Tbilisi Transport Company Group

Consolidated financial statements, Management Report and Independent Auditor's Report
For The Year Ended 31 December 2023

TBILISI TRANSPORT COMPANY GROUP

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TBILISI TRANSPORT COMPANY GROUP

STATEMENT OF MANAGEMENT'S RESPONSIBILITIES FOR THE PREPARATION AND APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS AND MANAGEMENT REPORT FOR THE YEAR ENDED 31 DECEMBER 2023

Management is responsible for the preparation of the consolidated financial statements that present fairly the financial position of LLC Tbilisi Transport Company and its subsidiary (the "Group") as of 31 December 2023, and the consolidated results of its operations, cash flows and changes in shareholders' equity for the year then ended, in compliance with International Financial Reporting Standards ("IFRSs").

In preparing the consolidated financial statements, management is responsible for:

- Properly selecting and applying accounting policies;
- Presenting information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- Providing additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group's financial position and financial performance; and
- Making an assessment of the Group's ability to continue as a going concern.
- Disclosing the information in the management report as required by the Law of Georgia on Accounting, Reporting and Auditing;
- Preparing the management report consistent with the consolidated financial statements.

Management is also responsible for:

- Designing, implementing and maintaining an effective and sound system of internal controls throughout the Group;
- Maintaining adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the consolidated financial position of the Group, and which enable them to ensure that the consolidated financial statements of the Group comply with IFRS;
- Maintaining statutory accounting records in compliance with local legislation and accounting standards;
- Taking such steps as are reasonably available to them to safeguard the assets of the Group; and
- Preventing and detecting fraud and other irregularities.

Management is responsible for the preparation of the Management Report in accordance with the requirements of Law of Georgia on Accounting, Reporting and Auditing and for such internal control as management determines is necessary to enable the preparation of the Management Report that is free from material misstatement, whether due to fraud or error.

Management is responsible that:

- The Management Report for the year ended 31 December 2023 is prepared in accordance with the requirements of Law of Georgia on Accounting, Reporting and Auditing;
- The Management Report for the year ended 31 December 2023 includes the information required by the Law of Georgia on Accounting, Reporting and Auditing; and
- The information provided in the Management Report is consistent, in all material respects, with the audited consolidated financial statements for the year ended 31 December 2023.

Consolidated financial statements of the Group for the year ended 31 December 2023 were approved by management on 30 October 2024:

On behalf of the Management:

Giorgi Sharkov
General Director
30 October 2024
Tbilisi, Georgia

Maia Khachirashvili
Chief Financial Officer
30 October 2024
Tbilisi, Georgia

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INDEPENDENT AUDITOR'S REPORT

To the Owner and Directors of Tbilisi Transport Company Group (the "Group"):

Opinion

We have audited the consolidated financial statements of LLC Tbilisi Transport Company (the "Company") and its subsidiary (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

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 consolidated financial statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants* (including International Independence Standards) (the "IESBA Code") and we have fulfilled our ethical responsibilities in accordance with These Requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises the Consolidated Management Report prepared in accordance with the requirements of the Law of Georgia on Accounting, Reporting and Auditing ("the Law").

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

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In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated 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 of this other information, we are required to report that fact.
We have nothing to report based on these responsibilities.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated 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 Group'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 Group'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 consolidated 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 Group to cease to continue as a going concern.

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- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Report on Other Legal and Regulatory Requirements

Management is responsible for the preparation of the Management Report in accordance with the Law, and for such internal control as Management determines is necessary to enable the preparation of the Management Report that is free from material misstatement, whether due to fraud or error.

We performed procedures with respect to whether the management report is prepared in accordance with the requirements of the Law and includes the information required by the Law.

We have read the Management Report and based on the work done we have concluded that:

- The information given in the Management Report for the year ended 31 December 2023 is materially consistent with the consolidated financial statements for the year ended 31 December 2023, or with our knowledge obtained in the audit; and
- The Management Report includes the Information required by Article 7 of the Law of Georgia on Accounting, Reporting and Auditing and complies with respective regulatory normative acts.

Shota Nanitashvili
on behalf of Deloitte and Touche LLC

Deloitte & Touche

30 October 2024
Tbilisi, Georgia

TBILISI TRANSPORT COMPANY GROUP

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2023
(in thousands of Georgian Lari)

	Notes	2023	2022
Revenue from transportation service	7	273,649	235,001
Revenue from parking		11,238	8,250
Other income	8	12,578	9,073
Operating income		**297,465**	**252,324**
Salaries and other employee benefits		(154,891)	(145,153)
Maintenance expenses		(35,453)	(27,835)
Impairment of property, plant and equipment	10	(44,407)	(19,377)
Fuel expenses		(41,859)	(49,972)
Depreciation and amortization	10	(61,243)	(62,415)
Electricity expenses		(26,962)	(26,444)
Materials and consumables		(10,902)	(7,422)
Tax and related expenses		(1,165)	(1,425)
Provision for inventory, net		(2,619)	(1,387)
Insurance expenses		(2,257)	(1,659)
Water expenses		(1,905)	(1,278)
Impairment losses on financial assets		(925)	(648)
Impairment loss on investment in associate		-	(2,886)
Net foreign exchange (loss)/gains		(102)	2,678
Other operating expenses		(4,831)	(7,332)
Interest income		10,011	4,527
Other non-operating income and expenses, net	9	(13,312)	(1,421)
Loss before income tax		**(95,357)**	**(97,125)**
Income tax		-	-
LOSS FOR THE YEAR		**(95,357)**	**(97,125)**
Other comprehensive income		-	-
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		**(95,357)**	**(97,125)**

On behalf of the Management Board:

Giorgi Sharkov
General Director

30 October 2024
Tbilisi, Georgia

Maia Khachirashvili
Chief Financial Officer

30 October 2024
Tbilisi, Georgia

The notes on pages 9-32 form an integral part of these consolidated financial statements.

TBILISI TRANSPORT COMPANY GROUP

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2023
(in thousands of Georgian Lari)

	Notes	31 December 2023	31 December 2022
Assets			
Non-current assets:			
Property, plant and equipment	10	466,084	530,538
Finance lease receivable	13	15,089	26,176
Prepayments to suppliers	14	66,117	10,554
Intangible assets		100	100
Total non-current assets		**547,390**	**567,368**
Current assets:			
Inventories	11	17,026	20,761
Trade and other receivables	12	23,619	21,857
Cash and cash equivalents	15	91,339	48,633
Total current assets		**131,984**	**91,251**
Total assets		**679,374**	**658,619**
Equity and liabilities			
Equity:			
Issued capital	16	1,358,411	1,240,163
Accumulated losses		(724,896)	(629,539)
Total equity		**633,515**	**610,624**
Non-current liabilities:			
Deferred income	17	24,119	26,846
Total non-current liabilities		**24,119**	**26,846**
Current liabilities:			
Trade and other payables	18	18,599	13,605
Deferred income	17	2,727	5,410
Advances received		270	2,116
Tax liabilities		144	18
Total current liabilities		**21,740**	**21,149**
Total liabilities		**45,859**	**47,995**
Total equity and liabilities		**679,374**	**658,619**

On behalf of the Management Board:

Giorgi Sharkov
General Director

30 October 2024
Tbilisi, Georgia

Maia Khachirashvili
Chief Financial Officer

30 October 2024
Tbilisi, Georgia

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TBILISI TRANSPORT COMPANY GROUP

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2023
(in thousands of Georgian Lari)

	Issued capital	Accumulated loss	Total equity
Balance at 1 January 2022	**1,147,129**	**(532,414)**	**614,715**
Total comprehensive loss for the year	-	(97,125)	**(97,125)**
Additional contribution from parent (note 16)	93,034	-	**93,034**
Balance at 31 December 2022	**1,240,163**	**(629,539)**	**610,624**
Total comprehensive loss for the year	-	(95,357)	**(95,357)**
Additional contribution from parent (note 16)	118,248	-	**118,248**
Balance at 31 December 2023	**1,358,411**	**(724,896)**	**633,515**

On behalf of the Management Board:

Giorgi Sharkov
Director

30 October 2024
Tbilisi, Georgia

Maia Khachirashvili
Chief Financial Officer

30 October 2024
Tbilisi, Georgia

The notes on pages 9-32 form an integral part of these consolidated financial statements.

TBILISI TRANSPORT COMPANY GROUP

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2023
(in thousands of Georgian Lari)

	Note	2023	2022
Cash flows from operating activities			
Loss for the year		(95,357)	(97,125)
Adjustments for:			
Depreciation and amortization expense	10	61,243	62,415
Impairment loss on property, plant and equipment	10	44,407	19,337
Provision of inventory, net	11	2,619	1,387
Property, plant and equipment write off	10	847	552
Trade and other receivables write off	12	953	-
Impairment losses on financial assets	12,13	1,287	648
Impairment loss on investment in associate		-	2,886
Deferred income from government grant	17	(150)	(150)
Foreign exchange loss/(gain), Net		102	(2,678)
Selling loss for finance leases	9	14,616	4,123
Interest income		(12,939)	(7,467)
Cash inflow/(outflow) from operating activities before changes in operating assets and liabilities		**17,628**	**(16,072)**
Increase in trade and other receivables		(4,604)	(14,100)
Decrease/(increase) in inventory		1,116	(8,321)
Decrease in Deferred income under the contract for provision of services	17	(1,881)	(1,881)
(Decrease)/increase in Deferred income from parking	17	(2,682)	1,432
Decrease in Deferred income under the contract for provision of advertising services	17	(697)	(697)
Increase/(decrease) in trade and other payables		4,892	(52,472)
Increase/(decrease) in tax liabilities		126	(344)
Increase in prepayments to suppliers		-	(172)
(Decrease)/increase in advances received and other liabilities		(1,845)	244
Cash inflow from/(used in) operations		**12,053**	**(92,383)**
Interest received		10,011	4,527
Net cash inflow from/(used in) operating activities		**22,064**	**(87,856)**
Cash flows from investing activities			
Prepayment to suppliers for property, plant and equipment		(89,820)	(24,809)
Proceeds on disposal of property, plant and equipment		-	501
Net cash used in investing activities		**(89,820)**	**(24,308)**
Cash flows from financing activities			
Additional contribution from parent	16	110,462	91,346
Net cash inflow from financing activities		**110,462**	**91,346**
Net increase /(decrease) in cash and cash equivalents		**42,706**	**(20,818)**
Cash and cash equivalents at the beginning of the year	15	**48,633**	**69,451**
Effects of exchange rate changes on the balance of cash held in foreign currencies		-	-
Cash and cash equivalents at the end of the year	15	**91,339**	**48,633**

On behalf of the Management Board:

Giorgi Sharkov
Director
30 October 2024
Tbilisi, Georgia

Maia Khachirashvili
Chief Financial Officer
30 October 2024
Tbilisi, Georgia

The notes on pages 9-32 form an integral part of these consolidated financial statements.

1. GENERAL INFORMATION

LLC Tbilisi Transport Company (the "Company") was established in Georgia on 24 July 1997 as a limited liability company in accordance with Georgian regulations.

The Group's principal activities are to provide local urban transportation in the Tbilisi City by bus, metro and cable way and to manage parking spaces in the administrative boundaries of Tbilisi City Municipality.

In 2012, the Group joined the cableway infrastructure in Tbilisi and the newly built Rike-Narikala cable way.

During 2018 Tbilisi City Hall assigned management of parking slots to Tbilisi Transport Company LLC.

As at 31 December 2023 and 2022, 100% of the Group was owned by Legal Entity under Public Law Tbilisi City Municipality and the ultimate owner of the Group was the Government of Georgia.

The principal operating office of the Group is situated at Didube-Chughureti District, Vagzali Square #2, Tbilisi, Georgia.

As at 31 December 2023 and 2022, the Group employed 5,767 and 6,697 employees, respectively.

The Company is the parent company of the following subsidiaries:

Name	Country of operation	Ownership interest 31 December 2023	Ownership interest 31 December 2022	Type of operation
Tbilisi Transport Company Football Club	Georgia	100%	100%	Dormant

The Company owns the following investments in the associate companies:

Name	Country of operation	Ownership interest 31 December 2023	Ownership interest 31 December 2022	Type of operation
LLC MTBI	Georgia	20.0%	20.0%	Dormant
JSC "Electric-Rolling-Stock Repair Plant Tbilisi Branch"	Georgia	50.0%	50.0%	Repair services
JSC Remontazhservice	Georgia	50.0%	50.0%	Dormant

2. GOING CONCERN

These consolidated financial statements have been prepared on the assumption that the Group will continue as a going concern in the foreseeable future, which presumes that the Group will be able to realize its assets and discharge its liabilities in the normal course of business. In making this judgement, Management considered the Group's financial position, current intentions, profitability of operations and access to financial resources and analyzed the impact of the situation in the financial markets on the operations of the Group.

The Group incurred net losses for the year ended 31 December 2023 and 2022 in the amount of GEL 95,357 and GEL 97,125, respectively. As at 31 December 2023 and 2022 the Group had accumulated losses of GEL 724,896 and GEL 629,539, respectively. For the year ended 31 December 2023 and 2022 the Group had net cash inflow and outflow from operating activities amounting of GEL 22,064 inflow and GEL 87,856 outflow, respectively. These events and conditions may cast doubt about the ability of the Group to continue as a going concern.

Management of the Group believes that preparation of the accompanying consolidated financial statements on the going concern basis is appropriate because of the following:

- As of 31 December 2023, the Group's current assets GEL 131,984 exceeded its current liabilities GEL 21,740 by GEL 110,244. From the current assets, cash and cash equivalents represent GEL 91,339.

- The Group has received support letter from its immediate parent Tbilisi City Hall (The Government). The letter express commitment to finance contractual obligations of LLC Tbilisi Transport Company, if such necessity arises and if funds attracted from third parties are not sufficient to cover the Group's operations and liabilities, to ensure that the Group remains a going concern for a duration up to at least 12 months from issuance of the consolidated financial statements.

- Historically the Group has had operating losses and was financed by the Government through cash and non-cash contributions to finance operating activities.

  During 2023 Tbilisi City Hall made cash and non-cash contribution through property, plant and equipment into the charter capital of Tbilisi Transport Company LLC in the amount of GEL 110,462 and GEL 7,786, respectively. As a net result of contribution from City Hall and comprehensive loss for the year equity increased and equaled to GEL 633,515.

  During 2022 Tbilisi City Hall made cash and non-cash contribution through property, plant and equipment into the charter capital of Tbilisi Transport Company LLC in the amount of GEL 91,346 and GEL 1,688, respectively.

- The Group is sole provider of public transport in Tbilisi. The Group's principal activities are to provide local urban transportation in the Tbilisi City by bus, metro and cable way. The main goal of the Group is to maintain sustainable transportation service throughout Tbilisi and to make it affordable to different layers of society and not to maximize profit. Whether, and when, the Group can attain profitability and positive cash flows from operations is uncertain as it dependent on price increases on public transport which would be directed by the Government. Management believes that the Government will continue to support the Group as it is a critical service to the residents of the city of Tbilisi.

- Subsequent to the reporting date Tbilisi City Hall made a cash contribution into the charter capital of Tbilisi Transport Company LLC in the amount of GEL 131,913 (Note 22).

3. STATEMENT OF COMPLIANCE

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs").

4. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

Changes in accounting policy and disclosures

In the current year, there are a number of amendments to IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2023. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

IFRS 17 (including the June 2020 and December 2021 amendments to IFRS 17)	Insurance Contracts
Amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements	Disclosure of Accounting Policies
Amendments to IAS 8	Definition of Accounting Estimates
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to IAS 12	International Tax Reform — Pillar Two Model Rules

At the date of authorisation of these financial statements, the Group has not applied the following new and revised IFRS Accounting Standards that have been issued but are not yet effective and in some cases had not yet been adopted by the relevant body:

Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
Amendments to IAS 1	Classification of Liabilities as Current or Non-current
Amendments to IAS 1	Non-current Liabilities with Covenants
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback

The Management do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Group in future periods, except if indicated below.

5. MATERIAL ACCOUNTING POLICY INFORMATION

Basis of preparation – These consolidated financial statements have been prepared in accordance with "IFRSs" issued by the International Accounting Standards Board ("IASB") and Interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

These consolidated financial statements have been prepared on the assumption that the Group is a going concern and will continue in operation for the foreseeable future.

These consolidated financial statements are presented in thousands of Georgian Lari ("GEL"), unless otherwise indicated.

The consolidated financial statements have been prepared under the historical cost basis, except for the revaluation of certain properties and financial instruments that are measured at revalued amounts or fair

values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

Functional currency - Items included in the consolidated financial statements are measured using the currency of the primary of the economic environment in which the Group operates ("the functional currency"). The functional currency of the Group is the Georgian Lari. The presentational currency of the consolidated financial statements of the Group is the GEL.

Offsetting - Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liability simultaneously. Income and expense is not offset in the statement of profit or loss unless required or permitted by any accounting standard or interpretation, and as specifically disclosed in the accounting policies of the Group.

Fair value - is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The estimated fair values of financial instruments have been determined by the Group using available market information, where it exists, and appropriate valuation methodologies. However, judgement is necessarily required to interpret market data to determine the estimated fair value. Georgia continues to display some characteristics of an emerging market and economic conditions continue to limit the volume of activity in the financial markets. Market quotations may be outdated or reflect distress sale transactions and therefore not represent fair values of financial instruments. Management has used all available market information in estimating the fair value of financial instruments.

The fair value of cash and cash equivalents was determined using level 1 measurement and the fair value of other financial assets and liabilities were determined using level 3 measurement.

The principal accounting policies are set out below:

Revenue recognition **-** The Group provides transportation service by buses, metro and cable way and manages parking spaces in the administrative boundaries of Tbilisi City Municipality.

