Financial Statements and Independent Auditor's Report

New Vision Insurance JSC

31 December 2024

Contents

Independent auditor's report

შპს გრანთ თორნთონ
ს/ნ: 200136600
იურიდიული მისამართი:
საქართველო, თბილისი, ისნის რაი
ქეთევან წამებულის გამზირი, № 54
ტ:.+ 995 322 604 406

Grant Thornton LLC
I/N: 200136600
Legal address:
Georgia, Tbilisi, Isani district, Ketevan Tsamebuli avenue, № 54
T.: + 995 322 604 406

To the shareholders of New Vision Insurance JSC

Opinion

We have audited the financial statements of New Vision Insurance JSC (the "Company"), which comprise the statement of financial position as of 31 December 2024, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of material accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as of 31 December 2024 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

Basis for Opinion

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

Management report

Management is responsible for the Management Reporting. The Management Reporting, which was prepared by the management only in Georgian language, comprises the information about the activities of the Company, risk analysis, future plans and other matters as required by the Law of Georgia on Accounting, Reporting and Auditing.

Management report will be available to us after the date of the audit report, so our audit of the individual financial statements does not include an opinion on the management report.

In connection with our audit of the financial statements, our responsibility is to read the Management Report and, in doing so, consider whether the Management Report is materially inconsistent with the financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements 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 financial statements.

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Vakhtang Tsabadze

Vakhtang Tsabadze

For and on behalf of Grant Thornton LLC

Managing Partner

Register Auditor (Registration N-SARAS-A-774309)

Tbilisi, Georgia

14 April 2025

Statement of financial position

In Georgian lari	Notes	31 December 2024	31 December 2023
Assets			
Cash and cash equivalents	6	9,158,415	4,561,256
Deposits in banks	7	9,677,411	9,604,344
Reinsurance contract assets		10,158	18,419
Property and equipment	9	4,283,341	4,359,479
Intangible asset		22,107	36,721
Finance lease receivables	10	1,674,502	1,773,745
Trade and other assets	11	458,229	1,218,044
Total assets		**25,284,163**	**21,572,008**
Liabilities and equity			
Equity	12		
Share capital	12.1	17,700,000	19,000,000
Share premium	12.2	376,457	376,457
Accumulated loss		(1,584,979)	(4,317,050)
Total equity		**16,491,478**	**15,059,407**
Liabilities			
Insurance contract liabilities	8	6,393,637	4,184,898
Finance lease liabilities	13	1,381,785	1,427,728
Other liabilities	14	1,017,263	899,975
Total liabilities		**8,792,685**	**6,512,601**
Total liabilities and equity		**25,284,163**	**21,572,008**

The financial statements were approved on 14 April 2025 by:

Zurab Stambolishvili

General director

Sophio Abzhandadze

Chief accountant

The statement of financial position is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 10 to 34.

Statement of financial position

In Georgian lari	Notes	31 December 2024	31 December 2023
Assets			
Cash and cash equivalents	6	9,158,415	4,561,256
Deposits in banks	7	9,677,411	9,604,344
Reinsurance contract assets		10,158	18,419
Property and equipment	9	4,283,341	4,359,479
Intangible asset		22,107	36,721
Finance lease receivables	10	1,674,502	1,773,745
Trade and other assets	11	458,229	1,218,044
Total assets		**25,284,163**	**21,572,008**
Liabilities and equity			
Equity	12		
Share capital	12.1	17,700,000	19,000,000
Share premium	12.2	376,457	376,457
Accumulated loss		(1,584,979)	(4,317,050)
Total equity		**16,491,478**	**15,059,407**
Liabilities			
Insurance contract liabilities	8	6,393,637	4,184,898
Finance lease liabilities	13	1,381,785	1,427,728
Other liabilities	14	1,017,263	899,975
Total liabilities		**8,792,685**	**6,512,601**
Total liabilities and equity		**25,284,163**	**21,572,008**

The financial statements were approved on 14 April 2025 by:

Zurab Stambolishvili
General director

Sophio Abzhandadze
Chief accountant

The statement of financial position is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 10 to 34.

Statement of profit or loss and other comprehensive income

In Georgian lari	Notes	2024	2023
Insurance revenue	15	19,700,750	19,763,966
Insurance service expense	16	(12,414,376)	(13,396,612)
Expenses from reinsurance contracts held		(8,059)	(6,185)
Insurance service result		**7,278,315**	**6,361,169**
Investment income	7	1,165,379	968,340
Net insurance and investment result		**8,443,694**	**7,329,509**
Other income	17	666,688	610,335
Salaries and employee benefits	18	(2,892,065)	(2,414,438)
Other expenses	19	(3,701,074)	(2,830,511)
Finance costs		(160,641)	(162,941)
Foreign exchange gain/(loss)	20	383,905	(22,294)
Profit for the year before tax		**2,740,507**	**2,509,660**
Income tax expense	21	(8,436)	-
Profit for the year		**2,732,071**	**2,509,660**
Other comprehensive income		-	-
Total comprehensive income for the year		**2,732,071**	**2,509,660**

The statement of profit or loss and other comprehensive is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 10 to 34.

Statement of changes in equity

In Georgian lari	Charter capital	Additional capital	Accumulated loss	Total
Balance as of 31 December 2022	**19,000,000**	**376,457**	**(6,826,710)**	**12,549,747**
Profit for the year			2,509,660	2,509,660
Total comprehensive profit for the year			**2,509,660**	**2,509,660**
Balance as of 31 December 2023	**19,000,000**	**376,457**	**(4,317,050)**	**15,059,407**
Reduction in share capital	(1,300,000)	-	-	(1,300,000)
Transactions with shareholders	(1,300,000)	-	-	(1,300,000)
Profit for the year	-	-	2,732,071	2,732,071
Total comprehensive profit for the year	**-**	**-**	2,732,071	2,732,071
Balance as of31 December 2024	**17,700,000**	**376,457**	**(1,584,979)**	**16,491,478**

The statement of changes in equity is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 10 to 34.

