HHLA Project Logistics LLC

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

31 December 2023

Contents

Independent Auditor's Report

To the Owners and Management of HHLA Project Logistics LLC

Our opinion

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

What we have audited

The Company's separate financial statements comprise:

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

Basis for opinion

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

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

Independence

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

Responsibilities of management and those charged with governance for the separate financial statements

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

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

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

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

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

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

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

We communicate with 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.

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

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

29 February 2024
Tbilisi, Georgia

In Georgian Lari	Note	31 December 2023	31 December 2022
ASSETS			
Non-current assets			
Property, plant and equipment	12	188,550	390,657
Intangible assets		986	17,965
Investment in subsidiary	1	27,680	-
Right-of-use assets	13	418,324	544,507
Total non-current assets		**635,540**	**953,129**
Current assets			
Inventories		1,640	2,323
Other current assets	12	149,514	-
Prepaid taxes		24,905	56,162
Advances paid		244,654	286,747
Trade and other receivables	14	544,694	758,432
Cash and cash equivalents	15	844,275	2,432,369
Total current assets		**1,809,682**	**3,536,033**
TOTAL ASSETS		**2,445,222**	**4,489,162**
EQUITY			
Charter capital	16	108,000	108,000
Retained earnings	16	1,609,994	3,393,652
TOTAL EQUITY		**1,717,994**	**3,501,652**
LIABILITIES			
Non-current liabilities			
Lease liabilities	13	323,689	429,003
Total non-current liabilities		**323,689**	**429,003**
Current liabilities			
Advances received		5,330	135,174
Current lease liabilities	13	102,384	104,137
Trade and other payables	17	295,825	319,196
Total current liabilities		**403,539**	**558,507**
TOTAL LIABILITIES		**727,228**	**987,510**
TOTAL LIABILITIES AND EQUITY		**2,445,222**	**4,489,162**

Approved for issue and signed on 29 February 2024.

Korneli Karchilava
Managing Director

Nana Zhvelia
Financial Manager

In Georgian Lari	Note	2023	2022
Revenue from contracts with customers	8	10,069,255	12,982,008
Cost of sales	9	(9,018,830)	(11,085,932)
Gross profit		**1,050,425**	**1,896,076**
Other income		16,286	34,642
General and administrative expenses	10	(1,842,018)	(1,700,745)
Other expenses		(103,174)	(37,666)
Operating (loss)/profit		**(878,481)**	**192,307**
Finance income	11	5,319	15,067
Finance costs		(43,692)	(56,065)
Net foreign exchange loss		(145,189)	(558,976)
Loss before income tax		**(1,062,043)**	**(407,667)**
Income tax expense		-	-
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		**(1,062,043)**	**(407,667)**

In Georgian Lari	Charter capital	Retained earnings	Total
Balance at 1 January 2022	**108,000**	**4,474,624**	**4,582,624**
Total comprehensive loss	-	(407,667)	(407,667)
Dividends declared	-	(673,305)	(673,305)
Balance at 31 December 2022	**108,000**	**3,393,652**	**3,501,652**
Total comprehensive loss	-	(1,062,043)	(1,062,043)
Dividends declared	-	(721,615)	(721,615)
Balance at 31 December 2023	**108,000**	**1,609,994**	**1,717,994**

In Georgian Lari	Note	2023	2022
Cash flows from operating activities			
Loss before income tax		(1,062,043)	(407,667)
Adjustments for:			
Depreciation of property and equipment and right-of-use assets	12,13	190,335	226,563
Amortisation of intangible assets		3,194	5,730
Recovery of provision for impairment of doubtful accounts	14	(75,031)	(58,818)
Finance income	11	(5,319)	(15,067)
Finance costs	13	43,692	56,065
Loss on sale of property, plant and equipment		13,787	2,177
Net foreign exchange loss		145,189	558,976
Operating cash flows/(outflows) before working capital changes		**(746,196)**	**367,959**
Decrease in trade and other receivables		321,720	448,838
Decrease in inventories		689	1,083
Decrease in trade and other payables		(27,638)	(268,553)
Increase in taxes payable		31,257	30,276
Decrease/(increase) in advances paid		42,094	(76,149)
(Decrease)/increase in advances received		(129,843)	134,512
Net cash used in operating activities		**(507,917)**	**637,966**
Cash flows from investing activities			
Purchase of property, plant equipment	12	(11,561)	(53,160)
Purchase of intangible assets		-	(3,774)
Sale of property, plant a equipment	12	-	18,667
Investment in subsidiary		(27,680)	-
Interest received	11	5,319	15,067
Net cash used in investing activities		**(33,922)**	**(23,200)**
Cash flows from financing activities			
Repayment of finance lease liability	13	(146,917)	(158,841)
Dividends paid to the Company's shareholders	16	(721,615)	(673,305)
Net cash used in financing activities		**(868,532)**	**(832,146)**
Net decrease in cash and cash equivalents		**(1,410,371)**	**(217,380)**
Effect of exchange rate changes on cash and cash equivalents		(177,722)	(500,378)
Cash and cash equivalents at the beginning of the year	15	**2,432,369**	**3,150,127**
Cash and cash equivalents at the end of the year	15	**844,276**	**2,432,369**

