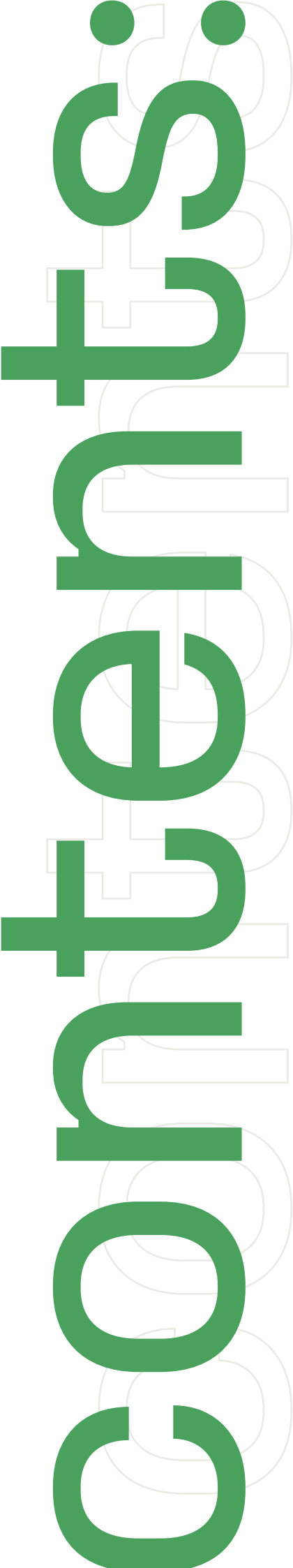


ANNUAL REPORT

2025





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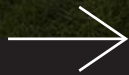
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Overview



Our mission



The company's mission is to create a safe and comfortable living environment embracing our responsibility towards the future.

We aim to harmoniously blend innovation, sustainability, and quality, making a positive impact that extends far beyond our developments.

By prioritizing the needs of families and individuals who value a healthy lifestyle, we aspire to redefine the standard of living and set new benchmarks in the Georgian real estate market.

CHIEF EXECUTIVE OFFICER'S STATEMENT



Nika Khazaradze
Chief Executive Officer

Dear Stakeholders,

For over a decade, Lisi Development has been redefining the real estate landscape in Georgia. From the very beginning, we set out to create more than just buildings—we've been shaping communities, setting new standards of living, and building with purpose.

In 2010, we pioneered the 80/20 principle, dedicating 80% of the land to greenery and only 20% to development. This concept, once visionary, has now become a benchmark in the market. We're proud that others have followed our lead, but for us, it's also a responsibility—because we've set the bar high, and we intend to keep raising it.

Our focus has always been on people and their needs. Every master plan we create is rooted in human-centered design, resulting in balanced environments that offer harmony, comfort, and long-term value.

In 2024, Lisi Development finalized several landmark buildings and hosted one of Georgia's first design forums, welcoming our international partners to Tbilisi. By developing projects guided by a cohesive architectural vision, we've created successful case studies that continue to influence and elevate the real estate industry in Georgia.

Our architectural collaborations—with global names

such as Ricardo Bofill, Architects of Invention, and UN Studio—reflect a deeper purpose: to create spaces that are functional, aesthetic, and deeply sustainable. These partnerships have resulted in a collection of architectural landmarks within Lisi Green Town, making it not just a residential area, but a showcase of world-class design. These buildings are not only milestones for our company—they are new architectural landmarks of Tbilisi, contributing to the city's evolving identity. With each project, we move closer to a model of development that is thoughtful, contextual, and uniquely Georgian.

But our vision doesn't stop in Tbilisi. Looking toward the Black Sea, we saw a gap in the market—an opportunity to introduce a development that respects both the individual and the environment. That's why we acquired 9 hectares of pristine land in Bukhari. Here, we're creating a new Georgian Riviera: a world-class resort and residential complex, thoughtfully masterplanned and developed under one unified concept.

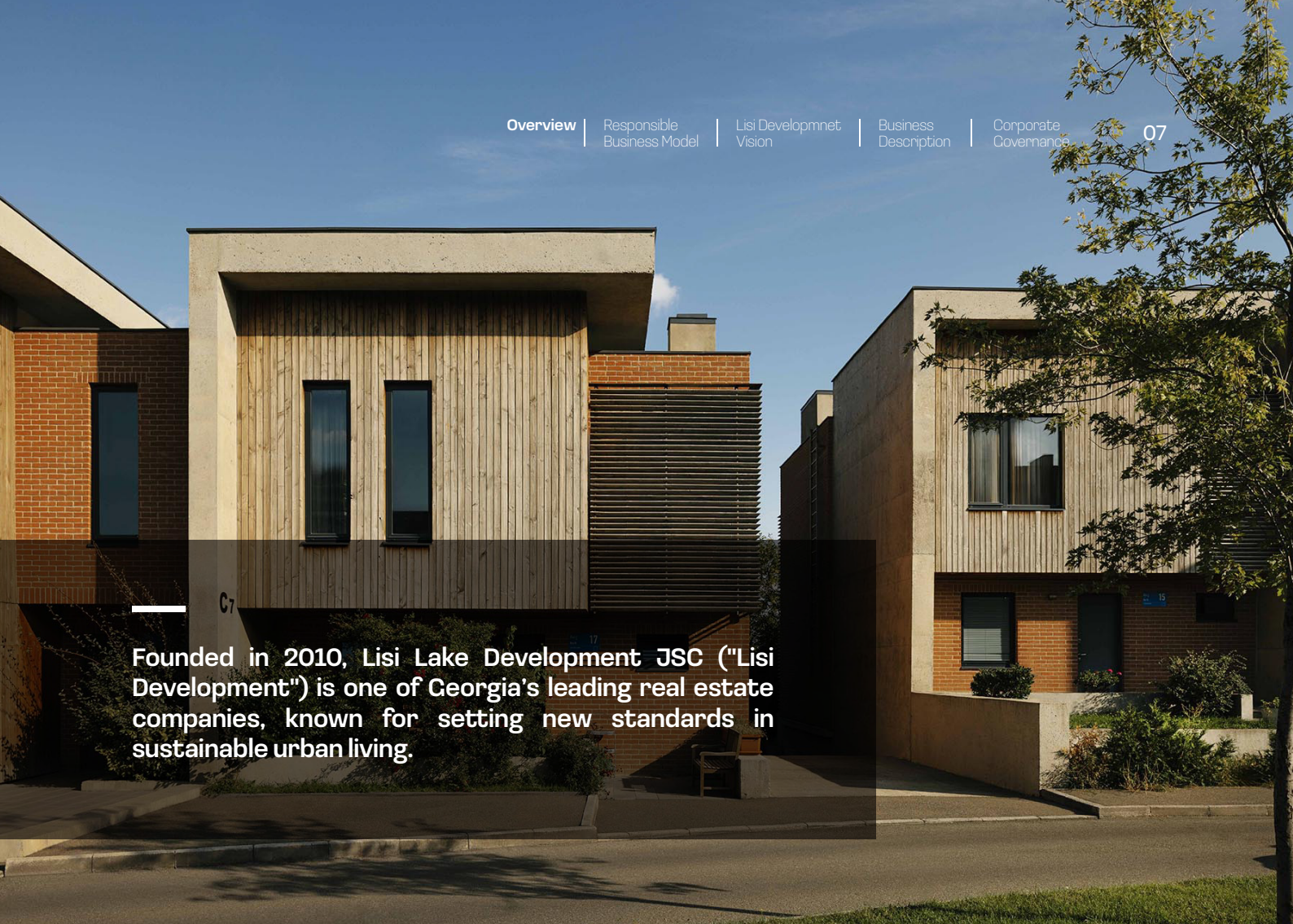
At Lisi Development, we believe in long-term responsibility—to people, to nature, and to the country we call home. Our ambition is bold, but it is always grounded in values. Together with our team, partners, and community, we're not just building spaces—we're building the future of Georgia.

Sincerely,

About

LISI DEVELOPMENT





Founded in 2010, Lisi Lake Development JSC ("Lisi Development") is one of Georgia's leading real estate companies, known for setting new standards in sustainable urban living.

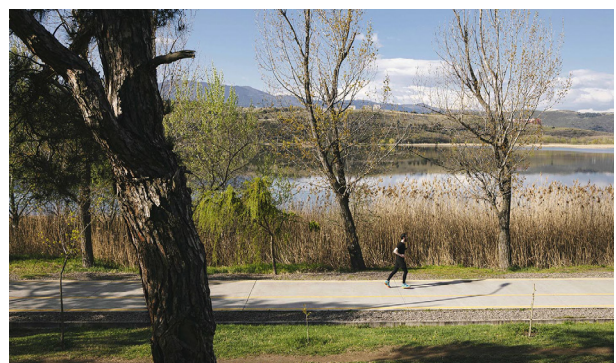
With a long-term vision rooted in responsibility, environmental stewardship, and human-centered design, Lisi Development is redefining how cities can grow — in harmony with nature and community needs.

The company began with the acquisition of a 340-hectare land plot around **Lisi Lake** in Tbilisi, transforming a neglected area into a vibrant recreational and residential destination. This vision materialized in the creation of one of Tbilisi's greenest public zones, complete with a 3-kilometer running and cycling trail, picnic areas, playgrounds, bike rentals, food outlets, and the full restoration of the historic sulfur bathhouse in 2014. More than a real estate initiative, it was the beginning of a lifestyle movement — one that promotes biodiversity, wellness, and urban green space as public priorities.

At the heart of this transformation is **Lisi Green Town**, the company's flagship 69-hectare project, which introduced a bold and unprecedented development concept to Georgia: the 80/20 principle, where 80% of the land is preserved for greenery and only 20% is used for construction. This low-density, human-scaled environment features a carefully curated mix of

apartments, duplexes, townhouses, and villas — supported by premium infrastructure, extensive parks, and wellness facilities.

Collaborating with globally renowned architectural studios such as Ricardo Bofill Taller de Arquitectura (RBTA), UNStudio, Architects of Invention, and Architects.ge, Lisi Development has created some of the most iconic and forward-thinking built environments in the country. Each project is envisioned not just as a place to live, but as a landmark of design and purpose — blending aesthetics, function, and sustainability.





Building on its legacy in Tbilisi, Lisi Development continues to develop Buknari Resort — a 9-hectare seafront destination along the Black Sea, positioned to become the future "Georgian Riviera." Designed with the same principles of ecological balance and human well-being, Buknari will feature hotel-apartments, wellness zones, sports areas, and green public spaces, offering a luxurious yet sustainable coastal lifestyle for both residents and international visitors.

In 2025, a major milestone was reached as construction of the Buknari Hotel entered its final stage — with the hotel set to welcome its first guests in 2026, marking a defining moment in the company's growth and its vision for Georgia's Black Sea coast.

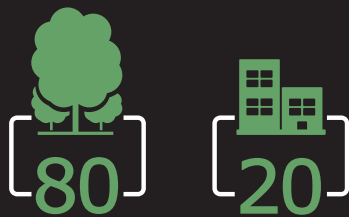
Buknari Resort



Our Standards

Through its projects, including Lisi Green Town and the Buknari resort, Lisi Development is not only reshaping the development landscape but also setting new standards for responsible and exemplary urban planning and real estate development in Georgia.

Lisi Development introduced an innovative principle of 80/20 in Lisi Green Town, which implies using only 20% for the footprints of the buildings, and the rest 80% for recreational zones and additional infrastructure. Just over 70,000 trees and seedlings have been planted on both the lake and the town territories since the start.



Financial Prudence

Lisi Development's commitment to excellence has allowed it to command premium prices for its products, resulting in value creation for shareholders.

This value stems from both development activities and the appreciation of the company's land bank. The land bank provides a stable project pipeline for Lisi in the long term.

With a strong international shareholder base, Lisi Development has been successful in efficiently accessing local capital markets for debt funding. By maintaining high standards and securing support from international and local investors, Lisi Development has established itself as a leading player in the Georgian development sector, ensuring a prosperous future for the company.



Partnership

globally recognized architects



RICARDO BOFILL
TALLER DE ARQUITECTURA



KCAP
KCAP Architects & Planners

uns
UNSTUDIO

WATG

felixx
REALIZING
HAPPY
ENVIRONMENTS

Lisi Green Town

masterplan / actual views

masterplan



actual views



Completed & Ongoing Projects

Lisi Garden House



Architecture by: Architects of Invention



Nikoloz Japaridze's LISI Garden House is poised to elevate Georgia's architectural prominence by blending the benefits of urban living with the comfort of owning a home. Renowned architect known for his innovative and sustainable design approach, has made significant contributions to the architectural landscape in Georgia and internationally.

Japaridze's work combines contemporary design with cultural influences and emphasizes sustainability.

The concept behind Lisi Green Tower draws inspiration from the "House of Homes" and "Columbarium Habitable," manifesting in the form of vertically positioned residential houses featuring private terrace-gardens. The building itself boasts a unique hybrid structure, combining reinforced concrete and steel elements. The visually distinct character of the building is further enhanced by the caisson concrete slab, achieved through the innovative weaving mold used for reinforcement.

Completed & Ongoing Projects

Lisi Green Tower

UNS
UNSTUDIO

Architecture by: UNStudio



UN Studio, an internationally renowned architectural firm, has a distinguished portfolio of successful projects, including the Mercedes-Benz Museum in Germany, Shenzhen MixC+ and Raffles City in China, Ardmore Residence, Samsung Galaxy Studio in Brazil, the Beethoven Concert Hall in Germany, the Prince Claus Bridge in the Netherlands, and many others.

The architectural concept of Lisi Green Tower seamlessly blends traditional and modern elements, incorporating Georgian balcony motifs into a contemporary design. The building's terraces serve as welcoming spaces for neighbors to gather, interact, and

build a sense of community—making this tower truly unique.

Each apartment features its own terrace, offering panoramic views of the picturesque Mtkvari River valley and the city of Tbilisi. The tower's design emphasizes the use of glass to create a sense of lightness and openness, while natural materials and smart automation systems enhance both aesthetic and functional aspects of the terraces. Every detail is thoughtfully crafted to ensure residents' comfort and well-being, delivering a truly elevated living experience.

Completed & Ongoing Projects

T11 Townhouse



Architecture by: Architects.ge



An individually designed residential project overlooking Tbilisi, blending modern architecture with the surrounding natural landscape. The three-story structure features a layout tailored to the resident's lifestyle, with clean lines, open spaces, and thoughtful planning. A private yard offers panoramic views of the city, while the building's fully glazed façade invites abundant natural light into the living areas. The home includes an underground parking level and is a refined example of contemporary design by Architect.ge.

Completed & Ongoing Projects

Ricardo Bofill

RICARDO BOFILL
TALLER DE ARQUITECTURA

Architecture by: Ricardo Bofill



Lisi Green Town is home to a remarkable architectural masterpiece designed by the famous Spanish postmodernist architect, Ricardo Bofill. Widely celebrated as one of the most influential architects of the century, Bofill has left an indelible mark on the global architectural landscape with his visionary creations.

This extraordinary building stands as the latest addition to Bofill's impressive portfolio. Known for his bold and innovative designs, Bofill's architectural style seamlessly embraces sustainability. His distinctive approach combines geometric forms, intricate detailing, and a harmonious integration with the surrounding environment.

This landmark in Lisi Green Town holds great significance for the country and the city of Tbilisi.

Completed & Ongoing Projects

Residential block C5



Architecture by: Architects.ge



Located in the 3rd district of Lisi Green Town, the C5 residential block is a standout 11-story development offering 41 exclusive apartments, each with breathtaking panoramic views over Tbilisi. Apartments are delivered in green frame condition, including screeded floors, fully installed utilities, and premium aluminum doors and windows, providing the perfect canvas for personalized interior design. Designed by the acclaimed Georgian architecture firm Architects.ge, the building features a striking oval form that adds a distinctive identity to the skyline. Residents benefit from thoughtfully planned infrastructure, including a modern elevator, underground parking, and dual stairwells for added comfort and security.

The façade combines natural wood accents with textured exposed concrete, creating a timeless blend of minimalist elegance and modern sophistication.

Completed & Ongoing Projects

T12



Architecture by: Architects.ge



Nestled in the 3rd district of Lisi Green Town, T12 offers four exclusive three-story townhouses, thoughtfully designed with private terraces, lush inner green spaces, and private yards with panoramic views of the city. Each home includes an underground parking level and represents a refined example of contemporary architecture by Architects.ge — where comfort, privacy, and design come together in perfect harmony.

2010

Founding of JSC Lisi Lake Development and its subsidiary "Lisi-FO" LLC. Started development of Lisi Green Town Project

2012

Lisi Lake Recreation LLC has been established and infrastructure development in the vicinity of Lisi has started

2014

Completed first Phase of Lisi green town development. The company founded Lisi Renovation LLC and Lisi Greens LLC

2016

The company became the best "Green Developer", EUOPEAN CEO

2017

EEA Real Estate Forum & Project Awards in Kiyv, Lisi Development is named Developer of the Year, and the Lisi Green Town Project is awarded in the following categories: "Residential Complex of the Year"; "Residential Community of the Year". The company acquired a 9-hectare land plot in Buknari village and took the first steps towards market diversification

2018

JSC "Lisi Lake Development" became the first Georgian development company to receive credit rating (B+ Stable) by an international credit rating agency - Scope Ratings GmbH.

2019

The company won "Best Residential Development" award by European property awards. Founded "Lisi Rentals" LLC.

2020

JSC "Lisi Lake Development" successfully dealt with the Covid-19 pandemic. Furthermore, the company won International Property Awards in the following categories: Best Developer, Mixed Use Development, Residential Development of Georgia, Sustainable Development of Georgia.

2021

The company successfully completed 10 years of cooperation with the International Finance Institute FMO. Additionally, the company won International Property Awards in the categories: Best Developer; Mixed Use Development; Residential Development of Georgia; Sustainable Development of Georgia. The company issued \$12m bonds with record low yield for non-financial institutions in Georgia. The transaction won the award of the best deal in the region.

