OPPA JSC

International Financial Reporting Standards
Separate Financial Statements and
Independent Auditor's Report

31 December 2023

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INDEPENDENT AUDITOR'S REPORT

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Independent Auditor's Report

To the Shareholder and Management of JSC OPPA

Our opinion

In our opinion, the separate financial statements present fairly, in all material respects, the separate financial position of JSC OPPA (the "Company") as at 31 December 2023, and the Company's separate financial performance and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and with the requirements of the Law of Georgia on Accounting, Reporting and Auditing.

What we have audited

The Company's separate financial statements comprise:

- the separate statement of financial position as at 31 December 2023;
- the separate statement of profit or loss and other comprehensive income for the year then ended;
- the separate statement of changes in equity for the year then ended;
- the separate statement of cash flows for the year then ended; and
- the notes to the separate financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the separate financial statements section of our report.

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

Independence

We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Other information

Management is responsible for the other information. The other information comprises the Management Report (but does not include the separate financial statements and our auditor's report thereon).

Our opinion on the separate financial statements does not cover the Management Report.

In connection with our audit of the separate financial statements, our responsibility is to read the Management Report and, in doing so, consider whether the Management Report is materially inconsistent with the separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement in the Management Report, we are required to report that fact. We have nothing to report in this regard.

In addition, we are required by the Law of Georgia on Accounting, Reporting and Auditing to express an opinion whether certain parts of the Management Report comply with respective regulatory normative acts and to consider whether the Management Report includes the information required by the Law of Georgia on Accounting, Reporting and Auditing.

Based on the work undertaken in the course of our audit, in our opinion:

- the information given in the Management Report for the financial year for which the separate financial statements are prepared is consistent with the separate financial statements;
- the information given in the Management Report complies with the requirements of paragraph 6 of article 7 of the Law of Georgia on Accounting, Reporting and Auditing.

Responsibilities of management for the separate financial statements

Management is responsible for the preparation and fair presentation of the separate financial statements in accordance with International Financial Reporting Standards and with the requirements of the Law of Georgia on Accounting, Reporting and Auditing, and for such internal control as management determines is necessary to enable the preparation of the separate financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with management 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.

PricewaterhouseCoopers Georgia LLC (Reg.# SARAS-F-775813)

Lasha Janelidze (Reg.#SARAS-A-562091)

15 May 2024
Tbilisi, Georgia

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Lasha Janelidze (Reg.#SARAS-A-562091)

15 May 2024
Tbilisi, Georgia

In thousands of Georgian Lari	Note	31 December 2023	31 December 2022
ASSETS			
Current assets			
Cash and cash equivalents	11	17,158	11,264
Trade and other receivables	13	348	325
Inventory	15	3,143	2,695
Prepayments	14	1,250	1,581
Loans issued	12	6,568	-
Tax assets, net		28	-
Total current assets		**28,495**	**15,865**
Non-current assets			
Loans issued	12	-	8,608
Other intangible assets	9	3,225	3,299
Investments in subsidiary		1,222	1,654
Property, plant and equipment	8	9,313	8,594
Total non-current assets		**13,760**	**22,155**
TOTAL ASSETS		**42,255**	**38,020**
LIABILITIES			
Current liabilities			
Trade and other payables	18	19,899	15,392
Advances received	19	716	1,773
Tax payables, net		-	52
Lease liability	10	612	593
Total current liabilities		**21,227**	**17,810**
Non-current liabilities			
Lease liability	10	620	841
Total non-current liabilities		**620**	**841**
TOTAL LIABILITIES		**21,847**	**18,651**
EQUITY			
Share capital	17	3,616	3,616
Retained earnings		16,792	15,753
TOTAL EQUITY		**20,408**	**19,369**
TOTAL EQUITY AND LIABILITIES		**42,255**	**38,020**

Approved for issue and signed on behalf of the Management on 15 May 2024:

Levan Kirvalidze
General Director

Ketevan Maisuradze
Head of Financial Department

In thousands of Georgian Lari	Note	31 December 2023	31 December 2022
ASSETS			
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Approved for issue and signed on behalf of the Management on 15 May 2024:

Levan Kirvalidze
General Director

Ketevan Maisuradze
Head of Financial Department

In thousands of Georgian Lari	Note	2023	2022
Revenue from contracts with customers	20	41,081	40,712
Service expenses	21	(27,134)	(27,862)
Labour costs	22	(10,112)	(10,226)
Marketing expenses and product development		(482)	(454)
Materials expenses		(24)	(54)
Other expenses		(424)	(231)
Other income		429	540
Earnings before finance income, finance costs, income tax expense, depreciation and amortization		**3,334**	**2,425**
Depreciation and amortization	8,9	(2,897)	(2,608)
Operating profit/(loss)		**437**	**(183)**
Finance income	24	772	725
Finance costs	23	(170)	(2,160)
Profit/(Loss) before income tax		**1,039**	**(1,618)**
Income tax expense		-	-
PROFIT(LOSS) FOR THE YEAR		**1,039**	**(1,618)**
Other comprehensive income for the year		-	-
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		**1,039**	**(1,618)**

In thousands of Georgian Lari	**Share capital**	**Retained earnings**	**Total**
Balance at 1 January 2022	**3,616**	**17,371**	**20,987**
Loss for the year	-	(1,618)	**(1,618)**
Total comprehensive loss for the year	-	(1,618)	**(1,618)**
Balance at 31 December 2022	**3,616**	**15,753**	**19,369**
Profit for the year	-	1,039	**1,039**
Total comprehensive income for the year	-	1,039	**1,039**
Balance at 31 December 2023	**3,616**	**16,792**	**20,408**

In thousands of Georgian Lari	Note	2023	2022
Cash flows from operating activities			
Profit/(loss) before income tax		1,039	(1,618)
Adjustments for:			
Depreciation and amortization expense	8, 9	2,897	2,608
Finance income	24	(772)	(725)
Finance costs	23	170	2,160
Net loss on disposal of property, plant and equipment		745	167
Net gain on disposal of right of use asset		268	100
Net impairment losses on trade and other receivables		107	49
Operating cash flows before working capital changes		**4,454**	**2,741**
Change in inventories		(448)	773
Change in trade and other receivables		(23)	(108)
Change in prepayments		331	(43)
Change in trade and other payables		4,455	2,986
Change in advances received		(1,056)	(2,722)
Changes in working capital		**3,259**	**886**
Interest received		79	178
Interest paid	16	(170)	(175)
Net cash from operating activities		**7,622**	**3,630**
Cash flows from investing activities			
Purchases of property, plant and equipment		(3,001)	(2,819)
Purchases of intangible assets		(825)	(853)
Capital contribution in/(withdrawal from) subsidiary		432	(440)
Loan repayments received from related parties		2,262	2,448
Net cash used in investing activities		**(1,132)**	**(1,664)**
Cash flows from financing activities			
Payment of principal portion of lease liabilities	16	(710)	(631)
Payment of principal portion of borrowings	16	-	(1,050)
Net cash used in financing activities		**(710)**	**(1,681)**
Effect of exchange rate changes on cash and cash equivalents		114	(74)
Net increase in cash and cash equivalents		**5,894**	**211**
Cash and cash equivalents at the beginning of the year	11	11,264	11,053
Cash and cash equivalents at the end of the year	11	**17,158**	**11,264**

1. The Company and its Operations

JSC OPPA (the "Company", formerly JSC Nova Technology) is a joint stock company registered in Georgia. As at 31 December 2023 and 2022 the Company's parent entity, owning 100% of shares, was Czech Energo-Pro A.S (the "Parent"). The Parent is registered and operating in Czech Republic and 100% of its shares are owned by DK Holding Investments s.r.o. Mr. Jaromir Tesar owns 100% shares of DK Holding Investments s.r.o. and is an ultimate controlling party of the Company.

***Principal activity*.** The Company owns instant payment terminals and provides payment services to customers through its own terminals, as well as through terminals owned by dealers, internet-channels and Android and IOS application.