Statement of cash flows

In Georgian lari

	Notes	2024	2023
Cash flows from operating activities			
Insurance premiums received	8.1.1	19,407,825	18,789,398
Claims paid	8.1.1	(11,488,785)	(12,558,238)
Acquisition costs paid	8.1.1	(528,759)	(609,927)
Payments to employees		(2,092,722)	(1,760,995)
Other payments		(440,185)	(1,614,173)
Interest paid	26	(160,640)	(162,941)
Net cash from operating activities		**4,696,734**	**2,083,124**
Cash flows from investing activities			
Purchase of property, equipment and intangible assets		(18,171)	(41,396)
Placement (repayment) of deposits		250,000	(1,014,746)
Interest received		1,069,425	822,137
Net cash from (used in) investing activities		**1,301,254**	**(234,005)**
Cash flow from financing activities			
Repaid borrowings	26	(99,248)	(60,736)
Reduction in share capital	12.1	(1,300,000)	-
Net cash used in financing activities		**(1,399,248)**	**(60,736)**
Net increase in cash		**4,598,740**	**1,788,383**
Cash at the beginning of the year	6	4,561,256	2,761,374
Exchange differences on cash		(1,581)	11,499
Cash at the end of the year	**6**	**9,158,415**	**4,561,256**

The statement of cash flows is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 10 to 34.

Notes to the financial statements

New Vision Insurance JSC

For the year ended 31 December 2024 (expressed in Georgian lari (GEL))

1 Principal activities

New Vision Insurance (the "Company") is a Joint Stock Company as it is defined under the Law of Georgia on Entrepreneurs and was founded on February 20, 2020. The main activity of the Company is rendering of insurance services for individuals and different entities, including Motor insurance, Health insurance, Agro insurance, Financial Risk insurance and others.

The Company's registered address is 1 Evgeni Mikeladze Street, Tbilisi, Georgia.

The shareholders of the Company are LEPL New Vision University (60%) and New Vision Infrastructure LLC (40%).

The ultimate controlling party of the company is Davit Kereselidze, who is the Chairman of the "New Vision University" academic council.

The average number of employees of the Company during 2024 was 77 employees (2023: 77)

2 Statement of compliance with IFRS and going concern assumption

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") as developed and published by the International Accounting Standards Board (IASB), and Interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

The financial statements are prepared on a going concern basis, as management is satisfied that the Company has adequate resources to continue as a going concern for the foreseeable future. In making this assessment, management has considered a wide range of information including projection of profitability, regulatory capital requirements and funding needs. The assessment also includes consideration of reasonably possible downside economic scenarios and their potential impacts on the profitability, capital and liquidity of the Company

Business environment

The continuous Russian-Ukrainian war since February 2022 has had a significant impact on both the conflicting countries and on the world economy. Many leading countries and economic unions have announced severe economic sanctions against Russia, including Russian banks, Russian national reinsurance company, other organizations and individuals. The war is still ongoing, but it has already led to a humanitarian crisis and huge economic losses in Ukraine, Russia and other countries.

Since the hostilities have not yet stopped, it is impossible to reliably assess its final impact on both Georgia's business environment and the company's operations.

The Company's management constantly analyses the economic situation in the current environment. The future economic and political situation and its impact on the Company's operations may differ from the management's current expectations.

3 New or revised standards or interpretations

3.1 New standards adopted as of 1 January 2024

In the current year the Company has adopted all of the new and revised Standards and Interpretations issued by the International Accounting Standards Board (the "IASB") and International Financial Reporting Interpretations Committee (the "IFRIC") of the IASB that are relevant to its operations and effective for annual reporting periods beginning on 1 January 2024. The nature and the effect of these changes are disclosed below.

New and revised standards and interpretations that are effective for annual periods beginning on or after 1 January 2024

New standards and amendments described below and applied for the first time in 2024 did not have a material impact on the annual financial statements of the Company:

- Classification of Liabilities as Current or Non-current (Amendments to IAS 1)
- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)

- Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)
- Non-current Liabilities with Covenants (Amendments to IAS 1)

3.2 Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Company

At the date of authorization of these financial statements, certain new standards, amendments and interpretations to the existing Standards have been published but are not yet effective. The Company has not early adopted any of these pronouncements.

Management anticipates that all of the pronouncements will be adopted in the Company's accounting policy for the first period beginning after the effective date of the pronouncement.

- *"Lack of Exchangeability"* (Amendments to IAS 21)
- *"Classification and Measurement of Financial Instruments*" (Amendments to IFRS 9 and IFRS 7)
- IFRS 18 *"Presentation and Disclosures in Financial Statements"*

Management does not anticipate a material impact on the Company's financial statements from these Standards and Amendments except for the Standards presented below, which are in the process of assessment

4 Summary of material accounting policies

The following material accounting policies have been applied in the preparation of the financial statements. The accounting policies have been consistently applied.

4.1 Basis of measurement

The financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below

4.2 Foreign currencies

Functional and presentation currency

Functional currency of the Company is the currency of the primary economic environment in which the Company operates. The Company's functional currency is Georgian lari ("GEL"), which may not be freely convertible in most countries outside Georgia. The financial statements are presented in thousands of GEL, unless otherwise stated.

Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Company at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the balance sheet date.

Non-monetary items recalculated at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are recalculated using the exchange rates as the dates of the initial transactions.

Foreign currency differences arising on translation are generally recognised in profit or loss in the line of net foreign exchange income (expense).

