

LLC Microfinance Organization “Rico Express”

Financial Statements

For the Year Ended 31 December 2025

Together with the Independent Auditor’s Report

This document is an English translation of the original document prepared in the Georgian language.

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Independent Auditor's Report

To the Shareholder and Supervisory Board of LLC MFO "Rico Express"

Opinion

We have audited the financial statements of LLC "MFO Rico Express" (hereinafter referred to as the "Company"), which comprise the statement of financial position as at 31 December 2025, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2025, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (hereinafter referred to as "IFRS").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (hereinafter referred to as "ISAs"). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), together with the ethical requirements that are relevant to our audit of the financial statements in Georgia, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the current period. These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

For each matter below, our description of how the matter was addressed in the audit is provided in that context.

We have fulfilled the responsibilities described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Assessment of Expected Credit Losses on Loans Issued to Customers	
Key Audit Matters	How Our Audit Addressed the Key Audit Matter
<p>The assessment of expected credit losses ("ECL") on loans issued to customers was considered a key audit matter due to the materiality and significance of the loan portfolio, as well as the high degree of subjectivity involved in the estimation process. The calculation of ECL is based on models developed by management and significant assumptions, including probability of default ("PD"), loss given default ("LGD"), exposure at default ("EAD"), and the application of forward-looking macroeconomic scenarios.</p> <p>During the audit, particular attention was given to the compliance of the applied methodology with the requirements of IFRS 9, the reliability and completeness of data sources used in the models, and the reasonableness of assumptions applied. We also evaluated the classification of loans into stages (Stage 1, Stage 2 and Stage 3), the assessment of significant increase in credit risk, and the accounting treatment of the restructured loan portfolio. This area required significant professional judgment and, accordingly, was considered a key audit matter.</p>	<p>As part of our audit procedures, among others, we performed the following key procedures:</p> <ul style="list-style-type: none">- Assessed the compliance of the ECL model applied by management with the requirements of IFRS 9 and evaluated the appropriateness of the methodology used;- Tested key controls related to loan classification and the calculation of ECL;- Verified the accuracy and completeness of key data used in the model, including reconciliation to the underlying loan portfolio;- Assessed the reasonableness of key assumptions, including PD, LGD and macroeconomic scenarios;- Evaluated the classification of loans into stages (Stage 1, Stage 2 and Stage 3) and the determination of significant increase in credit risk;- Performed selective testing of individually impaired loans;- Involved specialists, where necessary, to assess the model and underlying assumptions.
Recognition of Interest and Fee Income	

Key Audit Matters	How Our Audit Addressed the Key Audit Matter
<p>The recognition of interest and fee income was considered a key audit matter due to its materiality and wide scope. Such income is recognised using the effective interest rate (EIR) method and involves a significant volume of transactions, which increases the risk of error or incorrect recognition.</p> <p>In addition, the recognition of fee income requires an assessment of whether the Company has satisfied its performance obligations in accordance with IFRS 15, and whether income is appropriately allocated over the relevant periods.</p>	<p>As part of our audit, we performed, among others, the following procedures:</p> <ul style="list-style-type: none"> - Assessed the compliance of the interest income recognition policy with the requirements of IFRS 9; - Tested the accuracy of effective interest rate (EIR) calculations on a sample basis; - Performed testing of controls over the revenue recognition process; - Verified the completeness and accuracy of data recorded in the accounting system; - Evaluated the recognition of commission income in accordance with IFRS 15 (point-in-time vs over-time) - Performed analytical procedures and trend analysis of revenue movements; - Performed detailed testing on selected transactions.

Other Matter

The financial statements of the Company for the year ended 31 December 2024 were audited by another auditor. Those financial statements comprised the statement of financial position as at 31 December 2024, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, together with the related notes to the financial statements.

The predecessor auditor issued an unmodified audit opinion on those financial statements on 14 May 2025.

Other Information Included in the Management Report

Management is responsible for the other information. The other information comprises the Company's Management Report for the year ended 31 December 2025, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information referred to above.

Management is responsible for the preparation and presentation of the Management Report. The Management Report includes information about the Company's operations, risk analysis, future plans and other information required under the Law of Georgia on Accounting, Reporting and Auditing. The Management Report is available only in the Georgian language.

In connection with our audit of the financial statements, our responsibility is to read the above-mentioned Management Report and consider whether the Management Report is materially inconsistent with the financial statements or with the knowledge obtained during the audit, or otherwise appears to be materially misstated, and to report accordingly.

In addition, our responsibility is to express an opinion on whether the Management Report has been prepared in accordance with the Law of Georgia on Accounting, Reporting and Auditing and whether it includes all information required by the law.

If, based on the procedures performed, we conclude that the Management Report contains a material misstatement, we are required to report that fact and describe the nature of the misstatement. We have nothing to report in this regard.

Report on Other Legal and Regulatory Requirements

In our opinion, based on the work performed during the audit, the information presented in the Company's Management Report for the year ended 31 December 2025:

- is consistent, in all material respects, with the financial statements for the same year; and
- contains the information required by the Law of Georgia on Accounting, Reporting and Auditing and complies with the relevant regulatory requirements.

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

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern and, where applicable, disclosing 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 Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 may arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these 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 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, determine 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 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 financial statements, including the disclosures, and whether the 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.

Ana Gabedava, Engagement Partner (SARAS-A-518332)

Nexia Georgia LLC (SARAS-F-550338)

14 May 2026

Tbilisi, Georgia

Independent Auditor’s Report

To the Shareholder and Supervisory Board of LLC MFO “Rico Express”

Opinion

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Ana Gabedava, Engagement Partner (SARAS-A-518332)

Nexia Georgia LLC (SARAS-F-550338)

14 May 2026

Tbilisi, Georgia



Statement of Financial Position

As at 31 December 2025

(In thousands of Georgian Lari)

	<u>Notes</u>	<u>2025</u>	<u>2024</u>
Assets			
Cash and cash equivalents	5	142,519	68,264
Amounts due from credit institutions	5	7,003	-
Derivative financial assets	6	-	262
Loans to customers	7	873,887	617,400
Right-of-use assets	8	9,302	5,081
Property and equipment	9	17,263	18,013
Intangible assets		732	816
Current income tax asset		-	276
Other assets	11	19,669	15,144
Total assets		<u>1,070,375</u>	<u>725,256</u>
Liabilities			
Promisery notes issued	15	159,077	145,722
Current income tax liabilities		3,615	-
Derivative financial liabilities	6	211	-
Borrowed funds	13	304,588	99,258
Debt securities issued	13	190,756	128,907
Lease liabilities	8	8,186	3,154
Deferred income tax liability	10	4,569	4,517
Subordinated debt	14	25,000	25,000
Other liabilities	16	25,800	16,921
Total liabilities		<u>721,802</u>	<u>423,479</u>
Equity			
Charter capital	17	25,000	1,584
Retained earnings		323,573	300,193
Total equity		<u>348,573</u>	<u>301,777</u>
Total equity and liabilities		<u>1,070,375</u>	<u>725,256</u>

Signed and authorised for issue on 14 May 2026

Tamar Gogdze

Executive Director

Giorgi Naruoshvili

Financial Director

Statement of financial position

As of 31 December 2025

(Thousands of Georgian Lari)

	<u>Notes</u>	<u>2025</u>	<u>2024</u>
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Total equity and liabilities		<u>1,070,375</u>	<u>725,256</u>

Signed and authorized for release on 14 May 2025

Tamar Gogodze

Executive Director

Giorgi Naroushvili



Financial director

Statement of Comprehensive Income

As at 31 December 2025

(In thousands of Georgian Lari)

	<u>Notes</u>	<u>2025</u>	<u>2024</u>
Interest income calculated using effective interest			
Loans to customers		171,978	112,865
Cash and cash equivalents and amounts due from credit institutions		2,226	4,078
		174,204	116,943
Interest expense			
Debt securities issued		(13,689)	(13,186)
Borrowed funds		(21,262)	(6,844)
Promissory notes		(14,663)	(8,468)
Subordinated debt		(2,945)	(1,195)
Lease liabilities		(683)	(481)
		(53,242)	(30,174)
Net interest income			
Expected credit loss (charge) /reversal	7	(12,555)	(265)
Net interest income after credit loss movement			
Commission income from money transfers	19	9,599	6,901
Commission expenses	19	(1,763)	(1,527)
Foreign exchange gains/(losses):		-	-
–Currency trading		23,433	18,644
–Translation differences		4,581	(2,410)
– Foreign currency derivatives		(4,685)	(2,740)
Gain from sale of repossessed gold and other income	20	1,513	1,042
Non-interest income			
Personnel expenses		(33,680)	(28,324)
Depreciation and amortization	8, 9	(4,043)	(5,342)
Other general and administrative expenses	21	(18,940)	(9,410)
Inventories written-down	22	(1,493)	(1,040)
Non-interest expense			
		(58,156)	(44,116)
Profit before income tax expense			
Income tax expense	10	(14,949)	(12,594)
Profit for the year			
		67,980	49,705
Other comprehensive income		-	-
Total comprehensive income for the year			
		67,980	49,705

The notes on pages 10–43 are an integral part of the accompanying financial statements.