2022

The company has started master planning of the entire territory In collaboration with international companies. Lisi successfully placed \$10m bond issuance on Georgian market. Maintained B+ credit rating by scope (BB- for the issuance). The Company obtained a construction permit for the hotel in Buknari. Lisi development obtained multiple awards for best mix used development, sustainable development, best masterplan category and honorary award for transparency.

2023

Lisi Development received an award at the BARTA 2023 for the Best Annual Report and Transparency and received an honorable mention in that category. Company was the only development company to win in the competition. Also, LISI won the silver prize in the Master Plan category at the FIABCI World Prix d'Excellence Awards 2023. 2023 was a significant year for starting new projects. The company launched its first project on the Black Sea coast - Buknari, showcasing its scale in the market.

2024

Lisi Development launched the C5 Oval residential building in Lisi Green Town's 3rd District and finalized Lisi Garden House, designed by the renowned UK firm Architect of Invention — featuring an iconic elliptical form, a hybrid concrete-steel structure, and a fully glass façade. The company received two FIABCI-Georgia Prix d'Excellence Awards 2024 in the categories of Best Master Plan and Low-Rise Buildings, opened the prestigious Oktopus fitness and pool club, and completed the T11 Townhouses — harmonizing modern architecture with the natural terrain. In Buknari, Lisi has completed the monolithic structure of the first building, with full project completion expected by the end of 2025.

2025

Lisi Development was honored with the BARTA 2025 Award for its Management Report, reflecting the company's commitment to transparency and sound governance. The company launched master planning for a new 29-hectare villa district, marking a significant expansion of the Lisi Green Town ecosystem, and advanced its Buknari resort strategy with a comprehensive master plan for the full 9-hectare territory.

Awards 2025

Lisi Development has consistently demonstrated exceptional performance since 2010, earning over 50 prestigious international and local awards across a wide range of categories. Our commitment to excellence has set the highest quality benchmark, positioning us alongside esteemed international and Georgian companies.

In the year 2025, Lisi Development was honored with the esteemed awards in the following notable categories:



Lisi Green Town
Best Mixed Use Development Georgia

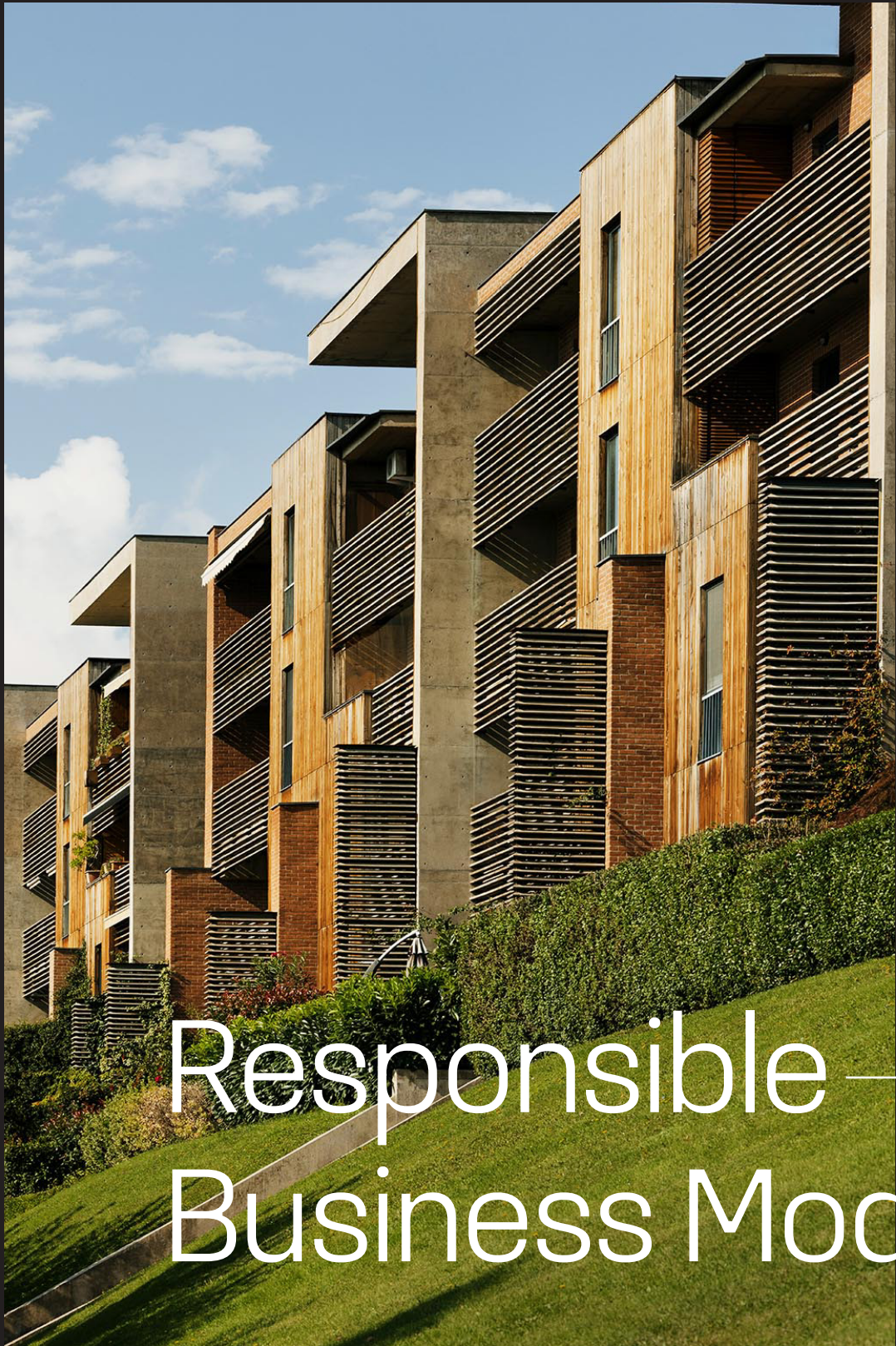
Buknari
New Hotel Construction & Design Georgia

Buknari
Best Residential Development 20+ Units Georgia



Lisi Green Town
Best Master Plan

Lisi Green Town
Low-Rise Buildings



Responsible →
Business Model

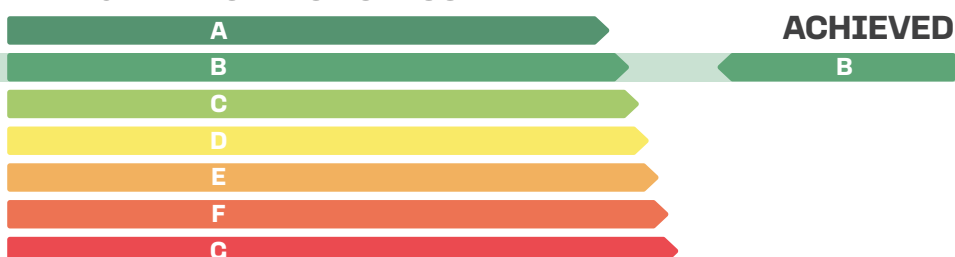
Environmental Responsibility

Lisi Development has been awarded a Green Certificate for residential buildings C1 and C2 within Lisi Green Town, recognizing the project's strong commitment to sustainability and energy efficiency. Blocks C1 and C2 achieved Energy Efficiency Class B, with verified energy savings of 39.53%, made possible through a range of advanced efficiency measures:

- High-performance windows and doors
- Thermal insulation of walls, roofs, and floors
- Energy-efficient heating and cooling systems
- Low-consumption lighting
- Eco-efficient elevators

The certification was granted by the European Bank for Reconstruction and Development (EBRD) through the Green Economy Financing Facility (GEFF), with support from the Green Climate Fund and the Federal Ministry of the Republic of Austria.

ENERGY EFFICIENCY CLASS





Lisi Development, in collaboration with leading architecture and design platform Homeis.ge, co-created an industry event for architects, designers, and developers.

Bringing together top voices in architecture, interior design, and real estate, this year's theme — "Imprint" — focused on meaningful contributions to the built environment.

Lisi invited internationally renowned studios — Ricardo Bofill Taller de Arquitectura (RBTA), UNStudio, Architects of Invention, and Architects.ge — all of whom have already created architectural landmarks within Lisi Green Town. Introducing these visionaries to the broader public and professional community was both a privilege and a responsibility for Lisi, reinforcing its commitment to advancing the architectural dialogue in Georgia.

In parallel, Lisi organized exclusive seminars at the Design Institute, where these acclaimed firms engaged directly with students, sharing knowledge, experience, and inspiration with the next generation of architects. For over 15 years, Lisi Development has shaped Georgia's real estate landscape through visionary architecture, thoughtful urban planning, and a commitment to sustainability. The company pioneered

the 80/20 principle in 2010, dedicating 80% of its land to greenery and just 20% to buildings, long before this became an industry trend. We're proud to see many now embracing this approach.

At the heart of Lisi's philosophy is creating spaces that prioritize comfort, balance, and quality of life. Cohesive architecture, functional infrastructure, and generous green areas define our projects — offering families space to connect, relax, and thrive. From landscaped courtyards and playgrounds to walking paths and on-site services like gyms, pools, and shops, every detail is designed around people and how they live.





From the planning stage, every phase of Lisi Green Town's architectural concept has aimed to create a comfortable and green residential zone with low density, integrated into the sloped terrain. The development concept is centered around parks surrounded by residential blocks. Each block has its own unique identity, while together they form a unified district. The entire vision for Lisi Green Town is based on low-rise, low-density development.

Since its foundation, Lisi Development has introduced the innovative 80/20 principle, which allocates only 20% of the land for residential use, with the remaining 80% dedicated to recreational areas and supporting infrastructure. Georgian and Italian specialists have collaborated to implement the park and urban landscape elements using the so-called German cultivation method. Our green landscape architect selects tree and plant species that are compatible with the existing terrain and climate. After planting, a team of over 100 gardeners and service staff care for the greenery to ensure successful adaptation and growth.

As a result, more than 50,000 trees and plants have been successfully cultivated since 2011. These are distributed among seven parks in the area, including one located on the roof of the largest indoor parking structure—Lisi Green Town Central Park—making it the largest recreational space in the region built atop a concrete structure.

The company also collects rainwater underground to prevent waste and uses it for irrigation. Lisi Development was the first company in Georgia to introduce waste sorting, placing designated containers throughout the property to help residents separate their waste.

To promote an eco-friendly environment, Lisi Green Town has installed electric vehicle charging points, which are offered free of charge to residents, with plans for expansion. Additionally, an electric bus service has been introduced to reduce residents' mobility needs and minimize environmental impact on the area.

All lighting within the project uses LED technology. Motion detectors installed at building entrances help reduce electricity consumption. Water filters are also installed in every residential unit to ensure a 100% clean water supply.

The 80/20 principle has evolved into a guiding ideology at Lisi Development that goes beyond commercial interest. From day one, this principle has driven our work—and it continues to inspire our future ambitions as we stay true to the core values of Lisi Development.

Corporate Social Responsibility

700 Tons of Plastic Collected — Together!

In partnership with TENE, we launched a green initiative by installing plastic collection bins across Lisi Green Town and Lisi Lake. What started as a simple step toward sustainability turned into a powerful community effort. Thanks to the active participation of our residents and visitors, over 700 tons of plastic have been collected — and counting. Together, we're not just cleaning up; we're building a culture of awareness and responsibility.



Rezo Gelashvili City Song Festival

Our community

Throughout the years, the company has remained steadfast in upholding the code of conduct for the Lisi Green Town, established through a mutual agreement between the administration and the residents.

This code unites all city dwellers under shared values and a commitment to mutual respect, forming the foundation for harmonious coexistence within our environmentally conscious community. At Lisi Development, we remain committed to enhancing the quality of life for our residents by actively seeking their input and incorporating their recommendations and ideas.

It's been a heartwarming tradition for us to host the Rezo Gelashvili City Song Festival for the past 7 years. And there's something truly special about our New Year celebrations at Lisi Green Town's Italian garden, where our residents come together with their families to share love and joy.

Through these cherished activities, we're not just building a community, but also nurturing bonds that make our neighborhood feel like home.



Traditional Christmas Event by Lisi Development 2024



Traditional Christmas Event by Lisi Development 2025



Lisi Vision



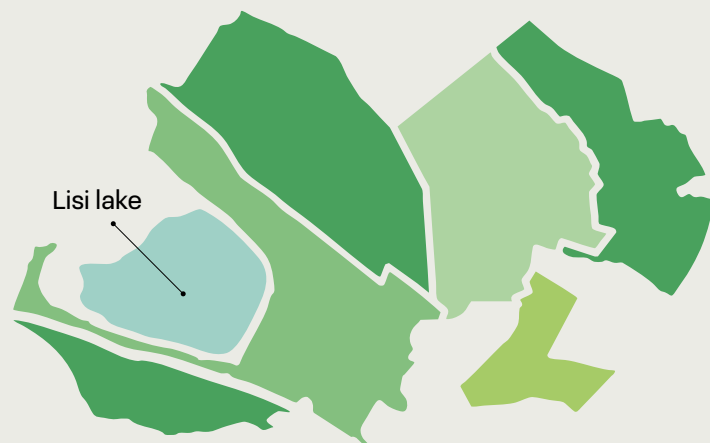
Lisi Lake Area Development Vision

Lisi Development has a significant land bank near Lisi lake in Tbilisi. The areas are subdivided into several different functional areas. Most of the land (47%) is designated for future residential and mix use development. Approximately 25% is recreational area. 7% is already developed by Lisi Fo within Lisi Green Town project and the remaining 20% is allocated to Villa district.

See chart below:

LISI LAND ALLOCATION ON THE MAP

47%	161 ha undeveloped
25%	86 ha Recreational Zone
21%	70 ha Villa District
7%	23 ha High Density Residential



LISI MASTERPLAN

Lisi is currently developing a long-term masterplan for the Lisi area with the participation of well-known international architects and urban planners such as Fellix, UN Studio, and KCAP who actively involved in shaping this visionary project to achieve a synchronized and well-thought-out development.



The primary goal of the masterplan is to achieve up to 1 million square meters of building area while preserving the green and sustainable focus that is inherent to the DNA of Lisi, demonstrating our commitment to balancing urban development with environmental considerations.

To create a successful masterplan, the architects and urban planners involved will consider various factors, including:

- 01** Sustainable Design: Incorporating sustainable practices and green building principles to minimize environmental impact, reduce energy consumption, and promote eco-friendly living.
- 02** Connectivity and Mobility: Designing a well-connected network of roads, public transportation, and pedestrian-friendly infrastructure to ensure efficient movement within the area.
- 03** Green Spaces and Parks: Incorporating ample green spaces, parks, and recreational areas to provide residents with access to nature and promote a healthy and active lifestyle.
- 04** Mixed-Use Development: Planning for a diverse range of land uses, including residential, commercial, retail, and recreational spaces, to create a vibrant and self-sustaining community.
- 05** Infrastructure and Utilities: Ensuring the provision of essential infrastructure and utilities such as water, electricity, waste management systems, and high-speed internet connectivity to support the anticipated growth and development.
- 06** Community Engagement: Engaging with the local community and stakeholders throughout the planning process to incorporate their needs, preferences, and feedback, fostering a sense of ownership and inclusivity.
- 07** Architectural Aesthetics: Creating a cohesive architectural style and design language that reflects the cultural heritage of the area while incorporating contemporary elements.





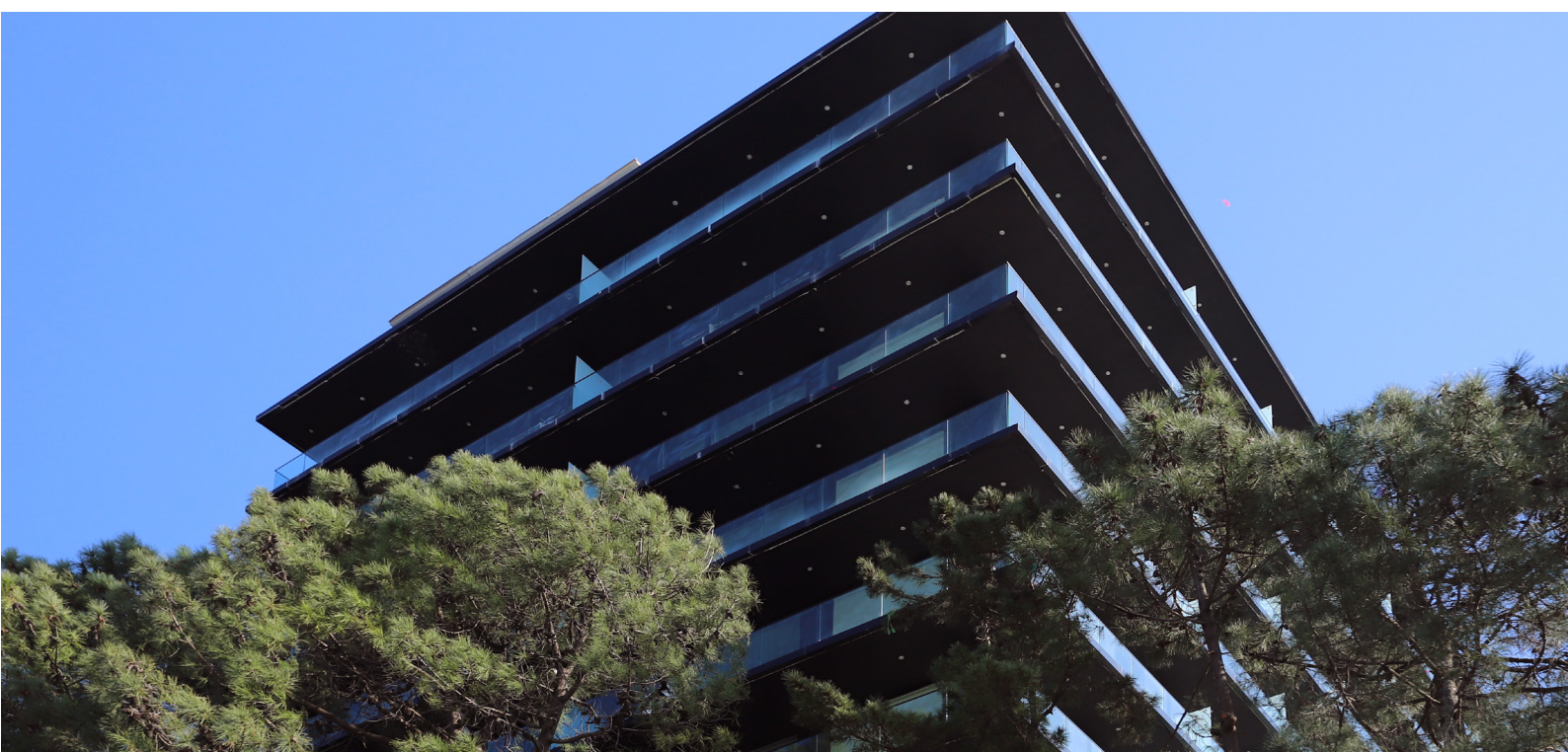
Buknari Resort

A New Standard for Coastal Living

Lisi Development is building something remarkable on the eastern Black Sea coast. On a 9-hectare beachfront plot in the village of Buknari — just 15 minutes from Batumi and within easy reach of both Kutaisi and Batumi airports — a world-class residential resort is taking shape.