The exchange rates at year-end used by the Company in the preparation of the financial statements are as follows:

	31 December 2024	31 December 2023
GEL/1 USD	2.8068	2.6894
GEL/1 EUR	2.9306	2.9753

4.3 Insurance and reinsurance contracts

4.3.1 Classification

Insurance contracts are those contracts under which the Company accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholders if a specified uncertain future event (the insured event) adversely affects the policyholders.

Insurance risk is significant if, and only if, an insured event could cause the issuer to pay additional amounts that are significant in any single scenario, excluding scenarios that have no commercial substance. Insurance contracts can also transfer financial risk. Financial risk is the risk of a possible future change in specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of price or rates, credit rating or credit index or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract.

The Company does not issue reinsurance contracts in the normal course of business to compensate other entities for claims arising from one or more insurance contracts issued by those entities.

The Company does not issue any contracts with direct participating features.

Once the contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its lifetime, even if the insurance risk reduces significantly during this period, unless all rights and obligations are extinguished or expire.

4.3.2 Separating components from insurance and reinsurance contracts

The Company assesses its non-life insurance and reinsurance products to determine whether they contain distinct components which must be accounted for under another IFRS instead of under IFRS 17. After separating any distinct components, the Company applies IFRS 17 to all remaining components of the (host) insurance contract. Currently, the Company's products do not include any distinct components that require separation.

4.3.3 Level of aggregation

The level of aggregation for the Company insurance and reinsurance products is determined firstly by dividing the business written into portfolios. Portfolios comprise groups of contracts with similar risks which are managed together. Contracts within a product line would be expected to have similar risks and hence would be expected to be in the same portfolio if they are managed together. The portfolios are further divided by year of issue and profitability for recognition and measurement purposes. No group for level of aggregation purposes may contain contracts issued more than one year apart. The profitability of groups of contracts is assessed by actuarial valuation models that take into consideration existing and new business. Hence, within each year of issue, portfolios of contracts are divided into three groups, as follows:

- A group of contracts that are onerous at initial recognition (if any),
- A group of contracts that, at initial recognition, have no significant possibility of becoming onerous subsequently (if any),
- A group of the remaining contracts in the portfolio (if any)

The Company has identified the following portfolios of insurance contracts:

- Motor Insurance
- Health Insurance
- Agro Insurance
- Financial risk Insurance
- Liability Insurance
- Travel Insurance

- Accident Insurance
- Property Insurance
- Cargo Insurance
- Motor Third Party Liability insurance

The Company assumes that no contracts in the portfolio are onerous at initial recognition unless facts and circumstances indicate otherwise. For contracts that are not onerous, the Company assesses, at initial recognition, that there is no significant possibility of becoming onerous subsequently by assessing the likelihood of changes in applicable facts and circumstances. The Company considers facts and circumstances to identify whether a group of contracts are onerous based on:

- Pricing information,
- Results of similar contracts it has recognised,
- Environmental factors, e.g., a change in market experience or regulations.

The Company divides portfolios of reinsurance contracts held applying the same principles set out above.

4.3.4 Recognition

The Company recognises groups of insurance contracts it issues from the earliest of the following:

- The beginning of the coverage period of the group of contracts,
- The date when the first payment from a policyholder in the group is due or when the first payment is received if there is no due date,
- For a group of onerous contracts, if facts and circumstances indicate that the group is onerous

The Company recognises a group of reinsurance contracts held it has entered into from the earlier of the following:

- The beginning of the coverage period of the group of reinsurance contracts held. However, the Company delays the recognition of a group of reinsurance contracts held that provide proportionate coverage until the date any underlying insurance contract is initially recognised, if that date is later than the beginning of the coverage period of the group of reinsurance contracts held, and
- The date the Company recognises an onerous group of underlying insurance contracts if the Company entered into the related reinsurance contract held in the group of reinsurance contracts held at or before that date.

The Company adds new contracts to the group in the reporting period in which that contract meets one of the criteria set out above.

4.3.5 Contract boundary

The Company includes in the measurement of a group of insurance contracts all the future cash flows within the boundary of each contract in the group. Cash flows are within the boundary of an insurance contract if they arise from substantive rights and obligations that exist during the reporting period in which the Company can compel the policyholder to pay the premiums, or in which the Company has a substantive obligation to provide the policyholder with insurance contract services. A substantive obligation to provide insurance contract services ends when:

- The Company has the practical ability to reassess the risks of the particular policyholder and, as a result, can set a price or level of benefits that fully reflects those risks, or

- The Company has the practical ability to reassess the risks of the portfolio of insurance contracts that contain the contract and, as a result, can set a price or level of benefits that fully reflects the risk of that portfolio and the pricing of the premiums up to the date when the risks are reassessed does not take into account the risks that relate to periods after the reassessment date.

A liability or asset relating to expected premiums or claims outside the boundary of the insurance contract is not recognised. Such amounts relate to future insurance contracts.

4.3.6 Measurement

Insurance contracts – initial measurement

The Company applies the premium allocation approach (PAA) to all the insurance contracts that it issues and reinsurance contracts that it holds, as:

- The coverage period of each contract in the group is one year or less, including insurance contract services arising from all premiums within the contract boundary, or

- For contracts longer than one year, the Company has modelled possible future scenarios and reasonably expects that the measurement of the liability for remaining coverage for the group containing those contracts under the PAA does not differ materially from the measurement that would be produced applying the general model. In assessing materiality, the Company has also considered qualitative factors such as the nature of the risk and types of its lines of business.

Coverage period for all types of insurance (except for financial risk insurance) and reinsurance contracts assumed is one year or less and so qualifies automatically for PAA. Some of financial risk insurance contracts coverage period greater than one year. However, there is no material difference in the measurement of the liability for remaining coverage between PAA and the general model, therefore, these qualify for PAA as well.