Registered address and place of business. The Company's registered address is 15 Al. Kazbegi ave. 0160 Tbilisi, Georgia. The Company has been set up in accordance with Georgian regulations and is registered by the Public Registry of Georgia with identification number: 248429598.

Presentation currency. These separate financial statements are presented in Georgian Lari ("GEL"), unless otherwise stated.

2. Operating Environment of the Company

Company's principal business activities are within Georgia. Georgia displays certain characteristics of an emerging market, including relatively high inflation and high interest rates. Tax, currency, and customs legislation is subject to varying interpretations and contributes to the challenged faced by companies operating in Georgia. The future economic direction of Georgia is largely dependent upon the effectiveness of economic, financial, and monetary measures undertaken by the Government, together with tax, legal, regulatory and political developments.

COVID-19. In March 2020, the World Health Organisation declared the outbreak of COVID-19 a global pandemic. In response to the pandemic, the [Country] authorities implemented numerous measures attempting to contain the spreading and impact of COVID-19, such as travel bans and restrictions, quarantines, shelter-in-place orders and limitations on business activity, including closures. Some of those measures were subsequently relaxed, however, as of 31 December 2023, there remains a risk that the authorities may impose additional restrictions in 2024 as a response to possible new variants of the virus.

War between Russia and Ukraine. The long-term effects of the current economic situation are difficult to predict and management's current expectations and estimates could differ from the actual results.

3. Basis of Preparation

Basis of preparation. These separate financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), under the historical cost convention and with the requirements of the Law of Georgia on Accounting, Reporting and Auditing. The principal accounting policies applied in the preparation of these separate financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated. Refer to Note 5.

The preparation of separate financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the separate financial statements are disclosed in Note 4.

Foreign currency translation. The functional currency of the Company is the currency of the primary economic environment in which the entity operates. The functional currency of the Company and its presentation currency is the national currency of Georgia, Georgian Lari ("GEL").

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

3 Basis of Preparation (Continued)

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement within 'finance income or costs'. All other foreign exchange gains and losses are presented in the income statement within 'Other operating expenses'. Translation at year-end rates does not apply to non-monetary items that are measured at historical cost. Non-monetary items measured at fair value in a foreign currency, including equity investments, are translated using the exchange rates at the date when the fair value was determined.

Effects of exchange rate changes on non-monetary items measured at fair value in a foreign currency are recorded as part of the fair value gain or loss.

At 31 December 2023, the principal rate of exchange, as determined by the National Bank of Georgia, used for translating foreign currency balances was US Dollar 1 = GEL 2.6894 and Euro ("EUR") 1 = GEL 2.9753 (As at 31 December 2022: US Dollar 1 = GEL 2.7020 and Euro ("EUR") 1 = GEL 2.8844). At present, the Georgian Lari is not a freely convertible currency in most countries outside of Georgia.

4. Critical Accounting Estimates and Judgements in Applying Accounting Policies

The Company makes estimates and assumptions that affect the amounts recognised in the separate financial statements and the carrying amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Management also makes certain judgements, apart from those involving estimations, in the process of applying the accounting policies. Judgements that have the most significant effect on the amounts recognised in the separate financial statements and estimate that can cause a significant adjustment to the carrying amount of assets and liabilities within the next financial year include:

Useful lives of property and equipment. – see further information in Note 8.

ECL measurement – see further information in Note 13

Going concern*.* As of 31 December 2023, the Company's net current position is positive GEL 7,268 thousand (2022: negative GEL 1,945 thousand). In addition in 2023 the Company had total comprehensive income of 1,039 thousand. The management is of the view that it is appropriate to prepare these separate financial statements on a going concern basis. There are risks and uncertainties, many of which are beyond management's control that could cause a deviation between actual results and those expected. The Company considers following facts in assessing the adequacy of going concern assumptions:

- The Company's current assets are highly liquid and mostly available on demand. As of 31 December 2023, the Company's cash balance totalled GEL 17,158.
- Related party loans already issued will be fully repaid in 2024 according to their maturity.
- The Company has no borrowings during the year 2023.

Management prepared these separate financial statements on a going concern basis, which contemplates the realisation of assets and the satisfaction of liabilities in the normal 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.

5. Adoption of New or Revised Standards and Interpretations

The following amendments became effective from 1 January 2023:

Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of Accounting policies (issued on 12 February 2021 and effective for annual periods beginning on or after 1 January 2023). IAS 1 was amended to require companies to disclose their material accounting policy information rather than their significant accounting policies. The amendment provided the definition of material accounting policy information.

5. Adoption of New or Revised Standards and Interpretations (continued)

The amendment also clarified that accounting policy information is expected to be material if, without it, the users of the financial statements would be unable to understand other material information in the financial statements. The amendment provided illustrative examples of accounting policy information that is likely to be considered material to the entity's financial statements. Further, the amendment to IAS 1 clarified that immaterial accounting policy information need not be disclosed. However, if it is disclosed, it should not obscure material accounting policy information. To support this amendment, IFRS Practice Statement 2, 'Making Materiality Judgements' was also amended to provide guidance on how to apply the concept of materiality to accounting policy disclosures.

The amendments have had an impact on the Company's disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the Company's separate financial statements.

Amendments to IAS 12 Income taxes: International Tax Reform – Pillar Two Model Rules (issued 23 May 2023).

Amendments to IAS 8: Definition of Accounting Estimates (issued on 12 February 2021 and effective for annual periods beginning on or after 1 January 2023). The amendment to IAS 8 clarified how companies should distinguish changes in accounting policies from changes in accounting estimates.

IFRS 17 "Insurance Contracts" (issued on 18 May 2017 and effective for annual periods beginning on or after 1 January 2023).

Amendments to IFRS 17 and an amendment to IFRS 4 (issued on 25 June 2020 and effective for annual periods beginning on or after 1 January 2023).

Transition option to insurers applying IFRS 17 – Amendments to IFRS 17 (issued on 9 December 2021 and effective for annual periods beginning on or after 1 January 2023).

Deferred tax related to assets and liabilities arising from a single transaction – Amendments to IAS 12 (issued on 7 May 2021 and effective for annual periods beginning on or after 1 January 2023).

The application of the amendments had no significant impact on the Company's separate financial statements.

6. New Accounting Pronouncements

Certain new standards and interpretations have been issued that are mandatory for the annual periods beginning on or after 1 January 2024 or later, and which the Company has not early adopted.

Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback (issued on 22 September 2022 and effective for annual periods beginning on or after 1 January 2024).

Classification of liabilities as current or non-current – Amendments to IAS 1 (originally issued on 23 January 2020 and subsequently amended on 15 July 2020 and 31 October 2022, ultimately effective for annual periods beginning on or after 1 January 2024).

Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements (Issued on 25 May 2023).

Amendments to IAS 21 Lack of Exchangeability (Issued on 15 August 2023)

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28 (issued on 11 September 2014 and effective for annual periods beginning on or after a date to be determined by the IASB).

The Company is currently assessing the impact of the amendments on its separate financial statements.

7. Balances and Transactions with Related Parties

Parties are generally considered to be related if the parties are under common control or if one party has the ability to control the other party or can exercise significant influence or joint control over the other party in making financial and operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form.

The outstanding balances with related parties were as follows:

	31 December 2023	31 December 2022
In thousands of Georgian Lari	**Entities under common control**	**Entities under common control**
Loans issued (Note 12)	6,557	8,598
Trade and other payables	2,955	1,942

The transactions, income and expense items with related parties were as follows:

	31 December 2023	31 December 2022
In thousands of Georgian Lari	**Entities under common control**	**Entities under common control**
Finance income	409	546
Revenue	39	-
Services received	(148)	(144)

Key management compensation is presented below:

	2023		2022	
In thousands of Georgian Lari	**Expense**	**Accrued liability**	**Expense**	**Accrued liability**
Short-term benefits:				
- Salaries	(1,493)	-	(1,560)	-
- Short-term bonuses	-	-	(377)	(163)
Total key management compensation	**(1,493)**		**(1,937)**	**(163)**

8. Property, Plant and Equipment

Material accounting policy

Property and equipment are stated at cost, less accumulated depreciation and provision for impairment, where required.