The architectural vision belongs to Architects of Invention, the acclaimed British firm behind large-scale projects across the UK, Germany, France, and beyond. Their design captures the essence of the site: nestled between mountains and sea, blessed with a unique subtropical climate, and built to become something truly rare on the Black Sea coast.

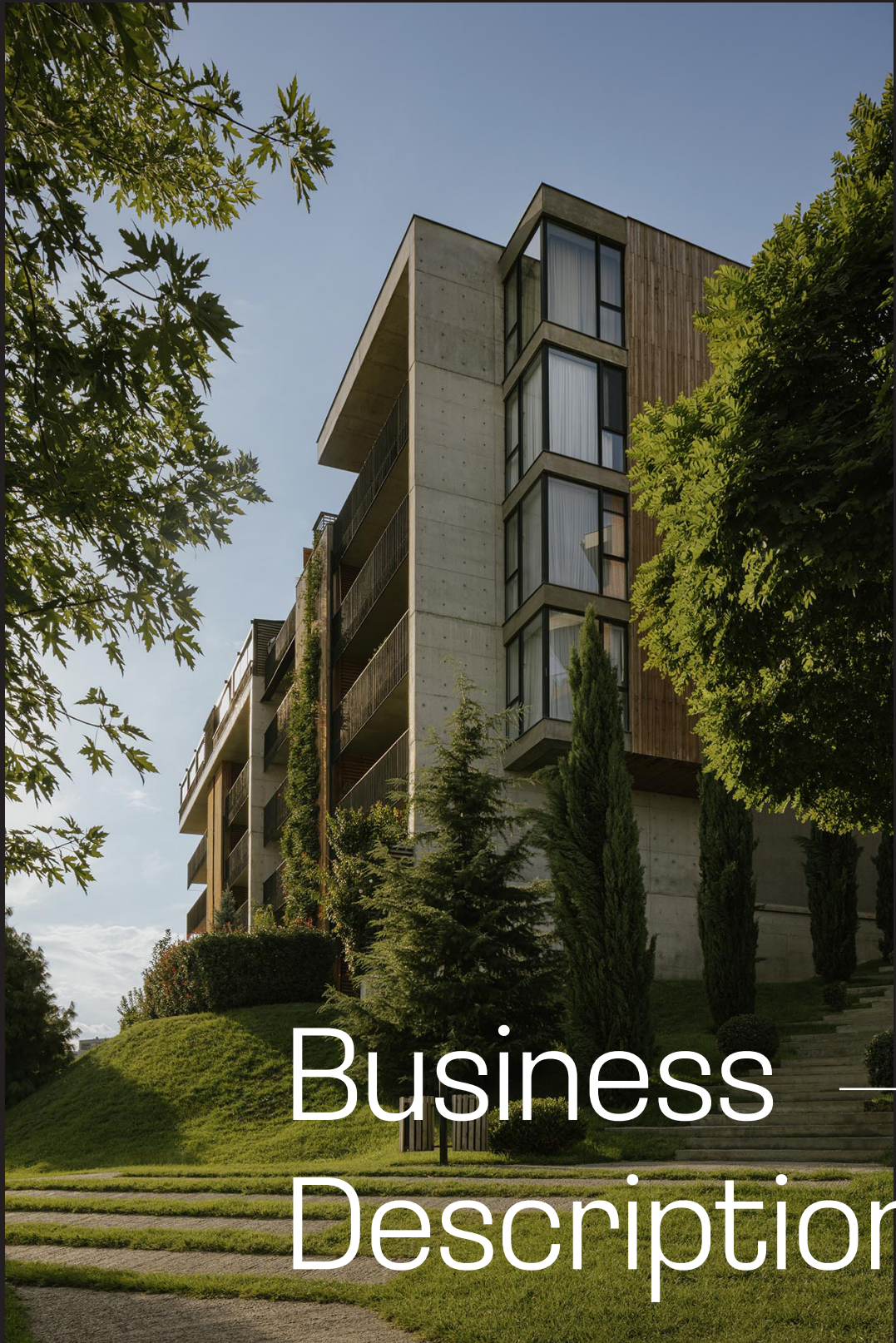
The first stage introduces a hotel-apartment complex complete with an indoor swimming pool, restaurant, sports areas, and expansive green zones — a foundation for a lifestyle defined by nature, comfort, and elegance. Looking ahead, Lisi Development is advancing a comprehensive master plan for the entire 9-hectare territory — giving future residents full clarity on how the resort will grow. At the heart of this plan are residential buildings B1 and B2, offering freehold apartments with uncompromising standards of construction and infrastructure. Every detail is being designed to position Buknari as the finest residential resort in the region.



Completing Buknari Hotel

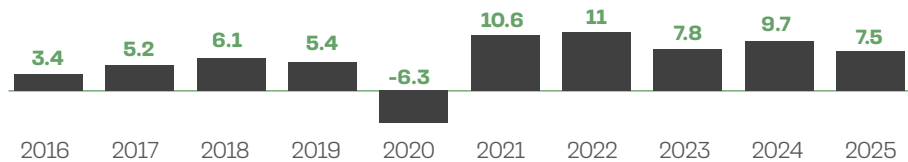
Buknari Hotel is Lisi Development's first project on the Black Sea coast, nestled between mountain and sea in a unique subtropical setting. The 5-star complex features 103 elegantly designed rooms ranging from 35 to 70 square meters, complemented by an indoor swimming pool, restaurant, spa, sports area, and lush green zones.

The hotel's design reflects Lisi Development's signature philosophy — a clean, glass aesthetic that blends seamlessly into the surrounding landscape of woods, mountains, and sea. Following the company's 80/20 principle, only 20% of the land is built upon, with the remaining 80% dedicated to greenery and open space. Lisi Development is in negotiations with prestigious international hotel operators to ensure a world-class hospitality experience for every guest.



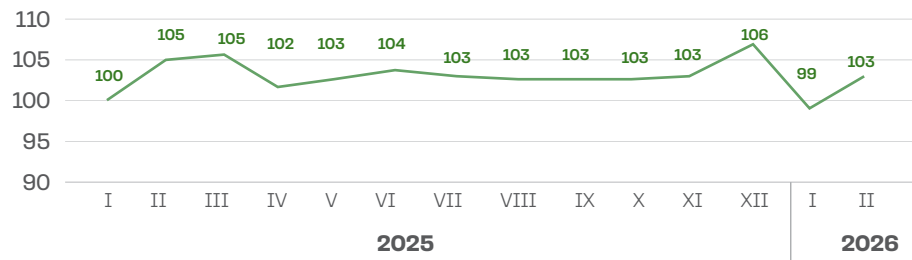
Business → Description

Real GDP Growth (%)

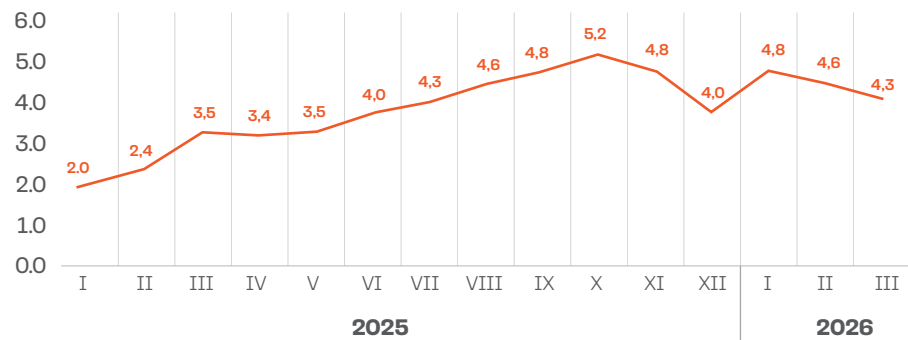


Source: Geostat

Construction Cost Index



Inflation Rate



Operating Environment

Growth

Georgia's economy expanded by 7.2% y/y in December 2025. Cumulatively, real GDP increased by 7.5% y/y in 2025, fully in line with our projection. December's growth was mainly driven by strong activity in manufacturing, ICT, transport & storage and hotels & restaurants, while construction sector contracted. Experts expect real GDP growth at 6.0% in 2026.

Inflation:

In December 2025, Georgia's annual inflation retreated to 4.0%. The moderation was mainly driven by a slowdown in mixed-goods inflation to 4.1% y/y in Dec-25 from 5.8% y/y posted a month earlier, along with a decline in imported goods prices by -0.2% y/y (vs. 0.8% y/y in Nov-25) and a modest easing in domestic inflation to 6.2% y/y (vs. 6.4% y/y in Nov-25). Notably, core inflation - excluding food, energy, and tobacco - also retreated to 1.6% y/y in Dec-25 from 2.3% in previous month. Experts expect average annual inflation at 3.0% in 2026.

Tourism:

Tourism revenues increased by 9.2% y/y to US\$ 1.1bn in 4Q25, according to the NBC. Overall, in 2025, tourism revenues reached US\$ 4.7bn (+6.0% y/y), slightly above our preliminary estimate. For 2026, experts forecast tourism revenues at US\$ 5.0bn,

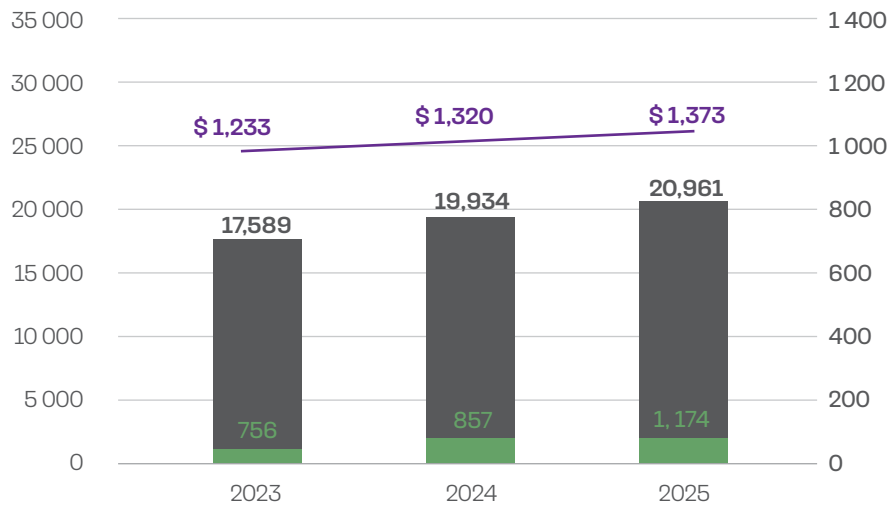
revised upwards from previous estimate of US\$ 4.9bn

Outlook for 2026:

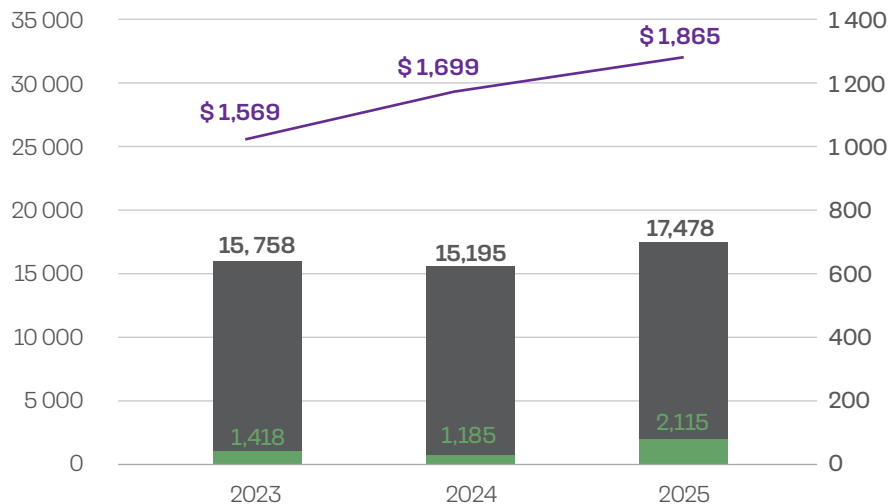
Georgia continues to register strong growth. With inflation anticipated to ease from 2026, a refinancing rate cut is likely during the year. Robust external inflows will support continued reserve accumulation, while the GEL is expected to remain broadly stable. Downside risks to the outlook are primarily related to political and geopolitical uncertainties. In 2026 Growth of 6.0% is expected in 2026, underpinned by continued FX inflows - particularly from tourism, projected at US\$ 4.9bn - stable CEL, and decelerating inflation, which should bolster consumer and investor confidence. Additional support is expected from higher public capex (+9.4% y/y) and monetary easing. In the medium term, economic growth is expected to approach its potential of 5.5%. Following two years of low inflation, price pressures began to rise in March 2025, reaching 4.8% y/y by November 2025, driven mainly by higher food and healthcare costs. Inflation is expected to ease significantly from March 2026 onward as pressures in these categories recede, creating room for the NBC to begin loosening monetary policy. Forecasts average annual inflation at 3.0% in 2026, down from 3.9% in 2025, enabling a 50bps cut in the refinancing rate to 7.5% by year-end.

Source: Calt & Taggart

Tbilisi Real Estate Market



Batumi Real Estate Market



■ Number of new apartments ■ Upscale apartments □ Price per m²

Industry Overview



Tbilisi real estate market:

A weak beginning to 2025 raised concerns about a possible market correction, but Tbilisi's residential real estate market ended the year with demand recovering and price growth stabilizing, although oversupply risks remain a key consideration. At the start of 2025, political uncertainty and softer market sentiment weighed on demand, as many buyers chose to delay their purchasing decisions. Later in the year, apartment sales rebounded as pent-up demand returned, pushing annual transaction volumes above the levels recorded in 2023 and 2024, although still remaining below the peak reached in 2022.

On the supply side, despite an annual decline caused by a sharp slowdown in the fourth quarter of 2025, permit issuance remained above the healthy levels observed during 2015–2022. Price growth moderated as the strong volume of permits issued in recent years increased market competition, helping to stabilize the pace of price appreciation and encouraging developers to introduce their most sophisticated internal installment schemes to date.

Looking ahead to 2026, demand is expected to remain broadly consistent with 2025 levels, supported by long-term fundamentals such as urbanization, declining household size, and attractive rental yields. Prices are expected to

record stable single-digit growth, with future performance largely dependent on supply conditions. Planned large-scale developments and continued high permit issuance could add substantial new housing stock, thereby limiting the scope for stronger price increases.

Batumi real estate market:

Batumi's residential real estate market recovered in 2025, overcoming the slowdown experienced in 2024. Apartment transactions rose in both the primary and secondary segments, totaling 17,478 units (+15.0%), while overall market value grew significantly to US\$ 1.3 billion (+23.8%), signaling a renewed acceleration in market activity. This performance was driven by the launch of new large-scale developments as well as stronger activity in the resale segment, supported by an expanded housing supply.

On the primary market sales showed annual growth in 2025; however, the market has yet to return to the record-breaking levels achieved in 2023. Primary sales remain below that previous peak, while the volume of unsold apartments continues to increase and many projects are still in the development pipeline. In other words, although market activity has strengthened, the existing oversupply has not yet been fully absorbed.

Financial Performance Review

EBITDA in 2025	Debt/Assets as of 2025
1 Mn GEL	c.11.65%
50 Mn GEL in 2024	c.7.7% for 2024
Operating cash - flow as of 2025	Earning per share 2025
10.8 Mn GEL	-3.276 GEL
20.2 Mn GEL in 2024	14.593 GEL in 2024

Land Bank

Land Bank in Tbilisi	Land Bank Batumi	Land Bank
251 Ha	9 Ha	₾ 644 Mn
203 Ha unsecured	In Buknari, on the Black Sea shore	Unsecured value of land bank GEL 513 Mn

Partnerships With globally recognized companies



Financial Indicators

In 2025, the company scaled back its operations compared with the previous year. It is currently in a transitional phase, where it is selling last of its remaining stock and working on execution of new projects. In 2026, the group will commence two major development projects in Tbilisi and Buknari, which will create a stable 10-year revenue generating pipeline. In addition, the company changed it's investment property revaluation methodology, which had significant effect on the profit and loss statement. From the following year, the same revaluation indicator will be restored again. Under these circumstances, a decrease in EBITDA to GEL 1 million, from GEL 50 million in the prior year, is expected. The company generated operational cash inflows of 10.8 million, compared to 20.2 million in the previous year. Operating cash flow excludes expenditures related to the construction of the Buknari project, as management has decided to defer sales until the project's completion. Including these costs would materially distort the operating cash flow metrics. Moreover, the

company increased its debt-to-asset ratio from 7.7% to 11.65% to finance the Buknari project.

