ANNUAL FINANCIAL REPORT

[2022]

"Metro Mep" JSC

Georgia, Batumi

Annual financial report for 2022

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"Metro Mep" JSC

Financial condition reporting

Annual financial report for 2022

Amounts are given in GEL unless otherwise indicated

	Note	31.12.2022	31.12.2021
Assets			
Cash and their equivalents (own)	4	46.268	120.678
Fixed assets	5	25.543	32.702
Intangible assets	6	14.910	5.903
Trading requirements		7.414.867	4.585.778
Other assets		1.366.530	1.355.171
Right to use the asset			
Total assets		**8.868.119**	**6.100.232**
Short-term liabilities			
Trade commitments		9.425	
Payroll obligation			
Tax liabilities			154.413
Short term loans	7		
Other			146.564
Total Short-term liabilities		**9.425**	**300.977**
Long-term liabilities			
Long term loans	7		
Total Long-term liabilities		-	-
Capital			
Authorized capital		100.000	10.000
Revaluation reserve		5.790.711	5.789.255
Accumulated other full revenues			
Retained earnings			
Current period profit/(loss)		2.967.982	
Total equity		**8.858.694**	**5.799.255**
Total equity and liabilities		**8.868.119**	**6.100.232**
		-	(0)

Kumsal Sari
Director

Ramaz Bolkvadze
Director

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	Content	31.12.2022	31.12.2021
Operating income			
Income from operating activities		3.290.462	5.484.526
Other income			
Net profit from rate difference			
Total income		**3.290.462**	**5.484.526**
Operating expense			
Salary and other benefits issued		(179.936)	
Depreciation and amortization		(9.428)	(1.629.924)
Operational and administrative expenses	8	(135.612)	(725.732)
Total costs		**(324.976)**	**(2.355.656)**
Operating profit / loss		**2.965.486**	**3.128.870**
Non-operating profit / loss			
Interest income		395	
Interest expense		(355)	(2.749.727)
Profit / loss from rate difference		3.121	1.788.609
Other non-operating expenses		802	
Other non-operating income		(1.468)	689.782
Total non-operating profit/loss		**2.496**	**(271.336)**
Net profit/(loss)for the reporting period		**2.967.982**	**2.857.534**

Kumsal Sari
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"Metro Mep" JSC

Financial condition reporting

Annual financial report for 2022

Amounts are given in GEL unless otherwise indicated

	31.12.2022	31.12.2021
Cash flows from operating activities:		
Funds received from customers	973.657	8.093.234
Amounts paid to suppliers	(146.534)	171.191
Interest earned / paid	(355)	(1.352.491)
Taxes paid	(773.350)	(5.314)
Growth of other assets		43.202
Capital increase		
Salaries and other benefits paid	(133.995)	
Dividend Issuance		(8.554.841)
Other amounts paid	(3.650)	
Net cash from operating activities	**(84.227)**	**(1.605.019)**
Cash flows from investment activities:		
Funds paid for the purchase of financial assets for sale:	-	480.372
Net cash from investment activities:	**-**	**480.372**
Interest income	395	
Payment of the loan obligation		1.144.267
Capital increase		
Net cash from financial activities	**395**	**1.624.639**
Effect of rate difference on monetary funds	(7)	103.468
Financial Income		(101.058)
Depreciation and Amortization	9.428	46.822
Cash and their equivalents at the beginning of the reporting period	**120.678**	**51.826**
Cash and their equivalents at the end of the reporting period	**46.268**	**120.678**
Net increase or decrease in cash and their equivalents	**84.622**	**68.852**

Kumsal Sari
Director

Ramaz Bolkvadze
Director

	Charter Capital	Retained earnings	Total
Balance as for 1 Jan 2020	**10.000**	**130.087**	**140.087**
Contribution to Charter capital			-
Current Year Profit/Loss		5.385.257	5.385.257
Balance as for 31 Dec 2020	**10.000**	**5.515.344**	**5.525.344**
Current Year Profit/Loss		275.367	275.367
Dividends			-
Balance as for 31 Dec 2021	**10.000**	**5.790.711**	**5.800.711**
Contribution to Charter capital	90.000		90.000
Current Year Profit/Loss		2.967.982	2.967.982
Dividends			-
Balance as for 31 Dec 2022	**100.000**	**8.758.693**	**8.858.693**

(0)

Kumsal Sari
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Ramaz Bolkvadze
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Explanatory notes

1. General information

JSC Metro Mef 445466175 was established in accordance with the Law of the Kingdom of July 2, 2015. Legal address of the company: Sakartvelo, K. Batumi, Lekh and Maria Kaczynski Kucha #1A Hall D, Floor 5, Apartment D407

The legal form of the company was the joint stock company. The company's capital was increased by 90,000 GEL in 2022, reaching 100,000 GEL. The company is 100% owned by "Metro Avrasya Investment Georgia JSC".