The Group recognizes the performance obligation for all of the provided services at a point in time, based on actual kilometres covered by metro and bus and hours worked for cableway, except managing parking services which is recognized over a period of time as the customers pay parking fees for certain period in advance.

Revenue is recognised net of value added tax. Revenues are measured at the fair value of the consideration received or receivable.

Rental income
Rental income from leasing spaces in the metro stations is recognized in the consolidated statement of profit or loss and other comprehensive income on a straight-line basis over the term of the lease.

Income from transmission
Income from transmission is recognized in the statement of profit or loss and other comprehensive income at a point in time.

Income from advertising
Income under the contract for advertising is recognized in the statement of profit or loss and other comprehensive income over the period of time on a straight-line basis.

Dividend and interest income

Dividend income from investments is recognized when the owner's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably).

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Finance lease receivables - Where the Group is a lessor in a lease which transfers substantially all the risks and rewards incidental to ownership to the lessee, the assets leased out are presented as a finance lease receivable and carried at the present value of the future lease payments. Finance lease receivables are initially recognised at commencement (when the lease term begins), using a discount rate determined at inception (the earlier of the date of the lease agreement and the date of commitment by the parties to the principal provisions of the lease). This income is recognised over the term of the lease. Finance income from leases is recorded within non-operating income and expenses, net in profit or loss for the year.

Foreign currencies – In preparing the consolidated financial statements, transactions in currencies other than the Group's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognized in profit or loss in the period in which they arise. Below are exchange rates as at year-end, which were used by the Group for the purpose of these consolidated financial statements:

	31 December 2023	31 December 2022
GEL/USD	2.6894	2.7020
GEL/EUR	2.9753	2.8844

Income Tax – In May 2016, the parliament of Georgia approved a change in the current corporate taxation model, with changes applicable on 1 January 2017 for all entities apart from certain financial institutions. The new model implies zero corporate tax rate on retained earnings and a 15% corporate tax rate on distributed earnings, compared to the previous model of 15% tax rate charged to the Group's profit before tax, regardless of the retention or distribution status.

The new profit tax rules are effective as of 1 January 2017, which applies to the Group and the tax base comprise both actual and deemed profit distributions, including the following:

- Distributed profits;
- Expenses incurred or other payments not related to economic activities;
- Gratuitous supplies of goods/services and/or transfers of funds; and
- Representation expenses that exceed the maximum amount defined in the tax code.

Income tax on distributed profits is recognized as an expense at the moment dividends are declared and recorded under "income tax" in the statement of profit or loss. Current tax assets and tax liabilities for current and previous periods are measured at the amount expected to be obtained from or paid to tax authorities.

Tax imposed on the areas other than distributed profits as described above is recorded under "Tax and related expenses" in the statement of profit and loss.
As a result of the new legislation the Group ceased recognising income tax expense when profits are earned and will only incur and record income tax charges in the event of a distribution of profits.

Government grant and deferred income - Government grants related to assets, including non-monetary grants at fair value, are presented in the consolidated statement of financial position as property, plant and equipment and deferred income. Government grants are recognised in profit or loss on a systematic basis over the periods in which the entity recognises as expenses the related costs for which the grants are intended to compensate.

Property, plant and equipment – All property, plant and equipment are carried at its historical cost less any accumulated depreciation and accumulated impairment losses.

The historical cost of an item of property, plant and equipment comprises (a) its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates; (b) any costs directly attributable to bringing the item to the location and condition necessary for it to be capable of operating in the manner intended by the management of the Group; (c) the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, (d) the obligation for which the Group incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

Subsequently capitalized costs include major expenditures for improvements and replacements that extend the useful lives of the assets or increase their revenue generating capacity. Repairs and maintenance expenditures that do not meet the foregoing criteria for capitalization are charged to the statement of profit or loss and other comprehensive income as incurred.

Depreciation of property, plant and equipment is charged so as to write off the depreciable amount over the useful life of an asset and is calculated using a straight-line method. Useful lives of the Companies of property, plant and equipment are as follows:

Categories of property, plant and equipment	**Years**
Buildings	10-50
Machinery and equipment	5-30
Vehicles	5-30
Buses	10
Office equipment	3-15
Other fixed assets	5-15

Freehold land is not depreciated.

Depreciable amount is the cost of an item of property, plant and equipment less its residual value. The residual value is the estimated amount that the Group would currently obtain from disposal of the item of property, plant and equipment, after deducting the estimated costs of disposal, if the asset was already of the age and in the condition expected at the end of its useful life.

The residual value, the useful lives and depreciation method are reviewed at each financial year-end. The effect of any changes from previous estimates is accounted for prospectively as a change in an accounting estimate.

The gain or loss arising on a sale or disposal of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Construction in progress comprises costs directly related to construction of property, plant and equipment including an appropriate allocation of directly attributable variable overheads that are incurred in construction. Construction in progress is not depreciated. Depreciation of the construction in progress, on the same basis as for other property, plant and equipment items, commences when the assets are available for use, i.e. when they are in the location and condition necessary for them to be capable of operating in the manner intended by the management.

Impairment of assets – At the end of each reporting period, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash- generating unit) in prior years.

A reversal of an impairment loss is recognized immediately in profit or loss.

Financial instruments - key measurement terms - Depending on their classification financial instruments are carried at fair value or amortised cost as described below.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. The best evidence of fair value is price in an active market. An active market is one in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange or other institution and those prices represent actual and regularly occurring market transactions on an arm's length basis.

Valuation techniques such as discounted cash flow models or models based on recent arm's length transactions or consideration of financial data of the investees are used to fair value certain financial instruments for which external market pricing information is not available. Valuation techniques may require assumptions not supported by observable market data. Disclosures are made in these consolidated financial statements if changing any such assumptions to a reasonably possible alternative would result in significantly different profit, income, total assets or total liabilities.

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial instrument. An incremental cost is one that would not have been incurred if the transaction had not taken place. Transaction costs include fees and commissions paid to agents (including employees acting as selling agents), advisors, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties. Transaction costs do not include debt premiums or discounts, financing costs or internal administrative or holding costs. Amortised *cost* is the amount at which the financial instrument was recognised at initial recognition less any principal repayments, plus accrued interest, and for financial assets less any write-down for incurred impairment losses. Accrued interest includes amortisation of transaction costs deferred at initial recognition and of any premium or discount to maturity amount using the effective interest method. Accrued interest income and accrued interest expense, including both accrued coupon and amortised discount or premium (including fees deferred at origination, if any), are not presented separately and are included in the carrying values of related items in the statement of financial position.

The effective interest method is a method of allocating interest income or interest expense over the relevant period so as to achieve a constant periodic rate of interest (effective interest rate) on the carrying amount.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts (excluding future credit losses) through the expected life of the financial instrument or a shorter period, if appropriate, to the net carrying amount of the financial instrument. The effective interest rate discounts cash flows of variable interest instruments to the next interest re-pricing date except for the premium or discount which reflects the credit spread over the floating rate specified in the instrument, or other variables that are not reset to market rates. Such premiums or discounts are amortised over the whole expected life of the instrument. The present value calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate.

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Classification of financial assets **-** Financial assets are classified, at initial recognition, as subsequently measured at amortised cost. The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The assessment of the Group's business model was made as of the date of initial application of IFRS 9, 1 January 2017. All financial instruments and operations performed by the Group are pointed to collect contractual cash flows from providing warehouse, logistics and keeping service. This is a main objective and a regular activity for the Group. Historically, the Group has never sold its financial instruments. Based on the past experience all financial assets are held in order to collect contractual cash flows and are classified into first business model – Held to collect (H2C). The Group's cash flows from trade and other receivables pass the SPPI test, because there are not any interest rates for these financial instruments.

Derecognition of financial assets **-** The Group derecognises financial assets when (a) the assets are redeemed or the rights to cash flows from the assets otherwise expire or (b) the Group has transferred the rights to the cash flows from the financial assets or entered into a qualifying pass-through arrangement while (i) also transferring substantially all risks and rewards of ownership of the assets or (ii) neither transferring nor retaining substantially all 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.

Classification of financial liabilities **-** Financial liabilities have the following measurement categories: (a) held for trading which also includes financial derivatives and (b) other financial liabilities. Liabilities held for trading are carried at fair value with changes in value recognised in profit or loss for the year (as finance income or finance costs) in the period in which they arise. Other financial liabilities are carried at amortised cost.

Initial recognition of financial assets and liabilities **-** Financial assets and liabilities are initially recorded at fair value plus 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.

All purchases and sales of financial assets that require delivery within the time frame established by regulation or market convention ("regular way" purchases and sales) are recorded at trade date, which is the date on which the Group commits to deliver a financial asset. All other purchases are recognised when the entity becomes a party to the contractual provisions of the instrument.

Derecognition of financial liabilities **-** A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Financial assets carried at amortised cost **-** The estimated fair value of fixed interest rate instruments is based on estimated future cash flows expected to be received discounted at current interest rates for new instruments with similar credit risk and remaining maturity. Discount rates used depend on credit risk of the counterparty. Carrying amounts of trade receivables and other financial assets approximate fair values due to their short-term maturities.

Liabilities carried at amortised cost **-** The estimated fair value of fixed interest rate instruments with stated maturity was estimated based on expected cash flows discounted at current interest rates for new instruments with similar credit risk and remaining maturity. Management of the Group considers that the carrying amounts of financial liabilities recorded in the financial statements approximate their fair values.

Financial Assets **-** The Group's financial assets include cash and cash equivalents, trade and other receivables and financial lease receivables.

Cash and cash equivalents **–** Cash and cash equivalents include petty cash, cash with banks, restricted cash, cash in transit, deposits with the option to demand them immediately without significant risk of changes in value.

Trade and other accounts receivable **–** Trade and other accounts receivable are subsequently measured at amortized cost using the effective interest rate method. Short-term accounts receivable, which are non-interest bearing, are stated at their nominal value. Appropriate allowances for estimated irrecoverable amounts are recognized in the profit or loss when there is objective evidence that the asset is impaired. The allowance recognized is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Impairment of financial assets carried at amortised cost **-** The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments at amortised cost. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate.
The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.
ECLs are recognised in two stages. For credit exposures 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 Group provides 12-months ECLs for cash and bank balances.

For collectively assessed trade receivables the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For individually assessed trade receivables the Group estimates risk parameters of marginal probability of default parameter, exposure at default parameter and loss given default parameter. When the benchmarking approach is not possible to apply the Group uses collective assessment risk parameters to calculate expected losses. One of the key inputs for the purpose of application of benchmarking approach is obtain external ratings or benchmark of external ratings using the financial ratio analysis of the counterparty. The Group investigates availability of external ratings through the open sources including International Rating Agencies websites: Moody's, Fitch and S&Ps. When the external rating is not available, the Group obtains consolidated financial statements of the counterparty determines benchmark rating based on financial ratios using the Moody's financial ratios study.

In all cases, the Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

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

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. Subsequent recoveries of amounts previously written off are credited to impairment loss account within the profit or loss for the year.

Inventories - Inventories are stated at the lower of cost and net realizable value. Costs of inventories are determined on a weighted average cost basis. Net realizable value represents the estimated selling price for inventories less estimated costs of completion and costs necessary to make the sale.

Provisions - Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation.

Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Contingent assets and liabilities − Contingent liabilities are not recognized in the consolidated financial statements. They are disclosed in the notes to the consolidated financial statements unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognised in the statement of financial position but are disclosed in the consolidated financial statements when an inflow of economic benefits is probable.

Share capital – Share capital is recognized at the fair value of the contributions received by the Group.

Dividends − Dividends are recognized in owners' equity as a reduction in the period in which they are declared. Dividends that are declared after the reporting date are treated as a subsequent event and disclosed accordingly.

Prepayments to suppliers – Prepayments to suppliers are stated at their cost less an allowance for estimated irrecoverable amounts.

Advances received – Advances received comprise of cash received in advance. All amounts received in advance are not recorded as revenue until related products have been delivered or services have been provided to customers.

6. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 5, the management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Key sources of estimation uncertainty

Impairment of property, plant and equipment - Management performed impairment analysis as at 31 December 2023 and 2022 which showed that metro and bus revenue streams are loss making cash generating units and does not generate sufficient cash flows to maintain stable operating activities without governmental support in terms of capital contributions, when cableway stream was profit making cash generating unit in 2022 but loss making cash generating unit in 2023.

To conduct the impairment assessment, the Group defined Cash Generating Units (CGUs) by considering its operational segments. Specifically, three CGUs were established: Buses, Metro, and cableway. The CGUs are established at lowest possible cash generating units. Common assets, including administrative assets, are allocated to each CGU based on last 3 years' the revenue proportion in total revenue.

During past few years new buses were acquired and bus fleet was renewed. As the buses represent newly acquired assets, which could be realised by sale, management concluded that their recoverable amounts could be determined with reference to fair value less cost to sell. Fair values were determined with reference to recent market transactions of comparable assets, and cost to sell was estimated as 10%. Management also conducted replacement cost analyses along with fair value less cost to sell analyses and combined the results of both approaches to get final impairment figures. Old buses are impaired and are recognized at scrap value in the consolidated financial statements.

During the 2023 and 2022, The Group performed rehabilitation works on metro and capitalized expenditures on the assets. Specifically, management significantly improved a number of escalators and cars by replacing significant components, which in nature did not increase weights of the escalators and cars. Also, there were some direct additions on metro. As the metro revenue stream is loss making and does not generate sufficient cash flows to maintain stable operating activities, management assessed these assets for impairment and took decision to fully impair these assets as they represent specialized assets and cannot be sold on the active market.

As the cableway is loss making business unit. Management assessed assets allocated to cableway for impairment and took decision to fully impair these assets as they represent specialized assets. Management took decision not to impair cableway assets within construction in progress as this is new line of cableway under construction and management does have expectation that the line will be profit making as it is located near the very attractive location for tourists.

Inventory Provision - The estimation of the Inventory provision is a matter of management judgment based upon experience with similar assets. In determining provision balance management considers the expected usage, estimated technical obsolescence, physical wear and tear of the assets. Changes in any of these conditions or estimates may result in adjustments for future provision and write-off expenses.

Estimation of selling date of Microbuses accounted as finance lease receivables – The Group estimates that 300 microbuses should be sold by the end of 2028. Significant judgments are used in determining the estimate. In determining expectation for selling date, historical and expected potential customers' behavior is considered. Changes in the economy or potential customers' performance may require adjustments to the estimate and cause changes in these financial statements.

7. REVENUE

During the years ended 31 December 2023 and 2022 revenue from transportation service of the Group consisted of:

	2023	2022
Revenue from buses	178,621	152,641
Revenue from metro	93,220	80,614
Revenue from cable way	1,808	1,746
Total	**273,649**	**235,001**

Starting from February 2022 revenue is generated based on actual kilometers covered by metro and bus, and hours worked for cableway. The fare per kilometer covered and hours worked is determined by mutual agreement between the Group and Tbilisi City Hall.

For the year ended 31 December 2022 for travel passes in buses the Group received compensation from the government in the amount of GEL 1,808.

For the year ended 31 December 2022 for travel passes in metro the Group received compensation from the government in the amount of GEL 1,932.

8. OTHER INCOME

During the years ended 31 December 2023 and 2022 other income of the Group consisted of:

	2023	2022
Rent income	3,557	1,715
Insurance Income	3,408	2,302
Income under the contract for provision of services	1,881	1,881
Income from transmission	1,429	1,435
Income from sale of scrap inventory	698	442
Income from advertising	697	697
Other	908	601
Total	**12,578**	**9,073**

9. OTHER NON-OPERATING INCOME AND EXPENSES, NET

During the years ended 31 December 2023 and 2022 other non-operating (expense)/income, net of the Group consisted of:

	2023	2022
Finance income on the net investment in finance leases	2,928	2,940
Penalty income	658	750
Income from government grant	150	150
Selling loss for finance leases	(14,616)	(4,123)
Property, plant and equipment write off	(847)	(552)
Other income	9	106
Other expenses	(1,594)	(692)
Total	**(13,312)**	**(1,421)**

In the second half of 2021, Tbilisi Transport Company purchased and leased out 300 microbuses, that are accounted as lease receivable as of 31 December 2023 and 31 December 2022. The loss from remeasurement of lease receivable, triggered by change in expected selling date, represents GEL 14,616 and GEL 4,123, accordingly.

At the commencement date of finance lease receivables management believed that the microbuses would be sold by the end of 2023, however due to market conditions managements expectation has changed. According to the management's updated estimate, Microbuses should be sold by the end of 2028.

10. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Machinery and equipment	Vehicles	Office equipment	Other fixed assets	Construction in progress	Total
Cost								
As at 1 January 2022	**55,208**	**50,357**	**21,010**	**673,484**	**5,423**	**3,115**	**19,182**	**827,779**
Additions	1,440	373	2,218	14,795	165	66	6,982	26,039
Transfers	-	258	-	655	-	-	(913)	-
Disposals	-	(4)	(10)	(576)	(2)	(5)	-	(597)
As at 31 December 2022	**56,648**	**50,984**	**23,218**	**688,358**	**5,586**	**3,176**	**25,251**	**853,221**
Additions	7,786	728	2,085	19,401	1,083	347	10,613	42,043
Transfers	-	505	-	2,677	-	-	(3,182)	-
Disposals	-	-	(125)	(945)	(15)	(55)	-	(1,140)
As at 31 December 2023	**64,434**	**52,217**	**25,178**	**709,491**	**6,654**	**3,468**	**32,682**	**894,124**
Accumulated depreciation								
As at 1 January 2022	**-**	**13,483**	**8,418**	**204,822**	**3,517**	**1,339**	**9,357**	**240,936**
Charge for the year	-	2,566	797	57,336	1,283	433	-	62,415
Eliminated on disposals	-	-	(1)	(38)	(2)	(4)	-	(45)
Impairment loss	-	-	2,076	14,171	6	-	3,124	19,377
As at 31 December 2022	**-**	**16,049**	**11,290**	**276,291**	**4,804**	**1,768**	**12,481**	**322,683**
Charge for the year	-	2,523	829	57,107	370	414	-	61,243
Eliminated on disposals	-	-	(40)	(222)	(13)	(18)	-	(293)
Impairment loss	-	1,549	963	39,009	4	147	2,735	44,407
As at 31 December 2023	**-**	**20,121**	**13,042**	**372,185**	**5,165**	**2,311**	**15,216**	**428,040**
Net carrying amount								
As at 31 December 2022	**56,648**	**34,935**	**11,928**	**412,067**	**782**	**1,408**	**12,770**	**530,538**
As at 31 December 2023	**64,434**	**32,096**	**12,136**	**337,306**	**1,489**	**1,157**	**17,466**	**466,084**

As at 31 December 2023 and 2022 fully depreciated and impaired assets amounted to GEL 208,639 and GEL 157,077, respectively.