Land bank

The company's investment property portfolio includes 251 HA of land near Lisi Lake, 9 hectares of land in Buknari, and several commercial spaces located in Lisi Green Town and Bakuriani. As of December 31, 2025, the total value of the investment property stood at GEL 644 million, of which GEL 513 million comprised unsecured assets.

Price & Sales trend

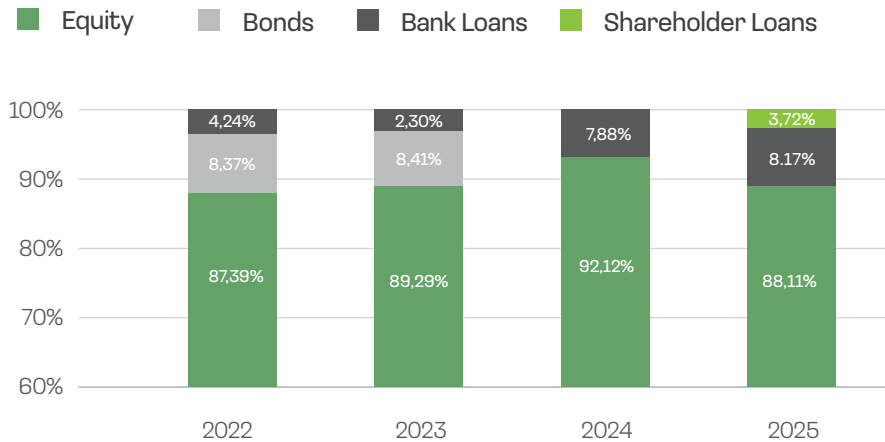
The Company still maintains its position as one of the leading high-end developers in the Tbilisi region, with an average price per square meter reaching \$1,957 in 2025, compared to the Saburtalo district average of \$1,613.

New Major Projects

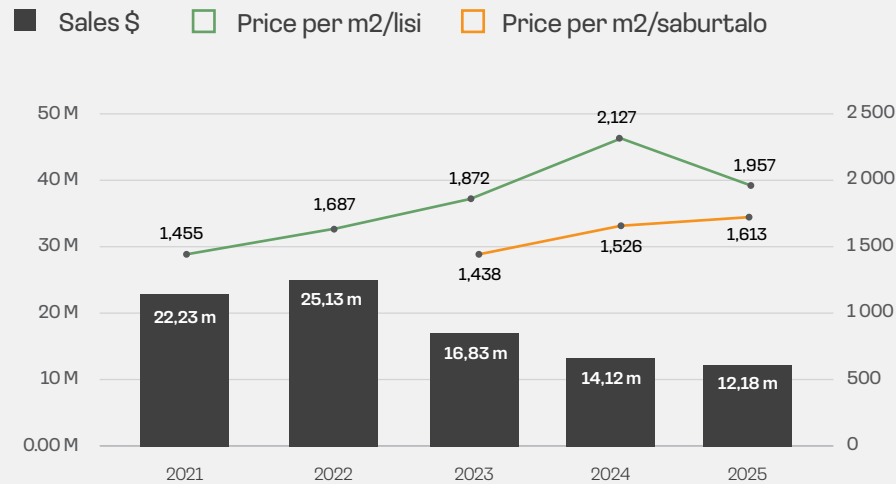
Currently, the Company is working on two major projects in Tbilisi, creating almost 10-year development pipeline.

Group Financial Performance Review

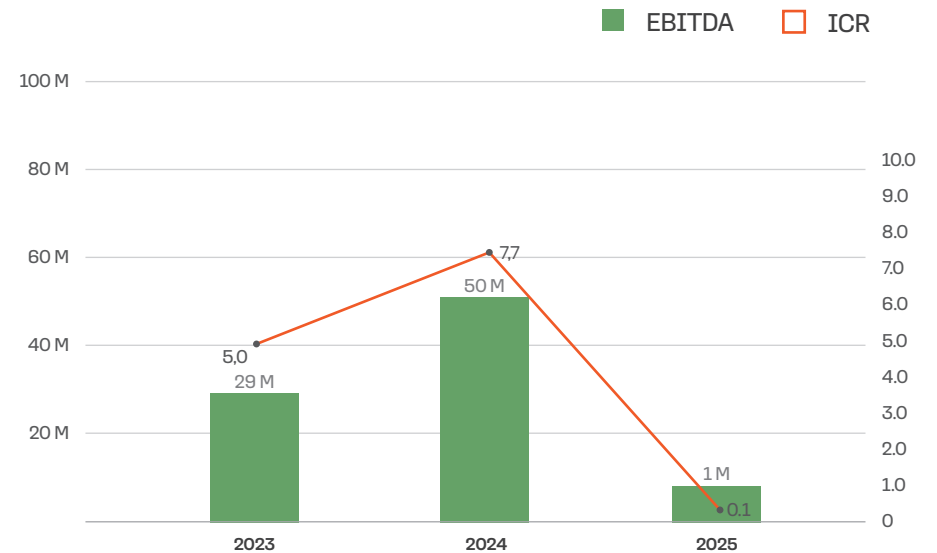
Capital Structure



Sales Trend Analyses



EBITDA & Interest Coverage Ratio Analysis



Risk Management

Effective risk management is key for successful functioning of Lisi development. Company is exposed to general market conditions prevailing in Georgian economy and its neighboring countries. Lisi adheres to the best practices and utilizes a conservative risk appetite to minimize risk exposure. Main risks include:

Construction risk

As a real estate developer, Lisi business model significantly depends on its ability to deliver projects in time, on budget and with high quality.

Lisi Development always uses third party contractors for construction purposes. To minimize construction risk, the company works with well-known and trusted contractors. We have rigorous short-listing criteria followed by an even more challenging tendering process. Typically, the in-house construction oversight team does initial budgeting and construction cost assessment. Afterwards a detailed tender package is sent out to at least three shortlisted participants. Once offers are received, in-house construction oversight team negotiates with contractors and closes the tender.

Typical construction contract are:

- Lump sum, with contractors taking the risk of price fluctuations (except for several commodity items, such as steel for example).

- Contractors present advance guarantee, completion guarantee and quality guarantee

Lisi in-house construction oversight team supervises the construction progress and construction schedule daily. They sign off on the work completed by contractors monthly. Due process is implemented for checking and verifying the construction progress and costs. For some projects, in addition to the in-house construction oversight team, Lisi might involve third party construction oversight manager.

Health and safety

Health and safety is a critical part of the construction process. Even though Lisi Development does not do the construction work itself, the company is responsible for the overall process. In order to mitigate health and safety risks, Lisi has introduced two layers of protection:

The main risk is pushed to the contractors. Each contractor is obliged to comply with HSE standards and requirements, and

Per project, Lisi hires well-known HSE oversight companies to provide daily supervision and detailed reporting of HSE on the construction site. Those companies report to the Lisi head of construction management.

Financial Risk Management

Lisi Development is exposed to various financial risks. The Group does not actively engage in the trading of financial assets for speculative purposes, nor does it write options. The most significant financial risks to which the Group is exposed are described below. Market and credit risks are not material (see financial risk management in Financial Statements for more information).

Foreign exchange risk

Lisi is exposed to foreign currency risk. Given the high dollarization of the Georgian economy and the fact that real estate prices are typically quoted in USD, this risk is unavoidable. As of December 2025, Lisi Development's open currency position on financial assets stood at -\$26.6 million (-\$16.7 million in 2024), meaning that USD-denominated liabilities exceeded USD-denominated assets by that amount. We conduct stress test scenarios to assess the impact of FX fluctuations.

If the Georgian Lari had strengthened against the US dollar by 3.45% (2024: 2%) or depreciated by 7.61% (2024: 8.05%), it would have had the following impact on the consolidated statement of comprehensive income:

	2025	2024
Strengthening	919	327
Weakening	(2028)	(1 317)

Liquidity risk

Liquidity risk is the risk that the Group will be unable to meet its obligations. The Group's policy is to run a prudent liquidity management policy by means of holding sufficient cash and bank balances, as well as highly liquid assets for making all operational and debt service-related payments when those become due.

Group Business Lines And Legal Structure



KEY BUSINESS LINES

Jsc Lisi Lake Development (LLD) has been developing and selling land & premium segment residential real estate in a prestigious district of Tbilisi since 2011. The company owns approximately 340 HA of land around Lisi Lake. Group manages its residential real estate development, land, rental and hotel development businesses through separate subsidiaries: LISI FO LLC - residential real estate and LISI RENTALS LLC – rental real estate. Land development is performed by LLD itself.

JSC LISI LAKE DEVELOPMENT (LLD)

LLD has completed Phase 1 and Phase 2 of Villa district development, with c. 30 ha land sold to private owners.

BLACK SEA RESORT LLC

In 2017, LLD signed an agreement with the government of Georgia, acquiring 9 HA land plot in Adjara region (village Buknari) located in first line to the Black sea, with the goal to develop multifunctional project consisting of residential and commercial units. The government has extended the deadline to finalize 100 room hotel until Dec 2025. Currently project is under construction to be finished for the end of 2025.

LISI FO LLC

Lisi FO LLC is primarily engaged in development and sale of residential RE near the Lisi lake, on a land of 20 HA under the project “Lisi Green Town”. Phase 1 and Phase 2 are of Lisi Green Town are completed with c. 71thousand net sellable area. Currently Phase 3 is ongoing – c. 33 thousand sqm of net sellable area.

LISI RENTALS LLC

LTD Lisi Rentals is 100% owned subsidiary (2019) to manage group’s commercial Real Estate related to the project of “Green Town Lisi”, currently operating through lease & hold strategy and attracting new lessees such as Carrefour, Gastronome, CPC etc. In September 2022 Lisi Rentals purchased Kokhta Mitarbi Plaza – commercial rental property in the Bakuriani Ski resort. Currently one restaurant, ski shop and ski rentals are operating on the property.

Lisi rentals

Lisi Rentals LLC is 100% owned subsidiary of Lisi Lake Development. The company was created in 2019 as a vehicle for LLD build-to-hold and rental businesses. Most of the commercial real estate that is developed by Lisi development is subsequently contributed to in Lisi rentals to generate stable rental cash flows. Main investments of Lisi Rentals include:

1,700 sqm commercial properties in Lisi Green Town area, with 85% occupancy.

Office spaces in Lisi Green Town area (c. 1000 sqm)

Standalone building located in front of Kokhta ski lift, with total investment value of USD 2m. Plaza consists of rooftop, ground floor (c. 1,500 sqm) and underground parking area;

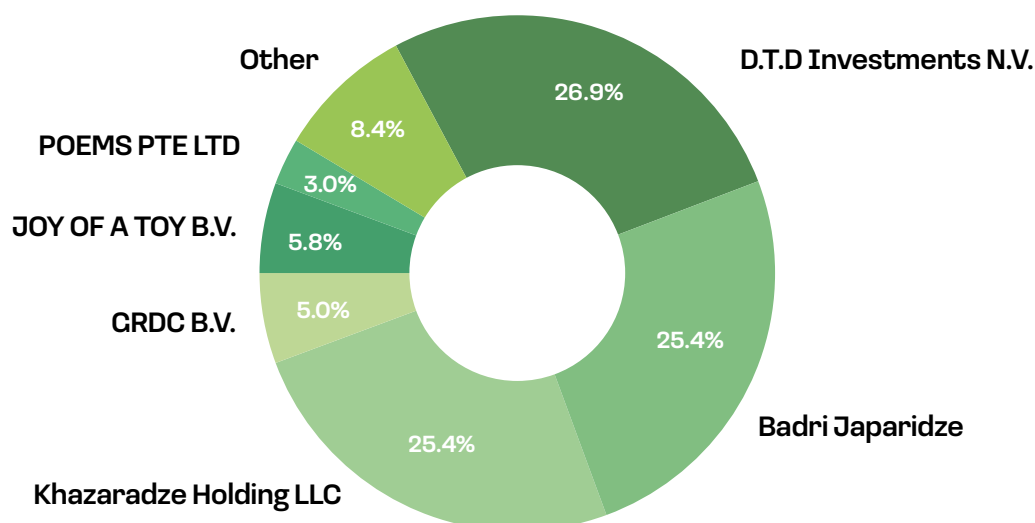
Various smaller rental properties near Lisi Lake area

The total value of Lisi rentals investments as at Dec 2025 was \$5.3 million. Going forward Lisi Development will continue to invest further in the development of rental properties, with the purpose of generating strong and stable rental income stream.



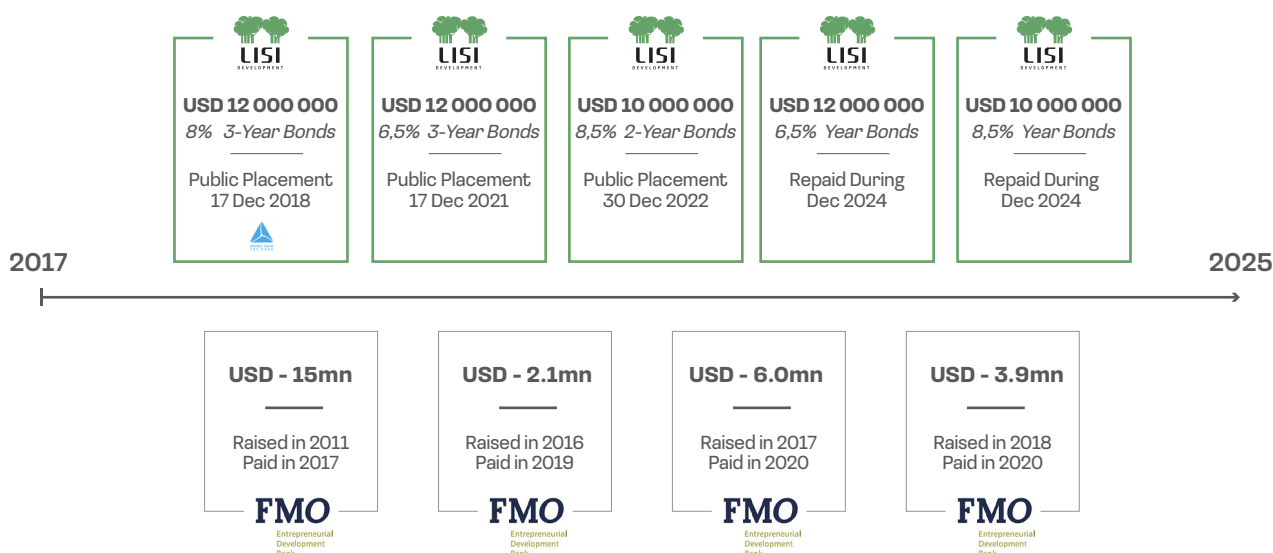
Strong Shareholding Structure And Capital Market Presence

Lisi Development has long-standing relationship with international investors, banks, and capital markets. The company benefits from an international and diverse shareholding structure. The company has 17 international minority shareholders. Majority shareholders include experienced and highly successful Georgian entrepreneurs.



Lisi Development has a strong track record of attracting financing from international development institutions as well as tapping capital markets for long term financing. In 2024, the company fully repaid its \$22 million bond, reinforcing its financial strength.

Lisi Development also maintains strong relationships with local banks. Individual apartment block construction is typically financed from local banks that provide more flexible repayment options. More strategic and long-term projects are typically financed with bonds.





Corporate → Governance

Corporate Governance

Our organization follows a comprehensive three-level model of corporate governance, placing the utmost importance on transparency, accountability, protection of shareholder rights and interests of all stakeholders. This structure that is set forth in the Charter of the Company and comprises the general meeting of shareholders, the supervisory board, and the management. Roles and responsibilities of each are clearly defined so that the effective decision-making process is secured.

General Meeting of Shareholders:

The general meeting of shareholders serves as the highest decision-making body within our organization. Convening annually, this meeting provides a platform for shareholders to gather information about the group's activities, discuss key matters, and make decisions that impact the company's direction. Shareholders exercise their rights and contribute to the overall governance of the organization during these meetings.

Supervisory Board:

Our supervisory board serves as a diligent oversight body, tasked with ensuring the organization's proper functioning and compliance with all required rules and regulations, including the Corporate Governance Code for the issuers of publicly traded securities, adopted by the National Bank of Georgia. In 2023, Ekaterina Shavgulidze joined as an independent member and assumed the role of Chairperson of the Supervisory Board, alongside members Mr. Nika Khazaradze, Mr. Bob Meijer, and Ms. Tamar Japaridze. One more independent member is supposed to join the company when approved by the nearest upcoming Shareholders meeting.

The board convenes regularly (and at least once a quarter) to assess strategic decisions, review financial reports, and evaluate management board performance. Its pivotal role in safeguarding shareholder interests and upholding corporate governance standards is paramount. With its revised composition, the Supervisory board has actively started preparation of various policies and procedures to ensure compliance with the highest standards of corporate governance. Revised Charter, Code of Ethics, Supervisory Board Regulation, Management Board Regulation, Audit Committee Regulation, Related Party Transaction Policy, Succession Planning Policy

have been prepared and are under discussion for subsequent adoption or approval by the board.

Audit Committee has been created at the Board level to help the Board determine the financial reporting policy, monitor the financial and non-financial reporting process, cooperate with, and assess effectiveness of internal and external auditors and assume other functions related to audit, internal control and risk management.

For now, the entire board is responsible for the roles typical to other committees like the risk committee, remuneration committee, CG committee, etc.

Management:

At the operational level, our management is responsible for executing the day-to-day activities of the organization. Led by the general director and supported by dedicated directors in various functional areas such as commercial, financial, development, sales, and marketing, the management board ensures the smooth running of the company. It implements the strategic decisions approved by the supervisory board and operates within the framework set by the general meeting of shareholders.

