.104	9.800.972

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Marine Ioseliani
Rector



Vasil Kavtaradze
Chief Accountant



October 16, 2025



N(N)LE “GIPA – Georgian Institute of Public Affairs”

Statement of Changes in Equity

For the Year Ended December 31, 2024

(Georgian Lari)

	Revaluation Reserve	Retained Earnings / (Loss)	Total
December 31, 2022	1.790.285	6.654.278	8.444.563
Capital Increase/Decrease			-
Profit/Loss for the Period		-470.393	-470.393
December 31, 2023	1.790.285	6.183.885	7.974.170
Capital Increase/Decrease			-
Profit/Loss for the Period		-1.292.045	-1.292.045
December 31, 2024	1.790.285	4.891.840	6.682.125

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Rector



Vasil Kavtaradze
Chief Accountant



October 16, 2025



Statement of Cash Flows

For the Year Ended December 31, 2024

(Georgian Lari)

	12/31/2024	12/31/2023
Accumulated Loss	-1.292.045	-470.394
Adjustments:		
Depreciation and Amortization	620.878	523.700
Cash flows from operating activities before changes in operating assets and liabilities	-671.167	53.306
Changes in trade receivables	251.051	585.754
Changes in inventories	624	-8.791
Changes in trade payables	440.944	1.562.351
Changes in taxes payable	3.233	-32.733
Total cash flows from operating activities	24.685	2.159.887
Cash flows from investing activities		
Acquisition/Disposal of fixed assets	(2.376.681)	187.212
Total cash flows from investing activities	-2.376.581	187.212
Total cash flows from financing activities	-	-
Net change in cash and cash equivalents	-2.351.897	2.347.099
Cash and cash equivalents at the beginning of the period	4.212.454	1.865.355
Cash and cash equivalents at the end of the period	1.860.558	4.212.454

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Marine Ioseliani
Rector



Vasil Kavtaradze
Chief Accountant



October 16, 2025



N(N)LE “GIPA – Georgian Institute of Public Affairs”

Notes to the Financial Statements

For the Year Ended December 31, 2024

(in Georgian Lari – GEL)

1. Introduction

(a) Core Activities

N(N)LE “Georgian Institute of Public Affairs” (hereinafter – “GIPA”) was established on September 18, 2001. Identification code: 204429341. Legal address: Georgia, Tbilisi, Mtatsminda District, 2 M. Brosse St.

The primary activity of N(N)LE “GIPA – Georgian Institute of Public Affairs” is educational. The Institute delivers educational programs at all levels of academic education in accordance with applicable legislation.

The University’s structure includes the following schools:

- School of Governance;
- Caucasus School of Journalism and Media Management;
- School of Law and Politics;
- School of Social Sciences.

The Institute also operates the Department of Agricultural Development and Vocational Education, which aims to implement grant-funded projects and vocational educational programs, financed by foreign and local donors and governments, to support the development of agriculture.

The conceptual development plan and policies of the Institute are determined by its highest governing body, the Board of Trustees, which comprises representatives from Georgian and American public, governmental, and academic circles. The Institute’s Executive Director is the Rector, appointed by the Board of Trustees.

(b) Business Environment

The Company operates in Georgia and, as such, is influenced by the economic factors and financial markets prevailing in Georgia, which are characterized by the features of an emerging market. Legislative, tax, and regulatory frameworks continue to develop, but their interpretation varies and they are often subject to changes, which, together with other legislative and fiscal challenges, create certain risks for organizations operating in Georgia.

These financial statements reflect management’s assessment of the impact of the business environment in Georgia on the Company’s operations and financial position. The actual future business environment may differ from management’s assessments.

2. Basis of Preparation

(a) Statement of Compliance

The financial statements have been prepared on a historical cost basis. The Company’s reporting period covers the calendar year from January 1 to December 31. Amounts in the financial statements are presented without rounding, unless otherwise indicated. The Company maintains its accounting records in accordance with **IFRS**, in Georgian Lari (GEL). These financial statements have been prepared based on the Company’s accounting records.

These financial statements have been prepared in accordance with **International Financial Reporting Standards (IFRS)** issued by the **International Accounting Standards Board (IASB)** that are effective for the 2024 reporting year.

Preparation of financial statements in accordance with IFRS requires the use of certain estimates and assumptions. It also requires management to exercise judgment in applying the most appropriate accounting policies.

Actual results may differ from these estimates. Estimates are reviewed periodically. Adjustments arising from changes in accounting estimates are recognized in the financial results of the period in which the changes are made.

The key principles of the accounting policies applied in the preparation of these financial statements are presented in Note 3. The accounting policies are applied consistently for all years presented, unless otherwise stated.

(b) Basis of Measurement

The financial statements have been prepared using the historical cost method, unless otherwise stated. These financial statements are presented in Georgian Lari (GEL).

(c) Functional and Presentation Currency

The Company's functional currency is the Georgian Lari (GEL), which is the national currency of Georgia. It best reflects the economic substance of the majority of the underlying transactions and events. The Lari is also the presentation currency of these financial statements.

(d) Going Concern Assumption

Based on management's assessment, the Company has the ability to continue its operations as a going concern for at least twelve months from the date of approval of the separate financial statements. Furthermore, management has determined that there is no material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern in the near future. Accordingly, the separate financial statements have been prepared on a going concern basis.