Statement of Comprehensive Income

For the year ended 31 December 2025

	Charter capital	Retained earnings	Total
1 January 2024	1,584	313,668	315,252
Profit for the year	-	49,705	49,705
Total comprehensive income for the year	-	49,705	49,705
Dividends declared (Note 17)	-	(63,180)	(63,180)
31 December 2024	1,584	300,193	301,777
Increase in Charter Capital	23,416	-	23,416
Profit for the year	-	67,980	67,980
Total comprehensive income for the year	23,416	67,980	91,396
Dividends declared (Note 17)	-	(44,600)	(44,600)
31 December 2025	25,000	323,573	348,573

(In thousands of Georgian Lari)

The notes on pages 10–43 are an integral part of the accompanying financial statements.

Statement of Cash Flows

For the year ended 31 December 2025

(In thousands of Georgian Lari)

	<u>Note</u>	<u>2025</u>	<u>2024</u>
Cash flows from operating activities			
Interest received		171,978	112,043
Interest paid		(53,241)	(29,608)
Proceeds from sale of repossessed collateral		21,245	20,373
Receipts from trading in foreign currency and foreign currency derivatives, net		18,747	18,643
Commissions received from money transfers		9,599	6,901
Commissions paid		(1,763)	(1,527)
Other income received		1,513	462
Personnel expenses paid		(33,680)	(21,555)
Other operating expenses paid		(20,703)	(13,790)
Cash flows from operating activities before changes in operating assets and liabilities		113,695	91,942
Loans to customers		(256,487)	(172,190)
Other assets		87,566	6,179
Other liabilities		6,923	3,219
Net cash flows (used in) from operating activities before income tax		(48,303)	(70,850)
Income tax paid		(18,076)	(15,770)
Net cash (used in) from operating activities		(66,379)	(86,620)
Cash flows from investing activities			
Net withdrawal (placement) from bank deposits		7,000	46,207
Purchase of property and equipment		(2,153)	(5,169)
Proceeds from sale of property and equipment		1,758	12
Net cash from (used in) investing activities		6,605	41,050
Cash flows from financing activities			
Proceeds from borrowed funds	28	571,667	187,000
Proceeds from debt securities issued	28	125,000	-
Proceeds from subordinated debt	28	-	25,000
Repayment of borrowed funds	28	(383,694)	(130,081)
Repayment of debt securities issued		(130,000)	-
Repayment of lease liabilities	8	(5,032)	(3,149)
Net promissory notes issued (repaid)	28	13,355	43,475
Dividends paid	17	(61,849)	(63,180)
Net cash from financing activities		129,447	59,065
Effect of exchange rates changes on cash and cash equivalents		4,582	(192)
Net increase (decrease) in cash and cash equivalents		74,255	13,303
Cash and cash equivalents, beginning of the year		68,264	54,961
Cash and cash equivalents, ending of the year	5	142,519	68,264

The notes on pages 10–43 are an integral part of the accompanying financial statements.

1. Main activities

LLC Microfinance Organization "Rico Express" (hereinafter referred to as the "Company", registration number: 205034639) was established on 1 July 2004 in accordance with the legislation of Georgia as a limited liability company. On 11 April 2007, the Company was registered by the National Bank of Georgia ("NBG") as a microfinance organization, registration number #80407.

The Company's registered address is: 70 Chavchavadze Avenue, Tbilisi, Georgia.

The principal activities of the Company include the issuance of small and medium-sized loans to individuals secured by movable and immovable property (primarily precious metals and real estate), foreign exchange operations, and money transfers.

As at 31 December 2025 and 31 December 2024, the sole owner of the Company was Ms. Dali Urushadze.

Business Environment

The Company's operations are concentrated in Georgia. The Company is affected by the economic and financial markets of Georgia, which exhibit characteristics typical of an emerging market. The legal, tax and regulatory frameworks are subject to ongoing development, but are also subject to varying interpretations and frequent changes, which, together with other legal and financial constraints, further increase the challenges faced by entities operating in Georgia.

The financial statements reflect management's assessment of the impact of the Georgian business environment on the Company's operations and financial position. The business environment in the future may differ from management's assessment.

2. Basis of Preparation

General Information

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

The financial statements have been prepared under the historical cost convention, except for those items which are measured at fair value as described in the accounting policies below. Derivative financial instruments are measured at fair value.

The Company's functional and presentation currency is the Georgian Lari ("GEL"). All amounts in these financial statements are presented in thousands of GEL, unless otherwise stated.

3. Summary of Significant Accounting Policies

Changes in Accounting Policies

New and Amended Standards

New requirements effective from 1 January 2025				
Standard / Amendment	Issue date	Effective date (earlier application permitted unless otherwise stated)	Amended standards / interpretations	Standard withdrawn / replaced
<i>Lack of Exchangeability Amendments to IAS 21</i>	August 2023	1 January 2025	IAS 21, IFRS 1	

Although the Company is not required to early adopt these standards, paragraph 30 of IAS 8 (Accounting Policies, Changes in Accounting Estimates and Errors) requires the Company to disclose information relevant to assessing the possible impact that the application of these new standards will have on the financial statements.

The table below presents the amendments and standards with effective dates subsequent to 1 January 2025.

Accounting standards and amendments issued but not yet effective as at 1 January 2025				
Standard / Amendment	Issue date	Effective date (earlier application permitted unless otherwise stated)	Amended standards / interpretations	Standard withdrawn / replaced
IFRS 18 Presentation and Disclosure in Financial Statements	April 2024	1 January 2027	IFRS 1, IFRS 3, IFRS 5, IFRS 6, IFRS 7, IFRS 8, IFRS 9, IFRS 12, IFRS 13, IFRS 14, IFRS 15, IFRS 16, IFRS 17, IAS 2, IAS 7, IAS 8, IAS 10, IAS 12, IAS 16, IAS 19, IAS 20, IAS 21, IAS 24, IAS 28, IAS 29, IAS 32, IAS 33, IAS 34, IAS 38, IAS 40, IAS 41, SIC-1, IFRIC 14, IFRIC 17, IFRIC 19, IFRIC 23, SIC-32	IAS 1
IFRS 19 Subsidiaries without Public Accountability: Disclosures	May 2024	1 January 2027	IFRS 1, IFRS 5, IFRS 13, IFRS 17, IFRS 18, IAS 32, IAS 34, IFRIC 14	
Amendments to IFRS 9 and IFRS 7 — Classification and Measurement of Financial Instruments	May 2024	1 January 2026	IFRS 7, IFRS 9, IFRS 19	
Annual Improvements to IFRS Accounting Standards — Volume 11	July 2024	1 January 2026	IFRS 1, IFRS 7, IFRS 9, IFRS 10, IAS 7	
Contracts Referencing Nature-dependent Electricity Amendments to IFRS 9 and IFRS 7	December 2024	1 January 2026	IFRS 7, IFRS 9	

Fair Value Measurement

Unobservable inputs — All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy described below, based on the lowest level input that is significant to the fair value measurement as a whole:

- ▶ Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- ▶ Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- ▶ Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Financial Assets and Liabilities

Initial Recognition

Date of Recognition

All regular way purchases and sales of financial assets are recognised on the settlement date, i.e. the date on which the purchased asset is delivered to the Company. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or market convention.

Initial Measurement

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments. Financial instruments are initially measured at fair value and, except for financial assets and financial liabilities measured at fair value through profit or loss, transaction costs are added to or deducted from this amount.

Measurement Categories of Financial Assets and Liabilities

The Company classifies all of its financial assets based on the business model for managing the assets and the contractual terms of the assets, measured at either:

- ▶ Amortised cost;
- ▶ Fair value through other comprehensive income (FVOCI); or;
- ▶ Fair value through profit or loss (FVPL).

The Company classifies and measures its derivative portfolio at fair value through profit or loss. The Company may designate financial instruments at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency.

Financial Assets Measured at Amortised Cost

The Company measures loans issued to customers and other financial investments 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 on the principal amount outstanding.

Cash and Cash Equivalents

For the purposes of the statement of financial position and statement of cash flows, cash and cash equivalents comprise cash on hand, current accounts with banks and short-term highly liquid deposits with original maturities of 90 days or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value.

Derivative Financial Instruments

In the ordinary course of business, the Company enters into foreign currency swaps in the foreign exchange market. Counterparties are predominantly local banks.

Fair values are determined using valuation models that take into account current market and contractual prices of the underlying instruments and other factors, including counterparty and the Company's own credit risk. Derivatives are carried as assets when their fair value is positive and as liabilities when their fair value is negative. Gains and losses arising from these instruments are included in profit or loss within net gain/(loss) from foreign currency operations.

Although derivative instruments are entered into for risk hedging purposes, these instruments do not qualify for hedge accounting.

Borrowed Funds, Debt Securities Issued and Promissory Notes Issued

Issued financial instruments or their components are classified as liabilities where the substance of the contractual arrangement results in the Company having an obligation either to deliver cash or another financial asset to the holder, or otherwise to settle the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments. Such instruments include debt securities issued, promissory notes issued and borrowed funds.

After initial recognition, borrowed funds are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, as well as through the amortisation process.

Derecognition of Financial Assets and Liabilities

Financial Liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where 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 derecognition of the original liability and recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

Write-off

Financial assets are written off, either partially or in full, only when the Company has ceased recovery efforts. Pawn loans, together with the related allowance, are generally written off and the related collateral repossessed when the relevant loan becomes overdue for more than 60–90 days. Bad mortgage loans are written off when foreclosure procedures are completed or when no further cash flows are expected from the borrower or collateral, which may take up to two years.

If the amount to be written off exceeds the accumulated allowance for impairment, the excess is first treated as an addition to the allowance, which is then applied against the gross carrying amount. Any subsequent recoveries are credited to credit loss expense. Write-off constitutes a derecognition event.