By adhering to this three-level corporate governance model, we prioritize the involvement of shareholders, foster responsible oversight through the supervisory board, and empower the management board to execute operational tasks efficiently. This structure enables us to maintain a strong focus on stakeholder value, long-term sustainability, and ethical business practices.



Our team



Lisi Development employs over 77 people, 25% of whom are women. We foster an inclusive, respectful environment with equal opportunities and active support for professional growth.

We maintain a clear anti-discrimination policy that strictly prohibits any form of discrimination or harassment at all stages of the employment relationship. Our commitment to equal employment opportunities extends to all employees and job candidates, irrespective of their race, skin color, language, ethnic and social background, nationality, origin, socioeconomic status, place of residence, age, gender, sexual orientation, disability, religious beliefs, political affiliation, or any other characteristic protected by law.

Every employee's voice matters, and we actively encourage their initiatives participation in decision-making processes. We foster an environment where diverse perspectives are valued and respected. To further enhance employee engagement, motivation, and professionalism, we continuously explore new opportunities and initiatives.

Safeguarding the rights of our employees is of utmost importance to us. We maintain a completely impartial, fair, and rigorous environment that upholds labor rights and the basic human rights and freedoms enshrined in the constitution. Our employment contracts fully adhere to local and international norms.

We prioritize providing our employees with a safe and comfortable working environment, equipped with modern technologies that facilitate efficient operations.

In addition to a range of benefits including insurance coverage, our company offers various support packages that contribute to the overall well-being of our employees. We provide opportunities for professional development through training courses, seminars, and other relevant programs. Furthermore, we foster a collaborative and supportive work environment that encourages teamwork, innovation, and mutual respect.

Our corporate culture is built upon a foundation of transparency, integrity, and accountability. We believe that by prioritizing employee well-being, fostering diversity and inclusivity, and nurturing a positive work environment, we can achieve sustainable growth and maintain our position as an employer of choice.

Through our ongoing commitment to corporate culture, we aim to continually enhance employee satisfaction, engagement, and fulfillment, resulting in a motivated and high-performing workforce.



Nika Khazaradze

Chief Executive Officer

Mr. Nika joined the company as Chairman of the Supervisory Board in 2021. Prior to that, he served as Vice President at TBC Bank, overseeing the corporate health, education, and financial sectors. Since 2015, he has also been Business Operations Manager at the Anaklia Development Consortium. His experience includes roles at international institutions such as UBS Investment Bank and Barclays Capital. He holds an MA (Hons) in Management from the University of St Andrews, Scotland.



Ruzi Kurmashvili

Chief Financial Officer

Joined the company in 2022 and was appointed Chief Financial Officer in 2024. Previously, he led the IFRS, Budgeting, and Analytics Department (2022–2023). From 2016 to 2022, he served as Audit & Assurance Manager at Ernst & Young Georgia, managing audits for major real estate, utility, and retail companies. He holds a bachelor's degree in finance from the Caucasus School of Business (CSB).



Irakli Matua

Development Director

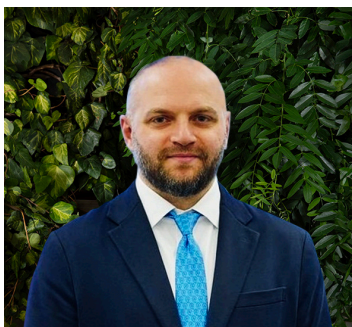
Joined Lisi Development in 2023 after leading the Project Management Department at Element Construction (2020–2023). With 18 years of experience in construction, he has managed major projects, including the renovation of the Sheraton Metechi Palace, rehabilitation of Tskaltubo Park, the House of Justice in Zugdidi, and developments for ProCredit Bank and LILO. He also oversaw McDonald's construction sites in Georgia as Head of the Technical Department. Irakli studied engineering at the Georgian Technical University.



Akaki Chkhikvadze

Business Development Director

Joined the company in 2023 and in 2024 took the position of Business Development Director. Prior he has successfully managed pre-opening operations for renowned hotels like Rooms Hotel Tbilisi & Kokhta, Stamba Hotel, and Hostel Fabrika. Notably, he held the General Manager position at Rooms Kokhta, overseeing over 150+ staff. Akaki's expertise extends to project development execution, strategic hotel planning, and seamless coordination within the construction process. Akaki speaks four languages including English and Russian, Italian, Spanish.



Ioane Menabde

Chief Operating Officer

Joined the company as Chief Operating Officer in October 2025, bringing extensive leadership experience across both the public and private sectors. His expertise spans large-scale urban planning to real estate development. Notably, he served as the Head of the Spatial and Urban Development Agency of Georgia. His prior private sector experience in real estate includes roles at Colliers International, TBC Bank, and New City Development. He holds a Master's in Real Estate Development from IE University (Spain) and a double Bachelor's degree in International Finance from Università Bocconi (Italy) and Business Administration from CEU Business School (Hungary).



Elene Zamtaradze

Chief Marketing Officer

Elene Zamtaradze joined Lisi Development in 2017 and spent four years there before returning as marketing director in 2024. She has 15 years of experience in integrated marketing communication, PR, media, events, and digital marketing across the public and private sectors. Her background includes a two-year EU project in Georgia and six years as CEO and founder of Black Tomato hostel and restaurant in Kutaisi. Elene holds a business management degree from Ilia State University.



Ekaterina Shavgulidze

Chairperson of the Supervisory Board

Joined the Company as the Chairperson of the Supervisory Board in 2023. Ekaterina is an investor and non-executive director in frontier markets, with investment and operations background at startups through FTSE 250. Previously, Ekaterina held the position of portfolio Non-Executive Director and Chief Investment Officer at Georgia Capital, served as the CEO of a leading healthcare company in Georgia, guiding it through a period of remarkable 10x growth; was Director of business development, investor relations, and funding at Bank of Georgia. Additionally, she served as Associate Finance Director in Belgium and CFO for Central Asia operations in Kazakhstan at AstraZeneca. Ekaterina holds a Master of Business Administration (MBA) from the Wharton School, University of Pennsylvania, with a double major in Finance and Entrepreneurship.



Mr. Bob Meijer

Member of Supervisory Board

Is one of the co-founders and chairman of the Company since 2010. In addition he is co-founder, director and member of board of Georgian Regional Development Company since 2004. Mr. Meijer started investing in Georgia from 1992. In 1992 he financed reconstruction of the Borjomi and in 1992-1999 was chairman of Borjomi's supervisory board.



Zurab Charbadze

Member of Supervisory Board

Joined the Company in 2011 as a commercial director, before then between 1997-2011 he worked at TBC Bank and held different managerial positions: he was director of central branch, director of branch network project and head of asset management department. Mr. Charbadze has bachelor's degrees in business and finance from Georgian Technical University and from Georgian Economic Institute and MBA from ESM Tbilisi. He has been appointed as a CEO of the Company in December 2023.



Tamar Japaridze

Member of Supervisory Board

Joined the Company's Supervisory Board in 2021 as Deputy Chairman, before that Badri Japaridze held her Position. Prior to becoming a member of the Supervisory Board of JSC Lisi Lake Development, Ms. Tamar worked as a Brand Manager at TBC Bank and as the Head of the Entrepreneurship Center at the University of Business and Technology. She graduated from the University of St Andrews with Honours of the First Class in Management.

Responsibility Statement



The Management Report and Financial Statements have been prepared in compliance with applicable laws and regulations. We assure the following:

Financial Statements Compliance: The Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRS). They accurately and fairly reflect the Company's assets, liabilities, income, expenses, financial position, profit or loss, and cash flows.

Relevant and Balanced Management Report: The Management Report provides a fair review of the Company's progress, performance, and business conditions. It offers a balanced assessment of the Company's development, highlighting key risks and uncertainties.

Relevance, Balance, and Understandability: Both the Management Report and Financial Statements are fair, balanced, and understandable. They provide shareholders with the necessary information to assess the Company's position, performance, and business strategy.

Nika Khazaradze
Chief Executive Officer

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Nika Khazaradze
Chief Executive Officer

JSC Lisi Lake Development

Consolidated Financial Statements

For the year ended 31 December 2025

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Independent auditor's report

To the Shareholders and Supervisory board of JSC Lisi Lake Development

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of JSC Lisi Lake Development and its subsidiaries (hereinafter, the "Group"), which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2025 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in Georgia. We have also 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.

Other information included in the Group's 2025 Management Report

Other information consists of the information included in the Group's 2025 Management Report, other than the consolidated financial statements and our auditor's report thereon. Management is responsible for the other information.

Our opinion on the consolidated financial statements does not cover the Management Report and we do not express any form of assurance conclusion thereon in our report on the audit of the consolidated financial statements.

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

Responsibilities of management and the Supervisory Board for the consolidated financial statements

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

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

The Supervisory Board is responsible for overseeing the Group's financial reporting process.

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

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

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

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

- ▶ Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- ▶ Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

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

Report in accordance with the requirements of Article 7, paragraph 10 of the Georgian Law on Accounting, Reporting and Auditing

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

- ▶ The information given in the Management Report for the financial year for which the consolidated financial statements are prepared is consistent with the consolidated financial statements; and
- ▶ The Management Report includes the information required by Article 7 of the Georgian Law on Accounting, Reporting and Auditing and complies with respective regulatory normative acts.



Ana Kusrashvili (SARAS-A-169041)

On behalf of EY LLC (SARAS-F-855308)

9 June 2026

Tbilisi, Georgia

Consolidated statement of comprehensive income**For the year ended 31 December 2025***(Thousands of Georgian Lari)*

<i>In thousands of GEL</i>	<i>Notes</i>	<i>Year ended 31 December 2025</i>	<i>Year ended 31 December 2024 (reclassified)*</i>
Revenue and rental income	4	35,492	76,528
Cost of sales		(25,538)	(53,658)
Gross profit		9,954	22,870
Net gain on revaluation of investment property	10	3,975	37,028
Gain on sale of investment property	10	1,257	2,010
Selling and marketing expenses		(2,716)	(2,209)
Administrative expenses	5	(8,603)	(8,661)
Property tax expense		(1,198)	(1,012)
Recovery of issued loans		–	4,652
Other income		286	229
Other expenses	6	(3,821)	(5,421)
Operating (loss)/profit		(866)	49,486
Finance income		251	1,971
Finance costs	18	(6,928)	(6,417)
Gain/(Loss) from foreign exchange differences		1,877	(3,972)
Share in profit of associates	13	238	277
Other non-operating income		266	–
Other non-operating expenses	7	(3,911)	(1,108)
(Loss)/profit before income tax		(9,073)	40,237
Income tax expense		–	–
(Loss)/profit and total comprehensive (loss)/income for the year		(9,073)	40,237

*Certain amounts do not correspond to 2024 consolidated financial statements reflecting changes for reclassifications made as detailed in Note 2.

The consolidated financial statements were approved by management on 9 June 2026 by:

Nika Khazaradze

Chief Executive Officer

Ruzi Kurmashvili

Chief Financial Officer

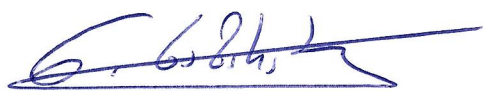
The accompanying notes on pages 5 to 38 form an integral part of these consolidated financial statements.

Consolidated statement of comprehensive income**For the year ended 31 December 2025***(Thousands of Georgian Lari)*

<i>In thousands of GEL</i>	<i>Notes</i>	<i>Year ended 31 December 2025</i>	<i>Year ended 31 December 2024 (reclassified)*</i>
Revenue and rental income	4	35,492	76,528
Cost of sales		(25,538)	(53,658)
Gross profit		9,954	22,870
Net gain on revaluation of investment property	10	3,975	37,028
Gain on sale of investment property	10	1,257	2,010
Selling and marketing expenses		(2,716)	(2,209)
Administrative expenses	5	(8,603)	(8,661)
Property tax expense		(1,198)	(1,012)
Recovery of issued loans		—	4,652
Other income		286	229
Other expenses	6	(3,821)	(5,421)
Operating (loss)/profit		(866)	49,486
Finance income		251	1,971
Finance costs	18	(6,928)	(6,417)
Gain/(Loss) from foreign exchange differences		1,877	(3,972)
Share in profit of associates	13	238	277
Other non-operating income		266	—
Other non-operating expenses	7	(3,911)	(1,108)
(Loss)/profit before income tax		(9,073)	40,237
Income tax expense		—	—
(Loss)/profit and total comprehensive (loss)/income for the year		(9,073)	40,237

*Certain amounts do not correspond to 2024 consolidated financial statements reflecting changes for reclassifications made as detailed in Note 2.

The consolidated financial statements were approved by management on 9 June 2026 by:



Nika Khazaradze

Chief Executive Officer



Ruzi Kurmashvili

Chief Financial Officer

The accompanying notes on pages 5 to 38 form an integral part of these consolidated financial statements.

Consolidated statement of financial position**For the year ended 31 December 2025***(Thousands of Georgian Lari)*

<i>In thousands of GEL</i>	<i>Notes</i>	<i>As of 31 December 2025</i>	<i>As of 31 December 2024</i>
Assets			
Non-current assets			
Property and equipment	9	4,924	5,088
Cost to obtain a contract	4	679	999
Investment property	10	655,907	652,552
Investments in associates	13	3,622	3,384
Investments at FVTPL	14	5,678	5,678
Total non-current assets		670,810	667,701
Current assets			
Inventories	11	56,959	43,339
Contract assets	4	3,990	5,886
Trade and other receivables	12	18,095	17,497
Loans issued		–	23
Cash at bank	8	19,291	8,875
Total current assets		98,335	75,620
Total assets		769,145	743,321
Equity and liabilities			
Equity			
Share capital:			
Common shares Class A	15	310	310
Common shares Class B	15	1,894	1,867
Share premium	15	55,441	52,973
Retained earnings	15	605,845	614,918
Total equity		663,490	670,068
Non-current liabilities			
Loans and borrowings	17	22,161	6,360
Total non-current liabilities		22,161	6,360
Current liabilities			
Trade and other payables	16	5,926	5,607
Dividends payable		220	230
Contract liabilities	4	8,468	8,653
Loans and borrowings	17	67,414	50,973
Tax liabilities		1,466	1,430
Total current liabilities		83,494	66,893
Total liabilities		105,655	73,253
Total equity and liabilities		769,145	743,321

The accompanying notes on pages 5 to 38 form an integral part of these consolidated financial statements.

Consolidated statement of changes in equity**For the year ended 31 December 2025***(Thousands of Georgian Lari)*

<i>In thousands of GEL</i>	<i>Share capital</i>		<i>Share premium</i>	<i>Retained earnings</i>	<i>Total</i>
	<i>Common shares Class A</i>	<i>Common shares Class B</i>			
Balance at 31 December 2023	310	1,867	52,973	574,681	629,831
Profit for the year	–	–	–	40,237	40,237
Total comprehensive income for the year	–	–	–	40,237	40,237
Balance at 31 December 2024	310	1,867	52,973	614,918	670,068
Loss for the year	–	–	–	(9,073)	(9,073)
Total comprehensive loss for the year	–	–	–	(9,073)	(9,073)
Issue of share capital (Note 2.3)	–	27	2,468	–	2,495
Balance at 31 December 2025	310	1,894	55,441	605,845	663,490

The accompanying notes on pages 5 to 38 form an integral part of these consolidated financial statements.

Consolidated statement of cash flows**For the year ended 31 December 2025***(Thousands of Georgian Lari)*

<i>In thousands of GEL</i>	<i>Notes</i>	<i>Year ended 31 December 2025</i>	<i>Year ended 31 December 2024</i>
Cash flows from operating activities			
Cash received from customers		42,048	76,796
Payments to construction contractors		(50,717)	(36,455)
Personnel costs paid		(4,668)	(5,037)
Brokerage fee paid		(371)	(790)
Payments for architecture and design works		(1,427)	(1,341)
Payments for promotion and marketing		(1,768)	(945)
Payments to other suppliers		(462)	(831)
Taxes paid		(277)	(4,479)
Other payments		(1,903)	(4,394)
		(19,545)	22,524
Interest paid	18	(6,334)	(6,462)
Net cash (used in)/from operating activities		(25,879)	16,062
Cash flows from investing activities			
Acquisition of property and equipment and leased assets		(150)	(339)
Proceeds from sale of property and equipment and investment property		2,315	2,817
Acquisition of investment property		–	(108)
Issued loans repaid by borrowers		–	4,652
Loans issued		(7)	(7)
Interest received		282	1,810
Investment in associates		–	(138)
Return on investment		266	–
Net cash flows from investing activities		2,706	8,687
Cash flows from financing activities			
Dividends paid		–	(13)
Proceeds from loans and borrowings	18	50,264	47,639
Repayment of loans and borrowings	18	(16,275)	(7,133)
Repayment of bonds	18	–	(62,173)
Net cash flows from/(used in) financing activities		33,989	(21,680)
Net increase in cash at bank		10,816	3,069
Effect of exchange rate difference		(400)	(158)
Cash at bank at the beginning of the year		8,875	5,964
Cash at bank at the end of the year	8	19,291	8,875

The accompanying notes on pages 5 to 38 form an integral part of these consolidated financial statements.

(Thousands of Georgian Lari)

1. Corporate information

Lisi Lake Development JSC (hereinafter “the Company”), is a joint stock Company, which was established in Tbilisi, Georgia in March 2010, with an objective to acquire, develop and manage real estate in Georgia. The Company has been set up as a joint stock Company in accordance with Georgian law.

Composition of shareholders of the Company as of 31 December 2025 and 31 December 2024 is presented in the table below:

	31 December 2025	31 December 2024
Khazaradze Holding	25.37%	25.33%
Badri Jafaridze	25.38%	25.34%
D.T.D. INVESTMENTS IN.V (a)	26.94%	–
Bob Meijer (a)	–	26.91%
Joy of a Toy B.V	5.83%	5.86%
GRDC Holding B.V	5.04%	5.06%
Other shareholders	11.44%	11.50%
Total	100.00%	100.00%

(a) On 19 December 2025, Bob Meijer transferred its entire shareholding to Lightmore Nederland B.V., of which sole shareholder is Bob Meijer. On the same date, Lightmore Nederland B.V. transferred the same shareholding to its wholly owned subsidiary D.T.D. INVESTMENTS IN.V

The Company’s registered address and principal place of business is at Tirifebi str., N2, Commercial Space, N1, Tbilisi, Georgia and its revenue service registration number is 404857534.