3. Key Accounting Policies

The following key accounting policies have been applied consistently in the preparation of these financial statements for all periods presented, unless otherwise stated.

Functional and Presentation Currency

The Company's functional currency is the currency of the primary economic environment in which it operates. The functional currency of the Company is the national currency of Georgia, the Georgian Lari ("GEL"), which is also the presentation currency of these financial statements.

Foreign Currency Conversion

Non-monetary assets and liabilities denominated in foreign currencies and measured at historical cost are translated into Lari at the exchange rates prevailing at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies and measured at fair value are translated into Lari at the exchange rates prevailing at the date the fair value is determined.

Monetary assets and liabilities denominated in foreign currencies are translated into Lari at the exchange rates prevailing at the reporting date. Foreign currency transactions are recorded at the exchange rate at the date of the

transaction. Gains and losses arising from settlement of such transactions and from translation of monetary assets and liabilities denominated in foreign currencies are recognized in the Statement of Profit or Loss as “Net Foreign Exchange Gain/(Loss)”.

The official exchange rates of the National Bank of Georgia used in the preparation of the financial statements are as follows:

	31 December, 2024	31 December, 2023
1 EUR/GEL	2.9306	2.9753
1 USD/GEL	2.8068	2.6894

Revenue

The Company recognizes revenue from the transfer of promised goods or services to customers at the amount to which it expects to be entitled in exchange for those goods or services. The Company applies a five-step model to all contracts with customers:

- Identify the contract(s) with the customer;
- Identify the performance obligations in the contract;
- Determine the transaction price;
- Allocate the transaction price to the performance obligations;
- Recognize revenue when the Company satisfies a performance obligation.

Revenue is recognized when a performance obligation is satisfied, i.e., when control of the goods or services associated with the obligation is transferred to the customer.

Determination of Contractual Value

The Company's primary contractual value of revenue is based on market prices. Accordingly, the revenue expected from each contract is determined in accordance with prevailing market prices.

Revenue from Sale of Products

Revenue from sales is recognized at the fair value of the consideration received or receivable. Revenue from the sale of goods is recognized when the Company transfers to the buyer all significant risks and rewards of ownership of the goods, the amount of revenue can be measured reliably, and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Expense Recognition

Expenses are recognized in the statement of profit or loss when there is a decrease in future economic benefits that can be reliably measured, arising from a reduction in an asset or an increase in a liability. Expenses are recognized immediately in the statement of profit or loss when they no longer generate future economic benefits, or when the future economic benefits no longer meet or no longer satisfy the criteria for recognition as an asset.

In the course of its core operations, the Company incurs both operating and other expenses that are not directly attributable to the sale of products.

Leases

Operating Lease – Company as Lessee

Operating lease payments are recognized as an expense on a straight-line basis over the lease term, unless another method better reflects the pattern of consumption of the economic benefits from the leased asset. Contingent lease payments arising from operating leases are recognized as an expense in the period in which they are incurred.

Employee Remuneration

The Company allocates employee remuneration to amounts payable wholly within 12 months after the end of the annual reporting period in which the employees provide the related services, including:

- Salaries;
- Annual paid leave and bulletin-related payments;
- Non-monetary benefits for existing employees.

Salaries, bonuses, and non-monetary benefits are recognized on an accrual basis in the period in which the Company receives the related service from the employee. The Company has no legal or constructive obligation to provide pensions or similar payments. The Company participates in a state pension fund.

Current and Non-Current Items

The Company presents assets and liabilities separately in the statement of financial position based on current/non-current classification. An asset is classified as current when it:

- Is primarily held for trading purposes;
- Is expected to be realized or intended to be sold or consumed in the normal operating cycle;
- Is expected to be realized within twelve months after the reporting period; or
- Is cash or a cash equivalent, unless its exchange or use for settling a liability is restricted for at least twelve months after the reporting period.

All other assets are classified as non-current assets.

A liability is classified as current when:

- It is expected to be settled in the normal operating cycle;
- It is primarily held for trading purposes;
- It is due to be settled within twelve months after the reporting period; or
- The Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current liabilities.

Property, Plant and Equipment

Property, plant, and equipment are recognized at cost, less accumulated depreciation and impairment, if any. The cost includes the replacement cost of a part of the asset when incurred, provided that the recognition criteria are met.

The carrying amount of property, plant, and equipment is reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Any impairment loss is recognized in profit or loss as part of other operating expenses.

Costs associated with repairs and maintenance are recognized as expenses when incurred and included in other operating expenses, unless they meet the criteria for capitalization.

Depreciation of an asset commences when it is available for use, i.e., when the asset is in the location and condition necessary for it to be capable of operating in the manner intended by management. Depreciable amount is allocated systematically over the asset's useful life. Depreciation is calculated on a straight-line basis over the estimated useful lives of the property, plant, and equipment as follows:

	<i>Useful service life (years)</i>
Buildings and Structures	50 Years
Office Equipment	5 Years
Machinery and Equipment	5 Years
Vehicles	7 Years
Intangible Assets	6-8 Years
Other Property, Plant and Equipment	5-7 Years

When determining the useful lives of property, plant, and equipment, the Company considers factors such as:

- The intended use of the asset by the Company;
- Expected physical wear and tear;
- Technical and functional obsolescence;
- Legal or similar restrictions on the use of the asset.