Depreciation. Uninstalled equipment and land is not depreciated. Depreciation on other items of property and equipment is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives:

	Useful lives in years
Buildings	20
Payment terminals and parts	5-10
Office equipment	5-10
Vehicles	5-10
Other fixed assets	5-10

Right-of-use assets. The Company leases offices and warehouses. Contracts may contain both lease and non-lease components. The Company allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

Assets arising from a lease are initially measured on a present value basis.

8. Property, Plant and Equipment (Continued)

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying assets' useful lives. Depreciation on the items of the right-of-use assets is calculated using the straight-line method over their estimated useful lives as follows:

	Useful lives in years
Buildings	3 to 5

Critical Accounting Estimates and Judgments in Applying Accounting Policies

Useful lives of property and equipment. The estimation of the useful lives of items of property and equipment is a matter of judgment based on the experience with similar assets. The future economic benefits embodied in the assets are consumed principally through use. However, other factors, such as technical or commercial obsolescence and wear and tear, often result in the diminution of the economic benefits embodied in the assets. Management assesses the remaining useful lives in accordance with the current technical conditions of the assets and estimated period during which the assets are expected to earn benefits for the Company. The following primary factors are considered: (a) expected usage of the assets; (b) expected physical wear and tear, which depends on operational factors and maintenance programme; and (c) technical or commercial obsolescence arising from changes in market conditions.

Were the estimated useful lives to differ by 10% from management's estimates, the impact on depreciation for the year ended 31 December 2023 would be to increase/decrease it by GEL 211 thousand (2022: GEL 203 thousand).

8. Property, Plant and Equipment (Continued)

Movements in the carrying amount of property, plant and equipment were as follows:

In thousands of Georgian Lari	Buildings	Office equipment	Payment terminals and parts	Vehicles	Other fixed assets	Right of use assets*	Total
Cost							
1 January 2022	**2**	**1,120**	**12,703**	**330**	**166**	**3,164**	**17,485**
Additions	-	181	2,613	17	4	211	3,026
Disposals	-	(16)	(581)	(35)	(16)	(170)	(818)
31 December 2022	**2**	**1,285**	**14,735**	**312**	**154**	**3,205**	**19,693**
Additions	-	832	2,087	29	53	700	3,701
Disposals	-	(38)	(2,028)	-	-	(649)	(2,715)
31 December 2023	**2**	**2,079**	**14,794**	**341**	**207**	**3,256**	**20,679**
Accumulated depreciation							
1 January 2022	**-**	**523**	**7,601**	**204**	**104**	**1,186**	**9,618**
Depreciation charge	-	194	1,089	55	30	664	2,032
Disposals	-	(14)	(438)	(16)	(13)	(70)	(551)
31 December 2022	**-**	**703**	**8,252**	**243**	**121**	**1,780**	**11,099**
Depreciation charge	-	289	1,065	55	22	681	**2,112**
Disposals	-	(30)	(1,435)	-	-	(380)	**(1,845)**
31 December 2023	**-**	**962**	**7,882**	**298**	**143**	**2,081**	**11,366**
Carrying amount							
1 January 2022	**2**	**597**	**5,102**	**126**	**62**	**1,978**	**7,867**
31 December 2022	**2**	**582**	**6,483**	**69**	**33**	**1,425**	**8,594**
31 December 2023	**2**	**1,117**	**6,912**	**43**	**64**	**1,175**	**9,313**

**The Company's lease contracts in the scope of IFRS 16 consist of only commercial spaces (buildings). The movements on right-of-use assets during the year are presented under property, plant and equipment and maturity analysis of respective lease liabilities is disclosed in Note 28.*

9. Intangible Assets

Material accounting policy

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

Intangible assets, that are acquired or developed by the Company and that have finite useful lives, are stated at cost less accumulated amortization and impairment losses. The Company holds operating software and licenses, which are amortized on the straight-line basis over their estimated useful lives:

	Useful lives in years
Licenses	2-10
Operating software	2-10

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

Research costs are expensed as incurred. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred. An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognized as an intangible asset when the Company can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale;
- Its intention to complete and its ability and intention to use or sell the asset;
- How the asset will generate future economic benefits;
- The availability of resources to complete the asset;
- The ability to measure reliably the expenditure during development.

The amount initially recognized for internally-generated intangible assets is the sum of the expenditure incurred before the date when the intangible asset first was available for use or sale.

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete, and the asset is available for use. It is amortised over the period of expected future benefit. Amortisation is recorded under depreciation and amortization charge. During the period of development, the asset is tested for impairment annually.

9. Intangible Assets (Continued)

Movements in the carrying amount of intangible assets were as follows:

In thousands of Georgian Lari	Licenses	Operating software	Work in progress	Total
Cost				
1 January 2022	**2,430**	**1,008**	**630**	**4,068**
Additions	192	15	646	853
Transfers	-	493	(493)	-
Disposals	(1)	(8)	-	(9)
31 December 2022	**2,621**	**1,508**	**783**	**4,912**
Additions	332	-	493	825
Transfers	74	-	(74)	-
Disposals	(81)	-	(138)	(219)
31 December 2023	**2,946**	**1,508**	**1,064**	**5,518**
Accumulated depreciation				
1 January 2022	**705**	**341**	**-**	**1,046**
Amortization charge	561	15	-	576
Disposals	(1)	(8)	-	(9)
31 December 2022	**1,265**	**348**	**-**	**1,613**
Amortization charge	600	161	-	**761**
Disposals	(81)	-	-	**(81)**
31 December 2023	**1,784**	**509**	**-**	**2,293**
Net book				
1 January 2022	**1,725**	**667**	**630**	**3,022**
31 December 2022	**1,356**	**1,160**	**783**	**3,299**
31 December 2023	**1,162**	**999**	**1,064**	**3,225**

2023 additions include GEL 493 thousand of work in progress related to internally developed operating software (2022: 646 thousand). During 2023 no completed internally developed software was transferred to operating software (2022: GEL 493 thousand).

10. Right-of-use Assets and Lease Liabilities

Material accounting policy

The Company leases various buildings. Rental contracts are typically made for fixed periods of 1 to 4 years. Right-of-use assets are disclosed in Note 8 within the Property, Plant and Equipment.

Lease liabilities. Liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of fixed payments for lease, less any lease incentives receivable.

Extension and termination options are included in all leases across the Company. These terms are used to maximise operational flexibility in terms of managing the assets used in the Company's operations. Extension options (or period after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases of the Company, the Company's incremental borrowing rate is used, being the rate that the Company would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, collateral and conditions.

To determine the incremental borrowing rate, the Company uses publicly available market interest rates, prevailing on the Georgian market.

Lease payments are allocated between principal and finance costs. The finance costs are charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Payments associated with short-term leases and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

The Company recognised lease liabilities as follows:

In thousands of Georgian Lari	**31 December 2023**	**31 December 2022**
Short-term lease liabilities	612	593
Long-term lease liabilities	620	841
Total lease liabilities	**1,232**	**1,434**

Interest expense included in finance costs of 2023 was GEL 168 thousand (2022: GEL 154 thousand).

Expenses relating to short-term leases and to leases of low-value assets that are not shown as short-term leases:

In thousands of Georgian Lari	**2023**	**2022**
Expense relating to short-term leases	-	-
Expense relating to leases of low-value assets that are not shown above as short-term leases	(1,919)	(1,794)

Total cash outflow for leases in 2023 was GEL 168 thousand (2022: GEL 158 thousand).

The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as collateral for borrowings.

11. Cash and Cash Equivalents

Material accounting policy

Cash and cash equivalents include cash in hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less. Cash and cash equivalents are carried at AC because: (i) they are held for collection of contractual cash flows and those cash flows represent SPPI, and (ii) they are not designated at FVTPL.