These consolidated financial statements comprise the financial statements of the Company and its subsidiaries (together referred to as the “Group”). The consolidated financial statements include the following subsidiaries and associates as of 31 December 2025 and 31 December 2024:

		<i>Ownership/voting rights</i>		<i>Country</i>	<i>Date of incorporation</i>	<i>Industry</i>
		<i>31 December 2025</i>	<i>31 December 2024</i>			
Subsidiaries						
Lisi Fo LLC	100%	100%	Georgia	16 April 2010	Real Estate Development	
Lisi Lake Recreation LLC	100%	100%	Georgia	6 June 2012	Management Company	
Lisi Renovation LLC	100%	100%	Georgia	5 July 2014	Property Renovation	
Lisi Greens LLC	100%	100%	Georgia	14 April 2014	Plant Nursery	
Lisi Fishing LLC	80%	80%	Georgia	30 April 2015	Dormant	
Black Sea Resorts LLC	100%	100%	Georgia	25 November 2016	Real Estate Development	
Lisi Os LLC	100%	100%	Georgia	9 August 2010	Dormant	
Lisi Rentals LLC	100%	100%	Georgia	5 December 2019	Real Estate Management	
Lisi Lake LLC (a)	100%	—	Georgia	28 December 1995	Dormant	
Associates						
American Academy JSC	28%	28%	Georgia	25 January 2001	Education	
Lisi Bath LLC	50%	50%	Georgia	27 March 2012	Wellness	

(a) On 18 July 2025 Lisi Lake Development JSC purchased 100% share in Lisi Lake LLC (Identification number 204876615).

(Thousands of Georgian Lari)

2. Material accounting policies

2.1. Basis of preparation

Statement of compliance

The consolidated financial statements of the Group have been prepared in accordance with IFRS accounting standards as issued by the International Accounting Standards Board (IASB). They have been prepared under the assumption that the Group operates on a going concern basis. Group's Management made an assessment of the ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future for a period of at least 12 months from the approval of the consolidated financial statements.

Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis with the exception of certain financial instruments and investment properties that are stated at fair value. The details of measurement for each category of assets and liabilities are disclosed further in these notes.

Functional currency vs presentation currency

The national currency of Georgia is the Georgian Lari ("lari"), which is the functional currency of Company and its subsidiaries, since this currency best reflects the economic substance of the underlying events and transactions of the Group.

These consolidated financial statements are presented in thousands of Georgian Lari ("GEL") and all financial information presented has been rounded to the nearest thousand (unless otherwise stated).

2.2. Going concern

As at 31 December 2025, the Company has an outstanding loan payable to a commercial bank amounting to GEL 41,124, of which GEL 35,910 is due in 2026. In the subsequent period, the Group successfully refinanced a substantial portion of the obligation through private debt placements. The refinanced borrowings bear interest at 8% for USD-denominated loans and 6% for EUR-denominated loans, with a contractual maturity of three years. Total proceeds from the private loan placements amounted to GEL 20,754 of which 79% was applied toward the refinancing of the existing commercial loan. As of 22 May 2026, the outstanding balance of the obligation has decreased to GEL 14,200. Management expects a further reduction of approximately GEL 4,000 using exchange rate as of 22 May 2026, in the subsequent period. The refinancing transaction has materially reduced the Group's short-term liquidity pressure and improved the maturity profile of its borrowings.

In 2026, the Group will commence two major projects in Tbilisi and Buknari, which are expected to generate stable revenue over the next 10 years. The Group owns nearly 204 hectares of uncollateralized land, which is highly liquid and could be sold in the event of a cash shortfall or, alternatively, used as collateral to secure additional commercial borrowings.

Although the Group incurred net loss of GEL 9,073 in 2025 and its net operating cash outflow before interest and tax amounted to GEL 19,545, its current assets exceeded current liabilities by GEL 14,841 as at 31 December 2025.

The Group's management believes that combination of the factors described above will provide the Group with necessary liquidity to continue its operations beyond 2026.

(Thousands of Georgian Lari)

2. Material accounting policies (continued)

2.3. Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 December 2025. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- ▶ Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- ▶ Exposure, or rights, to variable returns from its involvement with the investee;
- ▶ The ability to use its power over the investee to affect its returns.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of OCI are attributed to the equity holders of the parent of the Group.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Acquisition of an asset or a group of assets that does not constitute a business

In July 2025, the Group acquired 100% of Lisi Lake LLC through a share-for-share exchange. As Lisi Lake LLC did not meet the definition of a business at the time of acquisition, the purchase did not qualify as business combination and was accounted for as an asset acquisition. The transaction price, settled through the issuance of the Group's shares and determined by reference to an independent valuation of the land and commercial real estate, was allocated to the acquired assets. The land held for undetermined future use and the commercial real estate held to be rented out are classified as investment property (Note 10).

(Thousands of Georgian Lari)

2. Material accounting policies (continued)

2.4 Summary of material accounting policies

a) Investment in associates

The considerations made in determining significant influence are similar to those necessary to determine control over subsidiaries. The Group's investment in its associate and joint venture are accounted for using the equity method.

Under the equity method, the investment in an associate is initially recognized at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date.

The statement of profit or loss reflects the Group's share of the results of operations of the associate. Any change in OCI of those investees is presented as part of the Group's OCI.

The aggregate of the Group's share of profit or loss of an associate and is shown on the face of the statement of profit or loss outside operating profit and represents profit or loss after tax and noncontrolling interests in the subsidiaries of the associate.

The financial statements of the associate are prepared for the same reporting period as the Group.

After application of the equity method, the Group determines whether it is necessary to recognize an impairment loss on its investment in its associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognizes the loss within 'Share of profit of an associate and a joint venture' in the statement of profit or loss

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognized any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognized in profit or loss.

b) Current versus non-current classification

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- ▶ Expected to be realized or intended to be sold or consumed in the normal operating cycle;
- ▶ Held primarily for the purpose of trading;
- ▶ Expected to be realized within twelve months after the reporting period;

Or

- ▶ Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

(Thousands of Georgian Lari)

2. Material accounting policies (continued)

2.4 Summary of material accounting policies (continued)

A liability is current when:

- ▶ It is expected to be settled in the normal operating cycle;
- ▶ It is held primarily for the purpose of trading;
- ▶ It is due to be settled within twelve months after the reporting period;

Or

- ▶ There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The Group classifies all other liabilities as non-current.

The Group's normal operating cycle is not clearly identifiable therefore it is assumed to be twelve months. Assets and liabilities are classified as current if they are expected to be recognized or settled within twelve months after the reporting date. Inventory properties under construction and respective deferred revenue are classified as current if the expected commissioning date for respective project falls within twelve months from the reporting date. All other assets and liabilities are classified as non-current.

c) Fair value measurement

The Group measures financial instruments such as Investments at FVTPL, and non-financial assets such as investment properties, at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- ▶ In the principal market for the asset or liability;

Or

- ▶ In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and recognized the use of unobservable inputs.

The Group is using Level 3 measurement technique to value its investment property.

External valuers are involved for valuation of significant assets, such as investment properties.

(Thousands of Georgian Lari)

2. Material accounting policies (continued)

2.4 Summary of material accounting policies (continued)

d) Revenue from contracts with customers

To determine whether to recognize revenue, the Group follows a 5–step process:

1. Identifying the contract with a customer;
2. Identifying the performance obligations;
3. Determining the transaction price;
4. Allocating the transaction price to the performance obligations;
5. Recognizing revenue when/as performance obligation(s) are satisfied.

Revenue is recognized either at a point in time or over time, when (or as) the Group satisfies performance obligations by transferring the promised goods or services to its customers.

The Group recognizes contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as *contract liabilities* in the consolidated statement of financial position.

Similarly, if the Group satisfies a performance obligation before it receives the consideration, the Group recognizes either a contract asset or a receivable in its statement of financial position, depending on whether something other than the passage of time is required before the consideration is due.

Revenue is measured using the transaction price. The Group considers the terms of the contracts and its customary business practices to determine the transaction price. The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties (for example, some sales taxes). The consideration promised in the Group's contracts with its customers are mainly for fixed amounts.

For those contracts involving the sale of property under development that meet the over time criteria of revenue recognition, the Group's performance is measured using an input method, by reference to the inputs towards satisfying the performance obligation relative to the total expected inputs to satisfy the performance obligation, i.e., the completion of the property. The Group uses the costs incurred method as a measure of progress for its inventory property sales contracts because it best depicts the Group's performance. Under this method of measuring progress, the extent of progress towards completion is measured based on the ratio of costs incurred to date to the total estimated costs at completion of the performance obligation. The management prepares and regularly revisits, applying their professional judgment, internal estimates of costs to complete a specific project, based on the actual or expected changes in the contractual arrangements (such as with the general contractor and other suppliers) and other cost-driving factors, including the exchange rates.

(Thousands of Georgian Lari)

2. Material accounting policies (continued)

2.4 Summary of material accounting policies (continued)

i) *Revenue from sales of residential apartments*

Revenue from sales of residential apartments constructed/developed by the Group on its own land is recognized over time, using the inputs method (proportion of expenditures incurred to date to the total expected project costs).

To estimate the amount of revenue which shall be recognized the Group uses the percentage of expenditures incurred to date to the total expected project costs.

Significant financing component is recognized, where material, in respect of long-term contract liabilities, and reflected as increase in deferred revenue (with subsequent increase in revenue in profit or loss) and finance costs. When the cumulative revenue recognized under the contract exceed the amounts of advances collected to date, the Group recognizes a contract asset.

ii) *Revenue from sales of land plots with utility, communication networks and infrastructure systems included*

The Group also sells certain land plots where, according to contracts with customers, the Group has obligation to bring utility and communication networks to the land plots and to build roads and infrastructure around these land plots.

The management considers, that in such contracts, there is one single performance obligation, that is to provide client the land plot with all promised utility, communication and infrastructure systems. The management considers that the land plot and the utility/infrastructure are highly interrelated, because construction of utility/infrastructure around the land plots significantly enhances the land plots. The management also believes, that though the (a) land plots and (b) the utility, communication and infrastructure systems might be capable of being distinct, those items should not be accounted for separately because it would not result in a faithful depiction of the entity's performance in its contracts for sales of land plots with utility, communication networks and infrastructure systems included.

The revenue from such sales is recognized over time, using the Inputs method (proportion of expenditures incurred to date to the total expected project costs). Costs of utility/infrastructure works for individual contract (individual land plot) are allocated on the basis of individual land plot's relative size to the whole development area of the development neighborhood.

iii) *Revenue from sales of investment properties*

If the Group sells its investment properties, the revenue from such sale is recognized at a point in time, when the Group transfers ownership of the asset to the customer.

iv) *Revenue from property management*

The Group also has revenues from property management services. These revenues are satisfied over time given that the customer simultaneously receives and consumes the benefits provided by the Group.

(Thousands of Georgian Lari)

2. Material accounting policies (continued)

2.4 Summary of material accounting policies (continued)

v) Cost to obtain a contract

The Group pays sales commission to brokerage company for contracts that they obtain to sell certain units of property and recognises the incremental costs of obtaining a contract that meet the criteria of IFRS 15. These costs are amortised on a straight-line basis over the period that the property is transferred to customer (over time), which is usually around 24 to 36 months. Capitalized costs to obtain such contracts are presented within cost to obtain a contract in the consolidated statement of financial position and its amortization is included in Selling and Marketing expense in the consolidated statement of comprehensive income.

e) Interest income

Interest income is accrued on a timely basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

f) Rental income

Rental income is recognized on a straight-line basis over the term of the relevant lease.

g) Foreign currencies

(i) Foreign currency transactions

The Group's consolidated financial statements are presented in Georgian Lari (GEL), which is also the parent company's functional currency. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency.

(ii) Transactions and balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognized in profit or loss

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

In determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the Group initially recognizes the nonmonetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of advance consideration.

(Thousands of Georgian Lari)

2. Material accounting policies (continued)**2.4 Summary of material accounting policies (continued)**

In preparing the consolidated financial statements, transactions in currencies other than the functional currency are recorded at the rates of exchange defined by the National Bank of Georgia prevailing on the dates of the transactions.

h) Dividends

The Group recognizes a liability to pay a dividend when the distribution is authorized, and the distribution is no longer at the discretion of the Group. As per the corporate laws of Georgia, a distribution is authorized when it is approved by the shareholders. A corresponding amount is recognized directly in equity.

i) Property and equipment

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

Properties in the course of construction for rental or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognized impairment loss. Cost includes directly attributable expenditures, site preparation, installation and assembly costs and professional fees.

The gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the result for the period.

Expenditure to replace a component of an item of property and equipment that is accounted for separately is capitalized with the carrying amount of the component being written off. Other subsequent expenditure is capitalized if future economic benefits will arise from the expenditure. All other expenditure, including repair and maintenance, is recognized in result for the period as incurred.

Depreciation is charged to annual result on a straight-line basis over the estimated useful lives of the individual assets. Depreciation commences when assets are available for use. The estimated useful lives are as follows:

Buildings	30 years
Machinery and equipment	15 years
Furniture, vehicles, computer hardware	5 to 10 years

j) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

(Thousands of Georgian Lari)

2. Material accounting policies (continued)

2.4 Summary of material accounting policies (continued)

k) Investment properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the period in which they arise, including the corresponding tax effect. Fair values are determined based on an annual valuation performed by an accredited external independent valuer applying a valuation model recommended by the International Valuation Standards Committee.

Investment property under construction (IPUC) is initially measured at cost. Cost is usually the price paid to the developer to construct the property, together with any directly attributable costs of bringing the asset to the condition necessary for it to be capable of operating in the manner intended by management.

Investment property under construction is measured at fair value through profit and loss as early as reliable fair value estimate becomes available.

Transfers

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property or inventory property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property or inventory property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property and equipment or inventory up to the date of change in use.

Criteria and significant judgments involved in transfer of investment properties to inventory property are discussed in Note 3.

l) Financial instruments

(i) Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price as disclosed in section – *Revenue from contracts with customers*.

(Thousands of Georgian Lari)

2. Material accounting policies (continued)

2.4 Summary of material accounting policies (continued)

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- ▶ Financial assets at amortised cost (debt instruments);
- ▶ Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments);
- ▶ Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments);
- ▶ Financial assets at fair value through profit or loss.

Financial assets at amortised cost

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial instruments at amortized cost includes loans and borrowings and issued loans held under current and non-current assets and liabilities accordingly.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair

value with net changes in fair value recognised in the statement of profit or loss.

This category includes equity investments which the Group had not irrevocably elected to classify at fair value through OCI. Dividends on equity investments are recognised as other income in the statement of profit or loss when the right of payment has been established.

(Thousands of Georgian Lari)

2. Material accounting policies (continued)

2.4 Summary of material accounting policies (continued)

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Group's consolidated statement of financial position) when:

- ▶ The rights to receive cash flows from the asset have expired;

Or

- ▶ The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a passthrough arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Impairment

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

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

The Group considers a financial asset in default when contractual payments are 180 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows. Based on Group's operations and Revenue contract terms, receivables and contract assets raised from Revenue contracts are not subject to ECL, due to fact that at any given moment the Group has enforceable right to payment, in addition asset sold can be returned and resold to other customer, in case of deficit sale (when initial sale agreement amount is lower than resell price) initial customer will be charged the difference.

(Thousands of Georgian Lari)

2. Material accounting policies (continued)

2.4 Summary of material accounting policies (continued)

(ii) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and derivative financial instruments.

Subsequent measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- ▶ Financial liabilities at fair value through profit or loss;
- ▶ Financial liabilities at amortized cost (loans and borrowings).

Financial liabilities at amortized cost (loans and borrowings)

All of the Group's financial liabilities are classified as financial liabilities at amortised cost. After initial recognition, interest-bearing loans and borrowings are subsequently measured at mortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognized as well as through the EIR amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit or loss. This category generally applies to interest-bearing loans and borrowings (*Note 17*).

Derecognition

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

m) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidate statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

(Thousands of Georgian Lari)

2. Material accounting policies (continued)

2.4 Summary of material accounting policies (continued)

n) Inventories

Inventories are stated at the lower of cost and net realizable value.

Net realizable value is the estimated selling price less the estimated costs of completion and selling expenses.

The cost of inventories is based on the weighted average basis method and includes the following:

- ▶ Cost of land. When land is reclassified from investment property held at fair value, the fair value of that land at the date of reclassification becomes cost of inventory;
- ▶ Cost of construction of buildings and of related infrastructure on the land, determined for further sale.

Cost of sales recognised in profit or loss is determined based on the direct expenditures incurred on the sold property and the indirect costs allocated on the basis of relative area of the sold property to the area of the whole immovable property recognised as inventory.

o) Cash at bank

Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term highly liquid deposits with a maturity of three months or less, that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

p) Provisions

A provision is recognized in the statement of financial position when the Group has a legal or constructive obligation as a result of past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

q) Income tax

Current taxation model effective in Georgia since 1 January 2017 (the "Estonian model of corporate taxation") implies zero corporate tax rate on retained earnings and a 15% corporate tax rate on distributed earnings, compared to the previous model of 15% tax rate charged to the Group's profit before tax, regardless of profit retention or distribution. As a result, starting 1 January 2017 companies pay corporate income tax on earnings distribution (profit distributed to shareholders as dividends) and on individual transactions that may be considered as indirect distribution of earnings (benefits, gifts, payments, non-arm's length cross-border transactions with related parties, expenses not related to economic activities, etc).