If there are indications that the depreciation rate, useful life, or residual value of an asset has changed significantly, the depreciation of the asset is adjusted prospectively to reflect the revised expectations.

The derecognition of an item of property, plant, and equipment occurs upon its disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising from derecognition (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognized in profit or loss in the period in which the asset is derecognized.

Intangible Assets

Intangible assets are measured at cost upon initial recognition. After initial recognition, intangible assets are carried at cost less accumulated amortization and any accumulated impairment losses, if applicable. The useful lives and amortization methods are reviewed at the end of each financial period.

Amortization is charged using the straight-line method. The company also holds intangible assets with indefinite useful lives.

The recognition of an intangible asset is discontinued upon its disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from derecognition of an intangible asset is measured as the difference between the net proceeds from disposal and the asset's carrying amount and is recognized in the statement of profit or loss in the period in which the derecognition occurs.

Inventories

The Company's inventories consist of office supplies, which are measured at the lower of cost and net realizable value. Inventory cost is determined using the weighted average method and includes expenditures incurred in acquiring the inventories.

Financial Assets and Liabilities

Initial Recognition

Recognition Date

All purchases and sales of financial assets and liabilities in the ordinary course of business are recognized on the trade date, i.e., the date on which the Company becomes a party to the contractual provisions of the instrument. In the ordinary course of business, purchases and sales refer to transactions that require delivery of the assets or liabilities within the period generally established by regulation or market convention.

Initial Measurement

For initial measurement, the classification of a financial instrument depends on its contractual terms and the Company's business model for managing the instrument. Financial instruments are initially recognized at fair value, except in cases where a financial asset or liability is measured at fair value through profit or loss, in which case transaction costs are included in or deducted from the initial measurement.

Categories of Measurement for Financial Assets and Liabilities

The Company classifies financial assets based on the business model for managing the instrument and its contractual terms into one of the following categories:

- Amortized cost;
- Fair value through other comprehensive income (FVOCI);
- Fair value through profit or loss (FVTPL).

Financial liabilities, other than borrowings and financial guarantees, are measured at amortized cost or at fair value through profit or loss if they are held for trading, are derivative instruments, or are designated at fair value.

Management has assessed which business model applies to the Company's financial assets and classified all assets into the following categories:

- Financial assets measured at amortized cost (trade and other receivables, loans issued, contract assets, and cash and cash equivalents); and
- Financial assets measured at fair value through profit or loss (investments in equity instruments).

Trade and Other Receivables at Amortized Cost

The Company measures trade and other receivables and other financial investments at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model whose objective is to hold financial assets to collect contractual cash flows; and
- 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.

Details of the above conditions are provided below:

Assessment of the Business Model

The Company's business model is determined at a level that explains how groups of financial assets are managed together to achieve particular business objectives.

The business model of the Company does not represent a classification approach for individual instruments, but should be determined at a higher level of aggregation, based on observable factors, such as:

- How the performance of the business model and the financial assets held within that model is assessed and how this information is communicated to senior management;
- The risks that affect the performance of the business model (and the financial assets held within it) and how these risks are managed;
- The form of remuneration for the business's management (e.g., whether it is based on the fair value of managed assets or on the contractual cash flows received);
- The expected frequency, amount, and timing of sales are also important for assessing the business model.

The assessment of the business model is based on reasonably expected scenarios, without consideration of "worst-case" or "stress-test" scenarios. If cash flows are generated in a manner that differs from management's expectations at the date of the business model assessment, this does not result in a reclassification of financial assets within that business model; however, the information is taken into account when assessing newly originated or newly acquired financial assets in the future.

Cash and Cash Equivalents

Cash and cash equivalents comprise cash held in current accounts at banks, which are subject to an insignificant risk of changes in fair value. Cash and cash equivalents are measured at amortized cost using the effective interest method. The Company assesses impairment of cash and cash equivalents in accordance with IFRS 9.

Trade Receivables

Trade receivables represent amounts receivable from customers arising from the provision of services and the sale of goods. If the trade receivable is expected to be collected within one reporting period or less, it is classified as a current asset; otherwise, it is presented as a non-current asset.

Impairment of Financial Instruments

A provision for impairment of trade receivables is recognized based on a practical simplified approach, under which the expected credit loss over the life of the trade receivables is calculated using a provision matrix. The Company uses historical data on credit losses to estimate the expected credit loss over the life of the financial assets.

The Company assesses the probability of non-payment of cash flows from financial assets. This probability is then multiplied by the expected losses arising from the risk of contractual non-performance to determine the expected lifetime impairment loss on trade receivables. Trade receivables are presented at their net carrying amount, with the

allowance for impairment recognized separately as a reduction in the receivable, with a corresponding charge to expense in the statement of profit or loss and other comprehensive income. The expected credit loss rates are presented below:

	Current	< 30 Days	31-90 Days	91-180 Days	181-365 Days	> 365 Days
Credit Loss Allowance (%)	1.15%	5.75%	11.50%	34.50%	80.50%	100.00%

The Company writes off the gross carrying amount of trade receivables against the allowance when it determines that the receivables are no longer collectible.