As at 31 December 2023 and 2022, property, plant and equipment included administrative building received free of charge from the government in 2011 for an undetermined period. Management considers the expected usage of the building is its useful life. The Group recognized property, plant and equipment and deferred income at fair value and makes amortization of both on a straight-line basis over useful life of the building according to accounting for government grants.

11. INVENTORY

At 31 December 2023 and 2022 inventory were as follows:

	31 December 2023	31 December 2022
Spare parts	28,172	29,344
Fuel	1,369	1,313
	29,541	**30,657**
Provision	(12,515)	(9,896)
Total	**17,026**	**20,761**

Movement in the provision were as follows:

	31 December 2023	31 December 2022
Balance as at beginning of the period	**(9,896)**	**(8,509)**
Additional provision on raw materials	(3,823)	(2,622)
Reversal of provision on raw materials	1,204	1,235
Balance as at end of the period	**(12,515)**	**(9,896)**

12. TRADE AND OTHER RECEIVABLES

At 31 December 2023 and 2022 accounts receivable were as follows:

	31 December 2023	31 December 2022
Trade and other receivables	23,691	23,588
Receivable from employees	384	295
Other receivables	3,763	1,257
	27,838	**25,140**
Provision for expected credit losses	(4,219)	(3,283)
Total	**23,619**	**21,857**

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date.

Movement in the provision for expected credit losses were as follows:

	31 December 2023	31 December 2022
Balance as at beginning of the period	(3,283)	(2,453)
Expected credit loss recognized on receivables	(2,135)	(995)
Write off of trade and other receivables	953	-
Recovery of expected credit loss	246	165
Balance as at end of the period	**(4,219)**	**(3,283)**

Analysis by aging of trade receivables is as follows:

31 December 2023 (GEL'000)	**Not past due**	**- less than 30 days overdue**	**- 30 to 90 days overdue**	**- over 91 days overdue**	**Total**
Expected Credit Loss Rate	0.22%	16.67%	25.68%	99.44%	**15.1%**
Estimated total gross carrying amount at default	23,417	114	183	4,124	**27,838**
Lifetime ECL	(52)	(19)	(47)	(4,101)	**(4,219)**

31 December 2022 (GEL'000)	**Not past due**	**- less than 30 days overdue**	**- 30 to 90 days overdue**	**- over 91 days overdue**	**Total**
Expected Credit Loss Rate	0.51%	-	50%	98.66%	**13.0%**
Estimated total gross carrying amount at default	21,924	-	2	3,214	**25,140**
Lifetime ECL	(111)	-	(1)	(3,171)	**(3,283)**

13. FINANCE LEASE RECEIVABLES

	31 December 2023	31 December 2022
Amounts receivable under finance leases:		
Year 1	-	-
Year 2	24,113	33,798
Undiscounted lease payments	24,113	33,798
Unguaranteed residual values	-	-
Less: unearned finance income	(8,205)	(6,202)
Present value of lease payments receivable	15,908	27,596
Impairment loss allowance	(819)	(1,420)
Net investment in the lease	**15,089**	**26,176**
Undiscounted lease payments analysed as:		
Recoverable after 12 months	24,113	33,798
Recoverable within 12 months	-	-
	24,113	**33,798**
Net investment in the lease analysed as:		
Recoverable after 12 months	15,089	26,176
Recoverable within 12 months	-	-
	15,089	**26,176**

During September, October, November and December 2021 the Group entered into finance leasing arrangements as a lessor. The Group leased out 300 M2 type busses to four counterparties with the option to purchase these buses.

The Group is not exposed to foreign currency risk as a result of the lease arrangements, as all leases are denominated in local currency. Residual value risk on the buses under lease is not significant, because of the existence of a secondary market with respect to the buses.

Subsequent to the reporting date, no right of purchase was exercised. Management did have certain prospects that the purchase option would have been exercised by the end of 2023, which for current perspective of management seems unlikely, instead management has certain expectation that purchase option will be exercised by the end of 2028.

14. PREPAYMENTS TO SUPPLIERS

At 31 December 2023 and 2022 prepayments to suppliers were as follows:

	31 December 2023	31 December 2022
Prepayments to subcontractors	23,954	10,138
Prepayment for property, plant and equipment	42,163	416
Total prepayments to suppliers for non-current assets	**66,117**	**10,554**

Prepayments to subcontractors as at 31 December 2023 mostly represents prepayments made to LLC Construction Service, LLC Dagi and Doppelmayer Seilbahnen G.M.B.H in the amount of GEL 12,099, GEL 578 and GEL 7,244, respectively. The purpose of prepayments to subcontractors is design and construction works on new line connecting Rustaveli avenue with Mtatsminda Park and design and construction works on new auto base.

Prepayments to subcontractors as at 31 December 2022 mostly represents prepayments made to LLC Dagi and Doppelmayer Seilbahnen G.M.B.H in the amount of GEL 1,363 and GEL 7,244, respectively, for design and construction works on new cableway line connecting Rustaveli avenue with Mtatsminda Park.

Prepayments to subcontractor LLC Bada Group as at 31 December 2023 and 31 December 2022 represents prepayment made for performing of rehabilitation works on Avlabari Metro Station, amounting GEL 1,504.

Prepayments for property, plant and equipment to LLC Tegeta Motors as at 31 December 2023 mostly represents prepayment made for new buses, amounting GEL 40,000.

15. CASH AND CASH EQUIVALENTS

At 31 December 2023 and 2022 cash and cash equivalents were as follows:

	31 December 2023	31 December 2022
Cash with banks	91,340	48,634
Bank deposit	-	-
	91,340	48,634
Expected credit loss	(1)	(1)
Total	**91,339**	**48,633**

Major cash and bank balances are held by the Group with Georgian commercial bank, having Standard and Poor's and Fitch rating of BB.

In 2023 interest income on cash and bank balances amounted to GEL 10,011 for the Group (2022: GEL 4,527).

16. ISSUED CAPITAL

During 2023 Tbilisi City Hall made a cash and non-cash contribution through property, plant and equipment into the charter capital of Tbilisi Transport Company LLC in the amount of GEL 110,462 and GEL 7,786, respectively.

During 2022 Tbilisi City Hall made a cash and non-cash contribution through property, plant and equipment and into the charter capital of Tbilisi Transport Company LLC in the amount of GEL 91,346 and GEL 1,688, respectively.

17. DEFERRED INCOME

At 31 December 2023 and 2022 deferred income were as follows:

	31 December 2023	31 December 2022
Deferred income under the contract for provision of services	8,855	10,737
Deferred income under the contract for provision of advertising services	12,296	12,993
Deferred income from government grant	5,695	5,845
Deferred income from parking	-	2,681
Total deferred income	**26,846**	**32,256**
Short-term portion of deferred income	2,727	5,410
Long-term portion of deferred income	24,119	26,846

Deferred income under the contract related to the provision of services represents cash received under announced tender. In 2017, the Group announced a tender for banks for provision of software devices in the metro, buses and cableways and respective payment service through plastic cards for 10 year period starting from 2018 year. The tender was won by JSC Bank of Georgia and it paid GEL 22,200,000 inclusive VAT to the Group. The agreement was formed on 15 September 2017 according to which service should be rendered from 15 September 2018 till 15 September 2028. The revenue is recognized over the period of time by the Group on a straight-line basis.

Deferred income under the contract related to the provision of advertising services represents cash received under announced tender. In 2019, the Group announced a tender for advertising companies to use Group's own advertising areas for 20 year period started from February 2019. The tender was won by LLC ALMA and it paid GEL 14,547 inclusive VAT to the Group. The agreement was formed on 6 February 2019 according to which service should be rendered from 6 February 2019 till 6 February 2039. The revenue is recognized over the period of time by the Group on a straight line basis. On 18 August 2021 the Group received additional payment amounting GEL 4,987 inclusive VAT from LLC ALMA in accordance with amendment made on October 7, 2020. According to the amendment expiration date of the contract moved from 6 February 2039 to 6 February 2040. Furthermore, in April 2022 another amendment took place and the term prolonged until 7 August 2041. The revenue is recognized over the period of time by the Group on a straight line basis.

Deferred income from government grant represents administrative building received free of charge by the government in 2011. Government grant related to property, plant and equipment is presented in the consolidated statement of financial position as property, plant and equipment (note 10) and deferred income. Government grants are recognised in profit or loss on a systematic basis over the periods in which the entity recognises as expenses the related costs for which the grants are intended to compensate. Management considers the expected usage of the building is its useful life. The Group recognized property, plant and equipment and deferred income and makes amortization of both on a straight line basis over useful life of the building according to accounting for government grants.

Deferred income from parking represents cash received by the citizens for managing parking services but unearned by the Group as at the reporting date. Revenue from parking is recognized over period of time as the customers pay parking fees for certain period in advance.

18. TRADE AND OTHER PAYABLES

At 31 December 2023 and 2022 trade and other payables were as follows:

	31 December 2023	31 December 2022
Trade payable	13,761	8,803
Salaries payable	4,300	4,175
Other payables	538	627
Total	**18,599**	**13,605**

19. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Capital risk management – The Group's policy for capital management is to maintain a sufficient capital base for meeting the Group's operational and strategic needs. The Group is mainly financed with equity through the capital contributions from Tbilisi City Hall. As at 31 December 2023 and 2022 the Group had no loan and was fully financed with equity.

Major categories of financial instruments – The Group's principal financial liabilities comprise trade and other payables. The Group has following financial assets: trade and other receivables, finance lease receivables and cash and cash equivalents.

	31 December 2023	31 December 2022
Financial assets		
Cash and cash equivalents	91,339	48,633
Finance Lease Receivable	15,089	26,176
Trade and other receivables	23,619	21,857
Total financial assets	**130,047**	**96,666**

	31 December 2023	31 December 2022
Financial liabilities		
Trade and other payables	18,599	13,605
Total financial liabilities	**18,599**	**13,605**

The main risks arising from the Group's financial instruments are credit and liquidity risks.

Interest rate risk – Interest rate risk is the risk that changes in floating interest rates will adversely impact the financial results of the Group. The Group has no exposure to the interest rate risk as the Group had no borrowings as at 31 December 2023 and 2022.

Credit risk – Credit risk is managed on a Group-wide basis. Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet contractual obligations. The following categories comprise the main credit exposures of the Group.

The Group earns the majority of revenue through received consideration per each performance indicator from Tbilisi City Hall. And the receivables relate to compensation to be received from Tbilisi City Hall. Other trade receivables include amounts due under contractual arrangements with suppliers and include prepayments for work to be performed. These counterparties are assessed individually for their creditworthiness at the time of entering into contract and termination provisions are included to mitigate the Group's risk. The Group makes all reasonable attempts to recover receivable balances. The Bank with which the Group held cash had the BB credit rating as affirmed by Standard and Poor's and Fitch ratings.

The carrying amount of financial assets recorded in the consolidated financial statements, which is net of impairment losses, represents the Group's maximum exposure to credit risk.

Liquidity risk – Liquidity risk is the risk that the Group will not be able to settle all liabilities as they are due.

The following tables detail the Group 's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods as at 31 December 2023 and 2022. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The tables include both interest and principal cash flows.

	Less than 1 month	1-3 months	3 months to 1 year	1-5 years	5+ years	Total
31 December 2023						
Non-interest bearing	18,599	-	-	-	-	**18,599**
Interest bearing	-	-	-	-	-	**-**
	18,599	**-**	**-**	**-**	**-**	**18,599**
31 December 2022						
Non-interest bearing	13,605	-	-	-	-	**13,605**
Interest bearing	-	-	-	-	-	**-**
	13,605	**-**	**-**	**-**	**-**	**13,605**

20. RELATED PARTY TRANSACTIONS

Related parties include owners, affiliates and entities under common ownership and control with the Group and members of key management personnel.

Related parties may enter into transactions which unrelated parties might not, and transactions between related parties may not be affected on the same terms and conditions as transactions between unrelated parties.

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form. The Group had the following balances and transactions with related parties:

	31 December 2023				
	Owner	**Associates**	**Key management personnel**	**Total Related Party balances and transactions**	**% of Total Balances**
Trade and other receivable	23,105	-	-	**23,105**	**98%**
Revenue	273,649	-	-	**273,649**	**100%**
Salaries and other employee benefits	-	-	563	**515**	**0.36%**

	31 December 2022				
	Owner	**Associates**	**Key management personnel**	**Total Related Party balances and transactions**	**% of Total Balances**
Trade and other receivable	21,412	-	-	**21,412**	**98%**
Revenue	235,001	-	-	**235,001**	**100%**
Salaries and other employee benefits	-	-	515	**515**	**0.35%**

For the year ended 31 December 2023 and 31 December 2022 the Group purchased service from JSC Electric-Rolling-Stock Repair Plant Tbilisi Branch in the amount of GEL 18,737 and GEL 13,464, respectively, related to rehabilitation works on metro and capitalized expenditures on the assets (note 10).

21. COMMITMENTS AND CONTINGENCIES

Commitments – The Group had material commitments outstanding as at 31 December 2023, compared to some immaterial commitments as at 31 December 2022. As at 31 December 2023, the Group is committed to increase the bus fleet with 18-meter new buses. Total cost of purchase agreement with Tegeta Motors LLC amounts GEL 240 279 out of which GEL 40,000 is already paid in 2023. Second commitment is to build the new 4th auto base. Total cost of agreement with Construction Service LLC is GEL 60,496 out of which GEL 12,099 is already paid in 2023.

Legal proceedings – From time to time and in the normal course of business, claims against the Group are received from citizens and counterparties. Management is of the opinion that no material non-accrued losses will be incurred and accordingly no provision has been made in these consolidated financial statements.

Taxes – Georgian tax legislation in particular may give rise to varying interpretations and amendments. In addition, as management's interpretation of tax legislation may differ from that of the tax authorities, transactions may be challenged by the tax authorities, and as a result the Group may be assessed additional taxes, penalties and interest. The Group believes that it has already made all tax payments, and therefore no allowance has been made in the consolidated financial statements. 2023 and 2022 years remain open to review by the tax authorities.

Operating environment – Emerging markets such as Georgia are subject to different risks than more developed markets; these include economic, political and social, and legal and legislative risks. Laws and regulations affecting businesses in Georgia continue to evolve rapidly with tax and regulatory frameworks subject to varying interpretations. The future direction of Georgia's economy is heavily influenced by the fiscal and monetary policies adopted by the government, together with developments in the legal, regulatory, and political environment.

For the last several years Georgia has experienced a number of legislative changes, which have been largely related to Georgia's accession plan to the European Union. Whilst the legislative changes implemented during 2023 and 2022 paved the way, more can be expected as Georgia's action plan for achieving accession to the European Union continues to develop.

Management is unable to predict all developments which could have an impact on the Georgian economy and consequently what effect, if any, they could have on the future financial position of the Group. Management believes it is taking all the necessary measures to support the sustainability and development of the Group's business.

22. EVENTS AFTER THE REPORTING PERIOD

Subsequent to the reporting date Tbilisi Transport Company LLC received funding from Tbilisi City Hall amounting GEL 131,913 out of which GEL 118,120 is intended for purchasing new buses and the rest will be spent on modernisation of metro carriages.

In February 2024 Tbilisi City Hall entered into an agreement with Tegeta Motors LLC about the purchase of 40 new M3 buses, costing GEL 62,940 at agreement date which will expand the public transport fleet in Tbilisi.

23. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved by the management and authorized for issue on 30 October 2024.

Management Report

Overview of Group Business

The Group is engaged in providing transport services to the residents of Tbilisi by means of underground electric transport (metro), M3 buses and three - Rike-Narikala, Chavchavadze Avenue-Turtle Lake and Bagebi-University cableways.

The Group's business is an economic activity regulated within the administrative boundaries of Tbilisi.

Fares are subject to regulation as per the decision of Tbilisi City Assembly on fixed rates in regulated industries.

On 10 April 2018, considering public needs, the Government of Tbilisi Municipality handed over the management of parking industry to Tbilisi Transport Company LLC to ensure a smooth and efficient operation of the parking system. Now the Group manages, organizes and oversees the parking system within the Municipality, provides for placement/drawing and monitoring of traffic signs and additional marking in parking areas designated by Tbilisi Municipality, detection of failures of compliance with the rules of parking, drawing up and turning in parking tickets and protocol of administrative offences, as well as transfer of vehicles to designated protected parking areas in cases stipulated by the law.

From August 1, 2023 the right was transferred to manage the abovementioned service to Tbilisi City Hall.