1 HHLA Project Logistics LLC and its Operations

These separate financial statements have been prepared in accordance with International Financial Reporting Standards and with the requirements of the Law of Georgia on Accounting, Reporting and Auditing for the year ended 31 December 2023 for HHLA Project Logistics (the "Company").

The Company was incorporated in 2001. It was set up as a limited liability company in accordance with Georgian regulations and is registered by Poti Tax Inspection with identification number: 215112447. The Company is domiciled in Georgia. Legal address of the Company is 47 Agmashenebeli Ave. Poti, Georgia.

As of 31 December 2023 and 2022 the Company's immediate parent company with 75% shareholding, was HHLA International Gmbh (the "Parent" legal entity based in Hamburg, Germany). The Company's ultimate controlling party is Hamburger Hafen and Logistik AG (HHLA), which is leading European port and transport logistics company based in Hamburg, Germany. The Company's representative and its local shareholder in Georgia, Mr. Korneli Korchilava, owns 25% of the Company's equity.

Principal activity. The Company's principal business activity is freight forwarding and logistic services. Principal business activities of the Company represents organisation of freight transportation around the world. Services provided by the Company under the freight forwarding and logistic operations includes, but are not limited by:

- Cargo transportation;
- Terminal services and container handling services, such as loading and unloading operations, container storage and other terminal operations;
- Preparation and ensuring brokerage, by providing clients with customs documentation and services for customs clearance;
- Cargo tracking services, by providing clients with information about cargo location; and
- Cargo security services, including provision of insurance and ensuring proper documentation for the transported cargo.

The Company does not have its own transportation facilities and uses services of other transportation companies.

Establishment of subsidiary. In November 2022 the Company established a subsidiary company "HHLA Project Logistics Kazakhstan LLP" in Kazakhstan. The subsidiary had non-material operations and balances for the year ended 31 December 2022. In February 2023, the subsidiary started operations.

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

2 Operating Environment of the Company

The Company's principal business activities are within Georgia. Georgia displays certain characteristics of an emerging market, including relatively high inflation and high interest rates. Tax, currency, and customs legislation is subject to varying interpretations and contributes to the challenged faced by companies operating in Georgia.

The future economic direction of Georgia is largely dependent upon the effectiveness of economic, financial, and monetary measures undertaken by the Government, together with tax, legal, regulatory and political developments.

War between Russia and Ukraine. On 24 February 2022, following a significant Russian military build-up near the Russia-Ukraine border, Russian troops crossed the border. Internationally considered a war aggression and the invasion is the largest conventional military attack on a European state since World War II. It triggered Europe's largest refugee crisis since that war, with millions of Ukrainians leaving the country and fleeing their homes. As a result of the war in Ukraine, many leading countries and economic unions have announced severe economic sanctions on Russia. Numerous companies withdrew their businesses from Russia and Belarus. The situation is still unfolding, but it has already resulted in a humanitarian crisis and material economic losses for Ukraine, Russia and the rest of the world.

2 Operating Environment of the Company (Continued)

The Company has no direct exposure to Ukraine, Russia and Belarus. Management assumes that this will have no discernible impact on the Company's activities. As the war is still waging, it is impossible to reliably assess full impact this may have on the Company as there is uncertainty over the magnitude of the impact on the economy in general. Management is closely monitoring the economic situation in the current environment.

3 Material Accounting Policies

Basis of preparation. These separate financial statements have been prepared in accordance with IFRS and with the requirements of the Law of Georgia on Accounting, Reporting and Auditing under the historical cost convention, as modified by the initial recognition of financial instruments based on fair value.

The ultimate parent of the Company - Hamburger Hafen and Logistik AG (HHLA) issues the publicly available consolidated financial statements that comply with IFRS. The Company has elected, as permitted under IAS 27 "Consolidated and Separate Financial Statements", to present separate financial statements. These separate financial statements are presented for the purpose of assessing the Company's separate financial position and the financial results and as a result do not include the consolidation of the Company's subsidiary company.

The principal accounting policies applied in the preparation of these separate financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated (refer to Note 5). The preparation of separate financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the separate financial statements are disclosed in Note 4.