In thousands of Georgian Lari	**31 December 2023**	**31 December 2022**
Cash in banks	8,169	5,955
Cash in transit	7,025	3,252
Cash in terminal network	1,890	1,989
Cash on hand	74	68
Cash and cash equivalents	**17,158**	**11,264**

Cash in bank includes the bank account, designated only for day-to-day operations and for settlement of the payables to service providers, according to the requirements of the National Bank of Georgia. As at 31 December 2023 the balance of such bank account amounted GEL 2,035 thousand (2022: GEL 3,282 thousand). This bank account is restricted from paying dividends and is maintained to settle obligations towards service providers.

Cash in banks earn interest based on agreed bank interest rates. Finance income on current accounts in 2023 comprised GEL 79 thousand (2022: GEL 178 thousand).

12. Loans Issued

Material accounting policy

Initial recognition. Loans issued classified at FVTPL are initially recorded at fair value. All other categories of loans issued are initially recorded at fair value adjusted for transaction costs. Fair value at initial recognition is best evidenced by the transaction price. A gain or loss on initial recognition is only recorded if there is a difference between fair value and transaction price which can be evidenced by other observable current market transactions in the same instrument or by a valuation technique whose inputs include only data from observable markets. After the initial recognition, an ECL allowance is recognised for loans issued measured at AC, resulting in an immediate accounting loss.

Classification and subsequent measurement – measurement categories. The Company classifies loans issued in the following measurement categories: FVTPL, FVOCI and AC. The classification and subsequent measurement of loans issued depends on: (i) the Company's business model for managing the related portfolio of loans issued and (ii) the cash flow characteristics of the loans issued.

Classification and subsequent measurement – business model. The business model reflects how the Company manages the assets in order to generate cash flows – whether the Company's objective is: (i) solely to collect the contractual cash flows from the assets ("hold to collect contractual cash flows",) or (ii) to collect both the contractual cash flows and the cash flows arising from the sale of assets ("hold to collect contractual cash flows and sell") or, if neither of (i) and (ii) is applicable, the loans issued are classified as part of "other" business model and measured at FVTPL.

Business model is determined for a group of assets (on a portfolio level) based on all relevant evidence about the activities that the Company undertakes to achieve the objective set out for the portfolio available at the date of the assessment. Factors considered by the Company in determining the business model include the purpose and composition of a portfolio, past experience on how the cash flows for the respective assets were collected, how risks are assessed and managed, how the assets' performance is assessed and how managers are compensated.

Credit loss allowance for ECL. The Company recognizes an allowance for expected credit losses ("ECL") for all debt instruments not held at FVPL. ECLs are based on the difference between the contractual cash

12. Loans Issued (Continued)

flows due in accordance with the contract and all the cash flows that the company expects to receive, discounted at an approximation of the original effective interest rate.

For credit exposure, for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL). The Company provides 12-months ECLs for cash in bank balances and loans issued. The Company considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

For loans issued the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date.

The Company considers a financial asset in default when contractual payment are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company.

Uncollectible assets are written off against the related impairment loss provision after all the necessary procedures to recover the asset have been completed and the amount of the loss has been determined.

Write-off. Loans issued are written-off, in whole or in part, when the Company exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovery. The write-off represents a derecognition event. The Company may write-off loans issued that are still subject to enforcement activity when the Company seeks to recover amounts that are contractually due, however, there is no reasonable expectation of recovery.

Derecognition. The Company derecognises loans issued when (a) the assets are redeemed or the rights to cash flows from the assets otherwise expire or (b) the Company has transferred the rights to the cash flows from the loans issued or entered into a qualifying pass-through arrangement whilst (i) also transferring substantially all the risks and rewards of ownership of the assets or (ii) neither transferring nor retaining substantially all the risks and rewards of ownership but not retaining control.

Control is retained if the counterparty does not have the practical ability to sell the asset in its entirety to an unrelated third party without needing to impose additional restrictions on the sale.

Issued loans represent amounts owed from related parties. The Company's issued loans are denominated in EUR at an annual interest rate of 6% and matures in 2024. Both principal and interest are payable on maturity. None of the loans issued are impaired or past due. The Company recognized finance income on the loans of GEL 410 thousand in 2023 (2022: GEL 546 thousand).

13. Trade and Other Receivables

Material accounting policy

Initial recognition. Trade receivables that result from transactions with customers are initially recorded at their transaction price as defined in IFRS 15, if the trade receivables do not contain a significant financing component. All other trade and other receivables are initially recorded at fair value adjusted for transaction costs, unless they are classified as measured at FVTPL.

Classification and subsequent measurement – measurement categories. The Company classifies trade and other receivables at AC

Write-off. Trade and other receivables are written-off, in whole or in part, when the Company exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovery. The write-off represents a derecognition event. The Company may write-off financial assets that are still subject

13. Trade and Other Receivables (Continued)

to enforcement activity when the Company seeks to recover amounts that are contractually due, however, there is no reasonable expectation of recovery.

Impairment – credit loss allowance for ECL. The Company recognizes an allowance for expected credit losses ("ECL") for all debt instruments not held at FVPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the company expects to receive, discounted at an approximation of the original effective interest rate.

For credit exposures, except for trade receivables, for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL). The Company provides 12-months ECLs for cash in bank balances and loans issued. The Company considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

For trade and other receivables the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date.

The Company considers a financial asset in default when contractual payment are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company.

The methodology and assumptions used for estimating future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience. Impairment losses are always recognized through an allowance account to write down the asset's carrying amount to the present value of expected cash flows discounted at the original effective interest rate of the asset.

Uncollectible assets are written off against the related impairment loss provision after all the necessary procedures to recover the asset have been completed and the amount of the loss has been determined.

Derecognition. The Company derecognises trade and other receivables when (a) the assets are redeemed or the rights to cash flows from the assets otherwise expire or (b) the Company has transferred the rights to the cash flows from the financial assets or entered into a qualifying pass-through arrangement whilst (i) also transferring substantially all the risks and rewards of ownership of the assets or (ii) neither transferring nor retaining substantially all the risks and rewards of ownership but not retaining control.

Control is retained if the counterparty does not have the practical ability to sell the asset in its entirety to an unrelated third party without needing to impose additional restrictions on the sale.

Critical Accounting Estimates and Judgments in Applying Accounting Policies

ECL measurement. The Company creates expected credit loss to account for estimated losses resulting from the inability of customers to make the required payments or suppliers to deliver agreed products or service. The Company assesses at each reporting date whether there is any objective evidence that a financial asset is in default. The Company recognizes a loss allowance based on lifetime ECLs at each reporting date. When evaluating the adequacy of an expected credit loss, management bases its estimate on current overall economic conditions, ageing of the receivables and prepayments balances, historical write-off experience, customer and supplier creditworthiness and changes in payment terms.

13. Trade and Other Receivables (Continued)

In thousands of Georgian Lari	31 December 2023	31 December 2022
Trade receivables	562	432
Other receivables	1	1
Less allowance for expected credit losses	(215)	(108)
Total trade and other receivables	**348**	**325**

The Company has recognized a loss allowance of 100% against all receivables over 90 days past due because historical experience has indicated that these receivables are generally not recoverable.

The Company writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered bankruptcy proceedings, or when the trade receivables are over three years past due, whichever occurs earlier. None of the trade receivables that have been written off is subject to enforcement activities.

The following table details the roll forward of impairment provision for trade and other receivables. As the Company's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished between the Company's different customer base.