For a group of contracts that is not onerous at initial recognition, the Company measures the liability for remaining coverage as:

- The premiums, if any, received at initial recognition,

- Minus any insurance acquisition cash flows at that date, with the exception of contracts which are one year or less where this is expensed,

- Plus, or minus any amount arising from the derecognition at that date of the asset recognised for insurance acquisition cash flows and,

- Any other asset or liability previously recognised for cash flows related to the group of contracts that the Company pays or receives before the group of insurance contracts is recognised.

For all business, there is no allowance for time value of money as the premiums are received within one year of the coverage period.

Where facts and circumstances indicate that contracts are onerous at initial recognition, the Company performs additional analysis to determine if a net outflow is expected from the contract. Such onerous contracts are separately grouped from other contracts and the Company recognises a loss in profit or loss for the net outflow, resulting in the carrying amount of the liability for the group being equal to the fulfilment cash flows. A loss component is established by the Company for the liability for remaining coverage for such onerous group depicting the losses recognised.

Reinsurance contracts held – initial measurement

The Company measures its reinsurance assets for a group of reinsurance contracts that it holds on the same basis as insurance contracts that it issues.

Where the Company recognises a loss on initial recognition of an onerous group of underlying insurance contracts or when further onerous underlying insurance contracts are added to a group, the Company establishes a loss-recovery component of the asset for remaining coverage for a group of reinsurance contracts held depicting the recovery of losses.

The Company calculates the loss-recovery component by multiplying the loss recognised on the underlying insurance contracts and the percentage of claims on the underlying insurance contracts the Company expects to recover from the group of reinsurance contracts held. The Company uses a systematic and rational method to determine the portion of losses recognised on the group to insurance contracts covered by the group of reinsurance contracts held where some contracts in the underlying group are not covered by the group of reinsurance contracts held.

The loss-recovery component adjusts the carrying amount of the asset for remaining coverage.

Insurance contracts – subsequent measurement

The Company measures the carrying amount of the liability for remaining coverage at the end of each reporting period as the liability for remaining coverage at the beginning of the period:

- Plus, premiums received in the period,
- Minus insurance acquisition cash flows, with the exception of insurance product line for which the Company chooses to expense insurance acquisition cash flows as they occur,
- Plus, any amounts relating to the amortisation of the insurance acquisition cash flows recognised as an expense in the reporting period for the group,
- Plus, any adjustment to the financing component, where applicable,
- Minus the amount recognised as insurance revenue for the services provided in the period,
- Minus any investment component paid or transferred to the liability for incurred claims.

The Company estimates the liability for incurred claims as the fulfilment cash flows related to incurred claims. The fulfilment cash flows incorporate, in an unbiased way, all reasonable and supportable information available without undue cost or effort about the amount, timing and uncertainty of those future cash flows, they reflect current estimates from the perspective of the Company and include an explicit adjustment for non-financial risk (the risk adjustment). The Company does not adjust the future cash flows for the time value of money and the effect of financial risk for the measurement of liability for incurred claims that are expected to be paid within one year of being incurred.

Where, during the coverage period, facts and circumstances indicate that a group of insurance contracts is onerous, the Company recognises a loss in profit or loss for the net outflow, resulting in the carrying amount of the liability for the group being equal to the fulfilment cash flows

Reinsurance contracts held - subsequent measurement

The subsequent measurement of reinsurance contracts held follows the same principles as those for insurance contracts issued and has been adapted to reflect the specific features of reinsurance held.

4.3.7 Insurance acquisition cash flows

Insurance acquisition cash flows arise from the costs of selling, underwriting and starting a group of insurance contracts (issued or expected to be issued) that are directly attributable to the portfolio of insurance contracts to which the group belongs.

- Insurance acquisition cash flows that are directly attributable to a group of insurance contracts,
- Insurance acquisition cash flows directly attributable to a portfolio of insurance contracts that are not directly attributable to a group of contracts, to groups in the portfolio.

Where insurance acquisition cash flows have been paid or incurred before the related group of insurance contracts is recognised in the statement of financial position, a separate asset for insurance acquisition cash flows is recognised for each related group.

The asset for insurance acquisition cash flow is derecognised from the statement of financial position when the insurance acquisition cash flows are included in the initial measurement of the related group of insurance contracts.

At the end of each reporting period, the Company revises amounts of insurance acquisition cash flows allocated to groups of insurance contracts not yet recognised, to reflect changes in assumptions related to the method of allocation used.

After any re-allocation, the Company assesses the recoverability of the asset for insurance acquisition cash flows, if facts and circumstances indicate the asset may be impaired. When assessing the recoverability, the Company applies:

- An impairment test at the level of an existing or future group of insurance contracts; and
- An additional impairment test specifically covering the insurance acquisition cash flows allocated to expected future contract renewals.

If an impairment loss is recognised, the carrying amount of the asset is adjusted and an impairment loss is recognised in profit or loss.

The Company recognises in profit or loss a reversal of some or all of an impairment loss previously recognised and increases the carrying amount of the asset, to the extent that the impairment conditions no longer exist or have improved.

4.3.8 Modification and derecognition

The Company derecognises insurance contracts when:

- The rights and obligations relating to the contract are extinguished (i.e., discharged, cancelled or expired), or
- The contract is modified such that the modification results in a change in the measurement model or the applicable standard for measuring a component of the contract, substantially changes the contract boundary, or requires the modified contract to be included in a different group. In such cases, the Company derecognises the initial contract and recognises the modified contract as a new contract.

When a modification is not treated as a derecognition, the Company recognises amounts paid or received for the modification with the contract as an adjustment to the relevant liability for remaining coverage.