Development of construction projects is the basic sufficiency of company.

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Director

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Explanatory notes

2. Important Principles Used in Compiling Financial Statements

The company's financial report includes:
- Financial statement;
- Profit and loss statement;
- Cash flow statement;
- Consolidated statement of changes in capital;
- Explanatory notes;

The financial statements are prepared in compliance with the following basic accounting principles:
- A functioning enterprise;
- Principle of accrual;
- Continuity of presentation;
- Materiality;

Consolidation of financial statements is made according to International Financial Reporting Standards (IFRS).

Calculating period:
The accounting period of the company coincides with the calendar year, from January 1 to December 31.

Fixed assets and intangible assets:

The company's fixed assets include: furniture, computers, vehicles and other inventory.
Fixed assets and intangible assets are initially valued at cost, and are reflected in the balance sheet after deducting accumulated depreciation (amortization).

Depreciation of fixed assets is accrued from the date of entry into operation, using the straight-line method, their useful service life is defined as 5 years.

Maintenance and repair costs of fixed assets, which do not increase the value of fixed assets, are allocated to operating expenses.

Explanatory notes

3. Significant accounting policies

3.1 Foreign currencies
Foreign currency transactions
In preparing the financial statements, transactions in currencies other than the functional currency are recorded at the rates of exchange defined by the National Bank of Georgia prevailing on the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates defined by the National Bank of Georgia prevailing on the reporting date, which is 2.7020 Georgian Lari for 1 US dollar and 2.8844 Georgian Lari for 1 euro as of 31 December 2022 (31 December 2021: 3.0976 Georgian Lari for 1 US dollar and 3.5040 Georgian Lari for 1 euro). Non-monetary items are not retranslated and are measured at historic cost (translated using the exchange rates at the transaction date), except for non-monetary items carried at fair value that are denominated in foreign currencies which are retranslated at the rates prevailing on the date when the fair value was determined. Exchange differences arising on the settlement and retranslation of monetary items, are included in profit or loss for the period.

3.2 Property and equipment
Property and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. Cost comprises purchase price including import duties and non-refundable purchase taxes and other directly attributable costs. When an item of property and equipment comprises, major components having different useful lives, they are accounted for as separate items of property and equipment.

3.3 Inventories
Inventories are assets held for sale in the ordinary course of business or in the form of materials or supplies to be consumed in the production process or in the rendering of services. Items such as spare parts, stand-by equipment and servicing equipment are also recognized as inventories unless they meet the definition of property and equipment. Inventories are stated at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. The cost of inventories is based on the weighted average principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

Explanatory notes

3. Significant accounting policies (continue)

3.4 Financial instruments
Recognition and derecognition

Financial assets and financial liabilities are recognized when the Company becomes a part to the contractual provisions of the financial instrument. Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all risks and rewards are transferred. Financial liabilities are derecognized when they are extinguished, discharged, cancelled or expire.

3.5 Cash and cash equivalents
Cash and bank balances comprise cash on hand and bank accounts.

3.6 Equity
Equity instruments issued by the Company are recorded at the proceeds received.
Share capital represents the nominal value of shares that have been issued.
Accumulated profit/loss include all current and prior period retained profits.
All transactions with owners are recorded separately within equity
Dividends are recognized as a liability in the period in which they are declared.

3.7 Income tax
Current tax is the expected tax payable/(recoverable) on the taxable income/(loss) for the year, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Current taxation model effective in Georgia since 1 January 2017 (the "Estonian model of corporate taxation") implies zero corporate tax rate on retained earnings and a 15% corporate tax rate on distributed earnings. As a result, starting 1 January 2017 companies pay corporate income tax on earnings distribution (profit distributed to shareholders as dividends) and on individual transactions that may be considered as indirect distribution of earnings (benefits, gifts, payments, non-arm's length cross- border transactions with related parties, expenses not related to economic activities, etc). The corporate income tax arising from distribution of dividends is recognized as an expense in the period when dividends are declared, regardless of the actual payment date or the period for which dividends are distributed. The tax rate is 15/85 of the amount of net distribution. For tax payable on any dividends declared and paid in 2017 and later, from earnings accumulated prior to 2016, tax credit is available for corporate income tax paid on undistributed earnings under the previous model.