Leases

Company as a Lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying leased assets.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is generally not readily determinable.

Short-term Leases and Leases of Low-value Assets

The Company applies the short-term lease recognition exemption to its short-term leases (i.e. leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the exemption for leases of low-value assets to leases that are considered low-value (i.e. assets with a value below GEL 15 thousand). Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Precious Metals

Gold and other precious metals acquired from defaulted borrowers in settlement of loans are initially recognised at cost, which equals the net carrying value of the loan settled at the date of repossession. Subsequently, they are measured at fair value determined based on Bloomberg quoted prices less estimated melting costs.

Changes in fair value after initial recognition and gains/losses arising from disposal of gold bullion are recognised within other income. As the sale of precious metals and other repossessed collateral is not related to the Company's principal

revenue-generating activities, the Company presents the results of such transactions net of any related expenses arising from the same transactions.

Property and Equipment

Property and equipment are carried at cost, excluding day-to-day servicing costs, less accumulated depreciation and any accumulated impairment losses.

Depreciation commences when the asset is available for use. Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

	<u>Year</u>
Buildings	20-25
Computers and communication	5
Office equipment	5
Vehicles	5
Other	5

Leasehold improvements are depreciated over lower of their useful life and respective lease term.

The residual values, useful lives and depreciation methods of assets are reviewed, and adjusted if appropriate, at the end of each financial year. Land is not depreciated.

Recognition of income and expenses

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Interest and similar income and expense

The Company calculates interest revenue on debt financial assets measured at amortized cost or at FVOCI by applying the EIR to the gross carrying amount of financial assets other than credit-impaired assets. EIR is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or financial liability. The calculation takes into account all contractual terms of the financial instrument (for example, prepayment options) and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the effective interest rate, but not future credit losses. The carrying amount of the financial asset or financial liability is adjusted if the Company revises its estimates of payments or receipts. The adjusted carrying amount is calculated based on the original effective interest rate and the change in carrying amount is recorded as interest revenue or expense.

When a financial asset becomes credit-impaired, the Company calculates interest revenue by applying the effective interest rate to the net amortised cost of the financial asset. If the financial assets cures and is no longer credit-impaired, the Company reverts to calculating interest revenue on a gross basis.

Fee and commission income

The Company earns fee and commission from money transfers that are recognised on completion of the underlying transaction. Each operation is treated as a separate performance obligation. Settlement of accrued income usually occurs either concurrently with the underlying transaction or within up to 30 days from the transaction date.

Foreign currency translation

The financial statements are presented in Georgian Lari, which is the Company's functional and presentation currency. Transactions in foreign currencies are initially recorded in the functional currency, converted at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of

exchange ruling at the reporting date. Gains and losses resulting from the translation of foreign currency transactions are recognised in the statement of profit or loss as gains less losses from foreign currencies – translation differences.

Differences between the contractual exchange rate of a transaction in a foreign currency and the National Bank of Georgia exchange rate on the date of the transaction are included in Net gains/losses from foreign currencies.

According to the official exchange rates of the National Bank of Georgia ("NBG"), as at 31 December 2024 and 2023, USD 1 equalled GEL 2.8068 and GEL 2.6894, respectively, while EUR 1 equalled GEL 2.9306 and GEL 2.9753, respectively.

Segment reporting

Chief operating decision maker evaluates the Company as a single operating segment, based on its reported IFRS results. Majority of the Company's income and assets are located in Georgia. There was no single external counterparty amounting to more than 10% of Company's revenue for 2025 or 2024.

Standards issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these new and amended standards and interpretations, if applicable, when they become effective:

Amendments to the Classification and Measurement of Financial Instruments—Amendments to IFRS 9 and IFRS 7

On 30 May 2024, the IASB issued Amendments to IFRS 9 and IFRS 7, Amendments to the Classification and Measurement of Financial Instruments (the Amendments). The Amendments include:

- ▶ A clarification that a financial liability is derecognised on the 'settlement date' and introduce an accounting policy choice (if specific conditions are met) to derecognise financial liabilities settled using an electronic payment system before the settlement date;
- ▶ Additional guidance on how the contractual cash flows for financial assets with environmental, social and corporate governance (ESG) and similar features should be assessed;
- ▶ Clarifications on what constitute 'non-recourse features' and what are the characteristics of contractually linked instruments
- ▶ The introduction of disclosures for financial instruments with contingent features and additional disclosure requirements for equity instruments classified at fair value through other comprehensive income (OCI).

The Amendments are effective for annual periods starting on or after 1 January 2026. Early adoption is permitted, with an option to early adopt the amendments for classification of financial assets and related disclosures only. The Company does not expect material impact on its financial statements from adopting these amendments. The Company is currently not intending to early adopt the Amendments.

With respect to the amendments on the derecognition of financial liabilities that are settled through an electronic payment system, the Company is currently performing an assessment of all material electronic payment systems utilised in the various jurisdictions it operates, in order to assess whether the amendments will result in a material change with respect to current practices and whether it meets the conditions to apply the accounting policy option to derecognise such financial liabilities before the settlement date. Moreover, the Company is reviewing all its other payment systems (such as cheques, credit cards, debit cards) to ensure that the corresponding financial assets are derecognised when the right to cash flows are extinguished and that the corresponding financial liabilities are derecognised on settlement date.

In addition, the Company is assessing the impact of the Amendments on its financial assets that include environmental, social and governance (ESG)-linked features and other similar contingent features, as well as on non-recourse financing and contractually linked instruments. Based on the

initial assessment performed, the amendments in these areas are not expected to have a material impact on the financial statements, however, the assessment is yet to be concluded.

IFRS 18 Presentation and Disclosure in Financial Statements

In April 2024, the IASB issued IFRS 18 Presentation and Disclosure in Financial Statements, which replaces IAS 1 Presentation of Financial Statements. IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Furthermore, entities are required to classify all income and expenses within the statement of profit or loss into one of five categories: operating, investing, financing, income taxes and discontinued operations, whereof the first three are new. There are specific presentation requirements and options for entities, that have specified main business activities (either providing finance to customers or investing in specific type of assets, or both).

It also requires disclosure of newly defined management-defined performance measures, which are subtotals of income and expenses, and includes new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements and the notes.

Narrow-scope amendments have been made to IAS 7 Statement of Cash Flows, which include changing the starting point for determining cash flows from operations under the indirect method, from 'profit or loss' to 'operating profit or loss' and removing the optionality around classification of cash flows from dividends and interest. In addition, there are consequential amendments to several other standards.

IFRS 18, and the amendments to the other standards, are effective for reporting periods beginning on or after 1 January 2027, but earlier application is permitted and must be disclosed. IFRS 18 will apply retrospectively.

The Company is currently working to identify all impacts the amendments will have on the primary financial statements and notes to the financial statements.

4. Significant Accounting Judgements and Estimates

The preparation of financial statements in accordance with IFRS Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses.

Estimation Uncertainty

In the process of applying the Company's accounting policies, management has used estimates in determining the amounts recognised in the financial statements. The most significant uses of estimates are set out below.

Expected Credit Loss Allowance

The measurement of expected credit losses ("ECL") on loans to customers under IFRS 9 requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining expected credit losses and assessing significant increases in credit risk.

These estimates are driven by a number of factors, changes in which may result in different levels of allowances. The Company's ECL calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies.

Elements of the ECL models that are considered accounting judgements and estimates include the following:

- ▶ The Company's criteria for assessing whether there has been a significant increase in credit risk and whether allowances for financial assets should be measured on a lifetime expected credit loss basis, including qualitative assessment;
- ▶ Segmentation of financial assets when their ECL is assessed on a collective basis;
- ▶ Development of ECL models, including selection of various formulas and inputs;

- ▶ Determination of associations between macroeconomic scenarios and economic inputs, including foreign exchange rates and gold commodity prices, as well as the effect on probability of default (“PD”) and loss given default (“LGD”);
- ▶ Selection of forward-looking macroeconomic scenarios and their probability weightings to derive expected credit losses.

The amount of expected credit losses relating to loans to customers recognised in the statement of financial position amounted to GEL 1,228 thousand as at 31 December 2025 (2024: GEL 618 thousand). The movement in expected credit losses during the period was significantly affected by actual and forecast increases in gold prices, which positively impacted the collateral values of the pawn loan portfolio and the resulting loss given default.

Detailed information is disclosed in Notes 7 and 23.

Lease Term — Determining the Lease Term of Contracts with Renewal and Termination Options

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain that the option will be exercised, or any periods covered by an option to terminate the lease if it is reasonably certain that the option will not be exercised.

The Company has not recognised lease liabilities relating to lease payments for periods beyond 5–10 years, taking into account termination options (depending on the nature of the leased assets), which involves significant judgement.

Lease payments subject to termination options that are reasonably certain to be exercised and for which lease liabilities have not been recognised amounted to GEL 2,210 thousand as at 31 December 2025 (2024: GEL 5,075 thousand).

5. Cash and Cash Equivalents and Amounts Due from Credit Institutions

Cash and cash equivalents comprise the following:

	2025	2024
Cash on hand	64,369	29,577
Current accounts with other credit institutions	78,150	38,687
	142,519	68,264

As at 31 December 2025, GEL 77,219 thousand, or 99% of current accounts with other credit institutions (2024: GEL 38,001 thousand, or 98%), was placed with two Georgian banks (2024: two) holding a BB credit rating assigned by Fitch Ratings (2024: BB (Fitch)).