Foreign currency translation. The functional currency of the Company is the currency of the primary economic environment in which the entity operates. The functional currency of the Company is the national currency of the Georgia, Georgian Lari ("GEL"). The separate financial statements are presented in Georgian Lari ("GEL"), which is the Company's presentation currency.

Transactions and balances. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are premeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the transactions at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the separate statement of comprehensive income.

Foreign exchange gains and losses that relate to accounts payables, accounts receivable and cash and cash equivalents are presented in the separate statement of comprehensive income within "Net foreign exchange loss/gain". Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates at the dates of the initial transactions.

The closing rate of exchange, used for translating foreign currency balances was:

Official exchange rate of the National Bank of Georgia	US Dollars ("USD")	Euro ("EUR")
As at 31 December 2023	2.6894	2.9753
As at 31 December 2022	2.7020	2.8844

Property, plant and equipment. Property, plant and equipment are stated at historical cost, less accumulated depreciation and provision for impairment, where required. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

3 Material Accounting Policies (Continued).

Depreciation. Depreciation on other items of property, plant and equipment is calculated using the straight-line method to allocate their cost or devalued amounts to their estimated useful lives, as follows:

	Useful lives in years
Computers and office equipment	3 to 6
Vehicles	6
Furniture and fixture	6 to 10
Other	6 to 13

Right-of-use assets. Assets arising from a lease are initially measured on a present value basis. Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability,
- any lease payments made at or before the commencement date less any lease incentives received,
- any initial direct costs, and
- costs to restore the asset to the conditions required by lease agreements.

Depreciation on the items of the right-of-use assets is calculated using the straight-line method over their estimated contract life of 8 years for Tbilisi office lease, 8 years for Poti office lease and 2.5 years for Airport office lease.

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

Financial assets impairment – credit loss allowance for ECL. The Company assesses, on a forward-looking basis, the ECL for debt instruments measured at AC and FVOCI and for the exposures arising from loan commitments and financial guarantee contracts, for contract assets. The Company measures ECL and recognises net impairment losses on financial and contract assets at each reporting date. The measurement of ECL reflects: (i) an unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes, (ii) time value of money and (iii) all reasonable and supportable information that is available without undue cost and effort at the end of each reporting period about past events, current conditions and forecasts of future conditions.

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables are grouped based on shared credit risk characteristics (receivables could be grouped by geographical region, product type. Customer rating, collateral or trade credit insurance).

The expected loss rates are based on the payment profiles of sales and the corresponding historical credit losses experienced following the principles applied by the Company in prior period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Company analysis the macro factors of the countries in which it sells its goods and services. Based on the historical behavior of the Company's debtors, the Company identified foreign exchange rate to the most relevant factor having impact on recoverability of receivables, and accordingly adjusted the historical loss rates based on expected changes in this factor.

Cash and cash equivalents. Cash and cash equivalents include cash in hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

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

To determine the incremental borrowing rate, the Company uses publicly available market interest rates, prevailing on the National Bank of Georgia (NBG).

3 Material Accounting Policies (Continued).

Income taxes. Income taxes have been provided for in the separate financial statements in accordance with legislation enacted or substantively enacted by the end of the reporting period.

On 13 May 2016 the Government of Georgia enacted the changes in the Tax Code of Georgia whereby companies (other than banks, credit unions, insurance companies, microfinance organizations and pawn shops) do not have to pay income tax on their profit earned since 1 January 2017, until that profit is distributed or deemed distributed in a form of dividend. 15% income tax is payable on gross up value (i.e. net dividends shall be grossed up by withholding tax 5%, if applicable, and divided by 0.85) at the moment of the dividend payment to individuals or to non-resident legal entities. Dividends paid to resident legal entities from the profits earned since 1 January 2017 are tax exempted.

Dividends on earnings accumulated during the period from 1 January 2008 to 1 January 2017 is subject to income tax on grossed up value, reduced by respective tax credit calculated as a share of corporate income tax declared and paid on taxable profits vs total net profits for the same period multiplied to the dividend to be distributed. However, tax credit amount should not exceed the actual income tax imposed on dividend distribution.

Income tax arising from distribution of dividends is accounted for as an income tax expense in the period in which dividends are declared, regardless of the actual payment date or the period for which the dividends are paid. As a result, the Company derecognised all deferred tax assets and liabilities as of 31 December 2016 and accounted the respective impact in the profit and loss in 2016. A contingent income tax liability which would arise upon the payment of dividends is not recognised in the separate statement of financial position.