4.3.9 Presentation

The Company has presented separately, in the statement of financial position, the carrying amount of portfolios of insurance contracts issued that are assets, portfolios of insurance contracts issued that are liabilities, portfolios of reinsurance contracts held that are assets and portfolios of reinsurance contracts held that are liabilities.

Any assets for insurance acquisition cash flows recognised before the corresponding insurance contracts are included in the carrying amount of the related groups of insurance contracts are allocated to the carrying amount of the portfolios of insurance contracts that they relate to.

The Company disaggregates the total amount recognised in the statement of profit or loss and other comprehensive income into an insurance service result, comprising insurance revenue and insurance service expense, and insurance finance income or expenses.

The Company does not disaggregate the change in risk adjustment for non-financial risk between a financial and non-financial portion and includes the entire change as part of the insurance service result.

The Company separately presents income or expenses from reinsurance contracts held from the expenses or income from insurance contracts issued.

4.3.10 Insurance revenue

The insurance revenue for the period is the amount of expected premium receipts allocated to the period. The Company allocates the expected premium receipts to each period of insurance contract services on the basis of the passage of time. But if the expected pattern of release of risk during the coverage period differs significantly from the passage of time, then the allocation is made on the basis of the expected timing of incurred insurance service expenses.

The Company changes the basis of allocation between the two methods above as necessary, if facts and circumstances change. The change is accounted for prospectively as a change in accounting estimate.

For the periods presented, all revenue has been recognised on the basis of the passage of time.

4.3.11 Insurance service expenses

Insurance service expenses arising from insurance contracts are recognised in profit or loss generally as they are incurred. They comprise the following items:

- Incurred claims and other insurance service expenses,
- Amortisation of insurance acquisition cash flows: the Company amortises insurance acquisition cash flows on a straight-line basis over the coverage period of the group of contracts,
- Risk adjustment
- Income received from the subrogation

4.3.12 Net expense from reinsurance contracts held

Net expenses from reinsurance contracts held comprise an allocation of reinsurance premiums paid less amounts recovered from reinsurers. The Company recognises an allocation of reinsurance premiums paid in profit or loss as it receives services under groups of reinsurance contracts.

4.4 Financial instruments

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments.

Financial instruments are initially recognised on the trade date measured at their fair value. Except for financial assets and financial liabilities recorded at FVPL, transaction costs are added to this amount.

Classification of financial assets and financial liabilities

IFRS 9 contains three principal classification categories for financial assets: measured at amortized cost, FVOCI and FVTPL. The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

IFRS 9 eliminates the previous IAS 39 categories of held to maturity, loans and receivables and available for sale. Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities.

IFRS 9 has not had a significant effect on the Company's accounting policies for financial assets or liabilities.

Impairment of financial assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortized cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments. For assets in the scope of the IFRS 9 impairment model, impairment losses are generally expected to increase and become more volatile. The company has determined that the application of IFRS 9’s impairment requirements at 1 January 2022 and 31 December 2022 had no effect on statement of financial position and statement of profit or loss.

4.5 Offsetting

Financial assets and liabilities, and income and expenses, are offset and the net amount reported in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. Income and expenses are presented on a net basis only when permitted under IFRS, or for gains and losses arising from a group of similar transactions.

4.6 Taxation

Corporate income tax rules applicable before 1 January 2024

Income tax currently payable is calculated using the tax rates in force or substantively enacted at the reporting date. Taxable profit differs from accounting profit either because some income and expenses are never taxable or deductible, or because the time pattern that they are taxable, or deductible differs between tax law and their accounting treatment.

Using the statement of financial position liability method, deferred tax is recognized in respect of all temporary differences between the carrying value of assets and liabilities in the statement of financial position and the corresponding tax base. Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the reporting date.

Deferred tax assets are recognized only to the extent that the Company considers that it is probable (i.e., more likely than not) that there will be sufficient taxable profits available for the asset to be utilized within the same tax jurisdiction. Deferred tax assets and liabilities are offset only when there is a legally enforceable right to offset current tax assets against current tax liabilities, they relate to the same tax authority and the Company's intention is to settle the amounts on a net basis.

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except if it arises from transactions or events that are recognised in other comprehensive income or directly in equity. In this case, the tax is recognised in other comprehensive income or directly in equity respectively. Income tax rate is 15%.

Changes in corporate income tax effective from 1 January 2024

Effective January 1, 2024, there are significant amendments to the Corporate Income Tax rules applicable to insurance companies in accordance with Tax Code of Georgia. Changes relate to introduction of new model for corporate income taxation, which was effectively enacted for other types of entities (entities outside the financial services sector) since 1 January 2017 in Georgia.

The new model implies zero corporate tax rate on retained earnings and a 15% corporate tax rate on distributed earnings, compared to the previous model of 15% tax rate charged to the company's profit before tax, regardless of profit retention or distribution. As a result of changes, starting 1 January 2024 insurance companies (like companies in other sectors) will pay corporate income tax on profit distribution (dividends) and on individual transactions that may be considered as indirect distribution of profits (benefits, gifts, payments and expenses not related to economic activities, etc). In the case of profit distribution, the tax rate is 15/85.

According to the amended concept of corporate income taxation, there will be no temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Therefore, deferred tax assets and liabilities, as defined in IAS 12 *Income Taxes*, cannot be formed subsequent to 1 January 2024.

4.7 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and balances on banks accounts which can be converted into cash at short notice, including highly liquid investments maturing within 90 days from the date of acquisition that are readily convertible into known amounts of cash, and which are subject to an insignificant risk of changes in value.

Cash and cash equivalents are carried at amortised cost.