As at 31 December 2023, amounts due from credit institutions included term deposits of GEL 76,964 thousand placed with Georgian banks holding BB and B+ credit ratings assigned by Fitch Ratings.

Expected credit losses on cash and cash equivalents and amounts due from credit institutions are insignificant, and there were no significant movements in expected credit losses during the period. No significant increase in credit risk has been identified for current accounts with and amounts due from credit institutions since initial recognition.

6. Derivative Financial Instruments

The Company uses derivative financial instruments to mitigate foreign currency risk.

The table below sets out the fair values of derivative financial instruments outstanding as at 31 December 2025 and 2024, recorded as assets and liabilities, together with their notional amounts. The aggregate notional amount recorded represents the amount of the underlying leased asset of the derivative financial instrument and serves as the basis upon which changes in the value of the derivative financial instruments are measured. The notional amounts indicate the volume of outstanding transactions at the year-end and do not represent credit risk.

	31 December 2025			31 December 2024		
	Fair values			Fair values		
	Notional amount	Asset	Liability	Notional amount	Asset	Liability
Foreign exchange contracts						
Cross-currency swaps –domestic	194,366	-	211	107,699	262	-

A foreign currency swap is a contractual agreement between two parties to exchange cash flows based on movements in foreign exchange rates and a specified notional amount.

7. Loans to Customers

The Company issues small and medium-sized loans to individuals: mortgage loans are secured by real estate, while pawn loans are secured by precious metals (primarily gold) and jewelry.

Pawn loans are generally issued for periods ranging from one month to three years and may be extended upon mutual agreement between the borrower and the Company.

Loans to customers comprise:

	2025	2024
Pawnshop loans	869,854	609,960
Mortgage loans	5,261	8,058
Gross loans to customers	875,115	618,018
Less: expected credit losses	(1,228)	(618)
Loans to customers	873,887	617,400

Expected Credit Losses on Loans to Customers

The analysis of movements in expected credit losses on loans to customers for the year ended 31 December 2025 was as follows:

Lombard Loans	Stage 1	Stage 2	Stage 3	Total
ECL as at 1 January 2025	521	53	25	599
New assets originated or purchased	1,055	24	13	1,092
Assets repaid	(616)			(616)
Transfers to Stage 1	6	(6)		-
Transfers to Stage 2	(1)	1	-	-
Transfers to stage 3	(1)		1	-
Foreign exchange, change in models and inputs and other movements	20	1	-	21
At 31 December 2025	984	73	39	1,096

Mortgage loans	Stage 1	Stage 2	Stage 3	Total
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ECL as at 1 January 2025	13	-	6	19
New assets originated or purchased	15	-	-	15
Assets repaid				-
Transfers to Stage 1	3	(3)	-	-
Transfers to Stage 2	(1)	1	-	-
Transfers to Stage 3	(53)	(27)	80	-
Amounts written off				-
Foreign exchange, change in models and inputs and other movements	103	-	-(5)	98
At 31 December 2025	80	(29)	81	132

The analysis of movements in expected credit losses on loans to customers for the year ended 31 December 2024 was as follows:

Lombar loans	Stage 1	Stage 2	Stage 3	Total
ECL as at 1 January 2024	1,304	36	107	1,447
New assets originated or purchased	484	-	-	484
Assets repaid	(320)	(6)	(12)	(338)
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	(6)	6	-	-
Transfers to Stage 3	-	-	-	-
Foreign exchange, change in models and inputs and other movements	(941)	17	(70)	(994)
At 31 December 2024	521	53	25	599

Mortgage loans	Stage 1	Stage 2	Stage 3	Total
ECL as at 1 January 2024	18	-	52	70
New assets originated or purchased	2	-	-	2
Assets repaid	(3)	(1)	1	(3)
Transfers to Stage 1	-	-	-	-
Transfers to Stage 3	-	-	-	-
Amounts written off	-	-	(127)	(127)
Foreign exchange, change in models and inputs and other movements	(4)	1	80	77
At 31 December 2024	13	-	6	19

Significant changes in the gross carrying amount of the loan portfolio that contributed to changes in expected credit losses during 2025 and 2024 included the following:

- Growth in the Stage 1 pawn loan portfolio driven by new loan originations in both 2025 and 2024;
- Decrease in the Stage 1 mortgage loan portfolio, primarily due to scheduled and early repayments of loans;
- No write-offs of Stage 3 loans were recorded in 2025, whereas write-offs amounting to GEL 127 thousand were recognised in 2024.

Collateral and Credit Risk Mitigation

The amount and type of collateral required depend on an assessment of the credit risk of the counterparty. Guidelines have been implemented regarding the acceptability of types of collateral and valuation parameters.

The main types of collateral obtained are:

- ▶ Precious Metals
- ▶ Real Estate

Management monitors the market value of collateral, requests additional collateral in accordance with the underlying loan agreements and monitors the market value of collateral obtained during its review of the adequacy of the allowance for expected credit losses.

As at 31 December 2025, the fair value of precious metals pledged as collateral for pawn loans amounted to GEL 1,442,660 thousand (2024: GEL 708,644 thousand), of which GEL 9,817 thousand (2024: GEL 1,087 thousand) related to impaired loans.

In the absence of collateral, expected credit losses on impaired mortgage loans would have been higher by GEL 35 thousand (2024: GEL 98 thousand). No expected credit losses were recognised on loans with a gross carrying amount of GEL 365,936 thousand (2024: GEL 231,985 thousand) due to the existence of collateral.

During 2025, the Company repossessed collateral in the form of precious metals amounting to GEL 265 thousand (2024: GEL 37,496 thousand). The Company recognises repossessed collateral as an asset in the statement of financial position as it determines that it controls the repossessed assets. The Company's policy is to dispose of repossessed collateral in an orderly manner, either through the Company's own retail stores or through wholesale trading in international markets (which generally requires refining), depending on the nature of the asset.

In the ordinary course of business, the Company pledges loans issued under borrowed funds arrangements. As at 31 December 2025, the carrying amount of pledged loans relating to the Company's borrowed funds amounted to GEL 107,800 thousand (2024: GEL 107,800 thousand), while issued debt securities were secured by loans to customers with a carrying amount of GEL 169,000 thousand (2024: GEL 169,000 thousand) (Notes 13 and 15).

8. Leases

The Company is a lessee in several lease agreements for buildings. These buildings are used by the Company for retail operations. The contracts are predominantly denominated in GEL and USD and have contractual terms ranging from 1 to 10 years, usually with termination options subject to advance notice. The terms of the agreements generally include fixed payments only and do not contain any type of variable lease payments.

The movement in right-of-use assets was as follows:

	Right-of-use assets (buildings)
As at 1 January 2024	5,290
Additions	2,044
Depreciation expense	(2,253)
As at 31 December 2024	5,081
Additions	5,861
Depreciation expense	(1,640)

As at 31 December 2025**9,302**

The movement in lease liabilities was as follows:

	Lease liabilities
As at 1 January 2024	4,644
Additions	2,045
Interest expense	481
Payments	(3,630)
Foreign exchange	(386)
As at 31 December 2024	3,154
Additions	10,117
Interest expense	683
Payments	(5,715)
Foreign exchange	(53)
As at 31 December 2024	8,186

The Company had total cash outflows for leases of GEL 3,281 thousand (2024: GEL 3,804 thousand), of which cash outflows relating to leases of low-value assets amounted to GEL 2,210 thousand (2024: GEL 174 thousand).

As at 31 December 2025, the Company's future cash flows relating to its lease agreements were as follows:

	2025	2024
Up to 1 year	2,287	2,041
1 year to 2 year	785	804
2 year to 3 year	645	684
3 year to 4 year	583	474
4 year to 5 year	601	100
Later than 5 years	185	760
	5,086	4,863

9. Property and equipment

The movements in property and equipment were as follows:

Cost	Land and buildings	Computers and communication	Office equipment	Vehicles	Total
31 December 2023	14,662	9,821	4,808	3,147	32,438
Additions	2,872	1,276	355	333	4,836
Disposals	-	(898)	(192)	(43)	(1,133)
31 december 2024	17,534	10,199	4,971	3,437	36,141
Additions	1,642	1,717	222	376	3,957
Disposals	(2,459)	(166)	(1,400)	(78)	(4,103)
31 december 2025	16,717	11,750	3,793	3,735	35,995
Accumulated depreciation and impairment					
31 December 2023	(4,632)	(6,737)	(3,124)	(1,818)	(16,311)
Depreciation charge	(679)	(1,229)	(626)	(391)	(2,925)
Disposals and write-offs		889	176	43	1,108
31 December 2024	(5,311)	(7,077)	(3,574)	(2,166)	(18,128)
Depreciation charge	(387)	(939)	(459)	(452)	(2,237)
Disposals and write-offs	502	166	887	78	1,633
31 December 2025	(5,196)	(7,850)	(3,146)	(2,540)	(18,732)
Net book value					
31 December 2024	12,223	3,122	1,397	1,271	18,013
31 December 2025	11,521	3,900	647	1,195	17,263

The Company's buildings with a carrying amount of GEL 662 thousand (2024: GEL 662 thousand) are pledged as collateral for loans obtained from Georgian banks (Note 13).