In addition to the distribution of dividends, the tax is still payable on expenses or other payments incurred not related to economic activities, free delivery of assets or services and representation costs that exceed the maximum amount determined by the Tax Code of Georgia. All advances paid to entities registered in jurisdictions having preferential tax regime and other certain transactions with such entities as well as loans granted to individuals or non-residents are immediately taxable. Such taxes along with other taxes, net of tax credits claimed on assets or services received in exchange for the advances paid to entities registered in jurisdictions having preferential tax regime or recovery of loans granted to individuals or non-residents, are recorded under Taxes other than on Income within operating expenses.

Value added tax. Revenues generated from internal trans-shipments, related expenses and assets are recognised net of the amount of value added tax, except:

- Where the value added tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the value added tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable.
- Receivables and payables that are stated with the amount of value added tax included.

The net amount of value added tax recoverable from, or payable to, the taxation authority is included as VAT asset or liability in the separate statement of financial position.

Revenues generated from international trans-shipments, related expenses and assets are not subject for value added tax.

Other taxes. On 7 December 2015, the Ministry of Finance of Georgia issued an order #407 according to which taxpayers' obligations under all taxes, including the corporate income tax, and all taxpayers' tax payments would be accounted for on a tax account. As a result, all tax liabilities and tax assets were presented on the net basis. The resulting balances of tax assets and liabilities are reported as *Prepaid taxes, net* in the separate statement of financial position.

Charter capital. The amount of Company's authorized Charter capital is defined by the Company's Charter. The changes in the Company's Charter (including changes in the charter capital, ownership, etc.) shall be made only based on the decision of the Company's shareholders. The authorised capital is recognised as charter capital in the equity of the Company to the extent that it was contributed by the shareholders to the Company.

Revenue recognition. The company provides services mainly to forwarders and cargo owners under fixed-price contracts. Revenue is recognised in the amount of transaction price. Transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring control over promised goods or services to a customer, excluding the amounts collected on behalf of third parties.

3 Material Accounting Policies (Continued)

Revenue is recognised net of discounts, returns and value added taxes.

Revenue is recognised to the extent that it is probable that that the economic benefits will flow the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, considering contractually defined terms of payment and excluding taxes or duty. The Company assesses its revenue arrangements against specific criteria to determine If it is acting as principal or agent. The Company has concluded that it is acting as a principal in all its revenue arrangements. The specific recognition criteria described below must also be met before revenue is recognised.

Freight forwarding and logistic services. Revenue from freight forwarding and logistic services is recognised in the accounting period in which the services are rendered. The revenue recognition aspect of this segment is further analysed as import shipment and export shipments in terms of revenue recognition:

- Export shipment. Revenue from freight export shipment is typically recognised on the date of sailing of the vessel. Issuance of a Bill of Lading (BL) is normally indicative of completion of services by the freight operator as most of the export related services are rendered prior to sailing of the vessel. Therefore, issuance of a BOL is a key point when revenue from export related services is recognised.
- Import shipment. In case of import shipments, most of the service obligations are rendered by the freight operator once the cargo reaches the shores of destination, it is handed over to the customer and respective Delivery Note (DN) is issued. Revenue from import shipment is, therefore, is generally recognised upon issuance of DN, based on which, the importer/consignee can clear the goods from the customs bonded warehouse.
- Agency fee. Agency fee is recognised as revenue when respective shipping agency services, like coordination of the port services for the vessels; providing notification to the port authorities and other relevant parties regarding ship's arrival or departure; ordering ship's delivery to the parking lot; cargo handling, hydrographic service, customs and border procedures and execution of relevant documents, are provided.)

Financing components. The Company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

Amendment of the financial statements after issue. Any changes to these separate financial statements after issue require approval of the Company's management who authorised these separate financial statements for issue.

4 Critical Accounting Estimates and Judgements in Applying Accounting Policies

Going concern. These separate financial statements have been prepared on the assumption that the Company is a going concern and will continue its operations for the foreseeable future. The management and shareholders have the intention to further develop the business of the Company in Georgia. The management believes that the going concern assumption is appropriate for the Company.

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

Initial recognition of related party transactions. In the normal course of business, the Company enters into transactions with its related parties. IFRS 9 requires initial recognition of financial instruments based on their fair values. Judgement is applied in determining if transactions are priced at market or non-market interest rates, where there is no active market for such transactions. The basis for judgement is pricing for similar types of transactions with unrelated parties and effective interest rate analyses. Terms and

4 Critical Accounting Estimates and judgements in Applying Accounting Policies (Continued)

conditions of related party balances are disclosed in Note 7.

Income taxes. Tax legislation of Georgia is in the process of formation. Changes in the legislation occur frequently and its many provisions are subject to varying interpretations. Due to ambiguities existing in the current and past tax legislations there are certain areas that management believes can be challenged by Georgian Tax Authorities ("GTA"). Management believes that its position related to these matters is sustainable and hence it has not accrued any additional tax provisions in the separate financial statements related to these matters. The Company's uncertain tax positions are reassessed by management at the end of every reporting period. Liabilities are recorded for income tax positions for which management assessment of a risk of additional taxes being levied is probable.