The corporate income tax arising from distribution of dividends is recognized as an expense in the period when dividends are declared, regardless of the actual payment date or the period for which dividends are distributed. The tax rate is 15/85 of the amount of net distribution.

(Thousands of Georgian Lari)

2. Material accounting policies (continued)

2.4 Summary of material accounting policies (continued)

New and amended standards and interpretations

The Group applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2025 (unless otherwise stated). The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Lack of exchangeability – Amendments to IAS 21

For annual reporting periods beginning on or after 1 January 2025, Lack of Exchangeability – Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates specifies how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments also require disclosure of information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows.

The amendments did not have a material impact on the Group's financial statements.

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 Group's financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

IFRS 18 Presentation and Disclosure in Financial Statements

In April 2024, the IASB issued IFRS 18, 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.

The standard requires disclosure of newly defined management-defined performance measures, subtotals of income and expenses, and it also includes new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements (PFS) and the notes.

(Thousands of Georgian Lari)

2. Material accounting policies (continued)

2.4 Summary of material accounting policies (continued)

In addition, 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 Group is currently working to identify all impacts the amendments will have on the consolidated financial statements and notes to the consolidated financial statements.

Other standards and amendments issued but not effective are:

- ▶ IFRS 19 Subsidiaries without Public Accountability: Disclosures (effective from on or after 1 January 2027);
- ▶ Amendments to the Classification and Measurement of Financial Instruments—Amendments to IFRS 9 and IFRS 7 (effective from or after 1 January 2026);
- ▶ Annual Improvements to IFRS Accounting Standards - Volume 11 (effective from on or after 1 January 2026);
- ▶ Contracts Referencing Nature-dependent Electricity – Amendments to IFRS 9 and IFRS 7 - (effective from on or after 1 January 2026).

The standards and amendments are not expected to have a material impact on the Group's consolidated financial statements.

Reclassification

The Group reclassified comparative information in consolidated statement of comprehensive income for the year ended 31 December 2024 to align with the current period presentation. Accordingly, the following reclassification has been made to the comparative information for the year ended 31 December 2024:

Consolidated Statement of profit or loss and other comprehensive income			
For the year ended 31 December 2024	As previously reported	Reclassification effect	As reclassified
Administrative expenses	9,673	(1,012)	8,661
Property tax expense	–	1,012	1,012
Operating profit	49,486	–	49,486
Profit for the year	40,237	–	40,237

(Thousands of Georgian Lari)

3. Significant accounting judgements, estimates and assumptions

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Judgements

Transfers from investment property

The Group exercises significant judgment in determination whether a property is classified as investment property, inventory property or property and equipment:

- ▶ Investment property comprises land and buildings that are not occupied substantially for use by, or in the operations of, the Group, nor for sale in the ordinary course of business, but are held primarily to earn rental income, capital appreciation or for future redevelopment before exact details of use are not yet determined;
- ▶ Inventory property comprises property that is held for sale in the ordinary course of business;
- ▶ Property and equipment comprises owner occupied buildings, office furniture and fixtures, computer equipment, transport and leasehold improvements used to support Group's ordinary business activities.

A significant time lag might exist between acquisition of land, determination of the expected use for that land, and actual commencement of land's development. Significant judgment is required to determine classification of the land and properties developed on it throughout the project lifecycle, including that of relevant time to reclassify properties between different asset categories based on relevant IFRS reclassification criteria.

The management of the Group developed following specific criteria for reclassification of the land from investment property to inventory property:

For residential complex development:

The Group is engaged in development of residential complexes. Whereby the Group develops a parcel of the land to accommodate several residential buildings and related infrastructure, with a view of selling the apartment buildings and commercial spaces. Management determined that formal management decision and signing of the contract with the architect on the design of the complex represent sufficient evidence for reclassification of the land necessary for a footprint of a complex from investment property to inventory property.

For villa land-parcel development:

The Group is engaged in development of villa communities. Whereby the Group develops a parcel of the land to accommodate several private villas and related infrastructure, with a view of selling the land plots. Management determined that formal management decision and submission of the land usage masterplan to the local municipality is sufficient evidence for reclassification of the land necessary for a footprint of a villa community from investment property to inventory property.

Development of land not resulting in reclassification

Costs incurred to increase the value of land are not considered to give a rise to reclassification from investment property unless criteria set out above are met. Such costs may include, but not limited to following:

- ▶ General concept development costs;
- ▶ Zoning and layout development costs;
- ▶ Obtaining government permits on zoning and general use permits;
- ▶ Construction of land improvements, such as access to utilities, access roads, etc.

(Thousands of Georgian Lari)

3. Significant accounting judgements, estimates and assumptions (continued)

Estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates may be different from the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Taxation

Georgian tax, currency and customs legislation is subject to varying interpretations and the Group's management's interpretation of tax legislation may differ from that of the authorities, transactions may be challenged by tax authorities, and as a result the Group may be assessed significant additional taxes, penalties and interest. The management of the Group recognizes liabilities for anticipated additional tax assessments as a result of tax dispute based on estimates of whether it is probable that additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the tax provisions in the period in which such determinations are made.

Collectability of trade receivables

The Group estimates collectability of trade receivables based on its experience and future expectations. Actual collectability rates of receivables may differ from management's current assessment (Note 12).

Investment property

The investment property of the Group is stated at fair value. The fair values of those assets are estimated based on appraisals performed by independent, professionally-qualified property appraiser who hold necessary licenses. The significant inputs and assumptions are developed in close consultation with management (Note 10).

Construction contract revenue

As revenue from construction contracts is recognized over time, the amount of revenue recognized in a reporting period depends on the extent to which the performance obligation has been satisfied. Recognized amounts of construction contract revenues and related receivables reflect management's best estimate of each contract's outcome and stage of completion. For more complex contracts in particular, costs to complete and contract profitability are subject to significant estimation uncertainty (Note 4).

Fair value measurement

Management uses valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets. This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management bases its assumptions on observable data as far as possible but this is not always available. In that case, management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date (Note 20).

(Thousands of Georgian Lari)

4. Revenue and rental income

	2025	2024
Revenue from the sale of inventory property recognized over time		
Residential area	23,024	35,252
Land (Villas) area	8,067	32,133
Parking lot area	1,263	1,136
Basements	198	786
Revenue from property management	184	601
Pool and SPA	—	4,752
Other revenue	186	169
Total revenue from contracts with customers	32,922	74,829
Rental income	2,570	1,699
Total revenue	35,492	76,528
Recognized over time	35,492	76,528

The Group recognized revenue of GEL 5,441 in the current reporting period that relates to carried-forward contract liabilities as at 1 January (2024: GEL 11,524).

Revenue expected to be recognized on active contracts with customers in the future, in the periods up to the end of 2027 related to performance obligations that are unsatisfied at the reporting date amounted to GEL 12,498 (2024: GEL 21,540).

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December are, as follows:

	2025	2024
Within 1 year	3,901	12,303
After 1 year, but not more than 5 years	8,597	9,237
	12,498	21,540

The Group has recognized the following revenue-related contract assets, trade receivables, cost to obtain a contract and contract liabilities:

	2025	2024		2025	2024
Trade receivables (Note 12)	6,463	6,486			
Contract assets	3,990	5,886			
Cost to obtain a contract	679	999			
Contract liabilities	8,468	8,653			
	Contract assets			Contract liabilities	
	2025	2024		2025	2024
Residential, parking lots, basements	3,335	5,262		6,689	7,549
Villas	655	624		1,779	1,104

(Thousands of Georgian Lari)

5. Administrative expenses

	2025	2024 (reclassified)*
Salary	4,764	5,099
Principal's remuneration (a)	1,328	1,181
Audit, consulting and legal fees	600	476
Office utilities and supplies	442	332
Depreciation	413	540
Security service expense	162	245
Bank charges and commissions	211	101
Vehicle expense	111	223
Business trip expenses	53	28
Other	519	436
Total Administrative expenses	8,603	8,661

*Certain amounts do not correspond to 2024 consolidated financial statements reflecting changes for reclassifications made as detailed in Note 2.

Group's auditor's fee for the audit of consolidated and standalone financial statements of the Company and its subsidiaries for the year ended 31 December 2025 is GEL 219 (net of VAT) (2024: GEL 218, net of VAT).

- (a) Principal's remuneration includes salaries and other short-term benefits expenses accrued for members of the Supervisory Board and key management personnel.

6. Other expenses

	2025	2024
Infrastructure costs	3,821	5,421
Total other expenses	3,821	5,421

Infrastructure costs mainly comprise costs related to parks and recreational areas on Lisi lake, and general land improvements of non-capital nature, which cannot be allocated to construction projects, are not part of any performance obligation of the Group under sales contracts and are directly expensed in the consolidated statement of the comprehensive income. From the total infrastructure costs, GEL 3,125 was attributable to a high-voltage infrastructure project implemented in the Villa district and other infrastructure costs (2024: GEL 3,209).

(Thousands of Georgian Lari)

7. Other non-operating expenses

	2025	2024
Write-off of prepayment	597	–
Other infrastructure costs (a)	–	1,108
Other	3,314	–
Total other non-operating expenses	3,911	1,108

(a) During 2024 the Group undertook certain infrastructure improvement projects, including construction of a 1,600m³ backup water reservoir, to enhance living conditions and service reliability across entire settlement on Lisi lake. These expenditures cannot be allocated to construction projects and are not part of any performance obligation of the Group under sales contracts. They were considered as non-recurring and not indicative of the Group's normal course of operations. Accordingly, related costs have been classified under other non-operating expenses.

8. Cash at bank

As at 31 December, cash at bank balances were as follows:

	2025	2024
Current accounts with banks	19,291	8,875
Total	19,291	8,875

Interest income on deposits amounted to GEL 251 during 2025 (2024: GEL 1,299).

9. Property and equipment

As at 31 December 2025, the cost of property and equipment equaled 7,771 GEL (2024: GEL 7,522) and accumulated depreciation equaled GEL 2,847 (2024: GEL 2,434) and mainly comprised of office building. Additions to property and equipment during 2025 comprised GEL 249 (2024: GEL 408). Disposals during 2025 and 2024 comprised nil GEL. Depreciation expense during 2025 comprised GEL 413 (2024: GEL 540). Property and equipment of the Group at a carrying amount of GEL 3,257 (2024: GEL 3,392) have been pledged as a security for the benefit of the Local commercial bank for Group's loans and borrowings as of 31 December 2025. The Group did not recognize any impairment of Property and equipment as at 31 December 2025 and 2024.

Depreciation expense is included in the administrative expenses.

(Thousands of Georgian Lari)

10. Investment property

	2025				
	Investment property under				
	Land (Lisi Area)	Land (Buknari)	construction (IPUC) (c)	Commercial Spaces	Total
At 1 January	609,051	32,804	5,955	4,742	652,552
Additions (d)	2,489	–	94	22	2,605
Transfer from inventory (b)	520	–	–	–	520
Transfer to inventory (a)	(746)	–	–	–	(746)
Disposal	(2,999)	–	–	–	(2,999)
Gain/(loss) on revaluation	5,823	(640)	(1,197)	(11)	3,975
At 31 December	614,138	32,164	4,852	4,753	655,907

	2024				
	Investment property under				
	Land (Lisi Area)	Land (Buknari)	construction (IPUC)	Commercial Spaces	Total
At 1 January	575,301	31,610	5,730	3,990	616,631
Additions	–	–	225	–	225
Transfer from inventory	–	1,752	–	–	1,752
Transfer to inventory (a)	(1,390)	(765)	–	–	(2,155)
Disposal	(929)	–	–	–	(929)
Gain on revaluation	36,069	207	–	752	37,028
At 31 December	609,051	32,804	5,955	4,742	652,552

- (a) The Group transferred investment property with carrying value of GEL 746 (2024: GEL 2,155) to inventory in accordance with its accounting policy (Note 2.4) upon commencement of residential development;
- (b) As a result of a change in plans the development footprint was reduced and related land plot was reclassified as investment properties;
- (c) Investment property under construction comprises of the commercial units in Kokhta, Bakuriani;
- (d) Additions to investment property amounted to GEL 2,605, including GEL 2,495 as acquisition of Lisi Lake LLC that did not constitute a business and was accounted for as an asset acquisition through a share-for-share exchange (Note 2.3).

(Thousands of Georgian Lari)

10. Investment property (continued)

The Group recognizes in investment property those land plots, for which management has no current development plans.

The Group's investment properties include land of 252 ha (2024: 253 ha) around the Lisi lake in Tbilisi, commercial spaces of 1,011 square meters (2024: 698 square meters) and land of 8,5 ha in Buknari (2024: 8,5 ha).

Investment properties of the Group at a carrying amount of GEL 115,688 (2024: GEL 107,374) have been pledged as a security for the benefit of the local commercial bank for Group loans and borrowings as of 31 December 2025.

Land in Buknari were purchased from the Government of Georgia and carried investment commitments of GEL 20,000 which had to be fulfilled before the end of 2026. These commitments had already been fulfilled as at 31 December 2025 (Note 23).

The fair value of the Group's land plots classified as investment property has been arrived at on the basis of valuation carried out on the respective dates by an independent valuer not related to the Group. The fair value of the investment property was determined based on the market comparable approach for Lands that reflects recent transaction prices for similar properties and adjusting with the liquidity of the lands in possession of the Group and income approach for commercial properties.

Market approach

This method is based on the direct comparison of the subject property to another property object, which has been sold or has been entered on the sale registry. Adjustments to value are determined based on difference in subject property's condition and location as compared to the reference properties.

Income approach

Income approach is a valuation method that appraisers and real estate investors use to estimate the value of income producing real estate. It is based upon the premise of anticipation i.e., the expectation of future benefits. Under the income approach, the value of property is estimated based on the income that the property can be expected to generate. Income capitalization converts anticipated cash flows into present value by "capitalizing" net operating income by a market derived "capitalization rate". A capitalization rate is a rate of return on investment. It is used by real estate investors as a benchmark for determining how much they should pay for a property.

For the purpose of fair value disclosures, the Group identified for two classes of investment properties –land and Commercial spaces. The following table shows descriptions of significant unobservable inputs to valuation as well as sensitivity of the inputs:

<i>Class of Property</i>	<i>Fair Value 2025</i>	<i>Fair Value 2024</i>	<i>Valuation technique</i>	<i>Key unobservable inputs</i>	<i>Range (Weighted avg) 2025</i>	<i>Range (Weighted avg) 2024</i>
Land – Lisi Lake Area (Level 3)	614,138	609,051	Market	Price per Square meter, USD	37-699 (91)	34 – 679 (85)
Land – Buknari Area (Level 3)	32,164	32,804	Market	Price per Square meter, USD	145 (145)	142 (142)
Land – Parks (Level 3)	–	–	Market	Price per Square meter, USD	–	–
Commercial spaces (Level 3)	4,753	4,742	Income	Rent price per Square meter, USD, Discount Rate	2,311-2,950 (2,634) 10%	2,384 – 2,662 (2,520) 11%
Total	651,055	646,597				

(Thousands of Georgian Lari)

11. Inventories

	2025	2024
Balance at 1 January	43,339	61,804
Additions	43,054	39,295
Inventory reclassified from investment property (Note 10)	746	2,155
Inventory reclassified to Investment property (Note 10)	(520)	(1,752)
Disposals recognized in cost of sales	(25,482)	(52,986)
Other changes	(4,178)	(5,177)
Balance at 31 December	56,959	43,339

The expenditures are classified as inventories as far as the development is undertaken with the purpose of subsequent sale of the developed real estate rather than its use in the production or supply of goods or keeping it for capital appreciation.

Cost of sales comprised of following in 2025 and 2024:

Cost of sales comprised of cost of inventories of GEL 25,482 and cost of services amounting GEL 56, such as employees' salaries and other short-term benefits and other direct costs in 2025 (2024: GEL 52,986 and GEL 672 respectively).

12. Trade and other receivables

	2025	2024
Financial assets		
Trade and other receivables	6,463	6,486
Non-financial assets		
Advances, prepayments and other assets	6,345	6,022
Prepaid taxes, other than income tax	5,287	4,989
Total	18,095	17,497

Ageing of receivables by overdue days and respective allowance as at 31 December 2025 and 2024 were as follows:

	<180 days overdue	More than 180 days Overdue	Total
31 December 2025			
Gross carrying amount of trade receivables under IFRS 15	2,079	4,348	6,427
Gross carrying amount of other receivables	–	36	36
Expected credit loss rate of receivables under IFRS 15, %	0%	0%	
Expected credit losses of receivables under IFRS 15	–	–	–
Expected credit loss rate of other receivables, %	0%	0%	
Expected credit losses of other receivables	–	–	–
Net carrying value	2,079	4,384	6,463

Based on contractual terms with customers, the Group has a legally enforceable right to receive payment, including compensation for damages arising from non-performance. In the event of customer default, the Group retains the right to repossess the underlying asset and resell it to another customer. Management has assessed that expected credit losses are not material, considering the Group's contractual terms and historical loss experience.

(Thousands of Georgian Lari)

12. Trade and other receivables (continued)

31 December 2024	<180 days overdue	More than 180 days Overdue	Total
Gross carrying amount of trade receivables under IFRS 15	–	6,474	6,474
Gross carrying amount of other receivables	–	12	12
Expected credit loss rate of receivables under IFRS 15, %	0%	0%	
Expected credit losses of receivables under IFRS 15	–	–	–
Expected credit loss rate of other receivables, %	0%	0%	
Expected credit losses of other receivables	–	–	–
Net carrying value	–	6,486	6,486

13. Investments in Associates

	2025	2024
1 January 1	3,384	2,969
Investment	–	138
Share in profit of associates	238	277
31 December	3,622	3,384

Summarized financial information about the subsidiaries are presented in the table below:

	Ownership	Total Assets	Total Liabilities	Revenue	Profit / loss
JSC American Academy	28%	14,845	4,508	7,722	(175)
LLC Lisi Bath	50%	2,934	119	1,122	574
31 December 2025		17,779	4,627	8,844	399

	Ownership	Total Assets	Total Liabilities	Revenue	Profit
JSC American Academy	28%	14,580	3,939	7,648	87
LLC Lisi Bath	50%	2,127	21	1,005	485
31 December 2024		16,707	3,960	8,653	572

(Thousands of Georgian Lari)

14. Investments at FVTPL

As of 31 December 2025 and 2024, the investments measured at FVTPL include shares of GRDC Holding B.V that the group acquired in 2019.