4.8 Impairment of non-financial assets

At each reporting date assets are reviewed to determine whether there is any indication that those assets have suffered an Impairment loss, if there is an indication of possible impairment and the estimate recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and al impairment loss is recognised immediately in profit or loss. Recoverable amount Is higher of fair value less costs to sell and value is use.

4.9 Leases

The Company as a lessee

For any new contracts entered on or after 1 January 2019, the Company considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration".

To apply this definition the Company assesses whether the contract meets key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Company.
- the Company has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract the Company has the right to direct the use of the identified asset throughout the period of use. The Company assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

Measurement and recognition of leases as a lessee

At lease commencement date, the Company measures the right-of-use asset at cost. The cost of right-of-use asset is made up initial measurement of the lease liability, any initial direct costs incurred by the Company, an estimate of any costs to dismantle and remove the asset at the end of the lease, to restore the place where the asset is located, or to restore the lease asset to a condition required by the terms of the lease, unless those costs are incurred to produce the inventories. The lessee’s liability for such expenses arises either at the effective date of the lease term or because of the use of the leased asset for a specified period.

The Company depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. At the commencement date, the Company measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate Implicit in the lease if that rate is readily available or the Company's incremental borrowing rate.

After initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in- substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Company has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognizing a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term. On the statement of financial position, right-of-use assets can be included in property, plant and equipment or presented separately and lease liabilities can be included in trade and other payables or presented as a separate liability.

The Company as a lessor

As a lessor the Company classifies its leases as either operating or finance leases.

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the underlying asset and classified as an operating lease if it does not.

The Company as a Sub-lessor

The Company is a sub – lessor (intermediate lessor) of the right of use assets;

An intermediate lessor classifies the sublease as a finance lease or an operating lease as follows;

- If the head lease is a short-term lease that the entity, as a lessee, has accounted for, the lease payments associated with those leases and certain of low-value assets are recognized on a straight-line basis as an expense in profit or loss. the sublease is classified as an operating lease,
- Otherwise, the sublease is classified by reference to the right of use asset arising from the head lease, rather than by reference to the underlying asset. A lease is classified as a finance lease if it transfers substantially all the

risks and rewards from the right-of-use asset resulting from the lead lease; otherwise, it is classified as an operating lease.

For subleases classified as finance lease, the intermediate lessor derecognizes the right-of-use assets relating to the head lease that is transferred to the sublessee and recognizes the net investment in the sublease. Any difference between the right-of-use assets and the net investments in the finance sublease is recognized in profit or loss. At the commencement date, net investment in the finance lease is measured at an amount equal to the present value of lease payments for the underlying right-of-use assets during the lease term. The lessor recognizes finance income over the lease term, based on a pattern reflecting a constant period rate of return on the lessor's net investment in the lease.

For subleases classified as operating lease, the intermediate lessor recognizes the lease income from operating leases on a straight-line basis over the lease term. The respective leased asset is included in the statement of financial position based on its nature.

The Company subleases retail store under finance lease agreement for 9 years. The Company derecognised the right-of - use asset (to the extent that it is subject to the sub-lease) and recognised a finance lease receivable. The sublease payments are fixed and matches the payments under the head lease

4.10 Property and equipment

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

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 profit or loss.

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 profit or loss as incurred.

Depreciation is charged to profit or loss or is added to the cost of other asset 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:

	Useful life (years)	Rate (%)
Buildings	50	2
Office equipment	5	20
Other	5	20

As no finite useful life for land can be determined, related carrying amounts is not depreciated.

4.11 Intangible assets

Intangible assets, which are acquired by the Company, and which have finite useful lives, are stated at cost less accumulated amortization and impairment losses.

Amortization is charged to profit or loss or is added to the cost of other asset on a straight-line basis over the estimated useful lives of the intangible assets, which is estimated at 5 years.

4.12 Equity

Share capital

Ordinary shares are classified as equity. External costs directly attributable to the issue of new shares, other than on a business combination, are shown as a deduction from the proceeds in equity. Any excess of the fair value of consideration received over the par value of shares issued is recognised as additional paid-in capital.

Retained earnings

Include accumulated earnings of current and previous periods.

Dividends

Dividends are recognised as a liability and deducted from equity at the balance sheet date only if they are declared before or on the balance sheet date. Dividends are disclosed when they are proposed before the balance sheet date or proposed or declared after the balance sheet date but before the financial statements are authorised for issue.

5 Critical accounting estimates and judgements

The company 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

5.1 Judgements

Level of aggregation of insurance and reinsurance contracts

The Company identifies portfolios of contracts and determines groups of contracts that are onerous on initial recognition and those that have no significant possibility of becoming onerous subsequently. For groups of contracts that are onerous, the liability for remaining coverage is determined by the fulfilment cash flows. Any loss-recovery component is determined with reference to the loss component recognised on underlying contracts and the recovery expected on such claims from reinsurance contracts held.

Measurement of insurance and reinsurance contracts

The Company applies the PAA to simplify the measurement of insurance contracts. When measuring liabilities for remaining coverage, the PAA is broadly similar to the Company's previous accounting treatment under IFRS 4. However, when measuring liabilities for incurred claims, the Company now discounts cash flows that are expected to occur more than one year after the date on which the claims are incurred and includes an explicit risk adjustment for non-financial risk.

Insurance acquisition cash flows

The Company applies judgement in determining the inputs used in the methodology to systematically and rationally allocate insurance acquisition cash flows to groups of insurance contracts. This includes judgements about the amounts allocated to insurance contracts expected to arise from renewals of existing insurance contracts in a group and the volume of expected renewals from new contracts issued in the period.

5.2 Assumptions and estimations uncertainty

Liability for remaining coverage

The Insurance acquisition cash flows and amortization of insurance acquisition cash flow included in liability for remaining coverage.