Depreciation of right-of-use assets. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

Extension and termination options. Extension and termination options are included in a number of office leases across the Company. These are used to maximise operational flexibility in terms of managing the assets used in the Company's operations. The majority of extension and termination options held are exercisable only by the Company and not by the respective lessor.

For leases of offices, the following factors are normally the most relevant:

- If there are significant penalties to terminate (or not extend), the Company is typically reasonably certain to extend (or not terminate).
- If any leasehold improvements are expected to have a significant remaining value, the Company is typically reasonably certain to extend (or not terminate).
- Otherwise, the Company considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

Most extension options in offices and vehicles leases have not been included in the lease liability, because the Company could replace the assets without significant cost or business disruption.

The lease term is reassessed if an option is actually exercised (or not exercised) or the Company becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

Discount rates used for determination of lease liabilities. The Company uses its incremental borrowing rate as a base for calculation of the discount rate because the interest rate implicit in the lease cannot be readily determined.

To determine the incremental borrowing rate, the Company uses publicly available market interest rates, prevailing on the European market. The incremental borrowing rate was not adjusted for any factor.

A 10% increase or decrease in discount rate at 31 December 2023 would result in an increase or decrease in lease liabilities of GEL 7 thousand (2022: GEL 10 thousand).

5 Adoption of New or Revised Standards and Interpretations

The following new standards and the amendments became effective from 1 January 2023:

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

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

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

5 Adoption of New or Revised Standards and Interpretations (Continued)

Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of Accounting policies (issued on 12 February 2021 and effective for annual periods beginning on or after 1 January 2023). IAS 1 was amended to require companies to disclose their material accounting policy information rather than their significant accounting policies. The amendment provided the definition of material accounting policy information. The amendment also clarified that accounting policy information is expected to be material if, without it, the users of the financial statements would be unable to understand other material information in the financial

statements. The amendment provided illustrative examples of accounting policy information that is likely to be considered material to the entity's financial statements. Further, the amendment to IAS 1 clarified that immaterial accounting policy information need not be disclosed. However, if it is disclosed, it should not obscure material accounting policy information. To support this amendment, IFRS Practice Statement 2, 'Making Materiality Judgements' was also amended to provide guidance on how to apply the concept of materiality to accounting policy disclosures.

Amendments to IAS 8: Definition of Accounting Estimates (issued on 12 February 2021 and effective for annual periods beginning on or after 1 January 2023).

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

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

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

6 New Accounting Pronouncements

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

- *Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback (issued on 22 September 2022 and effective for annual periods beginning on or after 1 January 2024).*
- *Classification of liabilities as current or non-current – Amendments to IAS 1 (originally issued on 23 January 2020 and subsequently amended on 15 July 2020 and 31 October 2022, ultimately effective for annual periods beginning on or after 1 January 2024).*
- *Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements (Issued on 25 May 2023).*
- *Amendments to IAS 21 Lack of Exchangeability (Issued on 15 August 2023)*
- *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28 (issued on 11 September 2014 and effective for annual periods beginning on or after a date to be determined by the IASB).*

Management assessed the application of the amendments will have no significant impact on the Company's separate financial statements.

7 Balances and Transactions with Related Parties

The outstanding balances with related parties for the period ended 31 December 2023 and 31 December 2022 were as follows:

In Georgian Lari	Note	31 December 2023 Shareholder	31 December 2022 Shareholder
Lease liabilities	13	268,678	336,155

7 Balances and Transactions with Related Parties (Continued)

The income and expense items with related parties for the year ended 31 December 2023 and 31 December 2022 were as follows:

In Georgian Lari		2023		2022	
	Note	**Parent**	**Shareholder**	**Parent**	**Shareholder**
General and administrative expenses	10	187,853	-	173,483	-
Finance cost	13	-	19,717	-	27,316

Key management compensation. The remuneration of directors and other members of key management in 2023 amounted to GEL 385,059 (2022: GEL 394,236).

8 Revenue

The Company derives revenue from the transfer of services at a point in time.