Explanatory notes

3. Significant accounting policies (continue)

3.8 Employee benefits
Short-term employee benefits are benefits expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related services and include:

(a) wages, salaries and bonuses;
(b) paid annual leaves and paid disability leaves;
(c) social security contributions and other social payments;

When employees render services to the Company during the accounting period, the Company recognizes the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

(a) as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the Company shall recognize that excess as an asset (prepaid expense) to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

(b) as an expense, unless the amount is included in the cost of an asset.

3.9 Revenue
The main and only income of the company is the rental of commercial areas in the shopping mall area.

It was transferred with a management agreement in order to reduce operational risks and intensity in rental transactions. For management works, it pays 3% of the monthly rent from the shopping mall as a management share.

Cash, their equivalents and deposits

Note 4	31.12.2022	31.12.2021
Georgian Gel (GEL)	46.267	64.568
USD Dollar (USD)	1	56.110
Sum	**46.268**	**120.678**

Kumsal Sari
Director

Ramaz Bolkvadze
Director

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Fixed Assets

Note 5	Vehicles	Office Inventory and Other	Sum
Historical value			
Balance 2020 December 31	**369.384**	***225.666***	***595.050***
Addiation	-	-	-
Revaluation	-	-	-
Exit	-	-	-
Balance 2021 January 01	**369.384**	***225.666***	***595.050***
Addiation	-	*34.915*	34.915
Revaluation	-	-	-
Exit	(366.504)	(148.783)	(515.287)
Balance 2021 December 31	**2.880**	**111.798**	**114.678**
Addiation	-	-	-
Revaluation	-	-	-
Exit	-	-	-
Balance 2022 January 01	**2.880**	**111.798**	**114.678**
Addiation	-	-	-
Revaluation	-	-	-
Exit	-	(79.763)	(79.763)
Balance 2022 December 31	**2.880**	**32.035**	**34.915**
Accumulated depreciation			
Balance 2020 December 31	***(300.516)***	***(215.017)***	**(515.533)**
Balance 2021 January 01	**(300.516)**	**(215.017)**	**(515.533)**
Period depreciation	*(33.370)*	*(12.796)*	*(46.166)*
Exit	*331.007*	*148.716*	*479.723*
Balance 2021 December 31	***(2.879)***	***(79.097)***	***(81.976)***
Balance 2022 January 01	***(2.879)***	***(79.097)***	***(81.976)***
Period depreciation	-	*(7.159)*	*(7.159)*
Exit		*79.763*	*79.763*
Balance 2022 December 31	***(2.879)***	***(6.493)***	***(9.372)***
Net carrying value			
Balance 2020 December 31	***68.868***	***10.649***	***79.517***
Balance 2021 December 31	***1***	***32.701***	***32.702***
Balance 2022 December 31	***1***	***25.542***	***25.543***
			(0)

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Intangible assets			
Note 6	Software	Other	Sum
Historical value			
Balance 2020 December 31	9.826	-	*9.826*
Mateba			
Revaluation			
Exit			
Balance 2021 December 31	9.826	-	*9.826*
Addiation	*11.277*		
Revaluation			
Exit			
Balance 2022 December 31	21.103	-	21.103

Accumulated depreciation			
Balance 2020 December 31	(3.268)	-	*(3.268)*
Period depreciation	*(655)*	-	(655)
Balance 2021 December 31	(3.923)	-	*(3.923)*
Period depreciation	*(2.270)*	-	(2.270)
Balance 2022 December 31	(6.193)	-	*(6.193)*

Net carrying value			
Balance 2020 December 31	*6.558*	-	*6.558*
Balance 2021 December 31	*5.903*	-	*5.903*
Balance 2022 December 31	*14.910*	-	*14.910*
			(0)

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Trade commitments

	31.12.2022	31.12.2021
Obligations with resident suppliers	(9.425)	(11.794)
Financial obligations	-	(134.769)
Other	-	-
Sum	**(9.425)**	**(146.563)**

Kumsal Sari
Director

Ramaz Bolkvadze
Director

Operational and administrative expenses

Note 8		31.12.2022		31.12.2021
Salary Expenses	-	179.936		
Lease Expenses	-	42.313	-	7.252
Property Tax	-	291		
Bank account Expenses	-	47	-	452
Financial Consultancy Expenses	-	22.881	-	15.254
Registry Expenses			-	1.267
Communal Expenses	-	5.236	-	23.948
Tax Expenses	-	1.357	-	1.196.373
Other Expenses	-	72.915	-	782.840
Sum		**(324.976)**		**(2.027.386)**

Kumsal Sari
Director

Ramaz Bolkvadze
Director