The allowance for impairment of loans is recognized using the expected credit loss model. The Company considers whether there has been a significant increase in credit risk since initial recognition of the financial asset. If there has been no significant increase in credit risk, the Company measures the expected credit losses over the next 12 months and recognizes full interest income. If there has been a significant increase in credit risk, the Company measures the expected credit losses over the life of the financial asset and recognizes full interest income. For loans that are credit-impaired, the expected credit losses over the life of the asset are measured, and interest income is recognized on the net carrying amount.

Financial Liabilities

For classification purposes, the Company categorizes its financial liabilities into one of the following: fair value through profit or loss, or other financial liabilities. All of the Company's financial liabilities are classified as other financial liabilities. Other financial liabilities include borrowings, lease liabilities, and trade and other payables.

Other financial liabilities are initially measured at fair value plus transaction costs that are directly attributable to the issuance of the financial liabilities. Interest-bearing liabilities are subsequently measured at amortized cost using the effective interest method, which allocates interest expense on a constant rate basis over the carrying amount of the financial liability. Interest expense on any financial liability includes initial transaction costs and any additional amounts payable for the redemption of the liability.

Borrowings

Borrowings are initially recognized at fair value. After initial recognition, the Company measures all borrowings at amortized cost, and any difference between the proceeds and the redemption amount is recognized in profit or loss over the period using the effective interest rate method.

Derecognition of Financial Assets and Liabilities

Financial Assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- The rights to receive cash flows from the asset have expired;
- The Company has transferred its right to receive cash flows from the asset, or has retained the right but assumed a contractual obligation to pay the received cash flows in full and on time to a third party; and
- The Company has either (a) transferred substantially all the risks and rewards of the asset, or (b) neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

If the Company has transferred the right to receive cash flows from the asset but has neither transferred nor retained substantially all the risks and rewards, nor transferred control over the asset, the asset continues to be recognized on a proportionate basis. Subsequent use of the transferred asset, where a form of guarantee is retained, is measured at the lower of the asset's original carrying amount and the maximum amount the Company may be required to pay.

Write-off

Financial assets are written off partially or in full when the Company ceases efforts to collect the amounts due. If the amount to be written off exceeds the accumulated allowance for impairment, the excess is first applied to the allowance and then removed from the total carrying amount. Subsequent recoveries are credited to the credit loss expense. The write-off constitutes an event of derecognition.

Offsetting Financial Instruments

Financial assets and financial liabilities are offset, and the net amount is presented in the statement of financial position, when the Company currently has a legally enforceable right to set off the recognized amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Authorized Capital

The Company's authorized capital is determined by its Articles of Association. Authorized capital is recognized within equity based on contributions made by the Company's owner.

Dividends

Dividends are recognized when a legal obligation to pay them arises. Dividends are recorded as a liability and reduce equity by the corresponding amount. Dividends declared after the reporting period but before the approval of the financial statements are disclosed as subsequent events.

Provisions and Contingent Liabilities

Contingent liabilities are not recognized in the financial statements, except when an outflow of economic benefits from the Company is probable and the obligation can be reliably measured. Information about contingent liabilities is disclosed in the notes to the financial statements, except for those for which an outflow of economic benefits is not expected.

Contingent assets are not recognized in the financial statements. However, information about such financial assets, where the inflow of economic benefits to the Company is possible, is disclosed in the notes. If the Company is virtually certain of the inflow of economic benefits, the related asset and income are recognized in the financial statements in the period in which the change in assessment occurs.

An accrual represents a liability associated with uncertainties in amount and timing. It is a present obligation of the Company arising from a past event, the settlement of which is expected to result in an outflow of economic benefits from the Company.

A triggering event is an event that gives rise to a legal or constructive obligation, meaning the Company has no realistic alternative but to settle its obligation. Legal obligations arise from:

- Transactions (taking into account explicit or implied terms in contracts);
- Legislation; or
- Other legal acts. Constructive obligations arise from the Company's actions where:
- Past practices, published policies, or specific statements in current reports indicate to other parties that the Company accepts certain responsibilities; and

- As a result, third parties have a valid expectation that the Company will fulfill these responsibilities.

Current and Non-Current Items

The Company presents assets and liabilities separately in the statement of financial position based on the current/non-current classification. An asset is classified as current when it meets any of the following criteria:

- It is primarily held for trading purposes;
- It is expected to be realized, sold, or consumed within the normal operating cycle;
- It is expected to be realized within twelve months after the reporting period; or
- It is cash or a cash equivalent, unless its exchange or use to settle a liability is restricted for at least twelve months after the reporting period.

Assets not meeting these criteria are classified as non-current assets.

A liability is classified as current when:

- It is expected to be settled within the normal operating cycle;
- It is primarily held for trading purposes;
- It is due to be settled within twelve months after the reporting period; or
- The entity does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

Liabilities not meeting these criteria are classified as non-current liabilities.

Fair Value Measurement

The Company measures financial instruments at fair value through other comprehensive income and fair value through profit or loss at the end of each reporting period.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The determination of fair value assumes that the transaction to sell the asset or transfer the liability takes place:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or most advantageous market must be accessible to the Company. Fair value measurement assumes that market participants act in their economic best interest when pricing the asset or liability. For non-financial assets, fair value considers the ability of a market participant to generate economic benefits through the asset's optimal and efficient use or by selling it to another market participant who would use it optimally and efficiently.