10. Income Tax

Income tax expense/(benefit) comprises the following:

	2025	2024
Current tax charge	(14,899)	(12,068)
Deferred tax charge – origination and reversal of temporary differences	(50)	(526)
Income Tax Expense	(14,949)	(12,594)

The effective income tax rate differs from the statutory income tax rate. The reconciliation between income tax expense calculated at the statutory tax rate and the actual amount of income tax expense is presented below:

	2025	2024
Profit before tax	82,930	62,299
Statutory tax rate	20%	20%
Theoretical income tax expense at the statutory rate	(16,586)	(12,460)
Tax exempt income	2,226	816
Non-deductible expenditures	-	-
Effect of change in income tax legislation and other movements	(589)	(950)
Income tax expense	(14,949)	(12,594)

Deferred tax assets and liabilities as at 31 December and movements therein for the respective years comprised the following:

	1 January 2024	Origination and reversal of temporary differences In profit or loss	2024	Origination and reversal of temporary differences In profit or loss	2025
Tax effect of deductible temporary differences					
Promissory notes issued	5	-	5	-	5
Derivative financial liabilities	-	-	-	-	-
Lease liability	930	(298)	632	(5)	627
Other liabilities	180	1,136	1,316	(116)	1,200
Other assets	-	-	-	-	-
Deferred tax asset	1,115	838	1,953	(121)	1,832
Unrecognized deferred tax asset	-	-	-	-	-
Deferred tax asset, net	1,115	838	1,953	(121)	1,832
Tax effect of taxable temporary differences					
Property and equipment	(2,884)	(428)	(3,312)	75	(3,237)
Intangible assets	(5)	(78)	(83)	(6)	(89)
Loans to customers	-	-	-	-	-
Inventories	(1,160)	(899)	(2,059)	-	(2,059)
Right-of-use assets	(1,057)	41	(1,016)	-	(1,016)
Derivative financial assets	-	-	-	-	-
Deferred tax liability	(3,991)	(526)	(4,517)	(52)	(4,569)

11. Other assets

Other assets compose of:

	2025	2024
Other financial assets		
Receivables from money transfer companies	2,243	2,243
Other receivables and advances	6,304	1,395
Tax assets	1,957	-
	10,504	3,638
Other non-financial assets		
Repossessed jewellery	2,208	3,056
Mortgaged real estate	10,291	10,303
Provision for possible losses	(3,334)	(1,853)
	9,165	11,506
Total other assets	19,669	15,144

12. Promissory notes issued

As at 31 December 2025 and 2024, the Company had issued short-term (primarily one-year) interest-bearing promissory notes denominated in GEL, EUR and USD:

Currencies	2025	2024
USD	106,837	89,522
GEL	2,059	54,740
EUR	50,180	1,460
	159,076	145,722

Interest rates on promissory notes range from 12% to 13% for GEL-denominated notes, from 3% to 7% for USD-denominated notes, and amount to 3.5% for EUR-denominated notes.

13. Borrowed Funds

Borrowed funds of the Company as at 31 December 2025 and 2024 comprised the following:

	<u>2025</u>	<u>2024</u>
Borrowings from local commercial banks	304,588	99,258
	<u>304,588</u>	<u>99,258</u>

As at 31 December 2025, the Company had borrowed funds denominated in GEL obtained from Georgian commercial banks bearing interest rates ranging from 11% to 14% (2024: from 10% to 11.5%), linked to fixed rates, the Tbilisi Interbank Rate (TIBR) and the refinancing rate of the National Bank of Georgia, amounting in aggregate to GEL 304,588 thousand (2024: GEL 99,258 thousand).

As at 31 December 2025, borrowed funds obtained from local commercial banks with a carrying amount of GEL 304,588 thousand (2024: GEL 99,258 thousand) were secured by loans to customers with a carrying amount of GEL 107,800 thousand (2024: GEL 107,800 thousand) (Note 7).

The Company's buildings with a carrying amount of GEL 662 thousand (2024: GEL 662 thousand) are pledged as collateral for loans obtained from Georgian banks (Notes 9 and 13).

As at 31 December 2025, the remaining contractual maturity of all the Company's borrowed funds did not exceed 12 months.

14. Subordinated debt

The Company's subordinated debt comprised of the following as at 31 December 2025:

	<u>2025</u>	<u>2024</u>
Subordinated debt from the shareholder	25,000	25,000
	<u>25,000</u>	<u>25,000</u>

On 5 August 2024, the Company obtained a subordinated loan denominated in GEL from its shareholder, bearing an annual interest rate of 11.78%. The loan matures in August 2034.

15. Debt securities issued

The Company's debt securities as at 31 December 2025 and 2024 comprised the following:

	<u>2025</u>	<u>2024</u>
Issued Bonds	190,756	128,907
	<u>190,756</u>	<u>128,907</u>

In March 2023, the Company issued and listed on the Georgian Stock Exchange 3-year bonds denominated in GEL with a nominal value of GEL 130,000 thousand and a coupon rate of TIBR+2%. As at 31 December 2025, the issued debt securities were secured by loans to customers with a carrying amount of GEL 169,000 thousand (2024: GEL 169,000 thousand).

16. Other Liabilities

Other liabilities comprised the following:

	2025	2024
Other financial liabilities		
Payables and security deposits related to money transfer activities	6,343	2,084
Prepayments for loans to customers	5,762	5,128
	12,105	7,212
Other non-financial liabilities		
Tax payables other than income tax	-	1,596
Employee benefits payable	2,052	5,036
Other	11,643	3,077
	13,695	9,709
Total other liabilities	25,800	16,921

17. Equity

Share capital represents the nominal value of the Company's capital as stated in its founding documentation and is subject to state registration.

The Company is subject to regulations established by the National Bank of Georgia, including Order No. 58/04 of the President of the National Bank of Georgia (5 April 2018), which requires microfinance organisations to maintain a minimum paid-up capital of not less than GEL 1,000,000 as a mandatory licensing requirement.

The Company complies with the above regulatory requirement, and its share capital meets the minimum threshold defined by applicable legislation.

As at 31 December 2025, the Company's share capital amounted to GEL 25,000, while as at 31 December 2024 it amounted to GEL 1,584.

Dividends

Under Georgian legislation, the Company may distribute dividends from its annual or semi-annual profit.

In 2025, the Company declared and fully paid dividends to its shareholder in the amount of GEL 44,600 (2024: GEL 63,180).

18. Contingent Liabilities

Legal Matters

In the ordinary course of business, the Company may be subject to litigation. As at 31 December 2025 and 2024, the Company was not involved in any material legal proceedings. Management believes that, should any claims arise resulting in liabilities, the ultimate outcome would not have a material adverse effect on the Company's financial position or future operating results.

19. Fee and commission income from money transfers and fee and commission expenses

Fee and commission income from money transfers comprises the following:

	2,025	2,024
Inbound transfers	8,906	5,736
Outbound transfers	693	1,165
	9,599	6,901
Commission expenses	(1,763)	(1,527)
Net commission income	7,836	5,374

The main geographic corridors for incoming money transfers are Russia, Germany, Greece and Italy.

Fee and commission expenses amounted to GEL 1,763 thousand (2024: GEL 1,527 thousand) and include commissions paid to a related party for processing money transfers initiated by customers through payment terminals.

20. Income from sale of repossessed gold and other income

Income from sale of repossessed gold and other income comprises:

	2025	2024
Gain from sale and revaluation of repossessed gold	1,357	415
Gain from disposal of property and equipment	58	163
Other	98	464
	1,513	1,042

21. Other general and administrative expenses

Other general and administrative expenses comprise the following:

	2025	2024
Bank commission	6,300	582
Repair and maintenance of property and equipment	2,327	2,620
Occupancy and rent	2,212	174
Communication and utility	1,790	1,870
Insurance expenses	1,466	461
Security cost	1,323	1,107
Operating taxes	1,032	421
Other expenses	583	554
Legal and consulting cost	555	400
Advertisement cost	498	292
Business trip expense	491	524
Office equipment and stationery	204	248
Representative expenses	159	157
	18,940	9,410

Legal and consultancy service expenses, including auditor remuneration. The remuneration of the Company's external auditor for the years ended 31 December 2025 and 2024 comprises the following:

	2025	2024
Fees for the audit of the Company's annual financial statements for the year ended 31 December	110	181
Expenditures for other professional services	308	-
	418	181

22. Write-off Inventories

Inventories written-down comprise:

	2025	2024
Write-off of gold	1,356	1,040
Other	137	-
	1,493	1,040

23. Risk management

Revenue

The Company's activities are exposed to a range of risks which are managed through ongoing processes of identification, assessment and monitoring. This risk management process is critical to the Company's ability to sustain profitability. Senior management is responsible for and actively involved in risk management activities. The Company's Supervisory Board makes relevant risk management decisions (covering both the financial risks described below and business risks such as changes in the environment, technology and the industry) at regular meetings held at least twice a month. A formalised risk management framework is currently under development. The principal risks inherent in the Company's operations are credit risk, liquidity risk and foreign currency risk. The Company is also exposed to operational risk.

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The Company's maximum exposure to credit risk equals the carrying value of its cash and due from credit institutions (other than cash on hand), loans issued, receivables and derivative financial assets.

Credit risks associated with Pawnshop loans is mainly managed by requesting collaterals for the loans. In addition, the Company limits and monitors the amount of Pawnshop loans granted to one borrower (maximum GEL 100 thousand) and there are no individual borrowers with significant balance in relation to the total Pawnshop loans balance.

For a Pawnshop loan, if the borrower fails to pay for more than 30 days the Company sends official warning letter to the customer and if the borrower still fails to pay amount due for 60 days (which the Company therefore determined to be a default criterion for Pawnshop loans in accordance with its credit risk management practice), then the Company repossesses the collateral.