In Georgian Lari	**2023**	**2022**
Revenue from freight forwarding and logistic services	10,069,255	12,982,008
Total revenue	**10,069,255**	**12,982,008**

9 Cost of Sales

In Georgian Lari	**2023**	**2022**
Freight forwarding and logistic service expenses	8,889,984	10,820,130
Labour costs	128,238	198,831
Cargo insurance expenses	-	22,929
Other transportation expenses	608	44,042
Total cost of sales	**9,018,830**	**11,085,932**

10 General and Administrative Expenses

In Georgian Lari	**2023**	**2022**
Labour costs	950,499	920,858
Baku representative office expenses	187,853	173,483
Business trips	166,837	99,920
Depreciation of right-of-use assets	127,971	126,183
Kazakhstan representative office expenses	103,120	57,614
Accounting and other professional services	89,859	86,486
Representative expenses	77,060	32,096
Depreciation and amortization	65,458	106,111
Insurance	20,123	13,868
Communications and Office supplies	9,200	10,076
Taxes other than income tax	-	7,647
Recovery for impairment of doubtful accounts	(75,031)	(58,818)
Other expenses	119,069	125,230
Total general and administrative expenses	**1,842,018**	**1,700,754**

10 General and Administrative Expenses (Continued)

Representative expenses with amount of GEL 290,973 (2022: GEL 231,096) represents administrative costs connected to representative office of HHLA group in Azerbaijan and subsidiary of HHLA Project Logistics LLC in Kazakhstan. As per agreement between the Parent and the Company dated on 5 December 2017, administrative expenses are fully covered by HHLA Project Logistics LLC.

11 Finance Income

Finance income represents the interest accrued on the interest-bearing current accounts in local bank. Interest accrued on the current accounts for the year ended 31 December 2023 was GEL 5,319 (2022: GEL 15,067).

12 Property, Plant and Equipment

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

In Georgian Lari	Furniture and fixture	Computers and office equipment	Motor vehicles	Other	Total
COST					
At 1 January 2022	**80,878**	**117,070**	**415,930**	**5,716**	**619,594**
Additions	6,292	2,668	-	44,200	53,160
Disposals	-	-	(24,580)	-	(24,580)
At 31 December 2022	**87,170**	**119,738**	**391,350**	**49,916**	**648,174**
Additions	4,839	1,936	-	2,998	9,773
Disposals	(169)	(22,064)	-	-	(22,233)
Transfers	-	-	(288,651)	-	(288,651)
Cost 31 December 2023	**91,840**	**99,610**	**102,699**	**52,914**	**347,063**
ACCUMULATED DEPRECIATION					
At 1 January 2022	**(28,101)**	**(42,599)**	**(89,250)**	**(919)**	**(160,869)**
Depreciation charge	(14,661)	(22,787)	(60,821)	(2,111)	(100,380)
Accumulated depreciation of disposals	-	-	3,732	-	3,732
At 31 December 2022	**(42,762)**	**(65,386)**	**(146,339)**	**(3,030)**	**(257,517)**
Depreciation charge	(14,699)	(18,210)	(19,005)	(10,450)	(62,364)
Accumulated depreciation of disposals	168	22,063	-	-	22,231
Transfers	-	-	139,137	-	139,137
At 31 December 2023	**(57,293)**	**(61,533)**	**(26,207)**	**(13,480)**	**(158,513)**
CARRYING AMOUNTS					
At 1 January 2022	52,777	74,471	326,680	4,797	458,725
At 31 December 2022	44,408	54,352	245,011	46,886	390,657
At 31 December 2023	**34,547**	**38,077**	**76,492**	**39,434**	**188,550**

The transfer with carrying value of GEL 149,514 represents the transfer of damaged vehicle to Other current assets.

13 Right-of Use Assets and Lease Liabilities

The Company rents office space in Poti from a related party and in Tbilisi from a non-related party. Rental contracts are typically made for fixed periods of 1 to 5 years but may have extension options as described below.

In Georgian Lari	Buildings	Total
Carrying amount at 1 January 2022	**670,690**	**670,690**
Additions	-	-
Depreciation charge	(126,183)	(126,183)
Carrying amount at 31 December 2022	**544,507**	**544,507**
Additions	1,788	1,788
Depreciation charge	(127,971)	(127,971)
Carrying amount at 31 December 2023	**418,324**	**418,324**

The Company recognised lease liabilities as follows:

In Georgian Lari	31 December 2023	31 December 2022
Short-term lease liabilities	102,384	104,137
Long-term lease liabilities	323,689	429,003
Total lease liabilities	**426,073**	**533,140**

Some property leases contain variable payment terms that are linked to sales, or other variable any variable.