Movements in the impairment provision for trade and other receivables are as follows:

In thousands of Georgian Lari	2023	2022
Provision for impairment at 1 January	**(108)**	**(59)**
Impairment charge	(107)	(49)
Amounts written-off	-	-
Provision for impairment at 31 December	**(215)**	**(108)**

Aging analysis of trade and other receivables as at 31 December 2023 and 2022 is as follows:

	31 December 2023				31 December 2022			
In thousands of Georgian Lari	Loss rate	Gross carrying amount	Lifetime ECL	Net carrying value	Loss rate	Gross carrying amount	Lifetime ECL	Net carrying value
Trade receivables								
- current	*0%*	*348*	*-*	*348*	*0%*	*283*	*-*	*284*
- less than 30 days overdue	*0%*	*-*	*-*	*-*	*0%*	*22*	*-*	*22*
- 30 to 90 days overdue	*5%*	*-*	*-*	*-*	*5%*	*-*	*-*	*-*
- 91 to 180 days overdue	*10%*	*-*	*-*	*-*	*10%*	*22*	*(2)*	*19*
- 181 to 360 days overdue	*100%*	*215*	*(215)*	*-*	*100%*	*106*	*(106)*	*-*
- over 360 days overdue	*100%*	*-*	*-*	*-*	*100%*	*-*	*-*	*-*
Total	**-**	**563**	**(215)**	**348**	**-**	**433**	**(108)**	**325**

14. Prepayments

Material accounting Policy

Prepayments are carried at cost less provision for impairment. A prepayment is classified as non-current when the goods or services relating to the prepayment are expected to be obtained after one year, or when the prepayment relates to an asset which will itself be classified as non-current upon initial recognition. Prepayments to acquire assets are transferred to the carrying amount of the asset once the Company has obtained control of the asset and it is probable that future economic benefits associated with the asset will flow to the Company. Other prepayments are written off to profit or loss when the goods or services relating to the prepayments are received. If there is an indication that the assets, goods or services relating to a prepayment will not be received, the carrying value of the prepayment is written down accordingly and a corresponding impairment loss is recognised in profit or loss for the year.

Movements in prepayments are as follows:

In thousands of Georgian Lari	**Prepayments for services**	**Total**
Carrying value at 1 January 2022	**1,470**	**1,470**
Additions	704	704
Prepayments derecognised on receipt of related goods or services	(593)	(593)
Total prepayments at 31 December 2022	**1,581**	**1,581**
Additions	5,796	**5,796**
Prepayments derecognised on receipt of related goods or services	(6,127)	**(6,127)**
Total prepayments at 31 December 2023	**1,250**	**1,250**

15. Inventory

Material accounting policy

Inventories are recorded at the lower of cost and net realisable value. The cost of inventory is determined on the weighted average basis. The cost of finished goods and work in progress comprises raw material, direct labor, other direct costs and related production overheads (based on the normal operating capacity) but excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and selling expenses.

In thousands of Georgian Lari	**31 December 2023**	**31 December 2022**
Spare parts	3,068	2,584
Fuel	75	111
Total inventory	**3,143**	**2,695**

Spare parts represent parts of instant payment terminals for own consumption.

16. Reconciliation of Liabilities arising from Financing Activities

The table below sets out an analysis of liabilities from financing activities and the movements in the Company's liabilities from financing activities for each of the periods presented. The items of these liabilities are those that are reported as financing in the Separate statement of cash flows:

	31 December 2023			31 December 2022		
In thousands of Georgian Lari	**Borrowings**	**Lease liabilities**	**Total**	**Borrowings**	**Lease liabilities**	**Total**
Liabilities from financing activities at 1 January	**-**	**1,434**	**1,434**	**1,043**	**2,117**	**3,160**
Cash flows						
Loan drawdowns	-	-	**-**	-	-	**-**
Repayments of principal	-	(710)	**(710)**	(1,050)	(631)	**(1,681)**
Interest payments	(2)	(168)	**(170)**	(17)	(158)	**(175)**
Non-cash changes						
Interest accrual	2	168	**170**	12	154	**166**
New leases	-	700	**700**	-	197	**197**
Foreign exchange adjustments	-	15	**15**	12	(196)	**(184)**
Other	-	(207)	**(207)**	-	(49)	**(49)**
Liabilities from financing activities at 31 December	**-**	**1,232**	**1,232**	**-**	**1,434**	**1,434**

17. Share Capital

Material accounting policy

Charter capital. The amount of Company's stated charter capital is determined by the Company's shareholder. The changes in the Company's stated capital shall be made only based on the decision of the Company's shareholder. All other cash or in-kind capital contributions, made by the Company's shareholder that were dedicated to increase the Company's capital but were not reflected in the Company's Charter as at balance sheet date, are recognised as paid-in capital.

Dividends. Dividends are recorded as a liability and deducted from equity in the period in which they are declared and approved. Any dividends declared after the reporting period and before the separate financial statements are authorised for issue are disclosed in the subsequent events note.

At 31 December 2023 and 2022 the Company had 361,594,500 authorized, issued and paid in shares, each with a nominal value of GEL 0.00001.

In 2023 the Company did not declare any dividends (dividends declared for 2022: nil).

The Company does not have externally imposed capital restrictions.

18. Trade and Other Payables

Material accounting policy

Recognition and measurement. Trade payables are accrued when the counterparty performs its obligations under the contract and are recognised initially at fair value and subsequently carried at AC using the effective interest method.

Derecognition. Trade and other payables are derecognised when they are extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expires).

18. Trade and Other Payables (Continued)

In thousands of Georgian Lari	31 December 2023	31 December 2022
Payables to service providers	17,986	13,538
Commission payable to dealers	1,616	1,110
Total financial payables within trade and other payables at AC		
Accrued employee benefit costs	3	500
Other	294	244
Total other payables		
Trade and other payables at 31 December	**19,899**	**15,392**

19. Advances Received

Advances received represents payments made by the dealers for being connected to the Company's paybox software and for continuance of their paybox terminal's functionality.

20. Revenue from Contracts with Customers

Material accounting Policy

Revenue recognition. Main revenue of the Company represents a fee from transacting and collecting payments through instant payment network for different providers or services and/or goods. Revenue is recognised net of returns and value added taxes.

Commission income. Revenue from commission is recognized immediately as payment transaction occurs and is calculated according to the pricelists determined with service providers. Company's revenue derives from providing payment services to physical individuals and legal entities (Service providers). Payments can be processed and made using own instant payment terminals directly to the service providers, in which case whole commission income is recognized as revenue. Company also uses dealers, who act as intermediaries in payment processing services. In this case Company acts as a principal since it manages the whole payment process, consequently, recognizes whole commission income as revenue and related Dealer's fee as service expense.

Commission income consists of "System commission" and "provider's commission". "System commission" is derived from physical individuals and is recognised using fixed rate applied to the processed cash payments. Whereas "Provider's commission" is derived from the legal entities (Service providers) for processed cash amounts. Commission income is recognized at a point in time.

Advertising income. Advertising income is recognized according to agreed fixed tariffs with contractors. The performance obligations under such contracts are satisfied over time and the revenue is recognized during the service period (one year) on monthly basis upon issuance of monthly invoices.

Other services rendered. Other services rendered represents mostly software support and maintenance services provided to dealers, which is calculated based on agreed tariffs with dealers. Revenue from services rendered is recognized at a point in time when the control over the goods is transferred to the customer.

20. Revenue from contracts with customers (Continued)

Principal versus agent considerations. The Company is a principal (and, therefore, records revenue on a gross basis) if it controls a promised good or service before transferring that good or service to the customer. The Company is an agent (and, therefore, records as revenue the net amount that it retains for its agency services) if its role is to arrange for another entity to provide the goods or services. The Company concluded that it acts as a principal in relation to the goods and services described above as it controls the specified goods and services before transferring them to the customer. Therefore, the Company records revenue on a gross basis.

A receivable is recognized when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

Financing components. No element of financing is deemed present as the sales are made with a credit term which are consistent with market practice. The Company derives revenue from the transfer of goods and services over time and at a point in time in the following major product lines:

In thousands of Georgian Lari	**2023**	**2022**
Commission income	39,946	40,149
Advertising income	599	64
Other services rendered	536	499
Total revenue	**41,081**	**40,712**

Timing of revenue recognition is as follows:

In thousands of Georgian Lari	**2023**	**2022**
At a point in time	40,482	40,648
Over time	599	64
Total revenue	**41,081**	**40,712**

21. Service Expenses

In thousands of Georgian Lari	**2023**	**2022**
Commission to dealers	(20,004)	(20,810)
Rent	(1,919)	(1,794)
Network technical service and maintenance	(1,829)	(1,743)
Office administration	(1,658)	(1,784)
Commission to providers	(878)	(974)
Professional services	(846)	(757)
Total service expenses	**(27,134)**	**(27,862)**

Significant part of service expenses of the Company comprise expenses associated with dealer commissions which are paid to the dealers network.