For mortgage loans, the official warning letter is sent if the borrower fails to pay for more than 15 days and the letter is also published in a newspaper. If the borrower fails to pay amounts due on time the Company's personnel contacts the client via phone call or SMS and request to cover the amount. Normally, the Company goes to court requesting sale of collateralized immovable property only when the loan is more than 120 days overdue. Though there are some cases, when the Company tries to re-negotiate loan terms with client to avoid selling mortgaged property. Normally, the courts satisfy the Company's request and the assets are sold to cover the amount owed by borrower to the Company, but often penalties are not covered. Court dealings may take about a year and the enforcement process may take three more months.

Expected credit loss for other financial assets except for loans to customers is estimated as immaterial mostly due to short period of exposure to credit risk.

The effect of collateral and other risk mitigation techniques is shown in Note 7.

Impairment assessment

The Company calculates ECL based on several probability-weighted scenarios to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

The mechanics of the ECL calculations are outlined below and the key elements are as follows:

- | | |
|-----|--|
| PD | The Probability of Default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio. |
| EAD | The Exposure at Default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments. |
| LGD | The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD. |

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss (12mECL). The 12mECL is the portion of LTECL that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Both LTECL and 12mECL are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments.

The Company has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument. Based on the above process, the Company groups its loans into Stage 1, Stage 2, Stage 3 and POCI, as described below:

- | | |
|----------|---|
| Stage 1: | When loans are first recognized, the Company recognizes an allowance based on 12mECL.
Stage 1 loans also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2 |
| Stage 2: | When a loan has shown a significant increase in credit risk since origination, the Company records an allowance for the LTECL. Stage 2 loans also include facilities, where the credit risk has improved and the loan has been reclassified from Stage 3. |
| Stage 3: | Loans that are considered credit-impaired. The Company recognises a loss allowance for lifetime expected credit losses. |
| POCI: | Purchased or originated credit-impaired assets are financial assets that are credit-impaired at initial recognition. Such assets are initially recognised at fair value, and interest income is subsequently recognised based on the amortised cost method. |

Using a credit-adjusted effective interest rate.

Lifetime expected credit losses are recognised only to the extent of any subsequent changes in those losses.

PD estimation process

PD is estimated through macro model, which describes relationship between historical PDs for Lombard and mortgage portfolios and macroeconomic variables such as real GDP growth and XAU/GEL exchange rate. Based on estimation results and predicted macro variables provided by the NBG PDs are forecasted. The model is re-estimated annually, and other macroeconomic variables are incorporated if they improve explanatory power of the model.

In case the historical default statistics is not considered fully representative of the credit quality of the loan portfolio (for example, due to the effects of Government-initiated grace periods or low number of default observations), the management might apply, based on their professional judgment, overlay adjustment to those historical statistics in order to arrive to PD estimates the management considers to be the best estimate of probability of default as at the reporting date.

Exposure at default

The probability of default is estimated using a macroeconomic model that describes the relationship between historical default probabilities and macroeconomic variables such as real GDP growth and the GEL price per ounce of gold. Forecasting of default probabilities is performed based on model outputs and macroeconomic projections provided by the National Bank of Georgia. The model is recalibrated annually, and alternative macroeconomic variables are incorporated where they improve the explanatory power of the model.

Where historical default data is not considered fully representative of the credit quality of the loan portfolio (for example, due to government-imposed payment holidays or a low number of observed default events), management may apply expert judgement to adjust historical data in order to estimate default probabilities. Such adjusted estimates are considered to represent the best estimate of probability of default as at the reporting date.

Default amount

Exposure at default represents the gross carrying amount of financial instruments for impairment calculation purposes. For the calculation of exposure at default for Stage 1 loans, the Company estimates default events over a 12-month period for the purpose of determining 12-month expected credit losses. For Stage 2 and Stage 3 exposures, as well as purchased or originated credit-impaired financial assets, default is considered over the lifetime of the instrument.

The Company defines exposure at default as the current gross carrying amount of the financial asset. The effect of potential prepayments is considered immaterial as at the reporting date, taking into account the interest rate structure of the loan portfolio by maturity.

Loss given default

The credit risk assessment is based on a standardised LGD framework, resulting in specific loss rates upon default. These LGD rates reflect the exposure outstanding at the time of default compared to the amount expected to be recovered or realised from any collateral repossessed.

The Company has two portfolio segments — pawn loans and mortgage loans. For mortgage loans, the Company collects loss data and statistically estimates LGD based on historical recovery experience. For pawn loans, LGD is estimated based on the fair value of pledged gold held at the reporting date, or, where applicable, its average value.

Where necessary, additional up-to-date information and forward-looking economic scenarios are applied, particularly for the pawn portfolio (e.g. forecast gold prices), in determining LGD in accordance with IFRS 9. Forward-looking information is assessed using multiple scenarios, which are reviewed on a regular basis for the mortgage portfolio. It is considered that the use of forward-looking information has an immaterial effect on LGD estimates.

Significant increase in credit risk

The Company continuously monitors all of its assets for expected credit loss purposes. In order to determine whether an instrument or portfolio is subject to 12-month expected credit losses or lifetime expected credit losses, the Company assesses whether there has been a significant increase in credit risk since initial recognition. The Company considers that a significant increase in credit risk occurs when days past due exceed 30 days.

The Company also applies a secondary qualitative method to identify significant increases in credit risk, such as loan restructuring due to credit events (excluding restructurings arising from government-initiated payment holiday programmes).

The Company measures expected credit losses for its loan portfolio on a collective basis only, as all loans are considered individually insignificant. The Company groups loans with similar credit risk characteristics by product (pawn and mortgage), currency (GEL or foreign currency), and days past due.

Definition of default

The Company considers a financial instrument to be in default and therefore Stage 3 (credit-impaired) for expected credit loss purposes when the borrower is more than 90 days past due on contractual payments (60 days for pawn loans, in line with the Company's credit risk management practices, which involve repossession of collateral after 60 days of delinquency).

Forward-looking information and multiple economic scenarios

In applying its expected credit loss model, the Company uses a wide range of forward-looking macroeconomic information, including:

- ▶ GDP Growth;
- ▶ Foreign exchange rates;
- ▶ Gold prices.

The inputs and models used in the expected credit loss calculation do not always capture all market characteristics at the reporting date.

The Company obtains forward-looking information from the National Bank of Georgia, except for gold price forecasts. Gold price projections are based on publicly available forecasts and historical observations of gold price volatility.

The tables below present the forecast macroeconomic variables and assumptions used under each economic scenario for expected credit loss calculations.

Key drivers As at 31 December 2025	ECL scenario	Assigned probabilities,%	2026
GDP growth, %	Upside	25%	6.0%
	Base case	50%	4.9%
	Downside	25%	2.0%
USD/GEL exchange rate change	Upside	25%	2.0%

	Base case	50%	0.0%
	Downside	25%	20.0%
Gold (XUA) price, USD per tr oz			
	Upside	30%	36.1%
	Base case 1	35%	6.2%
	Base case 2	15%	0.0%
	Downside 1	12%	-3.1%
	Downside 2	8%	-18.6%
Key drivers As at 31 December 2024	ECL scenario	Assigned probabilities,%	2025
GDP growth, %			
	Upside	25%	7.0%
	Base case	50%	4.9%
	Downside	25%	2.0%
USD/GEL exchange rate change			
	Upside	25%	-2.0%
	Base case	50%	0.0%
	Downside	25%	15.0%
Gold (XUA) price, USD per tr oz			
	Upside	30%	22%
	Base case 1	15%	10%
	Base case 2	30%	4%
	Downside 1	15%	-5%
	Downside 2	10%	-15%

Credit quality by class of financial assets

The table below presents the credit quality of loans to customers:

31 December 2025	Note	Past due 0-30	Past due 30-60	Past due 60-90	Past due more than 90	Total
Loans to customers	7					
	Stage 1	843,291	-	-	-	843,291
	Stage 2	10,490	10,242	-	-	20,732
	Stage 3	-	-	-	3,844	1,987
- Lombard loans		853,781	10,242	3,844	1,987	869,854
	Stage 1	4,878	-	-	-	4,878
	Stage 2	71	44	44	-	159
	Stage 3	-	-	-	225	225
- Mortgage loans		4,949	44	44	225	5,262
Total		858,730	10,286	3,888	2,212	875,116

31 December 2024	Note	Past due 0-30	Past due 30-60	Past due 60-90	Past due more than 90	Total
Loans to customers	7					
	Stage 1	591,665	-	-	-	591,665
	Stage 2	13,073	4,196	-	-	17,269
	Stage 3	-	-	1,026	-	1,026

- Lombard loans		604,738	4,196	1,026	-	609,960
Stage 1		7,833	-	-	-	7,833
Stage 2		62	123	-	-	185
Stage 3		-	-	-	40	40
- Mortgage loans		7,895	123	-	40	8,058
Total		612,633	4,319	1,026	40	618,018

The Company does not have an internal credit rating system to assess the credit quality of mortgage loans to customers. Credit risk is managed based on days past due information.

In addition to days past due information, for the pawn loan portfolio, the Company assesses credit quality based on the loan-to-value ratio of collateral as at 31 December 2025 and 31 December 2024.