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

In Georgian Lari	2023	2022
Liabilities from financing activities at 1 January	**533,140**	**688,051**
Cash flows		
Repayments of principal	(105,014)	(102,776)
Interest payments	(43,692)	(56,065)
Non-cash changes		
New leases	-	-
Reassessment effect	1,789	-
Foreign exchange adjustments	(3,842)	(52,135)
Interest accrual	43,692	56,065
Liabilities from financing activities at 31 December	**426,073**	**533,140**

14 Trade and Other Receivables

In Georgian Lari	31 December 2023	31 December 2022
Trade receivables	753,588	1,030,965
Other financial receivables	23	6,545
Less credit loss allowance	(208,917)	(279,078)
Total trade and other receivables	**544,694**	**758,432**

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on the payment profiles of customers over a period of 36 month before each balance sheet date and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the GDP and the unemployment rate of the countries in which it sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these fact

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

In Georgian Lari	2023	2022
Provision for impairment at 1 January	**(279,078)**	**(337,896)**
Recovery for impairment during the year	73,417	33,312
Foreign exchange movements	(3,256)	25,506
Provision for impairment at 31 December	**(208,917)**	**(279,078)**

The credit loss allowance for trade receivables is determined according to provision matrix presented in the table below. The provision matrix is based the number of days that an asset is past due, adjusted for forward looking information.

	31 December 2023				31 December 2022			
In Georgian Lari	Loss rate	Gross carrying amount	Lifetime ECL	Net carrying value	Loss rate	Gross carrying amount	Lifetime ECL	Net carrying value
Trade receivables								
- No past due	0%	224,203	-	**224,203**	0%	257,068	-	**257,068**
- 1 to 90 days overdue	0%	109,637	-	**109,637**	0%	398,079	-	**398,079**
- 91 to 180 days overdue	0%	76,520	-	**76,520**	0%	96,740	-	**96,740**
- 181 to 360 days overdue	0%	134,311	-	**134,311**	100 %	125,687	125,687	-
- over 360 days overdue	100%	208,917	208,917	-	100 %	153,391	153,391	-
Total	-	**753,588**	**208,917**	**544,671**	-	**1,030,965**	**279,078**	**751,887**

15 Cash and Cash Equivalents

In Georgian Lari	31 December 2023	31 December 2022
Cash on hand	136	160
Bank balances payable on demand	844,139	2,432,209
Total cash and cash equivalents at 31 December	**844,275**	**2,432,369**

Cash in bank represents interest bearing current accounts in local bank, JSC TBC Bank (BB- rated), which are neither past due nor impaired. Interest accrued on the current accounts as of 31 December 2023 was GEL 5,319 (2022: GEL 15,067).

16 Charter Capital

Charter capital represents the nominal amount of capital in the founding documentation of the Company. The owners of charter capital are entitled to receive dividends as declared from time to time and are entitled to the number of votes corresponding to the percentage of ownership in the Company at meetings of the Company.

The total authorised charter capital of the Company comprised GEL 108 thousand, which has been fully contributed in cash.

In accordance with Georgian legislation, the Company can distribute dividends from its retained earnings.

On 8 May 2023, based on the decision of the Company's owners, dividend in the amount of GEL 721,615 was declared, which was paid in cash by the Company.

17 Trade and Other Payables

In Georgian Lari	31 December 2023	31 December 2022
Trade payables	295,409	317,362
Other payables	416	1,834
Total accounts payable	**295,825**	**319,196**

18 Contingencies and Commitments

Tax legislation. On 18 December 2013, the instruction on assessment of international controlled operations was approved by the Minister of Finance of Georgia. The instruction provides an implementation guide for transfer pricing rules and principles (together referred to as "TP legislation") introduced by Tax Code of Georgia effective from 1 January 2011.

The TP legislations appear to be technically elaborated and aligned with the international transfer pricing principles developed by the Organization for Economic Cooperation and Development (OECD) and it provides the possibility for tax authorities to make transfer pricing adjustments and impose additional tax liabilities in respect of controlled transactions (transactions with some related parties and unrelated parties), if the transaction price is not arm's length.

Management believes that it has implemented internal controls to be in compliance with the TP legislation. Given that the practice of implementation of the Georgian transfer pricing rules has not yet developed, the impact of any challenge of the Company's transfer prices cannot be reliably estimated; however, it may be significant to the financial conditions and/or the overall operations of the Company.

19 Financial Risk Management

The Company is exposed through its operations to the following financial risks:

- Credit risk
- Market price risk
- Liquidity risk

This note describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these separate financial statements.

Principal financial instruments. The principal financial instruments used by the Company, from which financial instrument risk arises, are Trade receivables, Cash at bank and Trade payables.

Credit risk. Credit risk is the risk if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Company is mainly exposed to credit risk from credit sales.

The Company has established a credit policy under which each new customer is analysed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. The review includes external ratings, when available, and in some cases bank references.

Given risk is periodically assessed and considered in accrual of provision for doubtful debts. The management believes that the Company has no material risk of losses over already formed provision for reduction of cost of accounts receivable.

Credit risk also arises from cash and cash equivalents and deposits with banks and financial institutions.