22. Labour Costs

Material accounting policy

Employee benefits. Wages, salaries, contributions to Georgia state pension and social insurance funds, paid annual leave and sick leave, bonuses, and non-monetary benefits (such as health services and kindergarten services) are accrued in the year in which the associated services are rendered by the employees of the Company.

22. Labour Costs (Continued)

In thousands of Georgian Lari	2023	2022
Salaries	(9,920)	(9,615)
Bonuses	(192)	(611)
Total labour costs	**(10,112)**	**(10,226)**

23. Finance Costs

In thousands of Georgian Lari	2022	2022
Interest expense on financial liabilities measured at amortized cost	(2)	(12)
Interest expense for lease liability	(168)	(154)
Net foreign exchange loss	-	(1,994)
Total finance costs	**(170)**	**(2,160)**

Foreign exchange gains and losses are mainly caused by the revaluation of assets and liabilities of the Company denominated in EUR and USD. For more details on the foreign currency risk please refer to Note 27.

24. Finance Income

In thousands of Georgian Lari	2023	2022
Interest income on bank accounts	79	179
Interest income on loans to entity under common control	410	546
Net foreign exchange gain	283	-
Total finance income	**772**	**725**

25. Principal Subsidiaries

Investment in subsidiary. The Company accounts investment in subsidiary at the original cost of the investment until the investment is de-recognised or impaired for its separate financial statements. The carrying amounts of the investments in subsidiaries are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated. Value in use is determined by the present value of expected dividend receipts. Impairment losses are recognised in the statement of profit or loss.

Name	Nature of business	Percentage of voting rights	Percentage of ownership	Country of registration
Subsidiaries:				
LLC Teso Solutions	Sale of terminal's spare parts	100%	100%	Georgia
LLC Asterbiti	Software services	100%	100%	Georgia

LLC Asterbiti was formed by the Company on 4 November 2023. It's main activities are to provide software and programming services to third parties.

26. Contingencies, Commitments and Operating Risks

***Legal proceedings*.** From time to time and in the normal course of business, claims against the Company may be received. On the basis of its own estimates and both internal and external professional advice, management is of the opinion that no material losses will be incurred in respect of claims in excess of provisions that have been made in these separate financial statements.

Tax legislation. The taxation system in Georgia is characterised by frequent changes in legislation, official pronouncements and court decisions, which are often subject to varying interpretation. Taxes are reviewed and investigated by a number of government bodies, which have the authority to impose severe fines, penalties and interest charges.

A tax year remains open for review by the tax authorities during the three subsequent calendar years, however, under certain circumstances a tax year may remain open longer.

Management believes that it has provided adequately to tax liabilities, that its interpretation of the relevant legislation is appropriate and the Company's tax positions will be sustained.

The Georgian transfer pricing legislation is generally aligned with the international transfer pricing principles developed by the Organisation for Economic Cooperation and Development (OECD) in 2010. This legislation provides for the possibility of additional tax assessments for controlled transactions (transactions between related parties and certain transactions between unrelated parties) if such transactions are not on an arm's-length basis. The Management has implemented internal controls to be in compliance with this transfer pricing legislation.

Tax liabilities arising from controlled transactions are determined based on their actual transaction prices. It is possible, with the evolution of the interpretation of the transfer pricing rules, that such transfer prices could be challenged. The Management believes that the Company has no exposure to transfer pricing risk for the period end (2022: none) and plans to sustain the Company's transfer pricing positions.

Environmental matters. The enforcement of environmental regulation in the Georgia is evolving and the enforcement posture of government authorities is continually being reconsidered. The Company periodically evaluates its obligations under environmental regulations. As obligations are determined, they are recognised immediately. Potential liabilities, which might arise as a result of changes in existing regulations, civil litigation or legislation, cannot be estimated but could be material. In the current enforcement climate under existing legislation, management believes that there are no significant liabilities for environmental damage.

Consideration of climate change. The Company management has taken note of global awareness and concerns about the potential impact of climate change. Currently, this matter has had no significant impact on the financial statements, and the future effects on the Company's activities and business plans are difficult to predict. Management continues to monitor developments in this area and will respond as necessary to ensure the Company's viability and will adopt all government guidelines if and when these are issued in the markets in which the Company operates.

27. Financial Risk Management

The risk management function within the company is carried out in respect of financial risks, operational risks and legal risks. Financial risk comprises market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The Company's management oversees the management of these risks.

(a) Credit risk

Credit risk is the risk that the Company will incur a loss because its customers, clients or counterparties failed to discharge their contractual obligations. The Company manages and controls credit risk it undertakes by setting limits on the amount of risk accepted in relation to counterparties or groups of counterparties. Such risks are monitored on a continuous basis and are subject to an annual or more frequent review.

27. Financial Risk Management (Continued)

As at 31 December 2023 and 2022, the Company has no other significant financial assets subject to credit risk except for:

- Cash and cash equivalents (Note 11);
- Trade and other receivables (Note 13);
- Loans issued (Note 12).

The credit quality of all financial assets is constantly monitored in order to identify any potential adverse changes in the credit quality. In respect of trade and other receivables and loans issued, the management monitors credit quality based on days past due information. ECLs for loans issued is measured on individual basis as the total balance is with an entity under common control. The Company estimates that these amounts are fully recoverable and did not create ECL for these exposures. As at 31 December 2023 and 2022, carrying values of financial instruments best represent their maximum exposure to the credit risk.

The Company has no significant concentration of credit risk since the customer portfolio is diversified across a wide number of customers.

(b) Market risk

The Company takes on exposure to market risks. Market risks arise from open positions in foreign currencies and interest-bearing assets and liabilities, all of which are exposed to general and specific market movements.

Sensitivities to market risks included below are based on a change in a factor while holding all other factors constant. In practice this is unlikely to occur and changes in some of the factors may be correlated – for example, changes in interest rate and changes in foreign currency rates.

(c) Currency risk

Currency risk is the risk that the financial results of the Company will be adversely impacted by changes in exchange rates to which the Company is exposed. The Company undertakes certain transactions denominated in foreign currencies. The Company does not use any derivatives to manage foreign currency risk exposure, at the same time the management of the Company is trying to mitigate such risk by managing monetary assets and liabilities in foreign currency on Company level.

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

	At 31 December 2023			At 31 December 2022		
In thousands of Georgian Lari	**Monetary financial assets**	**Monetary financial liabilities**	**Net balance sheet position**	**Monetary financial assets**	**Monetary financial liabilities**	**Net balance sheet position**
GEL	15,873	(20,371)	**(4,498)**	12,690	(15,661)	**(2,971)**
USD	61	(760)	**(699)**	455	(1,165)	**(710)**
EUR	9,361	-	**9,361**	8,647	-	**8,647**
Total	**25,295**	**(21,131)**	**4,164**	**21,792**	**(16,826)**	**4,966**

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

27. Financial Risk Management (Continued)

In thousands of Georgian Lari	At 31 December 2023 Impact on profit or loss	At 31 December 2022 Impact on profit or loss
US Dollar strengthening by 20%	(140)	(142)
US Dollar weakening by 20%	140	142
EUR strengthening by 20%	1,872	1,729
EUR weakening by 20%	(1,872)	(1,729)

The exposure was calculated only for monetary balances denominated in currencies other than the functional currency of the Company.

(d) Interest rate risk

The Company takes no exposure to the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows as its financial assets and liabilities are at fixed rates.

(e) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. Management monitors monthly rolling forecasts of the Company's cash flows.

The table below shows liabilities at 31 December 2023 by their remaining contractual maturity. The amounts disclosed in the maturity table are the contractual undiscounted cash flows. Such undiscounted cash flows differ from the amount included in the statement of financial position because the statement of financial position amount is based on discounted cash flows. Foreign currency payments are translated using the spot exchange rate at the end of the reporting period.