At the end of each reporting period, the Company revisits the assumptions made to allocate insurance acquisition cash flows to groups and where necessary revises the amounts of assets for insurance acquisition cash flows accordingly.

Liability for incurred claims

The ultimate cost of outstanding claims is estimated by claims loss ratio method.

The main assumption underlying this technique is that a Company's past claims development experience can be used to project future claims development and hence ultimate claims costs. These methods extrapolate the development of paid and incurred losses, average costs per claim (including claims handling costs), and claim numbers based on the observed development of earlier years and expected loss ratios.

Discount rates

Measurement of liability for incurred claims and liability for remaining coverage do not include discounting for time value of money and the effect of financial risk as the premium due date and the related period of service are less than 12 months apart.

Risk adjustment for non-financial risk

The risk adjustment for non-financial risk is determined to reflect the compensation that the individual issuing entity would require for bearing non-financial risk. Riks adjustment for non-financial risk reflect the diversification benefits from contract issued by the entity, in a way that is consistent with the compensation that it would require. The Company has estimated the risk adjustment using Chain ladder model.

The Company has estimated the risk adjustment with a confidence level set at 85%. Sensitivity analysis shows that 5% increase in claims would increase the risk adjustment for non-financial risk by GEL 34 thousand. The 5% decrease in claims would decrease the risk adjustment by GEL 32 thousand. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

6 Cash and cash equivalents

	31 December 2024	31 December 2023
Bank accounts in local currency	9,123,912	4,540,777
Bank accounts in foreign currency	34,503	20,479
Total cash and cash equivalents	**9,158,415**	**4,561,256**

The banks of cash and cash equivalents as of 31 December 2024 and 2023 is presented as follows:

	31 December 2024	31 December 2023
Bank of Georgia JSC	1,222,230	874,335
Credo Bank JSC	1,389,083	667,787
Liberty Bank JSC	1,087,887	529,711
Procredit Bank JSC	1,694,802	975,143
TBC Bank JSC	3,764,413	1,514,280
Total cash and cash equivalents	**9,158,415**	**4,561,256**

The credit rating for bank cash and cash equivalents as of 31 December 2024 and 2023 is presented as follows:

	31 December 2024	31 December 2023
BB+	1,694,802	20,633
B+	1,087,887	518,248
BB-	4,986,643	4,022,375
B	1,389,083	-
Total cash and cash equivalents	**9,158,415**	**4,561,256**

The ECLs relating to cash here rounds to zero and therefore, have not been disclosed here.

7 Deposits in banks

	31 December 2024	31 December 2023
Procredit Bank JSC	6,934,747	6,644,687
Credo Bank JSC	1,968,686	1,215,786
TBC Bank JSC	-	1,002,329

	31 December 2024	31 December 2023
Liberty Bank JSC	773,978	741,542
Total deposit in banks	**9,677,411**	**9,604,344**

Investment income on the bank deposits for the years ended 31 December 2024 and 2023 is presented as follows:

	2024	2023
Procredit Bank JSC	410,646	388,651
Credo Bank JSC	274,436	220,375
TBC Bank JSC	261,166	154,951
Bank of Georgia JSC	47,428	55,140
Liberty Bank JSC	77,708	51,228
Total investment income from deposits	**1,071,384**	**870,345**

Investment income from finance lease receivables is presented as follows:

	2024	2023
Finance lease receivable	93,995	97,995
Total investment income from finance lease receivables	**93,995**	**97,995**
Total investment income	**1,165,379**	**968,340**

The bank deposits are represented by placements with Georgian commercial banks with a maturity of both less than one year or 1 to 8 years period. Earn an annual interest from 11.5% to 14.6% on GEL denominated deposits, and 4.80% on USD denominated deposits.

The credit rating for bank deposits as of 31 December 2024 and 2023 is presented as follows:

	31 December 2024	31 December 2023
BB+	6,934,747	6,644,687
BB-	-	2,218,115
B+	773,978	741,542
B	1,968,686	-
Total deposit in banks	**9,677,411**	**9,604,344**

8 Insurance contract assets and liabilities

The breakdown of portfolios of insurance contracts, that are in LRC position and those in a LIC position is set out in the table below:

	2024			2023		
		Net			Net	
	LRC	LIC	Net	LRC	LIC	Net
Insurance contracts issued						
Motor Insurance	174,196	(4,998,798)	**(4,824,602)**	529,069	(3,338,209)	**(2,809,140)**
Health Insurance	(450,931)	(360,142)	**(811,073)**	(465,939)	(234,657)	**(700,596)**
Agro Insurance	(518)	(39,412)	**(39,930)**	-	(8,995)	**(8,995)**
Financial risk Insurance	(168,152)	(190,233)	**(358,385)**	(202,658)	(190,233)	**(392,891)**
Liability Insurance	(16,272)	(30,700)	**(46,972)**	(25,032)	(33,920)	**(58,952)**
Travel Insurance	(1,310)	-	**(1,310)**	(1,315)	-	**(1,315)**
Accident Insurance	2,163	-	**2,163**	(1,710)	-	**(1,710)**

	2024			2023		
	Net			Net		
	LRC	LIC	Net	LRC	LIC	Net
Property Insurance	(3,082)	(34,508)	**(37,590)**	15,383	(34,508)	**(19,125)**
Cargo Insurance	(30)	-	**(30)**	196	-	**196**
Motor Third party liability (Compulsory)	(187,599)	(61,127)	**(248,726)**	(97,153)	(95,173)	**(192,326)**
Other	(27,182)	-	**(27,182)**	(44)	-	**(44)**
Total insurance contracts issued	**(678,717)**	**(5,714,920)**	**(6,393,637)**	**(249,203)**	**(3,935,695)**	**(4,184,898)**