The Company applies the following fair value hierarchy, reflecting the significance of inputs used in valuation:

- **Level 1 financial instruments** – quoted prices (unadjusted) in active markets for identical assets or liabilities accessible to the Company at the measurement date. The market is considered active if there is sufficient

trading activity in terms of volume and liquidity for identical assets or liabilities and if binding and executable quoted prices are available at the reporting date.

- **Level 2 financial instruments** – inputs other than quoted prices included within Level 1 that are observable directly or indirectly for the entire life of the instrument. These include quoted prices for similar assets or liabilities in active markets, yield curves, implied volatilities, and credit spreads.
- **Level 3 financial instruments** – inputs that are unobservable and significant to the overall measurement.

Profit tax

The profit tax expense includes the current tax, which is the tax liability on the taxable profit for the period, determined at the applicable tax rate as of the reporting date, and any adjustments to the tax liability related to previous years.

On May 13, 2016, the Government of Georgia amended the Tax Code of Georgia, according to which companies (except banks, credit unions, insurance companies, microfinance organizations, and pawnshops) are not required to pay profit tax on profits earned from January 1, 2017, until such profits are distributed or deemed distributed as dividends.

A 15% profit tax is payable on the gross amount (i.e., net dividends are recalculated with a 5% tax offset, if applicable, and divided by 0.85) to individuals and non-resident legal entities at the time of dividend payment. For resident legal entities, dividends received from profits earned before January 1, 2017, are exempt from tax. For accumulated income from January 1, 2008, to January 1, 2017, dividends are subject to profit tax on the gross amount, reduced by any applicable tax credit calculated as the corporate income tax portion declared and paid on taxable profit against total net profit for the same period, multiplied by the distributable dividend. However, the amount of the tax credit must not exceed the actual profit tax imposed on the dividend distribution.

Profit tax on distributed dividends is recognized as a profit tax expense in the period when the dividend is declared, regardless of the actual payment date or period in which the dividend is paid. A contingent profit tax liability arising from dividend payments is not recognized in the statement of financial position.

In addition to dividend distributions, the tax is payable on expenses and other taxes arising from non-economic activities, the free provision of assets or services, and representation expenses, which do not exceed the maximum amount established by the Tax Code of Georgia. Any advances and certain other transactions paid to entities registered in jurisdictions with preferential tax regimes, as well as loans provided to individuals and non-resident legal entities, are subject to immediate taxation. Such taxes, together with other taxes, net of tax credits declared for entities registered in preferential tax jurisdictions for all advances paid in exchange for received assets or services, or for loans provided to individuals and non-resident legal entities, are recognized as other taxes within operating expenses.

Under Georgian tax legislation, the company must pay taxes using a unified treasury code. As a result, the company presents tax assets and liabilities on a net basis, either as a tax asset or liability.

Taxes other than profit tax are recognized in the period in which the taxable event occurs. A taxable event is an action or fact that gives rise to a tax liability under the Tax Code of Georgia. Prepaid taxes, from which future economic benefits are expected, are recognized as an asset.

Post-reporting period events

Events occurring after the reporting period and before the authorization date of the financial statements, which provide additional information about the company's financial position, are recognized in the financial statements. Post-balance sheet events that do not affect the company's financial position as of the balance sheet date but are of material significance are disclosed in the notes to the financial statements.

Changes to the financial statements after issuance

Any changes to these financial statements after issuance require approval by the company's management.

4. Significant accounting estimates and assumptions

The preparation of the company's financial statements requires management to make estimates and assumptions that affect the amounts of assets and liabilities reported in the statement of financial position and the income and expenses reported in the statement of comprehensive income at year-end. Estimates and assumptions are reviewed on an ongoing basis. They are based on past experience and various other factors that management considers reasonable under the circumstances. Actual results may differ from these estimates due to different assumptions or conditions.

The key estimates and assumptions that are significant to the company's financial position and financial results include:

Useful lives of property, plant, and equipment

Property, plant, and equipment are depreciated over their estimated useful lives. The determination of useful lives is based on management's assessment of the period over which the company expects to derive economic benefits from the asset. Changes in accounting estimates may result in significant variations in carrying amounts and in the related items of the statement of comprehensive income. Changes in accounting estimates are recognized prospectively.

5. Revenue

Revenue for 2024 and 2023 includes the following:

	2024	2023
Revenue from educational programs	7.298.815	7.487.294
Revenue from the training center	597.305	595.839
Revenue from corporate consulting	208.843	184.910
Revenue from grants	3.201.065	2.289.309
Total	11.306.028	10.557.352

Revenue from educational programs is presented as follows for the years 2024–2023:

N	Program Title	2024	2023
	Undergraduate Programs	5.901.415	5.907.631
1	Business Administration	887.614	900.505
2	Audiovisual Arts	665.440	883.235
3	Visual Communication	552.398	171.001
4	Digital Media and Communication	692.749	595.540
5	Law	664.795	678.650
6	International Relations	700.395	763.628

7	Social Sciences	415.458	529.370
8	Economics	185.770	240.688
9	Psychology	663.375	609.831
10	Sociology	179.482	217.242
11	Political Science	293.940	317.940
	Master's Programs	909.854	1.177.860
1	Business Administration	109.638	174.860
2	Public Administration	135.657	194.065
3	Local Governance	44.532	75.000
4	Environmental Protection	119.329	126.764
5	Multimedia Journalism and Media Management	121.494	173.909
6	Public Relations	181.427	249.732
7	International Law	37.472	42.775
8	International Relations	78.376	67.375
9	Psychology	81.928	73.381
	PhD	50.351	74.313
1	Public Administration	42.230	49.850
2	Political Science	8.121	24.463
	Professional Programs	437.196	327.491
	Occupational Safety and Environmental Technologies		
1	Technologies	290.703	327.491
2	Energy Management	79.892	
3	Renewable Energy Management	66.600	
	Total	7.298.815	7.487.294