31 December 2025	0.5>	0.5-0.8	0.8-1	1-1.05	1.05-1.1	1.1-1.2	1.2<	სულ
Stage 1	51,284	276,684	507,383	4,152	1,851	1,911	4,904	848,169
Stage 2	1,235	5,897	12,848	582	108	63	159	20,892
Stage 3	147	1,551	4,095	25	2	10	225	6,055
Total	52,666	284,132	524,326	4,759	1,961	1,984	5,288	875,116

31 December 2024	0.5>	0.5-0.8	0.8-1	1-1.05	1.05-1.1	1.1-1.2	1.2<	სულ
Stage 1	20,347	186,027	381,318	1,551	624	751	1,047	591,665
Stage 2	1,776	4,568	8,516	1,544	638	113	114	17,269
Stage 3	8	272	628	105	13	-	-	1,026
Total	22,131	190,867	390,462	3,200	1,275	864	1,161	609,960

For further details on expected credit losses on loans to customers, refer to Note 7.

Liquidity risk and funding management

Liquidity risk is the risk that the Company may not be able to meet its financial obligations as they fall due in normal and stressed circumstances. To limit this risk, management uses a diversified funding base in addition to financing sources represented by simple promissory notes, manages assets on a liquidity basis, and performs daily monitoring of future cash flows and liquidity positions. In addition to these procedures, expected cash flows and high-quality collateral are assessed, which may be used as a source of additional funding if required.

Maturity analysis of financial liabilities

The table below presents the maturity analysis of the Company's financial liabilities as at 31 December based on contractual undiscounted repayment obligations. Repayments subject to notice requirements are included as if immediate notice had been given.

Liquidity risk and funding management

Amounts subject to notice are treated as if immediate notice had been given. Nevertheless, the Company expects to be able to refinance or roll over repayments at the earliest date on which payment may be required, and the table does not reflect expected cash flows consistent with the Company's historical refinancing of simple promissory notes.

31 December 2025	Up to 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Total
Borrowed funds	67,819	74,331	163,211	-	-	305,361
Debt securities issued	1,700	75,100	9,900	176,650	-	263,350
Subordinated debt	250	500	2,250	12,000	36,000	51,000
Promissory notes	10,200	29,399	125,748	-	-	165,347
Lease liability	191	381	1,715	2,614	185	5,086
Other financial liabilities	211	-	-	-	-	211
Total undiscounted financial liabilities	80,371	179,711	302,824	191,264	36,185	790,355

31 December 2024	Up to 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Total
Borrowed funds	14,856	11,416	63,966	16,375	-	106,613
Debt securities issued	-	3,363	10,049	133,289	-	146,701
Subordinated debt	250	476	2,219	14,733	35,594	53,272
Promissory notes	6,187	20,107	127,278	-	-	153,572
Lease liability	280	373	1,387	2,063	760	4,863
Other financial liabilities	7,212	-	-	-	-	7,212
Total undiscounted financial liabilities	28,785	35,735	204,899	166,460	36,354	472,233

Foreign currency-denominated assets and liabilities give rise to foreign exchange risk. The Company manages foreign exchange risk by issuing loans and obtaining funding in the same currencies, as well as by entering into transactions involving foreign currency derivative instruments.

The tables below present the carrying amounts of the Company's financial assets and financial liabilities, analysed by currency (presented in equivalent amounts in GEL). The table below shows the structure of financial assets and liabilities in relation to foreign exchange risk:

31 December 2025	GEL	USD	EUR	Other	Total
Cash and cash equivalents	77,575	50	100	449	78,174
Amounts due from credit institutions	-	-	-	-	-
Loans to customers	873,887	-	-	-	873,887
Other financial assets	-	1,269	1,184	-	2,453
Total assets	951,462	1,319	1,284	449	954,514
Promissory notes issued	(2,059)	(106,837)	(50,180)	-	(159,076)
Debt securities issued	(190,756)	-	-	-	(190,756)
Borrowed funds	(304,588)	-	-	-	(304,588)
Subordinated debt	(25,000)	-	-	-	(25,000)
Lease liability	(5,650)	(2,536)	-	-	(8,186)
Other financial liabilities	(363)	(5,763)	(5,829)	(150)	(12,105)
Total liabilities	(528,416)	(115,136)	(56,009)	(150)	(699,711)
The effect of derivatives held for risk management	(180,002)	194,254	(14,462)	-	(210)
Net position after derivatives held for risk management purposes	243,044	80,437	(69,187)	299	254,593

31 December 2024	GEL	USD	EUR	Other	Total
Cash and cash equivalents	52,875	11,656	2,961	772	68,264
Amounts due from credit institutions	-	-	-	-	-
Loans to customers	608,370	9,555	93	-	618,018
Other financial assets	-	1,059	1,184	-	2,243
Total assets	661,245	22,270	4,238	772	688,525
Promissory notes issued	(54,740)	(89,522)	(1,460)	-	(145,722)
Debt securities issued	(128,907)	-	-	-	(128,907)
Borrowed funds	(99,258)	-	-	-	(99,258)
Subordinated debt	(25,000)	-	-	-	(25,000)
Lease liability	(1,038)	(2,116)	-	-	(3,154)
Other financial liabilities	(4,907)	(1,979)	(328)	2	(7,212)
Total liabilities	(313,850)	(93,617)	(1,788)	2	(409,253)
The effect of derivatives held for risk management	(12,689)	(82,053)	95,004	-	262
Net position after derivatives held for risk management purposes	334,706	(153,400)	97,454	774	279,534

Currency risk sensitivity analysis

A depreciation of the Georgian lari against the US dollar and the euro as at 31 December 2025 and 31 December 2024 would have increased (decreased) the amounts presented below in profit or loss. This analysis is prepared on a pre-tax basis and is based on foreign exchange rate movements that the Company considered reasonably possible at the reporting date. The analysis assumes that all other variables, in particular interest rates, remain constant.

Currency	2025		2024	
	Change in currency rate in %	Effect on profit	Change in currency rate in %	Effect on profit
USD	7% (3%)	5,685/(2,436)	8.05% (2%)	(12,349)/3,068
EUR	8% (3%)	(1,685)/632	8.42% (2%)	8206/(1949)

Interest rate risk

Interest rate risk arises when changes in interest rates affect the future cash flows of financial instruments. The profit or loss sensitivity represents the effect of a reasonably possible change in interest rates on interest expense over one year for financial liabilities with floating interest rates linked to the Tbilisi Interbank Rate (TIBR) and/or the National Bank of Georgia refinancing rate as at 31 December.

The table below presents liabilities exposed to variable interest rate risk as at 31 December 2025 and 2024:

	2025	2024
Debt securities issued	190,756	128,907
Borrowed funds	274,476	72,902

Interest rate sensitivity analysis

The table below shows the sensitivity of the Company’s profit or loss and equity (before tax) to reasonably possible changes in floating interest rates, assuming all other variables remain constant.

2025		2024	
Change in TIBR/NBG refinancing rate, basis points	Effect on profit and equity before tax	Change in TIBR/NBG refinancing rate, basis points	Effect on profit and equity before tax
100/(100)	4,652/(4,652)	100/(100)	2,111/(1,416)

Operational risk

Operational risk is the risk of loss arising from system failures, human error, fraud, or external events. When controls are not effective, operational risks may result in reputational damage, legal or regulatory action, or financial loss. The Company mitigates operational risk primarily through active involvement of senior management in the Company’s processes and operations, including review, authorisation, and reconciliation procedures. The Company has an internal audit function in place, which aims, among other objectives, to strengthen its operational risk management processes.

24. Maturity analysis of assets and liabilities

The table below presents an analysis of assets and liabilities based on their expected recovery or settlement. For contractual undiscounted maturity analysis of the Company’s financial liabilities, refer to Note 23 – “Risk management”.

	2025			2024		
	Within one year	More than one year	Total	Within one year	More than one year	Total
Cash and cash equivalents	142,519	-	142,519	68,264	-	68,264
Amounts due from credit institutions	7,003	-	7,003	-	-	-
Loans to customers	11,919	861,968	873,887	85,819	531,581	617,400
Property and equipment	138	17,125	17,263	-	18,013	18,013
Right-of-use assets	2,708	6,594	9,302	-	5,081	5,081
Intangible assets	-	732	732	-	816	816
Derivative financial assets	-	-	-	262	-	262
Current income tax asset	-	-	-	276	-	276
Other assets	19,669	-	19,669	15,144	-	15,144

Total	183,956	886,419	1,070,375	169,765	555,491	725,256
Promissory notes issued	159,077	-	159,077	145,722	-	145,722
Current income tax liabilities	-	25,000	25,000	-	-	-
Subordinated debts	70,756	120,000	190,756	-	25,000	25,000
Debt securities issued	304,588	-	304,588	520	128,387	128,907
Borrowed funds	2,383	5,803	8,186	84,265	14,993	99,258
Lease liability	4,569	-	4,569	1,788	1,366	3,154
Deferred income tax liability	211	-	211	-	4,517	4,517
Other liabilities	25,800	-	25,800	16,921	-	16,921
Total	567,384	150,803	718,187	249,216	174,263	423,479
Net	(383,428)	735,616	352,188	(383,428)	735,616	352,188

The table above does not reflect the historical trends in loan repayments to customers, nor the extension, restructuring and refinancing of issued simple promissory notes.

25. Fair Value Measurement

Fair value measurement procedures

The objective of a fair value measurement is to estimate the price at which an orderly transaction to sell the asset or to transfer the liability would take place between market participants at the measurement date. However, given the uncertainties and the use of subjective judgment, fair value should not be interpreted as being realizable through the immediate sale of assets or the transfer of liabilities.