In previous years revenue was primarily received from the transportation services provided to passengers according to the decisions of the Tbilisi City Hall, in accordance with the transportation fares established within the framework of regulated economic activity. From 1 February, 2022, approved by the Resolution N20-82 of Tbilisi City Hall as at 30 December, 2014 Implementation of an integrated system of passenger transport services within the administrative boundaries of Tbilisi Municipality, determination of the price of issuing a permit for regular passenger transport (with categories of M2 and M3), participation in the competition of permit seekers, identification of the winner, "Permit Validity Period, Permit Conditions, and the Attached Rule for Permit Issuance Price Payment" of Article 181, Paragraph 3, and "Included in the Integrated System of Passenger Transportation Services by Buses (M3 Category), Underground Electric Transport (Metro) in Regular Passenger Transportation and Cableway "University-Bagebi" when transporting passengers, and on the determination of the conditions related to the provision of services for the transportation of passengers by the cableway "University-Bagebi", as well as the transportation of passengers by the cableway "Chavchavadze Avenue-Turtle Lake" and the cableway "Rike-Narikala"" of the Tbilisi Municipality Government of 1 April, 2022 N 22.459.507 decree and of 24 January, 2023 N23.58.77, the Group's revenue is determined on the basis of transporting passengers and KMs covered and hours worked multiplied by the relevant approved fares.

The legal entity under public law of the Tbilisi City Municipality - Transport and Urban Development Agency of the City of Tbilisi Municipality ensures reimbursement of the amounts payable in exchange for passenger transportation services under the following conditions:

1. In case of M3 category buses - for each kilometer covered - in the amount of 3.3 GEL;

2. In case of underground electric transport (metro), for each kilometer covered in the amount of 4.06 GEL;

3. In the case of "Rike-Narikala" cableway, "Chavchavadze Ave-Turtle Lake" cableway and "University Bagebi" cableway, the service fee is 139.13 GEL per hour.

Revenue is primarily received from the transportation services provided to passengers. Other income includes rental income, income from the placement of optical and copper cables by other legal entities in structures and tunnels owned by the Group, and income from parking until 1 August 2023.

Tbilisi Transport Company LLC owns two metro depots: Gldani depot and Nadzaladevi depot.

The main purpose of the metro depots is to provide Tbilisi underground with fully operational trains running on a timetable. The total length of the tunnels is 57.18 km and includes two Akhmeteli-Varketili (40.56 km) and Saburtalo (16.62 km) lines. A technically reliable and uninterrupted operation is ensured by means of a cyclical system of planned maintenance and current repairs, which is based on total round trips and length of journey along the line. This included three sessions of technical maintenance of different scopes – TM1, TM2 and TM3 and two sessions of current repairs of different scopes – CR1 and CR2.

In order to update the transport infrastructure and equip the underground system with the necessary infrastructure, funding provided by the Tbilisi City Hall, in 2023 the Group undertook a capital repair and upgrade of the carriages on its balance sheet. Completed the research works for the preparation of project expenditure documentation for restoration and reinforcement works in Bus Stations, Metro and Cableway, including Implementation services of railway materials, escalator parts, pneumatic and electrical parts of carriages, high voltage vacuum circuit breakers, track superstructure, purchase of repair works for the roofs of the production buildings of Depot Gldani and overhaul of the main and intermediate cars of the metro with elements of modernization.

As part of the measures to improve transportation infrastructure, contracts were signed for the acquisition of 160 new, environmentally friendly 18-meter M3 category buses equipped with CNG engines and for the preparation of design and cost-estimate documentation, as well as the state procurement of construction works for a new bus depot required for the bus fleet.

Construction works on the cableway towards Mtatsminda Park were underway.

The reconstruction and capital repair works of the “Gotsiridze” metro station, which began in the previous reporting period, have been completed, and the station has been put into operation.

The Group started to manage the Rike-Narikala, Chavchavadze Avenue-Turtle Lake and University-Bagebi cableways in 2012, 2016 and 2021 respectively. Development of cableways will attract locals as well as tourists. In addition, in order to ease the passenger traffic and develop cableway transport in the capital, the Group also acquired the goods and services needed to develop a cableway from the old cable station at the National Academy of Sciences to the Mtatsminda Park.

During the reporting year the underground provided transport (metro) services to 152,940K passengers, M3 buses to – 167 616K . All three ropeways managed to providing service to 2,065K passengers in total.

Including in the category with free and discounted passage in regular city services as per Decree 20-81 of 30 December 2014 by Tbilisi City Assembly, the number of passengers served was 188,641k passengers (out of which by the underground – 85,198K, by M3 buses – 103,363K passengers and by cableway (University-Bagebi) 80K.

Ownership in Other Entities

Tbilisi Transport Company LLC owns 100% of Tbilisi Transport Company Football Club, which was established to form amateur football team from Tbilisi Transport Company’s employees and to participate in football tournaments in Georgia. The Company is dormant.

The Group owns the following investments in the associate companies:

Name	Country of operation	**Ownership interest 31 December 2023**	**Ownership interest 31 December 2022**	Type of operation
LLC MTBI	Georgia	20.0%	20.0%	Dormant
JSC "Electric-Rolling-Stock Repair Plaint Tbilisi Branch"	Georgia	50.0%	50.0%	Repair services
JSC Remontazhservice	Georgia	50.0%	50.0%	Dormant

LLC MTBI and JSC Remontazhservice are dormant entities and JSC Electric-Rollin-Stock Repair Plant Tbilisi Branch is engaged in repairing and modernizing trains operated by the underground system.

Financial Review

The Group's revenue from bus, metro and cableway segments for the year ended 31 December 2023 year amounted to GEL 273,649 compared to GEL 235,001 for the year ended 31 December 2022 year.

For the year ended 31 December 2023 the Group's other income from rental, advertising, placement of optical and cooper wiring and parking amounted to GEL 16,921 compared to GEL 12,097 for the year ended 31 December 2022 year.

The Group's net loss for the year ended 31 December 2023 year amounted to GEL 95,357 compared to GEL 97,125 for the year ended 31 December 2022 year.

Corporate and Social Responsibility

In order to improve the social welfare of the passengers, discounted fare for certain categories of users of inhabitants is paid from the Tbilisi Municipality budget according to Tbilisi City Hall order №20-81 issued in 30 December 2014.

Within administrative boundaries of Tbilisi Municipality transportation by: buses (categories M2 and M3), underground electric transport (metro) and ropeway "University-Bagebi", free passage shall be allowed to:

a) Severely handicapped blind persons registered in Tbilisi and any person assisting them in passage;
b) Veterans of the 2nd World War and aligned persons registered in Tbilisi;
c) Veterans for the military actions aiming to restore Georgian territorial integrity, freedom and independence and aligned persons registered in Tbilisi, including the civil aviation pilots who performed special flights in the areas of military action;
d) Veterans of military actions taking place in other countries and aligned persons registered in Tbilisi;
e) Army veterans registered in Tbilisi;
f) Family members of those fallen (missing) in the 2nd World War, military actions aiming to restore Georgian territorial integrity, freedom and independence, military actions taking place in other countries and aligned persons registered in Tbilisi, including those deceased (missing) after the action;
g) Students of institutions of general education that are legal entity of public law, and of authorized institutions of general education that are commercial or non-commercial legal entities of private law, within the administrative boundaries of Tbilisi;
h) District inspectors of Chief Tbilisi Governance of the Georgian Ministry of Inferior;
i) Employees of Tbilisi nursery schools governed by non-commercial legal entity Tbilisi Nursery School Management Agency;

j) Persons with former prisoner status engaged in Former Prisoner Rehabilitation and Resocialization Program and residing in Tbilisi;
k) Sweepers and cleaners, and special ad-hoc team sweepers, workers, assistant workers and drivers of Tbilservis Group Ltd;
l) Employees of the Transport and Urban Development Agency of the Tbilisi Municipality and the Municipal Inspection of the City Hall of the Tbilisi Municipality;
m) Technical workers working at "Hermes" LLC;
n) Drivers, gardeners, cleaners, mowers, auxiliary workers, electricians, engine repairmen, fountain washers, specialists, cutters, sawyers, workers working at "Ekoservi Group" LLC;
o) Those injured and fallen as a result of the breaking up of the independence rally in Tbilisi on 9th April 1989 and their family members, registered in Tbilisi;
p) Personnel of Tbilisi Municipal Center for Non-profit (non-commercial) legal entity Epidemiological Monitoring and Control for Infectious Diseases.
q) Personnel of non-profit (non-commercial) legal entity – Agency for Social Care

Free passage was granted to the patrol police department of the Ministry of Internal Affairs of Georgia, Patrol inspectors of the Metropolitan Division of the Main Division of Tbilisi.

Within administrative boundaries of Tbilisi Municipality transportation by: buses (categories M2 and M3), underground electric transport (metro) and ropeway "University-Bagebi", 0.2 discounted fare shall be allowed to:

a) Students of authorized higher educational institutions and authorized vocational institutions located within the administrative boundaries of Tbilisi;

b) Personnel of the following institutions located within the administrative boundaries of Tbilisi:

- Public general educational institutions
- General vocational educational institutions
- Branches (nursing homes for the elderly and the disabled and children's shelters) and structural units (trafficking victim shelters, crisis centers) of State Fund for Victims of Trafficking, Victim Protection and Assistance - a legal entity of public law subordinate to the Georgian Ministry of Internally Displaced Persons from the Occupied Territories, Labor, Health and Social Affairs;
- Non-profit (non-commercial) legal entities - art schools run by Tbilisi Municipality City Hall, non-profit (non-commercial) legal entity National Youth and Students' Palace, non-profit (non-commercial) legal entity Tbilisi Student's Hall;
- Extracurricular art schools - legal entities of public law subordinate to the Georgian Ministry of Education, Science, Culture and Sports, including Sokhumi Dimitri Arakishvili Musical School and Sokhumi Aleksandre Shervashidze-Chachibaia School of Fine Arts;

c) Teachers registered in Tbilisi and employed at public schools located in the City of Rustavi, Mtskheta, Gardabani, Marneuli and Bolnisi Municipalities subordinate to the Georgian Ministry of Education, Science, Culture and Sports;
d) Retirees as per the Law of Georgia on State Retirement Fee, registered in Tbilisi;
e) District physicians, district pediatricians and family physicians in outpatient clinics owned by Tbilisi;
f) School guards employed at the educational institutions located within the administrative boundaries of Tbilisi;
g) Social agents and social workers employed at Tbilisi service centers of Social Service Agency a legal entity of public law subordinate to the Georgian Ministry of Internally Displaced Persons from the Occupied Territories, Labor, Health and Social Affairs.

Discounted fare (GEL 0.1) is paid by citizens residing in Tbilisi and holding 70,000 rating points and below in the Unified Data Base for Socially Insecure Families.

In addition, students of authorized higher educational institutions located within the administrative borders of Tbilisi and professional students of educational institutions implementing an authorized professional educational program were given the right to free passage on the ropeway "University-Bagebi" within the administrative borders of the city of Tbilisi.

Plans for Development

Within the framework of the Tbilisi buses project, considering the serious environmental condition of the city overloaded with outdated transport, the purchase of 40 modern European CNG powered, ecologically clean municipal 18-meter buses and the construction of a new 4th bus depot will continue. The project will replenish and upgrade the fleet with new buses, resulting in a more developed transport system, ensuring a safe, convenient and unhindered transportation of local inhabitants and tourists. This will also result in a reduced pollution of the local environment and improve the aesthetic view of the city.

As part of the Tbilisi Metro project, the modernization and capital repair of outdated metro cars are carried out annually. The complete modernization of the fleet is planned, including the acquisition of a total of 212 metro trains. The project is co-financed by the AIIB (Asian Infrastructure Investment Bank).

Within the framework of the Tbilisi Metro project the construction/reconstruction of the depot and the rehabilitation of the connecting tunnel are planned. Also, a full rehabilitation of 12 metro stations in Tbilisi.

Additionally, according to the loan agreement signed in 2019 between Georgia and the European Bank for Reconstruction and Development (EBRD) within the framework of the continuation of the "Tbilisi Buses Project," the procedures for the rehabilitation of the first bus depot on the Group's balance sheet and the acquisition of the reinforcement for the CNG fueling station of the second bus depot are underway.

Tbilisi Transport Company LLC plans to focus on creating a unified management information system, managing social issues and human resources, and safe health care. It is also planned to implement several major infrastructure rehabilitation projects.

Tbilisi Transport Company provides equal opportunities to everyone notwithstanding the age, gender, and ethnic or religious background and strives to provide fair working conditions to all its employees to help them in developing and demonstrating their best potential.

Overview of Risks

The main types of risks the Group faces are liquidity and operational risks, which are described below.

Liquidity Risk

Liquidity risk is the risk that the Group will be unable to settle the due liabilities on a timely basis, such as fund its operational expenses, wages and salaries, leases, loans, etc.
Liquidity risk could severely hamper the operation of the Group and lead it to a crisis.
In order to minimize the risk, the Group carries out a diligent policy regarding the management of its cash flows, which envisages raising and maintaining sufficient funds to cover all the necessary liabilities when they are due. The expenses are paid based on their priority in the following manner (in the descending order of priorities):

- Liabilities due to the State as envisaged by the Group policy;
- Personnel wages and salaries;
- Necessary operational expenses (utilities, creditors, etc.)

Therefore, the Group management strives to timely identify the risks and react to them in order to ensure a minimal damage and efficient functioning of the Group.

Operational Risk

In order to minimize its operational risks, the Group has a Monitoring Department, which permanently reviews condition of the transport and performs health and safety checks.

Credit Risk

Credit risk is managed on a Group-wide basis. Credit risk is the risk of financial loss to the Group if a customer or counterparty becomes insolvent or unable to make timely payments of the liabilities, which causes financial losses to the Group. The following categories comprise the main credit exposures of the Group.

The Group earns the majority of revenue through prepaid fares, and the receivables relate to compensation to be received from Tbilisi City Hall. The Group makes all reasonable attempts to recover receivable balances. Other trade receivables include amounts due under contractual arrangements with suppliers and include prepayments for work to be performed. These counterparties are assessed individually for their creditworthiness at the time of entering into contract and early termination provisions are included to mitigate the Group's risk.

Market Risk

Market risk is the risk related to the market prices, such as foreign exchange rates, change in interest rates and inflation, which affect the Group income and expenditures. The fare is subject to regulation as per the decision of Tbilisi City Assembly on fixed rates in regulated economic industries.

Interest rate risk is the risk that changes in floating interest rates will adversely affect the financial results of the Group. The Group has limited exposure to the interest rate risk as entities in the Group did not have any borrowings as at 31 December 2023.

Research

The Group did not conduct any research in 2023.

Protecting the Environment and Social Matters

In relation to environmental protection and social issues, a package of Environmental Protection and Safety Management System (ESMS) documents has been developed and approved in the Group, which includes the following documents and action measures:
Tbilisi Transport Group Occupational Health and Safety Management Procedures and Plans (TTC Occupational Health & Tbilisi Transport Company TTC Waste Management Plan); Tbilisi Transport Company Pollution Prevention and Control Plan (TTC Pollution Prevention and Control Plan); Tbilisi Transport Company Contractor EHS Management Plan (TTC Contractors EHS Management Plan); Environmental Management Programs (TTC Facility / site-Specific Environmental Management Programs) of Tbilisi Transport Company; Environmental Management Programs (TTC Facility / site-Specific Environmental Management Programs) of Tbilisi Transport Company;

Professional health and safety management programs (TTC Facility / site- Specific Occupational Health & Safety Management Programs) of the production subdivisions of Tbilisi Transport Company. In accordance with the abovementioned rule, the Group carried out as of 2022: Quarterly environmental and labor safety audit; Scheduled monthly inspections to ensure compliance with environmental and labor safety regulations on company-owned facilities.

An anti-sexual harassment and equal opportunity policy has been developed and approved in the Group. Also, the Group is a signatory to WEP's Principles of Women's Empowerment, initiated worldwide by the United Nations Development Fund for Women. To contact the Group through a statement, hotline, and Facebook is also available. All applications/complaints and information received by the Group are processed and transferred to the relevant services for the purpose of taking appropriate measures.

A labor and health safety policy has been developed and approved in the Group.
Tbilisi Transport Company provides equal rights to everyone regardless of age, gender, ethnicity and religion and strives to create a fair working environment for all its employees so that they can develop and show their potential.

Tbilisi Transport Company is a silver laureate of the "Sustainable Development Award" of the European Bank for Reconstruction and Development (EBRD) (September 24, 2021)
Tbilisi Transport Company won the Sustainable Development Award at the annual event of the European Bank for Reconstruction and Development (EBRD). Out of 62 nominations, 21 projects in six categories were selected to be presented for gold, silver and bronze prizes. The Group received a silver award in the gender and inclusion category.

Tbilisi Transport Company implements various projects and programs within the framework of cooperation with the European Bank for Reconstruction and Development. In the process of implementing the mentioned projects, the Group promotes the increase of women's access to safe and reliable public transport in Tbilisi, as well as increases their employment opportunities by promoting the sustainable development of the Group and implementing a gender equality strategy in the field of urban transport. It should be noted that Tbilisi Transport Company won the mentioned award for the second time. This award was won for the first time in 2017 in the innovation category.

Matters for Fight Against Corruption

At Tbilisi Transport Company LLC, the suppression of corruption and the responsibility of person who commits corruption offenses is regulated in accordance with the legal acts in force in Georgia. Among them is the Law of Georgia "On Incompatibility of Interests and Corruption in Public Institutions", Article 2, Clause 2, Sub-paragraph "c" of which applies to the general director of the Group. In accordance with the regulations of the internal monitoring service of the Group, the service is authorized to start an investigation based on any complaint and, in case of existence an assumption, to send it to the investigative services.

The Group acts in accordance with the Law of Georgia "On State Procurement" and related by-laws.