The maturity analysis of financial liabilities at 31 December 2023 and 2022 is as follows:

In thousands of Georgian Lari	Demand and less than 1 month	From 1 to 3 months	From 3 to 12 months	From 12 months to 5 years	Over 5 years	Total
Liabilities						
Lease liabilities	68	68	603	677	21	**1,437**
Trade payables	19,899	-	-	-	-	**19,899**
Total future payments, including future principal and interest payments	**19,967**	**68**	**603**	**677**	**21**	**21,336**

In thousands of Georgian Lari	Demand and less than 1 month	From 1 to 3 months	From 3 to 12 months	From 12 months to 5 years	Over 5 years	Total
Liabilities						
Lease liabilities	63	126	503	941	-	**1,633**
Trade payables	15,392	-	-	-	-	**15,392**
Total future payments, including future principal and interest payments	**15,455**	**126**	**503**	**941**	**-**	**17,025**

28. Management of Capital

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for owner and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to owner, return capital to owner or sell assets to reduce debt. The amount of capital that the Company managed as of 31 December 2023 was GEL 20,408 thousand (2022: GEL 19,369 thousand).

29. Fair Value of Financial Instruments

Fair value measurements are analyzed by level in the fair value hierarchy as follows: (i) level one are measurements at quoted prices (unadjusted) in active markets for identical assets or liabilities, (ii) level two measurements are valuations techniques with all material inputs observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices), and (iii) level three measurements are valuations not based on observable market data (that is, unobservable inputs). Management applies judgement in categorizing financial instruments using the fair value hierarchy. If a fair value measurement uses observable inputs that require significant adjustment, than measurement is a Level 3 measurement. The significance of a valuation input is assessed against the fair value measurement in its entirety.

(a) Assets and liabilities not measured at fair value but for which fair value is disclosed

Fair values analyzed by level in the fair value hierarchy and carrying value of assets and liabilities not measured at fair value are as follows:

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 and other receivables are approximated by their carrying amounts due to the short-term maturities of these instruments;
- The fair value of loans issued, interest-bearing loans and lease liabilities is estimated by discounting future cash flows using the prevailing market rates at the reporting dates.

	31 December 2023				31 December 2022			
In thousands of Georgian Lari	**Level 1**	**Level 2**	**Level 3**	**Carrying value**	**Level 1**	**Level 2**	**Level 3**	**Carrying value**
ASSETS								
- Trade receivables	-	348	-	**348**	-	325	-	**325**
- Loan provided	-	6,568	-	**6,568**	-	8,608	-	**8,608**
TOTAL ASSETS	**-**	**6,916**	**-**	**6,916**	**-**	**8,933**	**-**	**8,933**
LIABILITIES								
- Bank loan	-	-	-	-	-	-	-	-
- Trade payables	-	19,899	-	**19,899**	-	15,392	-	**15,392**
TOTAL LIABILITIES	**-**	**19,899**	**-**	**19,899**	**-**	**15,392**	**-**	**15,392**

30. Presentation of Financial Instruments by Measurement Category

For the purposes of measurement, IFRS 9 “Financial Instruments” classifies financial assets into the following categories: (a) financial assets at FVTPL; (b) debt instruments at FVOCI, (c) equity instruments at FVOCI and (c) financial assets at AC. Financial assets at FVTPL have two sub-categories: (i) assets mandatorily measured at FVTPL, and (ii) assets designated as such upon initial recognition. In addition, finance lease receivables form a separate category. All of the financial assets of the Company fall into the initially at fair value, subsequently at amortized cost category.

31. Events after the Reporting Period

Capital contribution in subsidiaries.

***Asterbiti LLC*.** On 1 April 2024 the Company resolved to increase charter capital of its subsidiary, LLC Asterbiti, by GEL 650 thousand. As of the date of these separate financial statements GEL 250 thousand was outstanding contribution payable by the Company.

Teso Solutions LLC. On 20 March 2024 the Company resolved and decreased the charter capital of its subsidiary, Teso solutions LLC, by GEL 470 thousand.

JSC OPPA

Management Report

Review of activities of JSC OPPA

1. About the Company

JSC OPPA (formerly JSC "Nova Technology", ID: 248429598) provides payment services to about 210,000 daily customers at Georgia's financial technology market, through instant payment terminals.Established in 2007 under the name JSC "NOVA TECHNOLOGY", the Company initially offered its customers POS-terminals, Payline-s, having installed first fast transaction self-service machines in Tbilisi. Later, the Company created the PayBox brand, it manufactured fast transaction self-service machines in Georgia and started expanding the network. At the same time, it opened the first representative office, gradually covering all regions of the country. Besides, the Company was engaged in sales of instant payment terminals and the parts thereof both, in the country and beyond its borders. OPPA allows customers to make practical use of financial services in a secure area and easily manage their money without any mind-boggling operations and convoluted bureaucracy. At present, JSC OPPA is represented in Georgia by 8,584 payment points, including up to 3,010 points located within the Company's network, while the rest 5,574 are run by the dealer network. The Company has about 326 employees. There are representative offices operating in various regions across Georgia, where Company's services are available to customers.

2. Scope of activity and offered services

Apart from the state services and legal norms regulating business activity in the country, the activity of the Company as a provider of payment services is also regulated by the National Bank of Georgia. The Company is also accountable to the Financial Monitoring Service. As part of the payment activity, the Company is cooperating with money recipients, dealer and consumers. The Company offers money recipients to get involved in the system and receive payments for their own benefit. In the Company payment system: PayBox fast transaction self-service machines allow the customers to make payments for the categories as follows:

- Mobile and telecommunication;
- Utilities;
- Bookmakers and online games;
- Finances and remittances;
- Transport;
- Parcels etc.

3. Regional representation and dealer network

The Company's regional representative offices have been existing since 2018, ensuring smooth and timely operation of the Company's instant payment terminals, as well as unhampered service by the dealer network's instant payment terminals, Paylines and web-terminals. The regional representative offices oversee finding locations for installation of the instant payment terminals, their technical maintenance and accumulation of the amounts paid by customers through the instant payment terminals. Upon organizations' requests, the regional representative offices also provide full technical service for the Company's branded instant payment terminals and ensure accumulation of funds, where necessary. In the regions, the Company may be represented through the Company's own, as well as the dealer network's instant payment terminals, the proper technical functioning of which is ensured by the regional representative offices. Tbilisi regional representative office has been divided into 4 zones, as the large scope of capital didn't allow to be controlled enough.

The Company provides services to customers through its own instant payment terminals network, as well as via the dealer network. Within the dealer network, the Company provides Individual entrepreneurs and legal entities with instant payment terminals and relevant software based on a contract formalized with the Company. The following services are offered to the dealers across Georgia:

- Technical support for instant payment terminals;
- Cash collection service;
- Repair and maintenance of instant payment terminals, POS-terminals and the spare parts there of;
- Sale of instant payment terminals and Payline parts;
- The customer service uses new quantitative and qualitative reporting system categorizing every single incoming call and rating the quality of service provided to analyse the entire problem-solving process and draw important conclusions for betterment.

4. Review of Company's main technological developments in 2023

In 2023 Group developed new projects to boost revenue. New services helped regional representatives to strengthen positions through the regions. During the year the Group had various marketing activities in order to maintain and increase loyal customers.
For internal development Group started accounting in ERP system for better financial data management and internal controls.

5. Financial highlights[1]

Operational income
(GEL Million)

39.9MLN
-0.5% y-o-y

2021 41.1
2022 40.1
2023 39.9

EBITDA
(GEL Million)

3.3 MLN
38% y-o-y

2021 4.3
2022 2.4
2023 3.3

Operating expense ratio

0.96
-1.2% y-o-y

2021 0.92
2022 0.97
2023 0.96

Assets turnover ratio

1.00
-10% y-o-y

2021 1.00
2022 1.06
2023 0.95

Current ratio

1.34
51% y-o-y

2021 0.88
2022 0.89
2023 1.34

Accounts receivable turnover by days

3.07
14% y-o-y

2021 1.79
2022 2.68
2023 3.07

Number of active payment terminals

8,050
-4.6% y-o-y

2021 7,960
2022 8,418
2023 8,050

6. Review of Company's financial figures for 2023

Operational income of 2023 decreased by 1% in comparison with 2022 and by 2% in comparison with 2021. Average cash inflow per transaction is increased by 19% compared to 2022 and by 14% compared to 2021. But number of transactions is gradually decreasing compared to 2022 and 2021 by 12% and 8% respectively. This trend could imply decreasing tendencies of physical payment kiosk usage. Group's strategic plans aim to strengthen brand position on the market.