Revenue from the Training Center for 2024–2023:

N	Title	2024	2023
1	General Management	80.780	63.710
2	Marketing	53.300	48.200
3	Financial Management	28.800	33.125
4	HR	153.280	136.732
5	Business Management	53.075	49.020
6	Management Psychology	11.040	6.420
7	Basics of Psychology		20.661
8	Public Relations	20.850	25.500
10	Hospitality Management	15.000	25.690
11	Clinic Management	90.570	90.851
12	Strategic Communication	21.170	27.480
14	Educational Psychology	5.390	
15	Operations Management and Logistics	64.050	46.130
16	Sports Management		22.320
	Grand total:	597.305	595.839

Revenue from grants by project title is presented as follows for 2024:

Project Title	Revenue from grants
INTERNATIONAL RESEARCH	159.158
CLOVEK V TISNI, O.P.S.	1.141
COMMISSION DES COMMUNAUTES	11.464
COMMISSION EUROPEENNE	947.685

DEUTSCHE WELLE ANSTALT DES ÖFFENTLICHEN RECHTS	100.237
INTERNATIONAL FUND FOR	60.043
INTERNEWS NETWORK	12.685
MINISTERUL DEZVOLTARII LUCRARILOR	400.717
THOMSON REUTERS FOUNDATION	5.137
UNION DES ASSOCIATIONS	3.011
UNIVERSITY OF NOVI SAD	63.264
US DEPARTMENT	2.581
US DISBURSING OFC SYMBOL	1.026.206
German Society for International Cooperation (GIZ)	1.064
Improving the Economy for a Strong Society, SAC Branch	306.833
Shota Rustaveli National Science Foundation of Georgia (LEPL)	62.173
Ilia State University (LEPL)	13.784
Ivane Javakhishvili Tbilisi State University (LEPL)	4.353
DIE Global LLC, Georgia Branch	19.531
Total	3.201.065

6. Other Income

The company's other income for 2024–2023 includes the following:

	2024	2023
Rental income	78.590	133.629
Interest income	142.240	111.371
Income from exchange rate differences	252.728	162.388
Income from the sale of fixed assets		750.000
Other income	180.972	1.276.861
Total	654.530	2.434.249

7. General and Administrative Expenses

The company's general and administrative expenses for 2024 and 2023 include the following:

	2024	2023
Personnel salary expenses	5.736.277	5.711.306
Capital expenses	443.590	42.749
Inventory expenses	74.566	75.542
Rent expenses	754.956	539.735
Utility expenses	177.000	171.920
Representation expenses	40.431	140.672
Other administrative expenses	1.790.734	1.051.788
Total expenses	9.017.555	7.733.713
Allowance for impairment / impairment recovery	127.508	
Net expenses	9.145.063	7.733.713

8. Grant Expenses

The expenses incurred from the grants received by the company for 2024–2023 include the following types:

2024 2023

Personnel salary expenses	1.523.321	1.576.925
Inventory expenses		9.308
Sub-grant expenses	1.079.387	538.421
Other administrative expenses	447.109	-
Depreciation	151.248	164.614
Total	3.201.065	2.289.268

9. Non-operating expenses

The company's non-operating expenses for 2024 and 2023 include the following:

	2024	2023
Interest expenses		3.353
Depreciation	469.630	359.085
Foreign exchange loss	292.174	101.700
Tax expense	4.160	
Other non-operating expenses	140.512	2.974.875
Total	906.476	3.439.014

10. Fixed assets

The movement of fixed assets for 2024 and 2023 is presented as follows:

Historical cost	Construction in progress	Buildings and structures	Vehicles	Furniture, office equipment, and other assets	Library books	Total
Balance as of 31/12/2023	19.844	2.483.128	129.289	2.327.522	488.468	5.448.250
Additions				2.312.205	37.260	2.349.465
Asset disposals	-		-	-149.984		-149.984
Balance as of 31/12/2024	19.844	2.483.128	129.289	4.489.742	525.728	7.647.731
Accumulated depreciation as of 31/12/2023	-	676.796	-	1.017.165	-	1.693.960
Depreciation for the period		49.663	18.844	538.967	-	607.474
Depreciation of disposed assets			-	-107.440		-107.440
Accumulated depreciation as of 31/12/2024	-	726.458	18.844	1.448.692	-	2.193.995
Balance as of 31/12/2023	19.844	1.806.332	129.289	1.310.357	488.468	3.754.289
Balance as of 31/12/2024	19.844	1.756.670	110.445	3.041.050	525.728	5.453.736

11. Intangible assets

The company's intangible assets as of December 31, 2024 and 2023 are as follows:

Intangible assets

Historical cost	Intangible assets	Total
Balance as of 31/12/2023	115.255	115.255
Additions	69.661	69.661