Tbilisi Transport Company Group

Consolidated financial statements, Management Report and Independent Auditor's Report
For The Year Ended 31 December 2023

TBILISI TRANSPORT COMPANY GROUP

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TBILISI TRANSPORT COMPANY GROUP

STATEMENT OF MANAGEMENT'S RESPONSIBILITIES FOR THE PREPARATION AND APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS AND MANAGEMENT REPORT FOR THE YEAR ENDED 31 DECEMBER 2023

Management is responsible for the preparation of the consolidated financial statements that present fairly the financial position of LLC Tbilisi Transport Company and its subsidiary (the "Group") as of 31 December 2023, and the consolidated results of its operations, cash flows and changes in shareholders' equity for the year then ended, in compliance with International Financial Reporting Standards ("IFRSs").

In preparing the consolidated financial statements, management is responsible for:

- Properly selecting and applying accounting policies;
- Presenting information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- Providing additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group's financial position and financial performance; and
- Making an assessment of the Group's ability to continue as a going concern.
- Disclosing the information in the management report as required by the Law of Georgia on Accounting, Reporting and Auditing;
- Preparing the management report consistent with the consolidated financial statements.

Management is also responsible for:

- Designing, implementing and maintaining an effective and sound system of internal controls throughout the Group;
- Maintaining adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the consolidated financial position of the Group, and which enable them to ensure that the consolidated financial statements of the Group comply with IFRS;
- Maintaining statutory accounting records in compliance with local legislation and accounting standards;
- Taking such steps as are reasonably available to them to safeguard the assets of the Group; and
- Preventing and detecting fraud and other irregularities.

Management is responsible for the preparation of the Management Report in accordance with the requirements of Law of Georgia on Accounting, Reporting and Auditing and for such internal control as management determines is necessary to enable the preparation of the Management Report that is free from material misstatement, whether due to fraud or error.

Management is responsible that:

- The Management Report for the year ended 31 December 2023 is prepared in accordance with the requirements of Law of Georgia on Accounting, Reporting and Auditing;
- The Management Report for the year ended 31 December 2023 includes the information required by the Law of Georgia on Accounting, Reporting and Auditing; and
- The information provided in the Management Report is consistent, in all material respects, with the audited consolidated financial statements for the year ended 31 December 2023.

Consolidated financial statements of the Group for the year ended 31 December 2023 were approved by management on 30 October 2024:

On behalf of the Management:

_____	_____
Giorgi Sharkov	**Maia Khachirashvili**
General Director	**Chief Financial Officer**
30 October 2024	30 October 2024
Tbilisi, Georgia	Tbilisi, Georgia

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INDEPENDENT AUDITOR'S REPORT

To the Owner and Directors of Tbilisi Transport Company Group (the "Group"):

Opinion

We have audited the consolidated financial statements of LLC Tbilisi Transport Company (the "Company") and its subsidiary (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

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 consolidated financial statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants* (including International Independence Standards) (the "IESBA Code") and we have fulfilled our ethical responsibilities in accordance with These Requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises the Consolidated Management Report prepared in accordance with the requirements of the Law of Georgia on Accounting, Reporting and Auditing ("the Law").

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

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In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated 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 of this other information, we are required to report that fact.
We have nothing to report based on these responsibilities.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated 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 Group'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 Group'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 consolidated 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 Group to cease to continue as a going concern.

Deloitte.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Report on Other Legal and Regulatory Requirements

Management is responsible for the preparation of the Management Report in accordance with the Law, and for such internal control as Management determines is necessary to enable the preparation of the Management Report that is free from material misstatement, whether due to fraud or error.

We performed procedures with respect to whether the management report is prepared in accordance with the requirements of the Law and includes the information required by the Law.

We have read the Management Report and based on the work done we have concluded that:

- The information given in the Management Report for the year ended 31 December 2023 is materially consistent with the consolidated financial statements for the year ended 31 December 2023, or with our knowledge obtained in the audit; and
- The Management Report includes the Information required by Article 7 of the Law of Georgia on Accounting, Reporting and Auditing and complies with respective regulatory normative acts.

Shota Nanitashvili
on behalf of Deloitte and Touche LLC

30 October 2024
Tbilisi, Georgia

TBILISI TRANSPORT COMPANY GROUP

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2023
(in thousands of Georgian Lari)

	Notes	2023	2022
Revenue from transportation service	7	273,649	235,001
Revenue from parking		11,238	8,250
Other income	8	12,578	9,073
Operating income		**297,465**	**252,324**
Salaries and other employee benefits		(154,891)	(145,153)
Maintenance expenses		(35,453)	(27,835)
Impairment of property, plant and equipment	10	(44,407)	(19,377)
Fuel expenses		(41,859)	(49,972)
Depreciation and amortization	10	(61,243)	(62,415)
Electricity expenses		(26,962)	(26,444)
Materials and consumables		(10,902)	(7,422)
Tax and related expenses		(1,165)	(1,425)
Provision for inventory, net		(2,619)	(1,387)
Insurance expenses		(2,257)	(1,659)
Water expenses		(1,905)	(1,278)
Impairment losses on financial assets		(925)	(648)
Impairment loss on investment in associate		-	(2,886)
Net foreign exchange (loss)/gains		(102)	2,678
Other operating expenses		(4,831)	(7,332)
Interest income		10,011	4,527
Other non-operating income and expenses, net	9	(13,312)	(1,421)
Loss before income tax		**(95,357)**	**(97,125)**
Income tax		-	-
LOSS FOR THE YEAR		**(95,357)**	**(97,125)**
Other comprehensive income		-	-
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		**(95,357)**	**(97,125)**

On behalf of the Management Board:

Giorgi Sharkov	**Maia Khachirashvili**
General Director	**Chief Financial Officer**
30 October 2024	30 October 2024
Tbilisi, Georgia	Tbilisi, Georgia

The notes on pages 9-32 form an integral part of these consolidated financial statements.

TBILISI TRANSPORT COMPANY GROUP

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2023
(in thousands of Georgian Lari)

	Notes	31 December 2023	31 December 2022
Assets			
Non-current assets:			
Property, plant and equipment	10	466,084	530,538
Finance lease receivable	13	15,089	26,176
Prepayments to suppliers	14	66,117	10,554
Intangible assets		100	100
Total non-current assets		**547,390**	**567,368**
Current assets:			
Inventories	11	17,026	20,761
Trade and other receivables	12	23,619	21,857
Cash and cash equivalents	15	91,339	48,633
Total current assets		**131,984**	**91,251**
Total assets		**679,374**	**658,619**
Equity and liabilities			
Equity:			
Issued capital	16	1,358,411	1,240,163
Accumulated losses		(724,896)	(629,539)
Total equity		**633,515**	**610,624**
Non-current liabilities:			
Deferred income	17	24,119	26,846
Total non-current liabilities		**24,119**	**26,846**
Current liabilities:			
Trade and other payables	18	18,599	13,605
Deferred income	17	2,727	5,410
Advances received		270	2,116
Tax liabilities		144	18
Total current liabilities		**21,740**	**21,149**
Total liabilities		**45,859**	**47,995**
Total equity and liabilities		**679,374**	**658,619**

On behalf of the Management Board:

Giorgi Sharkov
General Director

30 October 2024
Tbilisi, Georgia

Maia Khachirashvili
Chief Financial Officer

30 October 2024
Tbilisi, Georgia

The notes on pages 9-32 form an integral part of these consolidated financial statements.

TBILISI TRANSPORT COMPANY GROUP

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2023
(in thousands of Georgian Lari)

	Issued capital	Accumulated loss	Total equity
Balance at 1 January 2022	**1,147,129**	**(532,414)**	**614,715**
Total comprehensive loss for the year	-	(97,125)	**(97,125)**
Additional contribution from parent (note 16)	93,034	-	**93,034**
Balance at 31 December 2022	**1,240,163**	**(629,539)**	**610,624**
Total comprehensive loss for the year	-	(95,357)	**(95,357)**
Additional contribution from parent (note 16)	118,248	-	**118,248**
Balance at 31 December 2023	**1,358,411**	**(724,896)**	**633,515**

On behalf of the Management Board:

Giorgi Sharkov	**Maia Khachirashvili**
Director	**Chief Financial Officer**
30 October 2024	30 October 2024
Tbilisi, Georgia	Tbilisi, Georgia

The notes on pages 9-32 form an integral part of these consolidated financial statements.

TBILISI TRANSPORT COMPANY GROUP

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2023
(in thousands of Georgian Lari)

	Note	2023	2022
Cash flows from operating activities			
Loss for the year		(95,357)	(97,125)
Adjustments for:			
Depreciation and amortization expense	10	61,243	62,415
Impairment loss on property, plant and equipment	10	44,407	19,337
Provision of inventory, net	11	2,619	1,387
Property, plant and equipment write off	10	847	552
Trade and other receivables write off	12	953	-
Impairment losses on financial assets	12,13	1,287	648
Impairment loss on investment in associate		-	2,886
Deferred income from government grant	17	(150)	(150)
Foreign exchange loss/(gain), Net		102	(2,678)
Selling loss for finance leases	9	14,616	4,123
Interest income		(12,939)	(7,467)
Cash inflow/(outflow) from operating activities before changes in operating assets and liabilities		**17,628**	**(16,072)**
Increase in trade and other receivables		(4,604)	(14,100)
Decrease/(increase) in inventory		1,116	(8,321)
Decrease in Deferred income under the contract for provision of services	17	(1,881)	(1,881)
(Decrease)/increase in Deferred income from parking	17	(2,682)	1,432
Decrease in Deferred income under the contract for provision of advertising services	17	(697)	(697)
Increase/(decrease) in trade and other payables		4,892	(52,472)
Increase/(decrease) in tax liabilities		126	(344)
Increase in prepayments to suppliers		-	(172)
(Decrease)/increase in advances received and other liabilities		(1,845)	244
Cash inflow from/(used in) operations		**12,053**	**(92,383)**
Interest received		10,011	4,527
Net cash inflow from/(used in) operating activities		**22,064**	**(87,856)**
Cash flows from investing activities			
Prepayment to suppliers for property, plant and equipment		(89,820)	(24,809)
Proceeds on disposal of property, plant and equipment		-	501
Net cash used in investing activities		**(89,820)**	**(24,308)**
Cash flows from financing activities			
Additional contribution from parent	16	110,462	91,346
Net cash inflow from financing activities		**110,462**	**91,346**
Net increase /(decrease) in cash and cash equivalents		**42,706**	**(20,818)**
Cash and cash equivalents at the beginning of the year	15	**48,633**	**69,451**
Effects of exchange rate changes on the balance of cash held in foreign currencies		-	-
Cash and cash equivalents at the end of the year	15	**91,339**	**48,633**

On behalf of the Management Board:

Giorgi Sharkov
Director
30 October 2024
Tbilisi, Georgia

Maia Khachirashvili
Chief Financial Officer
30 October 2024
Tbilisi, Georgia

The notes on pages 9-32 form an integral part of these consolidated financial statements.

1. GENERAL INFORMATION

LLC Tbilisi Transport Company (the "Company") was established in Georgia on 24 July 1997 as a limited liability company in accordance with Georgian regulations.

The Group's principal activities are to provide local urban transportation in the Tbilisi City by bus, metro and cable way and to manage parking spaces in the administrative boundaries of Tbilisi City Municipality.

In 2012, the Group joined the cableway infrastructure in Tbilisi and the newly built Rike-Narikala cable way.

During 2018 Tbilisi City Hall assigned management of parking slots to Tbilisi Transport Company LLC.

As at 31 December 2023 and 2022, 100% of the Group was owned by Legal Entity under Public Law Tbilisi City Municipality and the ultimate owner of the Group was the Government of Georgia.

The principal operating office of the Group is situated at Didube-Chughureti District, Vagzali Square #2, Tbilisi, Georgia.

As at 31 December 2023 and 2022, the Group employed 5,767 and 6,697 employees, respectively.

The Company is the parent company of the following subsidiaries:

Name	Country of operation	Ownership interest 31 December 2023	Ownership interest 31 December 2022	Type of operation
Tbilisi Transport Company Football Club	Georgia	100%	100%	Dormant

The Company owns the following investments in the associate companies:

Name	Country of operation	Ownership interest 31 December 2023	Ownership interest 31 December 2022	Type of operation
LLC MTBI	Georgia	20.0%	20.0%	Dormant
JSC "Electric-Rolling-Stock Repair Plant Tbilisi Branch"	Georgia	50.0%	50.0%	Repair services
JSC Remontazhservice	Georgia	50.0%	50.0%	Dormant

2. GOING CONCERN

These consolidated financial statements have been prepared on the assumption that the Group will continue as a going concern in the foreseeable future, which presumes that the Group will be able to realize its assets and discharge its liabilities in the normal course of business. In making this judgement, Management considered the Group's financial position, current intentions, profitability of operations and access to financial resources and analyzed the impact of the situation in the financial markets on the operations of the Group.

The Group incurred net losses for the year ended 31 December 2023 and 2022 in the amount of GEL 95,357 and GEL 97,125, respectively. As at 31 December 2023 and 2022 the Group had accumulated losses of GEL 724,896 and GEL 629,539, respectively. For the year ended 31 December 2023 and 2022 the Group had net cash inflow and outflow from operating activities amounting of GEL 22,064 inflow and GEL 87,856 outflow, respectively. These events and conditions may cast doubt about the ability of the Group to continue as a going concern.

Management of the Group believes that preparation of the accompanying consolidated financial statements on the going concern basis is appropriate because of the following:

- As of 31 December 2023, the Group's current assets GEL 131,984 exceeded its current liabilities GEL 21,740 by GEL 110,244. From the current assets, cash and cash equivalents represent GEL 91,339.

- The Group has received support letter from its immediate parent Tbilisi City Hall (The Government). The letter express commitment to finance contractual obligations of LLC Tbilisi Transport Company, if such necessity arises and if funds attracted from third parties are not sufficient to cover the Group's operations and liabilities, to ensure that the Group remains a going concern for a duration up to at least 12 months from issuance of the consolidated financial statements.

- Historically the Group has had operating losses and was financed by the Government through cash and non-cash contributions to finance operating activities.

  During 2023 Tbilisi City Hall made cash and non-cash contribution through property, plant and equipment into the charter capital of Tbilisi Transport Company LLC in the amount of GEL 110,462 and GEL 7,786, respectively. As a net result of contribution from City Hall and comprehensive loss for the year equity increased and equaled to GEL 633,515.

  During 2022 Tbilisi City Hall made cash and non-cash contribution through property, plant and equipment into the charter capital of Tbilisi Transport Company LLC in the amount of GEL 91,346 and GEL 1,688, respectively.

- The Group is sole provider of public transport in Tbilisi. The Group's principal activities are to provide local urban transportation in the Tbilisi City by bus, metro and cable way. The main goal of the Group is to maintain sustainable transportation service throughout Tbilisi and to make it affordable to different layers of society and not to maximize profit. Whether, and when, the Group can attain profitability and positive cash flows from operations is uncertain as it dependent on price increases on public transport which would be directed by the Government. Management believes that the Government will continue to support the Group as it is a critical service to the residents of the city of Tbilisi.

- Subsequent to the reporting date Tbilisi City Hall made a cash contribution into the charter capital of Tbilisi Transport Company LLC in the amount of GEL 131,913 (Note 22).

3. STATEMENT OF COMPLIANCE

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs").

4. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

Changes in accounting policy and disclosures

In the current year, there are a number of amendments to IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2023. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

IFRS 17 (including the June 2020 and December 2021 amendments to IFRS 17)	Insurance Contracts
Amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements	Disclosure of Accounting Policies
Amendments to IAS 8	Definition of Accounting Estimates
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to IAS 12	International Tax Reform — Pillar Two Model Rules

At the date of authorisation of these financial statements, the Group has not applied the following new and revised IFRS Accounting Standards that have been issued but are not yet effective and in some cases had not yet been adopted by the relevant body:

Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
Amendments to IAS 1	Classification of Liabilities as Current or Non-current
Amendments to IAS 1	Non-current Liabilities with Covenants
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback

The Management do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Group in future periods, except if indicated below.

5. MATERIAL ACCOUNTING POLICY INFORMATION

Basis of preparation – These consolidated financial statements have been prepared in accordance with "IFRSs" issued by the International Accounting Standards Board ("IASB") and Interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

These consolidated financial statements have been prepared on the assumption that the Group is a going concern and will continue in operation for the foreseeable future.

These consolidated financial statements are presented in thousands of Georgian Lari ("GEL"), unless otherwise indicated.

The consolidated financial statements have been prepared under the historical cost basis, except for the revaluation of certain properties and financial instruments that are measured at revalued amounts or fair

values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

Functional currency - Items included in the consolidated financial statements are measured using the currency of the primary of the economic environment in which the Group operates ("the functional currency"). The functional currency of the Group is the Georgian Lari. The presentational currency of the consolidated financial statements of the Group is the GEL.

Offsetting - Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liability simultaneously. Income and expense is not offset in the statement of profit or loss unless required or permitted by any accounting standard or interpretation, and as specifically disclosed in the accounting policies of the Group.

Fair value - is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The estimated fair values of financial instruments have been determined by the Group using available market information, where it exists, and appropriate valuation methodologies. However, judgement is necessarily required to interpret market data to determine the estimated fair value. Georgia continues to display some characteristics of an emerging market and economic conditions continue to limit the volume of activity in the financial markets. Market quotations may be outdated or reflect distress sale transactions and therefore not represent fair values of financial instruments. Management has used all available market information in estimating the fair value of financial instruments.

The fair value of cash and cash equivalents was determined using level 1 measurement and the fair value of other financial assets and liabilities were determined using level 3 measurement.

The principal accounting policies are set out below:

Revenue recognition **-** The Group provides transportation service by buses, metro and cable way and manages parking spaces in the administrative boundaries of Tbilisi City Municipality.