The Company's maximum exposure to credit risk by class of assets is reflected in the carrying amounts of financial assets in the statement of financial position is as follows:

In Georgian Lari	**31 December 2023**	**31 December 2022**
Trade and other receivables		
- Trade receivables	544,694	758,432
Cash and cash equivalents		
- Bank balances payable on demand	844,139	2,432,209
Total maximum exposure to credit risk	**1,388,833**	**3,190,641**

Credit risks concentration. As of the end of reporting periods, the Company's 100% of current accounts at banks were held only with one bank.

Market price risk. Market price risk consists from interest rate risk and foreign exchange risk.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As at 31 December 2023 and 2022 the Company is not exposed to the interest rate risk.

Foreign exchange risk arises when the Company enters into transactions denominated in a currency other than its functional currency.

Company is predominantly exposed to currency risk on purchases made from a major supplier based in the EUR and USD zone. Purchases from these suppliers are made on a central basis and the risk is not hedged. Apart from these particular cash-flows the Company aims to fund expenses and investments in the respective currency and to manage foreign exchange risk at a local level by matching the currency in which revenue is generated and expenses are incurred.

The following tables demonstrate the sensitivity to a reasonably possible change in the USD and EUR exchange rate, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities.

19 Financial Risk Management (Continued)

In Georgian Lari	Strengthening	Weakening
31 December 2023		
USD (10% movement)	74,054	(74,054)
EUR (10% movement)	6,303	(6,303)
31 December 2022		
USD (10% movement)	244,155	(244,155)
EUR (10% movement)	32,730	(32,730)

Company's monetary assets and liabilities exposure to foreign exchange risk can be presented as follows:

	USD-denominated		EUR-denominated	
In Georgian Lari	31 December 2023	31 December 2022	31 December 2023	31 December 2022
Cash and cash equivalents	661,538	2,163,461	177,130	260,917
Trade receivables	477,008	714,270	-	260,475
Trade payables	(129,327)	(100,024)	(114,103)	(194,095)
Lease liabilities	(268,678)	(336,155)	-	-
Net exposure	**740,541**	**2,441,552**	**63,027**	**327,297**

Liquidity risk. Liquidity risk arises from the Company's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due. The Company's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. To achieve this aim, it seeks to maintain cash balances (or agreed facilities) to meet expected requirements for a period of at least 45 days. Management receives rolling 12-month cash flow projections on a monthly basis as well as information regarding cash balances. At the end of the financial year, these projections indicated that the Company expected to have sufficient liquid resources to meet its obligations under all reasonably expected circumstances.

The following table sets out the contractual maturities (representing undiscounted contractual cash-flows) of financial instruments:

In Georgian Lari	Carrying value	Less than 3 months	3 to 12 months	1 to 5 years	Total undiscounted
At 31 December 2023					
Trade receivables	544,694	544,694	-	-	544,694
Trade payables	(295,825)	(295,825)	-	-	(295,825)
Net exposure	**248,869**	**248,869**	**-**	**-**	**248,869**
At 31 December 2022					
Trade receivables	758,432	758,432	-	-	758,432
Trade payables	(319,196)	(319,196)	-	-	(319,196)
Net exposure	**439,236**	**439,236**	**-**	**-**	**439,236**

19 Financial Risk Management (Continued)

Fair value of financial instruments. Fair value measurements are analysed by level in the fair value hierarchy as follows: (i) level one are measurements at quoted prices (unadjusted) in active markets for identical assets or liabilities, (ii) level two measurements are valuations techniques with all material inputs observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices), and (iii) level three measurements are valuations not based on observable market data (that is, unobservable inputs). Management applies judgement in categorising financial instruments using the fair value hierarchy. If a fair value measurement uses observable inputs that require significant adjustment, that measurement is a Level 3 measurement. The significance of a valuation input is assessed against the fair value measurement in its entirety. The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following method and assumptions were used to estimate the fair values: Cash and cash equivalents, trade receivables and trade payables approximate their carrying amounts largely due to the short-term maturities of these instruments. All financial assets and liabilities for which fair values is measured or disclosed are categorised within level 3 hierarchy, except for Cash and

cash equivalents that are categorised within level 2 hierarchy. The fair values in level 2 and level 3 of the fair value hierarchy were estimated using the discounted cash flows valuation technique.

- To safeguard The Company's ability to continue as a going concern, so that it can continue to provide returns for shareholders; and
- To provide an adequate return to shareholders by pricing services commensurately with the level of risk.

The Company sets the amount of capital it requires in proportion to risk. The Company manages its capital structure and adjusts it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, increase capital, or sell assets to reduce debt.

20 Events after the Reporting Period

No material subsequent events have occurred that would require recognition or disclosure in these separate financial statements.