Asset disposals		
Balance as of 31/12/2024	184.916	184.916
Accumulated amortization as of 31/12/2023	63.640	63.640
Amortization for the period	13.404	13.404
Amortization of disposed assets	-	-
Accumulated amortization as of 31/12/2024	77.044	77.044
Asset value as of 31/12/2023	51.615	51.615
Asset value as of 31/12/2024	107.872	107.872

12. Trade and other receivables

Trade and other receivables as of December 31, 2024 and 2023 include the following:

	2024	2023
Receivables from supply and services	1.344.035	869.487
Receivables from donors	251.734	714.607
Prepaid expenses	51.337	186.555
Total trade and other receivables	1.647.106	1.770.648
Less: impairment reserve	127.508	
Net trade and other receivables	1.519.598	1.770.648

13. Cash and cash equivalents

Cash and cash equivalents as of December 31, 2024 and 2023 include the following:

	31-12-24	31-12-23
Cash in bank GEL	452.741	2.223.677
Cash in bank USD	808.988	198.781
Cash in bank EUR	598.828	1.730.789
Cash in bank SEK	-	59.208
Total	1.860.558	4.212.455

As of 31 December 2024, bank balances amounted to GEL 1,860,558, held in a bank with a “BB-” Fitch rating (31 December 2023: GEL 4,212,455).

14. Trade and Other Liabilities

Trade and other liabilities as of December 31, 2024 and 2023 include the following:

	2024	2023
Liabilities arising from supply and services	99.656	118.890
Received advances	458.178	
Liabilities to donors	1.649.124	1.647.125
Total	2.206.958	1.766.014

15. **Equity**

Equity consists of a revaluation reserve and retained earnings/(loss). No dividends were distributed during the reporting period.

16. **Financial Risk**

General objectives, policies, and processes

The company's management holds overall responsibility for defining the objectives and policies for risk management, while also ensuring their effective implementation. Management has delegated the authority to develop and operate the processes to the company's finance function. Based on monthly report reviews, management evaluates the effectiveness of implemented processes and the alignment of these processes with the defined objectives and policies.

The risk management function within the company addresses financial, operational, and legal risks.

Financial risk includes:

- Credit risk
- Market risk (including currency risk, interest rate risk, and other price risks)
- Liquidity risk

The primary objectives of the financial risk management function are to set risk limits and ensure that exposure remains within these limits. The operational and legal risk management function ensures the proper functioning of internal policies and procedures to minimize operational and legal risks.

Alongside other activities, the company is exposed to risks arising from the use of financial instruments. This note describes the company's objectives, policies, and procedures for managing risks, as well as the methods used to assess risks. Additional quantitative information related to these risks is provided in the individual financial statements. No material changes in risk management or assessment methods have occurred since the previous period.

Main Categories of Financial Instruments

The company's primary financial liabilities include trade and other payables. The main purpose of these financial instruments is to provide the company with financial support.

The company holds financial assets such as cash and cash equivalents. The table below presents the main categories of financial instruments.

Financial Assets	12/31/2024	12/31/2023
Trade and other receivables	1.519.598	1.770.649
Cash and cash equivalents	1.860.558	4.212.455
Total financial assets	3.380.156	5.983.104

Financial Liabilities	12/31/2024	12/31/2023
Trade and other payables	2.206.958	1.766.014
Total financial liabilities	2.206.958	1.766.014

Fair Value of Financial Instruments

For certain assets and liabilities presented in the company's financial statements, disclosure of fair value is required. To measure the fair value of financial assets and liabilities, the company uses available market data. Fair value is determined based on the following inputs:

- Level 1: Unadjusted quoted prices for identical instruments in active markets.
- Level 2: If Level 1 prices are unavailable, other direct or indirect observable data are used, such as quoted prices in markets that are not active for the identical instrument held by another party as an asset.
- Level 3: Unobservable data. If no Level 1 or Level 2 prices are available, other valuation techniques are applied.

Classification into levels depends on the significance of the inputs used in the fair value measurement. Transfers between levels are recognized in the period in which the event occurs.

Fair value represents the amount that would be received from the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The company determines the estimated fair value of financial instruments using available market information, if any, and appropriate valuation techniques. Judgment is required in interpreting market data to determine fair value.

Georgia continues to exhibit characteristics of an emerging market, and economic conditions still constrain the scale of activity in financial markets. Market quotations may be outdated or reflect forced liquidation transactions and therefore may not represent the fair value of financial instruments. The company uses all available market information to assess the fair value of financial instruments.

For interest-bearing financial assets and liabilities, fair value is determined by comparing the initial recognition interest rate with current market interest rates. The fair value of an interest-bearing financial instrument is derived from the present value of expected cash flows, discounted using the current market rate appropriate for similar instruments with comparable credit risk and maturity. The company's management considers that the fair value of liquid, short-term financial assets and liabilities, or those with fixed or floating interest rates, approximates their carrying amounts.

Capital Management

The company manages its capital-related risk to ensure the enterprise continues as a going concern while simultaneously maximizing returns for stakeholders, by maintaining an optimal balance of borrowed and equity capital. Management regularly reviews the capital structure. Within these reviews, management considers that the company balances the overall capital structure through dividend payments, increases in capital from borrowed funds, and repayment of existing borrowings.