The Group recognizes the performance obligation for all of the provided services at a point in time, based on actual kilometres covered by metro and bus and hours worked for cableway, except managing parking services which is recognized over a period of time as the customers pay parking fees for certain period in advance.

Revenue is recognised net of value added tax. Revenues are measured at the fair value of the consideration received or receivable.

Rental income
Rental income from leasing spaces in the metro stations is recognized in the consolidated statement of profit or loss and other comprehensive income on a straight-line basis over the term of the lease.

Income from transmission
Income from transmission is recognized in the statement of profit or loss and other comprehensive income at a point in time.

Income from advertising
Income under the contract for advertising is recognized in the statement of profit or loss and other comprehensive income over the period of time on a straight-line basis.

Dividend and interest income

Dividend income from investments is recognized when the owner's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably).

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Finance lease receivables - Where the Group is a lessor in a lease which transfers substantially all the risks and rewards incidental to ownership to the lessee, the assets leased out are presented as a finance lease receivable and carried at the present value of the future lease payments. Finance lease receivables are initially recognised at commencement (when the lease term begins), using a discount rate determined at inception (the earlier of the date of the lease agreement and the date of commitment by the parties to the principal provisions of the lease). This income is recognised over the term of the lease. Finance income from leases is recorded within non-operating income and expenses, net in profit or loss for the year.

Foreign currencies – In preparing the consolidated financial statements, transactions in currencies other than the Group's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognized in profit or loss in the period in which they arise. Below are exchange rates as at year-end, which were used by the Group for the purpose of these consolidated financial statements:

	31 December 2023	31 December 2022
GEL/USD	2.6894	2.7020
GEL/EUR	2.9753	2.8844

Income Tax – In May 2016, the parliament of Georgia approved a change in the current corporate taxation model, with changes applicable on 1 January 2017 for all entities apart from certain financial institutions. The new model implies zero corporate tax rate on retained earnings and a 15% corporate tax rate on distributed earnings, compared to the previous model of 15% tax rate charged to the Group's profit before tax, regardless of the retention or distribution status.

The new profit tax rules are effective as of 1 January 2017, which applies to the Group and the tax base comprise both actual and deemed profit distributions, including the following:

- Distributed profits;
- Expenses incurred or other payments not related to economic activities;
- Gratuitous supplies of goods/services and/or transfers of funds; and
- Representation expenses that exceed the maximum amount defined in the tax code.

Income tax on distributed profits is recognized as an expense at the moment dividends are declared and recorded under "income tax" in the statement of profit or loss. Current tax assets and tax liabilities for current and previous periods are measured at the amount expected to be obtained from or paid to tax authorities.

Tax imposed on the areas other than distributed profits as described above is recorded under "Tax and related expenses" in the statement of profit and loss.
As a result of the new legislation the Group ceased recognising income tax expense when profits are earned and will only incur and record income tax charges in the event of a distribution of profits.

Government grant and deferred income - Government grants related to assets, including non-monetary grants at fair value, are presented in the consolidated statement of financial position as property, plant and equipment and deferred income. Government grants are recognised in profit or loss on a systematic basis over the periods in which the entity recognises as expenses the related costs for which the grants are intended to compensate.

Property, plant and equipment – All property, plant and equipment are carried at its historical cost less any accumulated depreciation and accumulated impairment losses.

The historical cost of an item of property, plant and equipment comprises (a) its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates; (b) any costs directly attributable to bringing the item to the location and condition necessary for it to be capable of operating in the manner intended by the management of the Group; (c) the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, (d) the obligation for which the Group incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

Subsequently capitalized costs include major expenditures for improvements and replacements that extend the useful lives of the assets or increase their revenue generating capacity. Repairs and maintenance expenditures that do not meet the foregoing criteria for capitalization are charged to the statement of profit or loss and other comprehensive income as incurred.

Depreciation of property, plant and equipment is charged so as to write off the depreciable amount over the useful life of an asset and is calculated using a straight-line method. Useful lives of the Companies of property, plant and equipment are as follows:

Categories of property, plant and equipment	**Years**
Buildings	10-50
Machinery and equipment	5-30
Vehicles	5-30
Buses	10
Office equipment	3-15
Other fixed assets	5-15

Freehold land is not depreciated.

Depreciable amount is the cost of an item of property, plant and equipment less its residual value. The residual value is the estimated amount that the Group would currently obtain from disposal of the item of property, plant and equipment, after deducting the estimated costs of disposal, if the asset was already of the age and in the condition expected at the end of its useful life.

The residual value, the useful lives and depreciation method are reviewed at each financial year-end. The effect of any changes from previous estimates is accounted for prospectively as a change in an accounting estimate.

The gain or loss arising on a sale or disposal of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Construction in progress comprises costs directly related to construction of property, plant and equipment including an appropriate allocation of directly attributable variable overheads that are incurred in construction. Construction in progress is not depreciated. Depreciation of the construction in progress, on the same basis as for other property, plant and equipment items, commences when the assets are available for use, i.e. when they are in the location and condition necessary for them to be capable of operating in the manner intended by the management.

Impairment of assets – At the end of each reporting period, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash- generating unit) in prior years.

A reversal of an impairment loss is recognized immediately in profit or loss.

Financial instruments - key measurement terms - Depending on their classification financial instruments are carried at fair value or amortised cost as described below.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. The best evidence of fair value is price in an active market. An active market is one in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange or other institution and those prices represent actual and regularly occurring market transactions on an arm's length basis.

Valuation techniques such as discounted cash flow models or models based on recent arm's length transactions or consideration of financial data of the investees are used to fair value certain financial instruments for which external market pricing information is not available. Valuation techniques may require assumptions not supported by observable market data. Disclosures are made in these consolidated financial statements if changing any such assumptions to a reasonably possible alternative would result in significantly different profit, income, total assets or total liabilities.

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial instrument. An incremental cost is one that would not have been incurred if the transaction had not taken place. Transaction costs include fees and commissions paid to agents (including employees acting as selling agents), advisors, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties. Transaction costs do not include debt premiums or discounts, financing costs or internal administrative or holding costs. Amortised *cost* is the amount at which the financial instrument was recognised at initial recognition less any principal repayments, plus accrued interest, and for financial assets less any write-down for incurred impairment losses. Accrued interest includes amortisation of transaction costs deferred at initial recognition and of any premium or discount to maturity amount using the effective interest method. Accrued interest income and accrued interest expense, including both accrued coupon and amortised discount or premium (including fees deferred at origination, if any), are not presented separately and are included in the carrying values of related items in the statement of financial position.

The effective interest method is a method of allocating interest income or interest expense over the relevant period so as to achieve a constant periodic rate of interest (effective interest rate) on the carrying amount.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts (excluding future credit losses) through the expected life of the financial instrument or a shorter period, if appropriate, to the net carrying amount of the financial instrument. The effective interest rate discounts cash flows of variable interest instruments to the next interest re-pricing date except for the premium or discount which reflects the credit spread over the floating rate specified in the instrument, or other variables that are not reset to market rates. Such premiums or discounts are amortised over the whole expected life of the instrument. The present value calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate.

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Classification of financial assets **-** Financial assets are classified, at initial recognition, as subsequently measured at amortised cost. The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The assessment of the Group's business model was made as of the date of initial application of IFRS 9, 1 January 2017. All financial instruments and operations performed by the Group are pointed to collect contractual cash flows from providing warehouse, logistics and keeping service. This is a main objective and a regular activity for the Group. Historically, the Group has never sold its financial instruments. Based on the past experience all financial assets are held in order to collect contractual cash flows and are classified into first business model – Held to collect (H2C). The Group's cash flows from trade and other receivables pass the SPPI test, because there are not any interest rates for these financial instruments.

Derecognition of financial assets **-** The Group derecognises financial assets when (a) the assets are redeemed or the rights to cash flows from the assets otherwise expire or (b) the Group has transferred the rights to the cash flows from the financial assets or entered into a qualifying pass-through arrangement while (i) also transferring substantially all risks and rewards of ownership of the assets or (ii) neither transferring nor retaining substantially all 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.

Classification of financial liabilities **-** Financial liabilities have the following measurement categories: (a) held for trading which also includes financial derivatives and (b) other financial liabilities. Liabilities held for trading are carried at fair value with changes in value recognised in profit or loss for the year (as finance income or finance costs) in the period in which they arise. Other financial liabilities are carried at amortised cost.

Initial recognition of financial assets and liabilities **-** Financial assets and liabilities are initially recorded at fair value plus 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.

All purchases and sales of financial assets that require delivery within the time frame established by regulation or market convention ("regular way" purchases and sales) are recorded at trade date, which is the date on which the Group commits to deliver a financial asset. All other purchases are recognised when the entity becomes a party to the contractual provisions of the instrument.

Derecognition of financial liabilities **-** A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Financial assets carried at amortised cost **-** The estimated fair value of fixed interest rate instruments is based on estimated future cash flows expected to be received discounted at current interest rates for new instruments with similar credit risk and remaining maturity. Discount rates used depend on credit risk of the counterparty. Carrying amounts of trade receivables and other financial assets approximate fair values due to their short-term maturities.

Liabilities carried at amortised cost **-** The estimated fair value of fixed interest rate instruments with stated maturity was estimated based on expected cash flows discounted at current interest rates for new instruments with similar credit risk and remaining maturity. Management of the Group considers that the carrying amounts of financial liabilities recorded in the financial statements approximate their fair values.

Financial Assets **-** The Group's financial assets include cash and cash equivalents, trade and other receivables and financial lease receivables.

Cash and cash equivalents **–** Cash and cash equivalents include petty cash, cash with banks, restricted cash, cash in transit, deposits with the option to demand them immediately without significant risk of changes in value.

Trade and other accounts receivable **–** Trade and other accounts receivable are subsequently measured at amortized cost using the effective interest rate method. Short-term accounts receivable, which are non-interest bearing, are stated at their nominal value. Appropriate allowances for estimated irrecoverable amounts are recognized in the profit or loss when there is objective evidence that the asset is impaired. The allowance recognized is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Impairment of financial assets carried at amortised cost **-** The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments at amortised cost. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate.
The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.
ECLs are recognised in two stages. For credit exposures 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 Group provides 12-months ECLs for cash and bank balances.

For collectively assessed trade receivables the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For individually assessed trade receivables the Group estimates risk parameters of marginal probability of default parameter, exposure at default parameter and loss given default parameter. When the benchmarking approach is not possible to apply the Group uses collective assessment risk parameters to calculate expected losses. One of the key inputs for the purpose of application of benchmarking approach is obtain external ratings or benchmark of external ratings using the financial ratio analysis of the counterparty. The Group investigates availability of external ratings through the open sources including International Rating Agencies websites: Moody's, Fitch and S&Ps. When the external rating is not available, the Group obtains consolidated financial statements of the counterparty determines benchmark rating based on financial ratios using the Moody's financial ratios study.

In all cases, the Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

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

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. Subsequent recoveries of amounts previously written off are credited to impairment loss account within the profit or loss for the year.

Inventories - Inventories are stated at the lower of cost and net realizable value. Costs of inventories are determined on a weighted average cost basis. Net realizable value represents the estimated selling price for inventories less estimated costs of completion and costs necessary to make the sale.

Provisions - Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation.

Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Contingent assets and liabilities − Contingent liabilities are not recognized in the consolidated financial statements. They are disclosed in the notes to the consolidated financial statements unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognised in the statement of financial position but are disclosed in the consolidated financial statements when an inflow of economic benefits is probable.

Share capital – Share capital is recognized at the fair value of the contributions received by the Group.

Dividends − Dividends are recognized in owners' equity as a reduction in the period in which they are declared. Dividends that are declared after the reporting date are treated as a subsequent event and disclosed accordingly.

Prepayments to suppliers – Prepayments to suppliers are stated at their cost less an allowance for estimated irrecoverable amounts.

Advances received – Advances received comprise of cash received in advance. All amounts received in advance are not recorded as revenue until related products have been delivered or services have been provided to customers.

6. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 5, the management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Key sources of estimation uncertainty

Impairment of property, plant and equipment - Management performed impairment analysis as at 31 December 2023 and 2022 which showed that metro and bus revenue streams are loss making cash generating units and does not generate sufficient cash flows to maintain stable operating activities without governmental support in terms of capital contributions, when cableway stream was profit making cash generating unit in 2022 but loss making cash generating unit in 2023.

To conduct the impairment assessment, the Group defined Cash Generating Units (CGUs) by considering its operational segments. Specifically, three CGUs were established: Buses, Metro, and cableway. The CGUs are established at lowest possible cash generating units. Common assets, including administrative assets, are allocated to each CGU based on last 3 years' the revenue proportion in total revenue.

During past few years new buses were acquired and bus fleet was renewed. As the buses represent newly acquired assets, which could be realised by sale, management concluded that their recoverable amounts could be determined with reference to fair value less cost to sell. Fair values were determined with reference to recent market transactions of comparable assets, and cost to sell was estimated as 10%. Management also conducted replacement cost analyses along with fair value less cost to sell analyses and combined the results of both approaches to get final impairment figures. Old buses are impaired and are recognized at scrap value in the consolidated financial statements.

During the 2023 and 2022, The Group performed rehabilitation works on metro and capitalized expenditures on the assets. Specifically, management significantly improved a number of escalators and cars by replacing significant components, which in nature did not increase weights of the escalators and cars. Also, there were some direct additions on metro. As the metro revenue stream is loss making and does not generate sufficient cash flows to maintain stable operating activities, management assessed these assets for impairment and took decision to fully impair these assets as they represent specialized assets and cannot be sold on the active market.

As the cableway is loss making business unit. Management assessed assets allocated to cableway for impairment and took decision to fully impair these assets as they represent specialized assets. Management took decision not to impair cableway assets within construction in progress as this is new line of cableway under construction and management does have expectation that the line will be profit making as it is located near the very attractive location for tourists.

Inventory Provision - The estimation of the Inventory provision is a matter of management judgment based upon experience with similar assets. In determining provision balance management considers the expected usage, estimated technical obsolescence, physical wear and tear of the assets. Changes in any of these conditions or estimates may result in adjustments for future provision and write-off expenses.

Estimation of selling date of Microbuses accounted as finance lease receivables – The Group estimates that 300 microbuses should be sold by the end of 2028. Significant judgments are used in determining the estimate. In determining expectation for selling date, historical and expected potential customers' behavior is considered. Changes in the economy or potential customers' performance may require adjustments to the estimate and cause changes in these financial statements.

7. REVENUE

During the years ended 31 December 2023 and 2022 revenue from transportation service of the Group consisted of:

	2023	2022
Revenue from buses	178,621	152,641
Revenue from metro	93,220	80,614
Revenue from cable way	1,808	1,746
Total	**273,649**	**235,001**

Starting from February 2022 revenue is generated based on actual kilometers covered by metro and bus, and hours worked for cableway. The fare per kilometer covered and hours worked is determined by mutual agreement between the Group and Tbilisi City Hall.

For the year ended 31 December 2022 for travel passes in buses the Group received compensation from the government in the amount of GEL 1,808.

For the year ended 31 December 2022 for travel passes in metro the Group received compensation from the government in the amount of GEL 1,932.

8. OTHER INCOME

During the years ended 31 December 2023 and 2022 other income of the Group consisted of:

	2023	2022
Rent income	3,557	1,715
Insurance Income	3,408	2,302
Income under the contract for provision of services	1,881	1,881
Income from transmission	1,429	1,435
Income from sale of scrap inventory	698	442
Income from advertising	697	697
Other	908	601
Total	**12,578**	**9,073**

9. OTHER NON-OPERATING INCOME AND EXPENSES, NET

During the years ended 31 December 2023 and 2022 other non-operating (expense)/income, net of the Group consisted of:

	2023	2022
Finance income on the net investment in finance leases	2,928	2,940
Penalty income	658	750
Income from government grant	150	150
Selling loss for finance leases	(14,616)	(4,123)
Property, plant and equipment write off	(847)	(552)
Other income	9	106
Other expenses	(1,594)	(692)
Total	**(13,312)**	**(1,421)**

In the second half of 2021, Tbilisi Transport Company purchased and leased out 300 microbuses, that are accounted as lease receivable as of 31 December 2023 and 31 December 2022. The loss from remeasurement of lease receivable, triggered by change in expected selling date, represents GEL 14,616 and GEL 4,123, accordingly.

At the commencement date of finance lease receivables management believed that the microbuses would be sold by the end of 2023, however due to market conditions managements expectation has changed. According to the management's updated estimate, Microbuses should be sold by the end of 2028.

10. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Machinery and equipment	Vehicles	Office equipment	Other fixed assets	Construction in progress	Total
Cost								
As at 1 January 2022	**55,208**	**50,357**	**21,010**	**673,484**	**5,423**	**3,115**	**19,182**	**827,779**
Additions	1,440	373	2,218	14,795	165	66	6,982	26,039
Transfers	-	258	-	655	-	-	(913)	-
Disposals	-	(4)	(10)	(576)	(2)	(5)	-	(597)
As at 31 December 2022	**56,648**	**50,984**	**23,218**	**688,358**	**5,586**	**3,176**	**25,251**	**853,221**
Additions	7,786	728	2,085	19,401	1,083	347	10,613	42,043
Transfers	-	505	-	2,677	-	-	(3,182)	-
Disposals	-	-	(125)	(945)	(15)	(55)	-	(1,140)
As at 31 December 2023	**64,434**	**52,217**	**25,178**	**709,491**	**6,654**	**3,468**	**32,682**	**894,124**
Accumulated depreciation								
As at 1 January 2022	**-**	**13,483**	**8,418**	**204,822**	**3,517**	**1,339**	**9,357**	**240,936**
Charge for the year	-	2,566	797	57,336	1,283	433	-	62,415
Eliminated on disposals	-	-	(1)	(38)	(2)	(4)	-	(45)
Impairment loss	-	-	2,076	14,171	6	-	3,124	19,377
As at 31 December 2022	**-**	**16,049**	**11,290**	**276,291**	**4,804**	**1,768**	**12,481**	**322,683**
Charge for the year	-	2,523	829	57,107	370	414	-	61,243
Eliminated on disposals	-	-	(40)	(222)	(13)	(18)	-	(293)
Impairment loss	-	1,549	963	39,009	4	147	2,735	44,407
As at 31 December 2023	**-**	**20,121**	**13,042**	**372,185**	**5,165**	**2,311**	**15,216**	**428,040**
Net carrying amount								
As at 31 December 2022	**56,648**	**34,935**	**11,928**	**412,067**	**782**	**1,408**	**12,770**	**530,538**
As at 31 December 2023	**64,434**	**32,096**	**12,136**	**337,306**	**1,489**	**1,157**	**17,466**	**466,084**

As at 31 December 2023 and 2022 fully depreciated and impaired assets amounted to GEL 208,639 and GEL 157,077, respectively.

As at 31 December 2023 and 2022, property, plant and equipment included administrative building received free of charge from the government in 2011 for an undetermined period. Management considers the expected usage of the building is its useful life. The Group recognized property, plant and equipment and deferred income at fair value and makes amortization of both on a straight-line basis over useful life of the building according to accounting for government grants.

11. INVENTORY

At 31 December 2023 and 2022 inventory were as follows:

	31 December 2023	31 December 2022
Spare parts	28,172	29,344
Fuel	1,369	1,313
	29,541	**30,657**
Provision	(12,515)	(9,896)
Total	**17,026**	**20,761**

Movement in the provision were as follows:

	31 December 2023	31 December 2022
Balance as at beginning of the period	**(9,896)**	**(8,509)**
Additional provision on raw materials	(3,823)	(2,622)
Reversal of provision on raw materials	1,204	1,235
Balance as at end of the period	**(12,515)**	**(9,896)**

12. TRADE AND OTHER RECEIVABLES

At 31 December 2023 and 2022 accounts receivable were as follows:

	31 December 2023	31 December 2022
Trade and other receivables	23,691	23,588
Receivable from employees	384	295
Other receivables	3,763	1,257
	27,838	**25,140**
Provision for expected credit losses	(4,219)	(3,283)
Total	**23,619**	**21,857**

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date.

Movement in the provision for expected credit losses were as follows:

	31 December 2023	31 December 2022
Balance as at beginning of the period	(3,283)	(2,453)
Expected credit loss recognized on receivables	(2,135)	(995)
Write off of trade and other receivables	953	-
Recovery of expected credit loss	246	165
Balance as at end of the period	**(4,219)**	**(3,283)**

Analysis by aging of trade receivables is as follows:

31 December 2023 (GEL'000)	**Not past due**	**- less than 30 days overdue**	**- 30 to 90 days overdue**	**- over 91 days overdue**	**Total**
Expected Credit Loss Rate	0.22%	16.67%	25.68%	99.44%	**15.1%**
Estimated total gross carrying amount at default	23,417	114	183	4,124	**27,838**
Lifetime ECL	(52)	(19)	(47)	(4,101)	**(4,219)**

31 December 2022 (GEL'000)	**Not past due**	**- less than 30 days overdue**	**- 30 to 90 days overdue**	**- over 91 days overdue**	**Total**
Expected Credit Loss Rate	0.51%	-	50%	98.66%	**13.0%**
Estimated total gross carrying amount at default	21,924	-	2	3,214	**25,140**
Lifetime ECL	(111)	-	(1)	(3,171)	**(3,283)**

13. FINANCE LEASE RECEIVABLES

	31 December 2023	31 December 2022
Amounts receivable under finance leases:		
Year 1	-	-
Year 2	24,113	33,798
Undiscounted lease payments	24,113	33,798
Unguaranteed residual values	-	-
Less: unearned finance income	(8,205)	(6,202)
Present value of lease payments receivable	15,908	27,596
Impairment loss allowance	(819)	(1,420)
Net investment in the lease	**15,089**	**26,176**
Undiscounted lease payments analysed as:		
Recoverable after 12 months	24,113	33,798
Recoverable within 12 months	-	-
	24,113	**33,798**
Net investment in the lease analysed as:		
Recoverable after 12 months	15,089	26,176
Recoverable within 12 months	-	-
	15,089	**26,176**

During September, October, November and December 2021 the Group entered into finance leasing arrangements as a lessor. The Group leased out 300 M2 type busses to four counterparties with the option to purchase these buses.

The Group is not exposed to foreign currency risk as a result of the lease arrangements, as all leases are denominated in local currency. Residual value risk on the buses under lease is not significant, because of the existence of a secondary market with respect to the buses.

Subsequent to the reporting date, no right of purchase was exercised. Management did have certain prospects that the purchase option would have been exercised by the end of 2023, which for current perspective of management seems unlikely, instead management has certain expectation that purchase option will be exercised by the end of 2028.

14. PREPAYMENTS TO SUPPLIERS

At 31 December 2023 and 2022 prepayments to suppliers were as follows:

	31 December 2023	31 December 2022
Prepayments to subcontractors	23,954	10,138
Prepayment for property, plant and equipment	42,163	416
Total prepayments to suppliers for non-current assets	**66,117**	**10,554**

Prepayments to subcontractors as at 31 December 2023 mostly represents prepayments made to LLC Construction Service, LLC Dagi and Doppelmayer Seilbahnen G.M.B.H in the amount of GEL 12,099, GEL 578 and GEL 7,244, respectively. The purpose of prepayments to subcontractors is design and construction works on new line connecting Rustaveli avenue with Mtatsminda Park and design and construction works on new auto base.

Prepayments to subcontractors as at 31 December 2022 mostly represents prepayments made to LLC Dagi and Doppelmayer Seilbahnen G.M.B.H in the amount of GEL 1,363 and GEL 7,244, respectively, for design and construction works on new cableway line connecting Rustaveli avenue with Mtatsminda Park.

Prepayments to subcontractor LLC Bada Group as at 31 December 2023 and 31 December 2022 represents prepayment made for performing of rehabilitation works on Avlabari Metro Station, amounting GEL 1,504.

Prepayments for property, plant and equipment to LLC Tegeta Motors as at 31 December 2023 mostly represents prepayment made for new buses, amounting GEL 40,000.

15. CASH AND CASH EQUIVALENTS

At 31 December 2023 and 2022 cash and cash equivalents were as follows:

	31 December 2023	31 December 2022
Cash with banks	91,340	48,634
Bank deposit	-	-
	91,340	48,634
Expected credit loss	(1)	(1)
Total	**91,339**	**48,633**

Major cash and bank balances are held by the Group with Georgian commercial bank, having Standard and Poor's and Fitch rating of BB.

In 2023 interest income on cash and bank balances amounted to GEL 10,011 for the Group (2022: GEL 4,527).

16. ISSUED CAPITAL

During 2023 Tbilisi City Hall made a cash and non-cash contribution through property, plant and equipment into the charter capital of Tbilisi Transport Company LLC in the amount of GEL 110,462 and GEL 7,786, respectively.

During 2022 Tbilisi City Hall made a cash and non-cash contribution through property, plant and equipment and into the charter capital of Tbilisi Transport Company LLC in the amount of GEL 91,346 and GEL 1,688, respectively.

17. DEFERRED INCOME

At 31 December 2023 and 2022 deferred income were as follows:

	31 December 2023	31 December 2022
Deferred income under the contract for provision of services	8,855	10,737
Deferred income under the contract for provision of advertising services	12,296	12,993
Deferred income from government grant	5,695	5,845
Deferred income from parking	-	2,681
Total deferred income	**26,846**	**32,256**
Short-term portion of deferred income	2,727	5,410
Long-term portion of deferred income	24,119	26,846

Deferred income under the contract related to the provision of services represents cash received under announced tender. In 2017, the Group announced a tender for banks for provision of software devices in the metro, buses and cableways and respective payment service through plastic cards for 10 year period starting from 2018 year. The tender was won by JSC Bank of Georgia and it paid GEL 22,200,000 inclusive VAT to the Group. The agreement was formed on 15 September 2017 according to which service should be rendered from 15 September 2018 till 15 September 2028. The revenue is recognized over the period of time by the Group on a straight-line basis.

Deferred income under the contract related to the provision of advertising services represents cash received under announced tender. In 2019, the Group announced a tender for advertising companies to use Group's own advertising areas for 20 year period started from February 2019. The tender was won by LLC ALMA and it paid GEL 14,547 inclusive VAT to the Group. The agreement was formed on 6 February 2019 according to which service should be rendered from 6 February 2019 till 6 February 2039. The revenue is recognized over the period of time by the Group on a straight line basis. On 18 August 2021 the Group received additional payment amounting GEL 4,987 inclusive VAT from LLC ALMA in accordance with amendment made on October 7, 2020. According to the amendment expiration date of the contract moved from 6 February 2039 to 6 February 2040. Furthermore, in April 2022 another amendment took place and the term prolonged until 7 August 2041. The revenue is recognized over the period of time by the Group on a straight line basis.

Deferred income from government grant represents administrative building received free of charge by the government in 2011. Government grant related to property, plant and equipment is presented in the consolidated statement of financial position as property, plant and equipment (note 10) and deferred income. Government grants are recognised in profit or loss on a systematic basis over the periods in which the entity recognises as expenses the related costs for which the grants are intended to compensate. Management considers the expected usage of the building is its useful life. The Group recognized property, plant and equipment and deferred income and makes amortization of both on a straight line basis over useful life of the building according to accounting for government grants.

Deferred income from parking represents cash received by the citizens for managing parking services but unearned by the Group as at the reporting date. Revenue from parking is recognized over period of time as the customers pay parking fees for certain period in advance.

18. TRADE AND OTHER PAYABLES

At 31 December 2023 and 2022 trade and other payables were as follows:

	31 December 2023	31 December 2022
Trade payable	13,761	8,803
Salaries payable	4,300	4,175
Other payables	538	627
Total	**18,599**	**13,605**

19. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Capital risk management – The Group's policy for capital management is to maintain a sufficient capital base for meeting the Group's operational and strategic needs. The Group is mainly financed with equity through the capital contributions from Tbilisi City Hall. As at 31 December 2023 and 2022 the Group had no loan and was fully financed with equity.

Major categories of financial instruments – The Group's principal financial liabilities comprise trade and other payables. The Group has following financial assets: trade and other receivables, finance lease receivables and cash and cash equivalents.

	31 December 2023	31 December 2022
Financial assets		
Cash and cash equivalents	91,339	48,633
Finance Lease Receivable	15,089	26,176
Trade and other receivables	23,619	21,857
Total financial assets	**130,047**	**96,666**

	31 December 2023	31 December 2022
Financial liabilities		
Trade and other payables	18,599	13,605
Total financial liabilities	**18,599**	**13,605**

The main risks arising from the Group's financial instruments are credit and liquidity risks.

Interest rate risk – Interest rate risk is the risk that changes in floating interest rates will adversely impact the financial results of the Group. The Group has no exposure to the interest rate risk as the Group had no borrowings as at 31 December 2023 and 2022.

Credit risk – Credit risk is managed on a Group-wide basis. Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet contractual obligations. The following categories comprise the main credit exposures of the Group.

The Group earns the majority of revenue through received consideration per each performance indicator from Tbilisi City Hall. And the receivables relate to compensation to be received from Tbilisi City Hall. Other trade receivables include amounts due under contractual arrangements with suppliers and include prepayments for work to be performed. These counterparties are assessed individually for their creditworthiness at the time of entering into contract and termination provisions are included to mitigate the Group's risk. The Group makes all reasonable attempts to recover receivable balances. The Bank with which the Group held cash had the BB credit rating as affirmed by Standard and Poor's and Fitch ratings.

The carrying amount of financial assets recorded in the consolidated financial statements, which is net of impairment losses, represents the Group's maximum exposure to credit risk.

Liquidity risk – Liquidity risk is the risk that the Group will not be able to settle all liabilities as they are due.

The following tables detail the Group 's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods as at 31 December 2023 and 2022. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The tables include both interest and principal cash flows.

	Less than 1 month	1-3 months	3 months to 1 year	1-5 years	5+ years	Total
31 December 2023						
Non-interest bearing	18,599	-	-	-	-	**18,599**
Interest bearing	-	-	-	-	-	**-**
	18,599	**-**	**-**	**-**	**-**	**18,599**
31 December 2022						
Non-interest bearing	13,605	-	-	-	-	**13,605**
Interest bearing	-	-	-	-	-	**-**
	13,605	**-**	**-**	**-**	**-**	**13,605**

20. RELATED PARTY TRANSACTIONS

Related parties include owners, affiliates and entities under common ownership and control with the Group and members of key management personnel.

Related parties may enter into transactions which unrelated parties might not, and transactions between related parties may not be affected on the same terms and conditions as transactions between unrelated parties.

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form. The Group had the following balances and transactions with related parties:

	31 December 2023				
	Owner	**Associates**	**Key management personnel**	**Total Related Party balances and transactions**	**% of Total Balances**
Trade and other receivable	23,105	-	-	**23,105**	**98%**
Revenue	273,649	-	-	**273,649**	**100%**
Salaries and other employee benefits	-	-	563	**515**	**0.36%**

	31 December 2022				
	Owner	**Associates**	**Key management personnel**	**Total Related Party balances and transactions**	**% of Total Balances**
Trade and other receivable	21,412	-	-	**21,412**	**98%**
Revenue	235,001	-	-	**235,001**	**100%**
Salaries and other employee benefits	-	-	515	**515**	**0.35%**

For the year ended 31 December 2023 and 31 December 2022 the Group purchased service from JSC Electric-Rolling-Stock Repair Plant Tbilisi Branch in the amount of GEL 18,737 and GEL 13,464, respectively, related to rehabilitation works on metro and capitalized expenditures on the assets (note 10).

21. COMMITMENTS AND CONTINGENCIES

Commitments – The Group had material commitments outstanding as at 31 December 2023, compared to some immaterial commitments as at 31 December 2022. As at 31 December 2023, the Group is committed to increase the bus fleet with 18-meter new buses. Total cost of purchase agreement with Tegeta Motors LLC amounts GEL 240 279 out of which GEL 40,000 is already paid in 2023. Second commitment is to build the new 4th auto base. Total cost of agreement with Construction Service LLC is GEL 60,496 out of which GEL 12,099 is already paid in 2023.

Legal proceedings – From time to time and in the normal course of business, claims against the Group are received from citizens and counterparties. Management is of the opinion that no material non-accrued losses will be incurred and accordingly no provision has been made in these consolidated financial statements.

Taxes – Georgian tax legislation in particular may give rise to varying interpretations and amendments. In addition, as management's interpretation of tax legislation may differ from that of the tax authorities, transactions may be challenged by the tax authorities, and as a result the Group may be assessed additional taxes, penalties and interest. The Group believes that it has already made all tax payments, and therefore no allowance has been made in the consolidated financial statements. 2023 and 2022 years remain open to review by the tax authorities.

Operating environment – Emerging markets such as Georgia are subject to different risks than more developed markets; these include economic, political and social, and legal and legislative risks. Laws and regulations affecting businesses in Georgia continue to evolve rapidly with tax and regulatory frameworks subject to varying interpretations. The future direction of Georgia's economy is heavily influenced by the fiscal and monetary policies adopted by the government, together with developments in the legal, regulatory, and political environment.

For the last several years Georgia has experienced a number of legislative changes, which have been largely related to Georgia's accession plan to the European Union. Whilst the legislative changes implemented during 2023 and 2022 paved the way, more can be expected as Georgia's action plan for achieving accession to the European Union continues to develop.

Management is unable to predict all developments which could have an impact on the Georgian economy and consequently what effect, if any, they could have on the future financial position of the Group. Management believes it is taking all the necessary measures to support the sustainability and development of the Group's business.

22. EVENTS AFTER THE REPORTING PERIOD

Subsequent to the reporting date Tbilisi Transport Company LLC received funding from Tbilisi City Hall amounting GEL 131,913 out of which GEL 118,120 is intended for purchasing new buses and the rest will be spent on modernisation of metro carriages.

In February 2024 Tbilisi City Hall entered into an agreement with Tegeta Motors LLC about the purchase of 40 new M3 buses, costing GEL 62,940 at agreement date which will expand the public transport fleet in Tbilisi.

23. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved by the management and authorized for issue on 30 October 2024.

Management Report

Overview of Group Business

The Group is engaged in providing transport services to the residents of Tbilisi by means of underground electric transport (metro), M3 buses and three - Rike-Narikala, Chavchavadze Avenue-Turtle Lake and Bagebi-University cableways.

The Group's business is an economic activity regulated within the administrative boundaries of Tbilisi.

Fares are subject to regulation as per the decision of Tbilisi City Assembly on fixed rates in regulated industries.

On 10 April 2018, considering public needs, the Government of Tbilisi Municipality handed over the management of parking industry to Tbilisi Transport Company LLC to ensure a smooth and efficient operation of the parking system. Now the Group manages, organizes and oversees the parking system within the Municipality, provides for placement/drawing and monitoring of traffic signs and additional marking in parking areas designated by Tbilisi Municipality, detection of failures of compliance with the rules of parking, drawing up and turning in parking tickets and protocol of administrative offences, as well as transfer of vehicles to designated protected parking areas in cases stipulated by the law.

From August 1, 2023 the right was transferred to manage the abovementioned service to Tbilisi City Hall.