7. Future plans

In 2024 Company is starting to strengthen financial position. Company plans to implement new revenue stream products and offer customers various services.

8. Activity assessment coefficients

The Company uses certain variables and coefficients to evaluate the outcome of its activity, based on which the Company's response measures are planned. The most important of them are the following coefficients:

Income per terminal − an indicator that most objectively determines the effectiveness of any changes carried out in the Company or industry. Changes may concern geographical location of the terminal network or some broader-scale strategic or industrial dimensions. Income per terminal is the key variable of the financial projection models.

[1] *All financial Highlights are calculated based on Commission income.*

Average number of services added per month − an indicator providing information on the growth rate and diversity of the Company's offered services.

9. Shares

The Company's capital stock is divided into 361,594,500 common (ordinary) shares, with JSC "Czech Energo-Pro A.S." owing 100% of its shares. The nominal value of 1 common share is 1 (one) tetri.

10. Major risks and uncertainties

Given the specificity of the Company's activity, it is important that potential risks should be timely identified and managed. Occurrence of the risks could possibly inflict financial and non-financial losses. Therefore, the activities have been carried out in various directions to insure against and minimize possible risks. There is a monitoring unit within the Company's structure, which is not involved in the operating activity, and which inspects and provides the assessment of the ongoing processes in the Company as an independent party. To avoid possible financial loses, the Company avails itself of the internal and external audit services. In addition, the Company has vested the authority to provide legal services with the third party. The aforesaid entity ensures that the Company's activity is in line with the Georgian legislation, as well as represents the Company in court and with other third parties. Throughout its activity, the Company must deal with personal data processing. In this regard, the Company's legal department ensures that the requirements of the Law of Georgia on Personal Data Protection are met, so that the personal data obtained by the Company are duly protected as prescribed by the law.

Risk: The problems related to the dealer's management of cash limit.

Risk description: The Company may face a risk of difficulties related to the return of the cash limit that a dealer received from the Company for a certain period for operation of the instant payment terminals. The risk may be caused by the dealer's potential financial hardship, fraud or possible misappropriation of cash deposited into instant payment terminals by the third party.

Risk reduction method: Positive assessment of the dealer's solvency (financial capacity) is a precondition for issuing cash limit. The stability of the dealer's owned instant payment terminals operation and the amount of commission fee issued to the dealer are considered during the assessment.

Risk: A risk of misappropriation / loss of cash.

Risk description: The Company may face a risk of misappropriation or loss of cash in the process of accumulating funds from the payment machine. The money can be lost/misappropriated not only by an individual involved in the process, but also by an outsider.

Risk reduction method: To ensure transparency of the process of accumulating cash from the payment machine, the Company's authorized employee carries out daily monitoring to confirm the correspondence of the cash turnover in the network and the amounts withdraw. Upon detecting any discrepancy, the causes are investigated, and the response measures are determined. To avoid internal fraud, the collateral security contracts are concluded with the employees dealing with money.

Risk: Fraudulent transactions using e-wallet.

Risk description: In theory, there is a risk of fraudulent payments/transactions through the electronic wallet, which may cause financial damage to the Company and affect its reputation.

Risk reduction method: Although such a risk has never occurred in practice, the Company still takes certain measure to protect its clients. For this purpose, certain restrictions have been set to insure the clients against the risk of inappropriate e-wallet payments. Under those restrictions, card payments to other companies' electronic wallets are restricted; a user can deposit money into his/her e-wallet from the website only using a linked plastic card; a daily payment limit has been set for SMS and social media authorization; a daily payment limit has been set for full e-mail/password authentication; unauthorized betting transactions and charity donations have been restricted; one-off payment limits have been set for certain products according to the risk level etc. The aforesaid protects the Company and its e-wallet users against fraudulent transactions from their account.

Risk: Regulatory requirements' compliance with the changes in regulations.

Risk description: Being a payment service provider, the Company has been regulated by the National Bank of Georgia. The Company is also accountable to the Financial Monitoring Service of Georgia. The aforesaid agencies may toughen the regulatory requirements, which should be taken into account in course of the Company's activity.

Risk reduction method: To achieve full compliance with the regulatory requirements, a person responsible for keeping it in line with the regulatory requirements shall continuously monitor the legislative acts and, in case of any changes, shall bring the Company's activity, policy and procedures in line with the updated requirements.

Risk: Money laundering (legalization of illegal incomes).

Risk description: The Company's partners and customers can make use of the Company's payment channels and offered services for money laundering and financing terrorism.

Risk reduction method: To prevent the cases of money laundering and terrorism financing, throughout its activity the Company takes due account for the National Bank of Georgia and the Financial Monitoring Service requirements and recommendations; before starting business relationship, it thoroughly studies and evaluates a potential partner's activity, reputation and some other important aspects. It also monitors customer payments and in case of detection of any suspicious circumstances, notified the relevant authorities and follows their guidelines. At the same time, the Company employees are regularly trained in terms of their compliance with the existing legislation against money laundering or terrorism financing.

Risk: Cyber-security threats.

Risk description: Today, cyber-attacks are frequently the case in almost all spheres of business, but the financial sector can be regarded as the most attractive for the culprits because of the money and information accumulated therein. Therefore, the Company is constantly focused on developing effective protective mechanisms to reduce the risk of cyber-attacks.

Risk reduction method: The Company monitors the its own equipment using the relevant software in order to protect the available data and consumers' money, controlling each event and action carried out on some important devices. The corresponding mechanisms ensure protection of the Company's internal system against penetration of cyber-viruses and external influence on internal network.

Review of the entity's credit, market, liquidity and cash flow risks and mechanisms for their management is provided in note 28 of the financial statements of the Company.

11. Internal controls over financial data

Financial data exchange within the Company is carried out in accordance with the established procedures, under which the cross-control mechanism plays a significant role. The latter ensures the accuracy of the financial data displayed. For example, on the one hand, they are shared between several structural units to determine the accuracy of financial data. In addition, the unit in charge of control over receipt of cash flows provides the accountant's office, on daily or monthly basis (depending on the data content) with information on the data subject to accounting, be it operating or non-operating income, various types of financial transactions done through the program on daily basis; monetary resource reflected in the register; financial obligations before the agents etc. After the aforesaid and other data are displayed in the accounting program by the accountant's office, the unit in charge of monetary resource management checks the accuracy the data accuracy and includes them in the periodic financial statements. In addition, the Company has developed the internal control policy and procedures, allowing to exchange any kind of data between the structural units and to exercise control over it.

12. Regional instability

During subsequent period, following the commencement of war between Ukraine and the Russian Federation, several western countries such as the US, the UK and the EU imposed sanctions on the Russian Federation. Since the start of the war, there has been a significant depreciation of the Russian Ruble against foreign currencies, as well as a 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 major economic losses for Ukraine, Russia and the rest of the world. Ukraine and Russia are important trade partners of Georgia. It is expected that the war may lead to a negative impact on Georgian economic growth in 2023 and could have a material impact on market confidence, affecting all regional countries. Various tensions have also existed between Russia and Georgia for more than 15 years, and the two countries also had a brief armed conflict in 2008 (which led to Russia's control of the two breakaway territories). The continuation or escalation of political instability, geopolitical conflict, the economic decline of Georgia's trading partners and any future deterioration of Georgia's relationship with Russia, including border and territorial disputes, may have a negative impact on the political or economic stability of Georgia, which in turn may affect OPPA's business adversely, including putting adverse pressure on the Company's business model, revenues and financial position.

JSC OPPA is not materially exposed to Russian, Belorussian or Ukrainian markets. As the war 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.

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