GRDC Holding B.V is a private group engaged in real estate business in Georgia. Management believed that the net book assets value of GRDC Holding B.V is a best estimation of a fair value of its shares. Shareholders of the Group are also shareholders of the GRDC Holding B.V. Owing to the nature of holdings and lack of control, GRDC Holding B.V. is not a related party for the Group as defined by IFRS.

15. Capital and reserves**15.1 Share capital and share premium**

The capital of the Group is divided into two categories of shares: Class A shares and Class B shares. The par value of one class A ordinary share is US dollar 0.0001 and value of one class B ordinary share is US dollar 0.001. Each ordinary (Class A and Class B) share entitles the holder thereof to one vote on all matters to be voted upon by its shareholders.

The holders of the ordinary (Class A and Class B) shares are entitled to receive dividends in proportion to the number of their respective shares, out of funds legally available under the Georgian law. In the event of the liquidation of the Group, all assets available for distribution to the holders of the ordinary (Class A and Class B) shares are distributable among them, according to their respective holdings in the capital, providing that the holders of the class B shares will have priority vis-à-vis the holders of the class A ordinary shares.

As of 31 December 2024 there were 1,732,985 class A and 1,024,082 class B shares issued.

In 2025, the Group issued 12,838 new class B shares as consideration for the acquisition of Lisi Lake LLC through a share-for-share exchange. As a result of the issuance, share capital increased by the nominal value of the shares issued, with the excess of the agreed transaction price over nominal value recognised in share premium.

As of 31 December 2025 there were 1,732,985 class A and 1,036,920 class B shares issued.

Share premium mainly comprises the difference between market value of the lands contributed into equity by shareholders in 2021 and the nominal value of shares held.

16. Trade and other payables

	2025	2024
Liabilities to construction service providers	4,049	5,083
Other payables	1,877	524
Total Trade and other payables	5,926	5,607

(Thousands of Georgian Lari)

17. Loans and borrowings

	CCY	Interest rate	Maturity	As of 31 December 2025	As of 31 December 2024
Secured					
Commercial bank loan	USD	SOFR + 6%	Jan–25	–	1,066
Commercial bank loan	USD	SOFR + 5.5%	Jul–26	852	5,612
Commercial bank loan	USD	SOFR + 6%	Mar–25	–	1,620
Commercial bank loan	USD	SOFR + 6%	Jul–26	191	2,810
Commercial bank loan	USD	SOFR + 6%	Dec–27	3,561	847
Commercial bank loan	USD	10.5%	Feb–26	10,018	5,513
Commercial bank loan	USD	11.5%	Jan–27	31,106	34,250
Commercial bank loan	USD	SOFR + 5.5%	Jul–26	747	5,615
Commercial bank loan	USD	SOFR + 7.2%	Dec–26	2,592	–
Commercial bank loan	USD	SOFR + 6.3%	Dec–38	10,041	–
Commercial bank loan	USD	SOFR + 7.7%	Nov–37	2,417	–
Unsecured					
Shareholder Loan	USD	8.5%	Jul–26	2,382	–
Shareholder Loan	USD	8.5%	Aug–26	2,805	–
Shareholder Loan	USD	8.5%	Oct–26	3,265	–
Shareholder Loan	USD	8.5%	Jun–26	987	–
Shareholder Loan	USD	8.5%	Aug–26	2,785	–
Shareholder Loan	USD	8.5%	Nov–26	3,268	–
Shareholder Loan	USD	8.5%	Jul–26	2,370	–
Shareholder Loan	USD	8.5%	Aug–26	2,773	–
Shareholder Loan	USD	8.5%	Oct–26	3,271	–
Shareholder Loan	USD	8.5%	Jun–26	1,410	–
Shareholder Loan	USD	8.0%	Dec–28	2,734	–
Total				89,575	57,333
				As of 31 December 2025	As of 31 December 2024
Current portion				67,414	50,973
Non-current portion				22,161	6,360

Property and equipment of the Group at a carrying amount of GEL3,257 (2024: GEL 3,392) and investment properties of the Group at a carrying amount of GEL 115,688 (2024: GEL 107,374) have been pledged as a security for the benefit of the local commercial bank for Group loans and borrowings as of 31 December 2025 (Note 9 and Note 10).

In 2025 the Group has pledged its 100% ownership interest in Black Sea Resorts LLC as collateral for certain bank borrowings. The pledged shares serve as security under the respective loan agreements. Ownership and control of the subsidiary remain with the Group as at 31 December 2025.

During 2025 the Group received loans from shareholders. The loans are denominated in USD and carry interest rates from 8-8.5%, with maturity terms from 1 to 3 years. If the parties agree, the loan may be converted into capital. In accordance with the loan agreements, the loans are convertible into the capital of the Group subject to mutual agreement of the parties.

Certain non-current loans from local financial institutions with carrying value of GEL 19,852 as at 31 December 2025 are subject to covenants attached to certain consolidated financial indicators of the Group (Limit on total interest-bearing loans and borrowings for the financial year end) during the repayment period of the loans. The covenants are tested at the end of each reporting period until the maturity of these loans. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. As at 31 December 2025, the Group was in compliance with financial covenants under these loan agreements. The Group has no indication that it will have difficulty complying with these covenants over 2026.

(Thousands of Georgian Lari)

18. Changes in liabilities

	<i>Loans and borrowings</i>	<i>Issued bonds</i>	<i>Total</i>
1 January 2025	57,333	–	57,333
Proceeds from borrowings	50,264	–	50,264
Repayment of borrowings	(16,275)	–	(16,275)
Interest expense	6,928	–	6,928
Interest paid	(6,334)	–	(6,334)
Foreign exchange gain	(2,341)	–	(2,341)
31 December 2025	89,575	–	89,575
	<i>Loans and borrowings</i>	<i>Issued bonds</i>	<i>Total</i>
1 January 2024	16,224	59,292	75,516
Proceeds from borrowings	47,639	–	47,639
Repayment of borrowings	(7,133)	(62,173)	(69,306)
Interest expense	2,056	4,361	6,417
Interest paid	(1,967)	(4,495)	(6,462)
Foreign exchange loss	514	3,015	3,529
31 December 2024	57,333	–	57,333

19. Financial risk management

The Group is exposed to various risks in relation to financial instruments. The main types of risks are market risk, credit risk and liquidity risk. The Group does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which the Group is exposed are described below.

Financial risk factors**a) Market risk**

The Group is exposed to market risk through its use of financial instruments and specifically to currency risk and interest rate risk which result from both its operating and investing activities.

Foreign currency risk

Group's sales contracts set prices in US dollars (clients pay in Georgian lari equivalents at the rates determined by the National Bank of Georgia as of the date of payment) and the Group receives funding in US dollar, the Group undertakes certain transactions denominated in other currencies and therefore exposure to exchange rate fluctuations arises. Foreign currency denominated financial assets and liabilities which expose the Group to currency risk are disclosed below:

<i>As of 31 December 2025</i>	<i>US dollar</i>
Financial assets	
Cash at bank	11,418
Trade receivables	6,463
Total financial assets	17,881
Financial liabilities	
Loans and borrowings	(89,575)
Trade payables	(130)
Total financial liabilities	(89,705)
Net position	(71,824)

(Thousands of Georgian Lari)

19. Financial risk management (continued)**a) Market risk (continued)**

As of 31 December 2024	US dollar
Financial assets	
Cash at bank	7,065
Trade receivables	6,486
Total financial assets	13,551
Financial liabilities	
Loans and borrowings	(57,333)
Trade payables	(3,033)
Total financial liabilities	(60,366)
Net position	(46,815)

Analysis provided below calculates the effect of a reasonably possible movement of the currency rate against the Georgian Lari, with all other variables held constant, on the statement of comprehensive income. A negative amount in the table reflects a potential net reduction in statement of comprehensive income or equity, while a positive amount reflects a net potential increase.

2025	change in currency rate in %	Effect on profit before tax	
USD	-3.45% / 7.61%	2,478	(5,466)
2024	change in currency rate in %	Effect on profit before tax	
USD	-2% / 8.05%	936	(3,769)

Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. The group's exposure to the risk of changes in market interest rates relates primarily to the group's borrowings with floating interest rates. The group's only Interest-bearing asset is bank deposits, which are at fixed rates.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the group's profit before tax is affected through the impact on floating rate borrowings, as follows:

2025	Increase/(decrease in basis points	Effect on profit before tax	
USD	-102 / 437	208	(892)
2024	Increase/(decrease in basis points	Effect on profit before tax	
USD	-9 / 441	16	(775)

(Thousands of Georgian Lari)

19. Financial risk management (continued)**b) Credit risk**

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group.

The credit risk for cash at bank is considered negligible since the counterparties are reputable banks having ratings of “Ba2/NP” (FC) & “Ba2/NP” (LC) and “Ba3/NP” (FC) from Moody’s and “B+ to BB” from FitchRatings.

Trade and other receivables, contract assets and loans issued do not have internal credit grading. The Group can repossess the properties sold in case the customer defaults on its payment obligations in relation to contract assets related to sales of inventory properties. Other receivables and loans issued are not collateralized.

In 2025 and 2024 the Group created nil allowance against trade receivables from contracts with customers or other receivables. The reasons are described in detail in Note 12.

c) Liquidity risk

Liquidity risk is the risk that the Group will be unable to meet its obligations.

The Group’s policy is to run a prudent liquidity management policy by means of holding sufficient cash at bank, as well as highly liquid assets for making all operational and debt service–related payments when those become due.

The following table details the Group’s remaining contractual maturity for its non–derivative financial liabilities with agreed repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

Financial liabilities as at 31 December 2025	< 3 months	3 to 12 months	1 to 5 years	>5 years	Total
Interest–bearing loans and borrowings	11,278	59,667	20,257	14,105	105,307
Trade and other payables	5,926	–	–	–	5,926
Tax liabilities	1,466	–	–	–	1,466
Dividends payable	220	–	–	–	220
Total	18,890	59,667	20,257	14,105	112,919

Financial liabilities as at 31 December 2024	< 3 months	3 to 12 months	1 to 5 years	>5 years	Total
Interest–bearing loans and borrowings	4,115	50,345	6,587	–	61,047
Trade and other payables	5,607	–	–	–	5,607
Tax liabilities	1,430	–	–	–	1,430
Dividends payable	230	–	–	–	230
Total	11,382	50,345	6,587	–	68,314

(Thousands of Georgian Lari)

20. Fair value

The following tables show analysis of assets and liabilities measured at fair value or for which fair values are disclosed by level of the fair value hierarchy. It also includes a comparison by class of the carrying amounts and fair values of the Group's financial instruments that are carried in the consolidated financial statements. The table does not include the fair values of non-financial assets and non-financial liabilities carried at cost:

	<i>Level1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total fair value 2025</i>	<i>Carrying value 2025</i>	<i>Unrecognized gain/(loss) 2025</i>
Assets measured at fair value						
Investment property	–	–	655,907	655,907	655,907	–
Investments at FVTPL	–	–	5,678	5,678	5,678	–
Assets for which fair values are disclosed	–	–	–	–	–	–
Trade and other receivables	–	6,463	–	6,463	6,463	–
Cash at bank	–	19,291	–	19,291	19,291	–
Liabilities for which fair values are disclosed						
Loans and borrowings	–	90,485	–	90,485	89,575	(910)
Trade and other payables	–	5,926	–	5,926	5,926	–

	<i>Level1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total fair value 2024</i>	<i>Carrying value 2024</i>	<i>Unrecognized gain/(loss) 2024</i>
Assets measured at fair value						
Investment property	–	–	652,552	652,552	652,552	–
Investments at FVTPL	–	–	5,678	5,678	5,678	–
Assets for which fair values are disclosed						
Trade and other receivables	–	6,486	–	6,486	6,486	–
Cash at bank	–	8,875	–	8,875	8,875	–
Liabilities for which fair values are disclosed						
Loans and borrowings	–	57,898	–	57,898	57,333	(565)
Trade and other payables	–	5,607	–	5,607	5,607	–

The Group provides an analysis of its assets and liabilities that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable. These Levels are described below:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

(Thousands of Georgian Lari)

20. Fair value (continued)

Fair value measurement of non-financial assets

The estimated fair values of the investment property are categorized within Level 3 of the fair value hierarchy. The fair values of those assets are estimated based on appraisals performed by independent, professionally-qualified property appraisers who hold necessary licenses. The significant inputs and assumptions are developed in close consultation with management. Further information is set out below.

Land (Level 3)

The appraisal was carried out using a market approach that reflects observed prices for recent market transactions for similar properties and incorporates adjustments for factors specific to the land in question, including plot size, location, encumbrances and purpose of use. The land was revalued as of 31 December 2025.

The significant unobservable input is the adjustment for factors specific to the land in question. The extent and direction of this adjustment depends on the number and characteristics of the observable market transactions in similar properties that are used as the starting point for valuation. Although this input is subjective judgment, management considers that the overall valuation would not be materially affected by reasonably possible alternative assumptions.

Commercial spaces (Level 3)

Given the type of properties, both sales comparison and income approaches have been used as the most applicable methods of valuation for commercial spaces. Because subject properties represent leased properties, valuator has also utilized DCF approach (one of the methods of Income approach) to arrive at a market value based on a leased fee interest. Estimating a property's value by discounting net income (after tax) and adding discounted value of the terminal value.

21. Capital management

The Group manages its capital to ensure that it will be able to continue as a going concern and provide adequate return to stakeholders.

The Group does not have formalized capital management policies and is not exposed to the external capital regulations. Management assesses the Group's capital requirements in order to maintain an efficient overall financing structure while avoiding excessive leverage. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

(Thousands of Georgian Lari)

22. Contingencies

22.1 Tax dispute

Georgia is a developing country and its tax legislation undergoes the process of constant improvements and formation of the tax practice both in the executive and judicial branches of government. Therefore, some of its provisions may give rise to different interpretations, and management's interpretation of the tax legislation may differ from that of the tax authorities.

As of the date of these consolidated financial statements there is an ongoing tax dispute between the State Revenue Service of Georgia (the "RSG") and the Group's subsidiary – Lisi FO LLC. Lisi FO LLC was subject to a tax inspection covering periods from 1 January 2015 to 1 October 2017. As a result of the inspection the RSG claimed additional taxes and penalties in the value of GEL 2,287. The management does not agree with the assessments and has went through a series of discussions and appeals within the appeal process existing in the RSG and the Ministry of Finance of Georgia. As a result, the overall claim has been reduced to GEL 1,093. The Group has further appealed the claim in the Tbilisi City Court, where the case is currently ongoing. Management considers that the probability of incurring losses on this claim is lower than 50% and therefore did not recognize respective provision in the consolidated financial statements.

22.2 Insurance

The Group does not have full coverage for its facilities, business interruption, or third-party liability in respect of property or environmental damage relating to the Group operations. Until the Group obtains adequate insurance coverage, there is a risk that the loss or destruction of certain assets could have a materially adverse effect on the Group's operations and financial position.

23. Commitments

23.1 Investment commitments related to properties acquired from the Government

On 29 November 2017 the Black Sea Resort LLC (the BSR), a subsidiaries of the Group, signed contract with the Ministry of Economy and Sustainable Development of Georgia for the acquisition of 9 ha land plot in Tsikhisdziri/Buknari village of the Kobuleti municipality, Adjara, Georgia at a purchase price of GEL 13,650 (equivalent to US dollar 5,013 at the exchange rate as at 29 November 2017).

The contract implies obligation to build at least 100-room hotel equipped with restaurants, meeting rooms, conference halls, parking zone and sports areas. The BSR has to invest in the project additionally at least GEL 20,000. The initial 5-year contract period was extended until 31 December 2025 during June 2022.

As of 31 December 2025 the investment made by BSR did exceed GEL 20,000 and the investment continued in subsequent period of 2026. On 2 December 2025 the Ministry of Economy and Sustainable Development of Georgia extended the period of investment completion up to 30 September 2026.

The contract has provisions for monetary penalties for non-fulfillment, or late fulfillment, of the contractual obligations and in extreme case, if the Group cannot meet its obligations after the prolongation of the investment deadlines, the seller (the Government) may terminate the contract without any reimbursement for incurred expenditures to the Group. The Group's management estimates that this deadline will be met.

(Thousands of Georgian Lari)

24. Related parties

The Group's related parties include shareholders and key management.

24.1 Control relationships

As of 31 December 2025, and 31 December 2024 none of the individual shareholders were a controlling party (Note 1).

24.2 Transaction with related parties

During the reporting year the Group had the following transactions with the related parties and as of the reporting date had the following outstanding balances.

	Shareholders	Key management personnel
Balances as at 31 December 2025		
Trade receivables	24	—
Loans and borrowings	28,050	—
Contract liabilities	70	34
Transactions for the year ended 31 December		
Revenue from the sale of inventory recognized over time	753	180
Finance cost	642	—

	Shareholders	Key management personnel
Balances as at 31 December 2024		
Contract assets	47	—
Trade receivables	573	—
Contract liabilities	119	189
Transactions for the year ended 31 December		
Revenue from the sale of inventory recognized over time	322	556
Dividends paid	13	—

Key management received the following remuneration during the year, which is included in employee compensation. Key management combines management and supervisory board and consists of 7 individuals.

	2025	2024
Salary	2,263	1,964
Cash bonus	107	1,169
Total	2,370	3,133

25. Events after reporting period

After 31 December 2025, the Group obtained secured loans from its shareholders amounting to GEL 20,754, maturing in 2028.