The Company's finance department determines the policies and procedures for fair value measurements of the Company's assets, including derivative financial instruments. The estimated fair value of all financial assets and liabilities is calculated using the discounted cash flow method, based on estimated future cash flows and discount rates for similar instruments at the reporting date.

As of December 31, 2025, and December 31, 2024, the Company does not hold any financial instruments, other than consumer loans and lease liabilities, for which fair value is determined using valuation techniques that utilize significant unobservable inputs.

Fair Value Hierarchy

The Company measures fair values using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements:

- ▶ *Level 1*: Quoted market prices (unadjusted) in active markets for identical instruments.
- ▶ *Level 2*: Inputs other than quoted prices included within Level 1 that are observable either directly (i.e., as prices) or indirectly (i.e., derived from prices). This category includes instruments valued using: quoted market prices for similar instruments in active markets; quoted prices for similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

- *Level 3*: Unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

The table below analyses the value of financial instruments as of December 31, 2024, and December 31, 2023, by the level in the fair value hierarchy into which the fair value measurement is categorised. The amounts are based on the values recognised in the statement of financial position:

	Fair value measurement using		
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
At 31 December 2025			
Assets and liabilities measured at fair value			
Derivative financial assets	-	211	-
Assets and liabilities for which fair values are disclosed			
Loans to customers	-	-	875,115
Debt securities issued	-	190,756	-
Promissory notes issued	-	150,871	-
Borrowings	-	304,588	-
Subordinated debt	-	-	25,000
Lease liability	-	-	-

	Fair value measurement using		
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
At 31 December 2024			
Assets and liabilities measured at fair value			
Derivative financial liabilities	-	262	-
Assets and liabilities for which fair values are disclosed			
Loans to customers	-	-	618,100
Debt securities issued	-	128,907	-
Promissory notes issued	-	138,210	-
Borrowings	-	99,258	-
Subordinated debt	-	-	25,000
Lease liability	-	-	3,075

Fair Value of Financial Assets and Liabilities Not Carried at Fair Value

The table below presents a comparison, by category, of the carrying amounts and fair values of the Company’s financial instruments that are not measured at fair value in the statement of financial position. The table does not include the fair values of non-financial assets and non-financial liabilities.

	2025			2024		
	Carrying value	Fair Value	Unrecognised gain/(loss)	Carrying Value	Fair value	Unrecognised gain/(loss)
Financial assets						
Amounts due from credit institutions	-	-	-	-	-	-
Loans to customers	873,887	873,887	-	617,400	617,400	-
Financial liabilities						
Promissory notes issued	150,871	142,665	8,206	145,722	138,210	7,512
Debt securities issued	190,756	190,756	-	128,907	128,907	-
Borrowed funds	304,588	304,588	-	99,258	99,258	-
Subordinated debts	25,000	24,520	480	25,000	24,520	480
Lease liability	7,981	7,776	205	3,154	3,075	79
Total unrecognised change in fair value			8,891			8,071

Valuation Techniques and Assumptions

The following methods and assumptions are used to determine the fair value of financial instruments that are not recognized at fair value in the financial statements.

Assets for which Fair Value Approximates Carrying Amount

Generally, the carrying amount of financial assets and liabilities that are liquid, demandable, or characterized by short-term maturities (less than three months), as well as those with floating rates, approximates their fair value.

Financial Assets and Financial Liabilities Carried at Amortized Cost

The fair value of loans to customers, issued promissory notes, borrowed funds, subordinated debt, and lease liabilities is determined by discounting future cash flows using current rates for loans with similar terms, credit risk, and remaining maturities.

26. Related Party Disclosures

In accordance with IAS 24 (Related Party Disclosures), parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship and not merely the legal form.

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

The outstanding balances of related party transactions are as follows:

	2025			2024		
	Shareholder	Key management personnel	Other related parties	Shareholder	Key management personnel	Other related parties
Loans outstanding at 1 January, gross	-	95	80	-	72	59
Loans issued during the year	-	5	61	-	42	23
Loan repayments during the year	-	(95)	(2)	-	(19)	(2)
Loans outstanding at 31 December, gross	-	5	139	-	95	80
Less: expected credit losses as at 31 December	-	-	(3)	-	-	-
Loans outstanding at 31 December, net	-	5	136	-	95	80
Lease liability as at 1 January	123	-	6	183	-	1,353
Additions	-	-	3,146	-	-	-
Payments of lease liability	(74)	-	(1,329)	(74)	-	(1,542)
Interest expense and other movements	7	-	299	14	-	195
Lease liability as at 31 December	56	-	2,122	123	-	6
Debt securities issued at 1 January	-	26,218	-	-	32,920	-
Issuance of debt securities	-	22,000	-	-	-	-
Repayment of principal and interest	-	(26,311)	-	-	(10,045)	-
Interest expense and other movements	-	106	-	-	3,343	-
Debt securities issued at 31 December	-	22,013	-	-	26,218	-
Subordinated debt at 1 January	25,000	-	-	-	-	-
Issuance	-	-	-	25,000	-	-
Repayment of principal and interest	(2,945)	-	-	(1,194)	-	-
Interest expense and other movements	2,945	-	-	1,194	-	-
Subordinated debt at 31 December	25,000	-	-	25,000	-	-
Borrowings at 1 January	-	-	-	-	-	880
Repayment of principal and interest	-	-	-	-	-	(898)
Interest expense and other movements	-	-	-	-	-	18
Borrowings at 31 December	-	-	-	-	-	-
Promissory notes at 1 January	29,197	16,604	354	7,819	5,433	448
Promissory notes issued during the year	79,010	105,677	402	61,389	111,182	714
Promissory notes repaid during the year	(80,274)	(110,409)	(345)	(40,264)	(100,013)	(822)
Other movements	-	-	-	253	2	14
Promissory notes at 31 December	27,933	11,872	411	29,197	16,604	354

Other related parties are primarily represented by members of key management personnel and the owner's family, as well as entities under the control of key management personnel.

Income and expenses arising from related party transactions were as follows:

	2025			2024		
	Shareholder	Key management personnel	Other related parties	Shareholder	Key management personnel	Other related parties
Interest income on loans	-	-	1	-	25	220
Interest expense on promissory notes	(2,319)	(36)	(6)	(2,155)	(1,394)	(26)
Interest expense on borrowings	-	-	-	-	-	(18)
Interest expense on debt securities issue	-	(26,311)	-	-	(3,343)	-
Interest expense on subordinated debts	(2,945)			(1,194)	-	-
Interest expense on lease liabilities	(7)	-	-	(14)	-	(196)
Commission expense	-	-	(1,763)	-	-	(1,527)
Commission income from money transfers ⁵	-	-	664	-	-	-

Compensation of the Company's key management personnel comprises the following:

	2025	2024
Salaries and other short-term benefits	2,368	3,427

Transactions with the shareholder also include dividend payments (in accordance with Note 17).

27. Capital Management

The Company maintains and actively manages a capital base to manage the risks inherent in its business. The adequacy of the Company's capital is monitored using various criteria, including the ratios established by the National Bank of Georgia (NBG) in its supervision of the Company.

As of December 31, 2025, and December 31, 2024, the Company complied in full with all externally imposed capital requirements.

The primary objectives of the Company's capital management are to ensure that the Company complies with mandatory capital requirements and maintains healthy capital ratios in order to support its business and maximize shareholder value.

NBG Capital Adequacy Ratio

The NBG requires microfinance organizations to maintain a ratio of equity to total assets of 18% as of December 31, 2025 (2024: 18%). The Company's equity to debt ratio as of December 31 was as follows:

	2025	2024
Equity	348,573	301,777
Assets	1,070,375	725,256
Equity to assets ratio as 31 December	33%	42%

28. Changes in liabilities arising from financing activities and other non-cash movements

	Promissory notes issued*	Debt securities issued	Subordinated debt	Borrowed funds	Total liabilities from financing activities
Carrying amount at 31 December 2024	100,937	129,693	-	42,189	272,819
Proceeds from issue	361,788	-	25,000	187,000	573,788
Payment of principal	(318,313)	-	-	(130,081)	(448,394)
Change in accrued interest	(18)	(786)	-	150	(654)
Foreign currency translation	1,328	-	-	-	1,328
Carrying amount at 31 December 2024	145,722	128,907	25,000	99,258	398,887
Proceeds from issue	410,690	192,063	-	246,476	849,229
Payment of principal	(554,680)	(130,063)	-	(41,141)	(725,884)
Change in accrued interest	(920)	(151)	-	(4)	(1,076)
Foreign currency translation	158,265	-	-	-	158,265
Carrying amount at 31 December 2025	159,077	190,756	25,000	304,588	679,421

* Proceeds from and repayments of the principal of promissory notes are presented on a net basis, as they turnover quickly, the amounts are large, and the maturities are short.

29. Events After the Reporting Period

Subsequent to the end of the reporting period, the founder made an additional capital contribution in the amount of GEL 10,000,000.

Furthermore, after the end of the reporting period and prior to the date of authorization/signing of the financial statements, dividends declared and paid to the founder amounted to GEL 10,080,000.

In addition, subsequent to the reporting period, a subordinated loan received from the founder in the amount of GEL 25,000,000 was repaid, while a new subordinated loan was received in the amount of GEL 35,000,000.

Other than the above, there have been no significant events after the end of the reporting period and prior to the date of signing the financial statements that would require adjustment to or additional disclosure in the financial statements.