In previous years revenue was primarily received from the transportation services provided to passengers according to the decisions of the Tbilisi City Hall, in accordance with the transportation fares established within the framework of regulated economic activity. From 1 February, 2022, approved by the Resolution N20-82 of Tbilisi City Hall as at 30 December, 2014 Implementation of an integrated system of passenger transport services within the administrative boundaries of Tbilisi Municipality, determination of the price of issuing a permit for regular passenger transport (with categories of M2 and M3), participation in the competition of permit seekers, identification of the winner, "Permit Validity Period, Permit Conditions, and the Attached Rule for Permit Issuance Price Payment" of Article 181, Paragraph 3, and "Included in the Integrated System of Passenger Transportation Services by Buses (M3 Category), Underground Electric Transport (Metro) in Regular Passenger Transportation and Cableway "University-Bagebi" when transporting passengers, and on the determination of the conditions related to the provision of services for the transportation of passengers by the cableway "University-Bagebi", as well as the transportation of passengers by the cableway "Chavchavadze Avenue-Turtle Lake" and the cableway "Rike-Narikala"" of the Tbilisi Municipality Government of 1 April, 2022 N 22.459.507 decree and of 24 January, 2023 N23.58.77, the Group's revenue is determined on the basis of transporting passengers and KMs covered and hours worked multiplied by the relevant approved fares.

The legal entity under public law of the Tbilisi City Municipality - Transport and Urban Development Agency of the City of Tbilisi Municipality ensures reimbursement of the amounts payable in exchange for passenger transportation services under the following conditions:

1. In case of M3 category buses - for each kilometer covered - in the amount of 3.3 GEL;

2. In case of underground electric transport (metro), for each kilometer covered in the amount of 4.06 GEL;

3. In the case of "Rike-Narikala" cableway, "Chavchavadze Ave-Turtle Lake" cableway and "University Bagebi" cableway, the service fee is 139.13 GEL per hour.

Revenue is primarily received from the transportation services provided to passengers. Other income includes rental income, income from the placement of optical and copper cables by other legal entities in structures and tunnels owned by the Group, and income from parking until 1 August 2023.

Tbilisi Transport Company LLC owns two metro depots: Gldani depot and Nadzaladevi depot.

The main purpose of the metro depots is to provide Tbilisi underground with fully operational trains running on a timetable. The total length of the tunnels is 57.18 km and includes two Akhmeteli-Varketili (40.56 km) and Saburtalo (16.62 km) lines. A technically reliable and uninterrupted operation is ensured by means of a cyclical system of planned maintenance and current repairs, which is based on total round trips and length of journey along the line. This included three sessions of technical maintenance of different scopes – TM1, TM2 and TM3 and two sessions of current repairs of different scopes – CR1 and CR2.

In order to update the transport infrastructure and equip the underground system with the necessary infrastructure, funding provided by the Tbilisi City Hall, in 2023 the Group undertook a capital repair and upgrade of the carriages on its balance sheet. Completed the research works for the preparation of project expenditure documentation for restoration and reinforcement works in Bus Stations, Metro and Cableway, including Implementation services of railway materials, escalator parts, pneumatic and electrical parts of carriages, high voltage vacuum circuit breakers, track superstructure, purchase of repair works for the roofs of the production buildings of Depot Gldani and overhaul of the main and intermediate cars of the metro with elements of modernization.

As part of the measures to improve transportation infrastructure, contracts were signed for the acquisition of 160 new, environmentally friendly 18-meter M3 category buses equipped with CNG engines and for the preparation of design and cost-estimate documentation, as well as the state procurement of construction works for a new bus depot required for the bus fleet.

Construction works on the cableway towards Mtatsminda Park were underway.

The reconstruction and capital repair works of the “Gotsiridze” metro station, which began in the previous reporting period, have been completed, and the station has been put into operation.

The Group started to manage the Rike-Narikala, Chavchavadze Avenue-Turtle Lake and University-Bagebi cableways in 2012, 2016 and 2021 respectively. Development of cableways will attract locals as well as tourists. In addition, in order to ease the passenger traffic and develop cableway transport in the capital, the Group also acquired the goods and services needed to develop a cableway from the old cable station at the National Academy of Sciences to the Mtatsminda Park.

During the reporting year the underground provided transport (metro) services to 152,940K passengers, M3 buses to – 167 616K . All three ropeways managed to providing service to 2,065K passengers in total.

Including in the category with free and discounted passage in regular city services as per Decree 20-81 of 30 December 2014 by Tbilisi City Assembly, the number of passengers served was 188,641k passengers (out of which by the underground – 85,198K, by M3 buses – 103,363K passengers and by cableway (University-Bagebi) 80K.

Ownership in Other Entities

Tbilisi Transport Company LLC owns 100% of Tbilisi Transport Company Football Club, which was established to form amateur football team from Tbilisi Transport Company’s employees and to participate in football tournaments in Georgia. The Company is dormant.

The Group owns the following investments in the associate companies:

Name	Country of operation	**Ownership interest 31 December 2023**	**Ownership interest 31 December 2022**	Type of operation
LLC MTBI	Georgia	20.0%	20.0%	Dormant
JSC "Electric-Rolling-Stock Repair Plaint Tbilisi Branch"	Georgia	50.0%	50.0%	Repair services
JSC Remontazhservice	Georgia	50.0%	50.0%	Dormant

LLC MTBI and JSC Remontazhservice are dormant entities and JSC Electric-Rollin-Stock Repair Plant Tbilisi Branch is engaged in repairing and modernizing trains operated by the underground system.

Financial Review

The Group's revenue from bus, metro and cableway segments for the year ended 31 December 2023 year amounted to GEL 273,649 compared to GEL 235,001 for the year ended 31 December 2022 year.

For the year ended 31 December 2023 the Group's other income from rental, advertising, placement of optical and cooper wiring and parking amounted to GEL 16,921 compared to GEL 12,097 for the year ended 31 December 2022 year.

The Group's net loss for the year ended 31 December 2023 year amounted to GEL 95,357 compared to GEL 97,125 for the year ended 31 December 2022 year.

Corporate and Social Responsibility

In order to improve the social welfare of the passengers, discounted fare for certain categories of users of inhabitants is paid from the Tbilisi Municipality budget according to Tbilisi City Hall order №20-81 issued in 30 December 2014.

Within administrative boundaries of Tbilisi Municipality transportation by: buses (categories M2 and M3), underground electric transport (metro) and ropeway "University-Bagebi", free passage shall be allowed to:

a) Severely handicapped blind persons registered in Tbilisi and any person assisting them in passage;
b) Veterans of the 2nd World War and aligned persons registered in Tbilisi;
c) Veterans for the military actions aiming to restore Georgian territorial integrity, freedom and independence and aligned persons registered in Tbilisi, including the civil aviation pilots who performed special flights in the areas of military action;
d) Veterans of military actions taking place in other countries and aligned persons registered in Tbilisi;
e) Army veterans registered in Tbilisi;
f) Family members of those fallen (missing) in the 2nd World War, military actions aiming to restore Georgian territorial integrity, freedom and independence, military actions taking place in other countries and aligned persons registered in Tbilisi, including those deceased (missing) after the action;
g) Students of institutions of general education that are legal entity of public law, and of authorized institutions of general education that are commercial or non-commercial legal entities of private law, within the administrative boundaries of Tbilisi;
h) District inspectors of Chief Tbilisi Governance of the Georgian Ministry of Inferior;
i) Employees of Tbilisi nursery schools governed by non-commercial legal entity Tbilisi Nursery School Management Agency;

j) Persons with former prisoner status engaged in Former Prisoner Rehabilitation and Resocialization Program and residing in Tbilisi;
k) Sweepers and cleaners, and special ad-hoc team sweepers, workers, assistant workers and drivers of Tbilservis Group Ltd;
l) Employees of the Transport and Urban Development Agency of the Tbilisi Municipality and the Municipal Inspection of the City Hall of the Tbilisi Municipality;
m) Technical workers working at "Hermes" LLC;
n) Drivers, gardeners, cleaners, mowers, auxiliary workers, electricians, engine repairmen, fountain washers, specialists, cutters, sawyers, workers working at "Ekoservi Group" LLC;
o) Those injured and fallen as a result of the breaking up of the independence rally in Tbilisi on 9th April 1989 and their family members, registered in Tbilisi;
p) Personnel of Tbilisi Municipal Center for Non-profit (non-commercial) legal entity Epidemiological Monitoring and Control for Infectious Diseases.
q) Personnel of non-profit (non-commercial) legal entity – Agency for Social Care

Free passage was granted to the patrol police department of the Ministry of Internal Affairs of Georgia, Patrol inspectors of the Metropolitan Division of the Main Division of Tbilisi.

Within administrative boundaries of Tbilisi Municipality transportation by: buses (categories M2 and M3), underground electric transport (metro) and ropeway "University-Bagebi", 0.2 discounted fare shall be allowed to:

a) Students of authorized higher educational institutions and authorized vocational institutions located within the administrative boundaries of Tbilisi;

b) Personnel of the following institutions located within the administrative boundaries of Tbilisi:

- Public general educational institutions
- General vocational educational institutions
- Branches (nursing homes for the elderly and the disabled and children's shelters) and structural units (trafficking victim shelters, crisis centers) of State Fund for Victims of Trafficking, Victim Protection and Assistance - a legal entity of public law subordinate to the Georgian Ministry of Internally Displaced Persons from the Occupied Territories, Labor, Health and Social Affairs;
- Non-profit (non-commercial) legal entities - art schools run by Tbilisi Municipality City Hall, non-profit (non-commercial) legal entity National Youth and Students' Palace, non-profit (non-commercial) legal entity Tbilisi Student's Hall;
- Extracurricular art schools - legal entities of public law subordinate to the Georgian Ministry of Education, Science, Culture and Sports, including Sokhumi Dimitri Arakishvili Musical School and Sokhumi Aleksandre Shervashidze-Chachibaia School of Fine Arts;

c) Teachers registered in Tbilisi and employed at public schools located in the City of Rustavi, Mtskheta, Gardabani, Marneuli and Bolnisi Municipalities subordinate to the Georgian Ministry of Education, Science, Culture and Sports;
d) Retirees as per the Law of Georgia on State Retirement Fee, registered in Tbilisi;
e) District physicians, district pediatricians and family physicians in outpatient clinics owned by Tbilisi;
f) School guards employed at the educational institutions located within the administrative boundaries of Tbilisi;
g) Social agents and social workers employed at Tbilisi service centers of Social Service Agency a legal entity of public law subordinate to the Georgian Ministry of Internally Displaced Persons from the Occupied Territories, Labor, Health and Social Affairs.

Discounted fare (GEL 0.1) is paid by citizens residing in Tbilisi and holding 70,000 rating points and below in the Unified Data Base for Socially Insecure Families.

In addition, students of authorized higher educational institutions located within the administrative borders of Tbilisi and professional students of educational institutions implementing an authorized professional educational program were given the right to free passage on the ropeway "University-Bagebi" within the administrative borders of the city of Tbilisi.

Plans for Development

Within the framework of the Tbilisi buses project, considering the serious environmental condition of the city overloaded with outdated transport, the purchase of 40 modern European CNG powered, ecologically clean municipal 18-meter buses and the construction of a new 4th bus depot will continue. The project will replenish and upgrade the fleet with new buses, resulting in a more developed transport system, ensuring a safe, convenient and unhindered transportation of local inhabitants and tourists. This will also result in a reduced pollution of the local environment and improve the aesthetic view of the city.

As part of the Tbilisi Metro project, the modernization and capital repair of outdated metro cars are carried out annually. The complete modernization of the fleet is planned, including the acquisition of a total of 212 metro trains. The project is co-financed by the AIIB (Asian Infrastructure Investment Bank).

Within the framework of the Tbilisi Metro project the construction/reconstruction of the depot and the rehabilitation of the connecting tunnel are planned. Also, a full rehabilitation of 12 metro stations in Tbilisi.

Additionally, according to the loan agreement signed in 2019 between Georgia and the European Bank for Reconstruction and Development (EBRD) within the framework of the continuation of the "Tbilisi Buses Project," the procedures for the rehabilitation of the first bus depot on the Group's balance sheet and the acquisition of the reinforcement for the CNG fueling station of the second bus depot are underway.

Tbilisi Transport Company LLC plans to focus on creating a unified management information system, managing social issues and human resources, and safe health care. It is also planned to implement several major infrastructure rehabilitation projects.

Tbilisi Transport Company provides equal opportunities to everyone notwithstanding the age, gender, and ethnic or religious background and strives to provide fair working conditions to all its employees to help them in developing and demonstrating their best potential.

Overview of Risks

The main types of risks the Group faces are liquidity and operational risks, which are described below.

Liquidity Risk

Liquidity risk is the risk that the Group will be unable to settle the due liabilities on a timely basis, such as fund its operational expenses, wages and salaries, leases, loans, etc.
Liquidity risk could severely hamper the operation of the Group and lead it to a crisis.
In order to minimize the risk, the Group carries out a diligent policy regarding the management of its cash flows, which envisages raising and maintaining sufficient funds to cover all the necessary liabilities when they are due. The expenses are paid based on their priority in the following manner (in the descending order of priorities):

- Liabilities due to the State as envisaged by the Group policy;
- Personnel wages and salaries;
- Necessary operational expenses (utilities, creditors, etc.)

Therefore, the Group management strives to timely identify the risks and react to them in order to ensure a minimal damage and efficient functioning of the Group.

Operational Risk

In order to minimize its operational risks, the Group has a Monitoring Department, which permanently reviews condition of the transport and performs health and safety checks.

Credit Risk

Credit risk is managed on a Group-wide basis. Credit risk is the risk of financial loss to the Group if a customer or counterparty becomes insolvent or unable to make timely payments of the liabilities, which causes financial losses to the Group. The following categories comprise the main credit exposures of the Group.

The Group earns the majority of revenue through prepaid fares, and the receivables relate to compensation to be received from Tbilisi City Hall. The Group makes all reasonable attempts to recover receivable balances. Other trade receivables include amounts due under contractual arrangements with suppliers and include prepayments for work to be performed. These counterparties are assessed individually for their creditworthiness at the time of entering into contract and early termination provisions are included to mitigate the Group's risk.

Market Risk

Market risk is the risk related to the market prices, such as foreign exchange rates, change in interest rates and inflation, which affect the Group income and expenditures. The fare is subject to regulation as per the decision of Tbilisi City Assembly on fixed rates in regulated economic industries.

Interest rate risk is the risk that changes in floating interest rates will adversely affect the financial results of the Group. The Group has limited exposure to the interest rate risk as entities in the Group did not have any borrowings as at 31 December 2023.

Research

The Group did not conduct any research in 2023.

Protecting the Environment and Social Matters

In relation to environmental protection and social issues, a package of Environmental Protection and Safety Management System (ESMS) documents has been developed and approved in the Group, which includes the following documents and action measures:
Tbilisi Transport Group Occupational Health and Safety Management Procedures and Plans (TTC Occupational Health & Tbilisi Transport Company TTC Waste Management Plan); Tbilisi Transport Company Pollution Prevention and Control Plan (TTC Pollution Prevention and Control Plan); Tbilisi Transport Company Contractor EHS Management Plan (TTC Contractors EHS Management Plan); Environmental Management Programs (TTC Facility / site-Specific Environmental Management Programs) of Tbilisi Transport Company; Environmental Management Programs (TTC Facility / site-Specific Environmental Management Programs) of Tbilisi Transport Company;

Professional health and safety management programs (TTC Facility / site- Specific Occupational Health & Safety Management Programs) of the production subdivisions of Tbilisi Transport Company. In accordance with the abovementioned rule, the Group carried out as of 2022: Quarterly environmental and labor safety audit; Scheduled monthly inspections to ensure compliance with environmental and labor safety regulations on company-owned facilities.

An anti-sexual harassment and equal opportunity policy has been developed and approved in the Group. Also, the Group is a signatory to WEP's Principles of Women's Empowerment, initiated worldwide by the United Nations Development Fund for Women. To contact the Group through a statement, hotline, and Facebook is also available. All applications/complaints and information received by the Group are processed and transferred to the relevant services for the purpose of taking appropriate measures.

A labor and health safety policy has been developed and approved in the Group.
Tbilisi Transport Company provides equal rights to everyone regardless of age, gender, ethnicity and religion and strives to create a fair working environment for all its employees so that they can develop and show their potential.

Tbilisi Transport Company is a silver laureate of the "Sustainable Development Award" of the European Bank for Reconstruction and Development (EBRD) (September 24, 2021)
Tbilisi Transport Company won the Sustainable Development Award at the annual event of the European Bank for Reconstruction and Development (EBRD). Out of 62 nominations, 21 projects in six categories were selected to be presented for gold, silver and bronze prizes. The Group received a silver award in the gender and inclusion category.

Tbilisi Transport Company implements various projects and programs within the framework of cooperation with the European Bank for Reconstruction and Development. In the process of implementing the mentioned projects, the Group promotes the increase of women's access to safe and reliable public transport in Tbilisi, as well as increases their employment opportunities by promoting the sustainable development of the Group and implementing a gender equality strategy in the field of urban transport. It should be noted that Tbilisi Transport Company won the mentioned award for the second time. This award was won for the first time in 2017 in the innovation category.

Matters for Fight Against Corruption

At Tbilisi Transport Company LLC, the suppression of corruption and the responsibility of person who commits corruption offenses is regulated in accordance with the legal acts in force in Georgia. Among them is the Law of Georgia "On Incompatibility of Interests and Corruption in Public Institutions", Article 2, Clause 2, Sub-paragraph "c" of which applies to the general director of the Group. In accordance with the regulations of the internal monitoring service of the Group, the service is authorized to start an investigation based on any complaint and, in case of existence an assumption, to send it to the investigative services.

The Group acts in accordance with the Law of Georgia "On State Procurement" and related by-laws.