Credit Risk

Credit risk is the risk of financial loss arising from a debtor or other counterparty failing to meet its contractual obligations. The company's exposure to credit risk is influenced by the individual characteristics of each customer. Credit risk primarily arises from trade receivables, contract assets, loans granted, and cash and cash equivalents (excluding cash on hand).

The company manages credit risk based on certain principles, which include conducting a thorough analysis of each counterparty's creditworthiness, avoiding excessive exposure to any single counterparty, exercising strict control over all unsecured credit, and actively managing problem financial assets. To monitor credit risk, the company classifies customers based on the status of their overdue balances. In managing credit risk, the company considers factors such as whether a customer is a government entity or a private legal entity, the geographic distribution of customers, and any historical financial difficulties. High-risk customers are grouped in a restricted customer category, and transactions with them are conducted on a prepayment basis. The carrying amount of financial assets represents the maximum credit risk. The table shows the maximum exposure to credit risk.

Financial assets	12/31/2024	12/31/2023
Trade and other receivables	1.519.598	1.770.649
Cash and cash equivalents	1.860.558	4.212.455
Maximum credit risk	3.380.156	5.983.104

Credit risk is insignificant in relation to bank accounts, as the funds are placed in banks with good reputation.

The Company's management reviews the aging analysis of unpaid trade receivables and follows up on overdue balances.

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to fluctuations in foreign currency exchange rates. The Company is exposed to risks due to changes in exchange rates, the effects of which are reflected in the statement of financial position and the statement of cash flows.

	USD	EUR	SEK	USD	EUR	SEK
Trade and other receivables	89.687	-		243.236	-	
Cash and cash equivalents	288.224	203.961	-	198.781	1.730.789	59.208
Total financial assets	377.911	203.961	-	442.017	1.730.789	59.208
Liability to donors	270.442	219.267	23.239	516.395	24.526	1.529
Total financial liabilities	270.442	219.267	23.239	516.395	24.526	1.529
Net financial position	107.469	-15.306	-23.239	-74.378	1.706.263	57.679

Interest rate risk

Interest rate risk arises from potential changes in market interest rates that could negatively affect the fair value of the company's financial assets and liabilities. This risk may result from mismatches in the maturity/coverage of assets and liabilities, as well as if such assets and liabilities are subject to interest rate fluctuations. All significant assets and liabilities of the company are linked to fixed interest rates.

Liquidity risk

Liquidity risk refers to the company's ability to meet its payment obligations. The company carefully manages liquidity, which involves holding sufficient cash and cash equivalents, as well as highly liquid assets, to ensure it can timely settle all operational and debt obligations. The following tables have been prepared based on the undiscounted cash flows of financial liabilities.

To manage liquidity risk, the company uses its financial assets, such as cash resources.

	Less than one year	1 to 2 years	2 to 5 years	More than 5 years	Total
Trade and other payables	53.855	45.801	-	-	99.656
Liabilities to donors	1.015.681	633.443			1.649.124
Advances received	458.178				458.178
Loans	-	-			
Total 2024	1.527.714	679.244	-	-	2.206.958
Trade and other payables	61.182	57.708			118.890
Liabilities to donors	1.534.625	112.500			1.647.125
Lease liabilities	-	-			-

Loans	-	-	-	-	-
Total 2023	1.595.807	170.208	0	0	1.766.015

17. Contingent Liabilities

Tax Legislation

Georgia's tax system is relatively new, and the corresponding legislation is characterized by frequent changes, official statements, and court decisions, which are sometimes unclear. There are provisions that may be contradictory or open to interpretation. In cases of tax law violations, tax authorities cannot impose additional taxes or penalties on a company if more than three years have passed since the end of the year in which the violation occurred.

These circumstances in Georgia may create a tax risk that is more significant than in other countries. Management believes that, based on its interpretation of Georgian tax legislation, official statements, and court decisions, it adequately ensures compliance with tax obligations. However, interpretations by relevant authorities may differ, and the implementation of such interpretations could have a material impact on the current financial statements.

Legal disputes

As of December 31, 2024, the company is involved in a legal dispute with a co-owner of the yard at its office located on Lado Asatiani Street, in which the company is named as the defendant. The first instance court ruled in favor of the company. The plaintiff has appealed this decision.

18. Related Party Transactions

Related parties or related party transactions, as defined by IFRS "Related Party Disclosures," represent:

- Parties that directly or indirectly, through one or more intermediaries, control, are controlled by, or are under common control with the company (including parent entities, subsidiaries, and fellow subsidiaries); hold an interest in the company that gives them significant influence; or have joint control over the company.
- Associates – enterprises over which the company has significant influence but which are neither subsidiaries nor joint ventures.
- Joint ventures in which the company is a venturer.
- Key management personnel of the company or of its parent.
- Close family members of the individuals referred to above.
- Entities controlled, jointly controlled, or significantly influenced by, or for which significant voting power is held, directly or indirectly, by any individual referred to above.
- Post-employment benefit plans for the employees of the company or of any entity that is a related party to the company.

When assessing each potential related party relationship, attention is given to the substance of the relationship rather than merely its legal form.

The following information is presented regarding balances and transactions with related parties as of December 31, 2024 and 2023.

During the year, the management team received the following remuneration, which is included in the employee benefits expense:

	2024	2023
Management salaries and bonuses	160.166	153.652

19. Events after the Reporting Period

No events have occurred after the reporting period that would require adjustment to the financial statements and/or disclosure in the explanatory notes.