8.1.1 Movements in insurance contracts

Movements in insurance contracts for 2024 and 2023, is presented as follows:

	2024				2023			
	Liabilities for remaining coverage	Liabilities for incurred claims			Liabilities for remaining coverage	Liabilities for incurred claims		
	Excluding loss component	Estimates of the present value of future cash flow	Risk adjustment	Total	Excluding loss component	Estimates of the present value of future cash flow	Risk adjustment	Total
Net insurance contract liabilities at 1 January	**(249,203)**	**(3,623,410)**	**(312,285)**	**(4,184,898)**	**(636,614)**	**(2,679,470)**	**(197,343)**	**(3,513,427)**
Insurance revenue	19,700,750	-	-	19,700,750	19,763,966	-	-	19,763,966
Incurred claims and other expenses	-	(14,045,069)	-	(14,045,069)	-	(15,233,101)	-	(15,233,101)
Amortisation of insurance acquisition cash flows	(520,680)	-	-	(520,680)	(665,373)	-	-	(665,373)
Risk adjustment	-	-	(377,742)	(377,742)	-	-	(114,942)	(114,942)
Currency and other changes	(435,867)	860,150	-	424,283	(204,248)	1,403,460	-	1,199,212
Incurred claims (Compulsory)	(294,651)	294,651	-	-	(327,463)	327,463	-	-
Total	**18,200,349**	**(16,513,678)**	**(690,027)**	**996,644**	**17,930,268**	**(16,181,648)**	**(312,285)**	**1,436,335**
Cash flows								
Premiums received	(19,407,825)	-	-	(19,407,825)	(18,789,398)	-	-	(18,789,398)
Claims and other expenses paid	-	11,488,785	-	11,488,785	-	12,558,238	-	12,558,238
Insurance acquisition cash flows	528,759	-	-	528,759	609,927	-	-	609,927
Total cash flows	**(18,879,066)**	**11,488,785**	**-**	**(7,390,281)**	**(18,179,471)**	**12,558,238**	**-**	**(5,621,233)**
Net insurance contract liabilities at 31 December	**(678,717)**	**(5,024,893)**	**(690,027)**	**(6,393,637)**	**(249,203)**	**(3,623,410)**	**(312,285)**	**(4,184,898)**

9 Property and equipment

	Land	Buildings	Office equipment	Other	Total
Cost					
As at 1 January 2023	456,457	**4,027,422**	**381,320**	**84,024**	**4,949,223**

	Land	Buildings	Office equipment	Other	Total
Additions	-	-	6,736	34,810	41,546
Disposals	-	-	(65,728)	(16,588)	(82,316)
As at 31 December 2023	**456,457**	**4,027,422**	**322,328**	**102,246**	**4,908,453**
Additions	-	-	57,354	60,256	117,610
Disposals	-	-	(1,040)	(28,420)	(29,460)
As at 31 December 2024	**456,457**	**4,027,422**	**378,642**	**134,082**	**4,996,603**
Accumulated depreciation					
As at 1 January 2023	-	**(237,828)**	**(148,714)**	**(32,674)**	**(419,216)**
Depreciation charge	-	(80,973)	(76,171)	(21,251)	(178,395)
Disposals	-	**-**	39,112	**9,525**	48,637
As at 31 December 2023	**-**	**(318,801)**	**(185,773)**	**(44,400)**	**(548,974)**
Depreciation charge	**-**	(80,789)	(73,863)	(21,426)	(176,078)
Disposals	**-**	**-**	1,040	10,750	11,790
As at 31 December 2024	**-**	**(399,590)**	**(258,596)**	**(55,076)**	**(713,262)**
Carrying amount					
As at 31 December 2023	**456,457**	**3,708,621**	**136,555**	**57,846**	**4,359,479**
As at 31 December 2024	**456,457**	**3,627,832**	**120,046**	**79,006**	**4,283,341**

Depreciation expense has been charged to other expenses, which is presented as follows: (refer to note 19)

	2024	2023
Depreciation charge	176,078	178,395
Amortization charge	14,614	14,647
	190,692	**193,042**

10 Finance lease receivables

	31 December 2024	31 December 2023
Current finance lease receivables	273,535	169,281
Non-current financial lease receivables	1,400,967	1,604,464
Total finance lease receivables	**1,674,502**	**1,773,745**

On June 1, 2022, Company signed sublease agreement with Pino Vera LLC. Subject of Sublease is the land and buildings located in Tbilisi, Qumchishvili str. #8/3. The Sublease coverage period is 9 years, till 1 June 2031. Investment income on the finance lease receivable in 2024 was GEL 93,995 (2023: 97,995). Ref to 7.

11 Trade and other assets

	31 December 2024	31 December 2023
Receivables from regression	6,713,955	5,178,884
Allowances for regression	(6,713,955)	(5,178,884)
Other financial receivables	436,031	436,648
Tax asset	15,880	19,193
Non-current asset held for trading*	-	762,203
Other	6,318	-

	31 December 2024	31 December 2023
Total trade and other assets	**458,229**	**1,218,044**

* Non-current asset held for trading as of 31 December 2023, consists commercial property repossessed by the entity, through the auction. The fair value of repossessed asset assessed by an independent valuer as of 31 December 2023. The fair value of the non-current asset held for trading is higher than the carrying amount. In 2024, this repossessed has been sold.

12 Capital and reserves

12.1 Share capital

	31 December 2024	31 December 2023
Share capital	**17,700,000**	**19,000,000**

The Company has one class 17,700,000 of ordinary shares, which carry no right to fixed income. In 2024, the company's share capital was reduced by GEL 1,300,000 through a cash withdrawal.

12.2 Share premium

Share premium represents the difference between the nominal value of the shares issued and the paid amount.

13 Finance lease liabilities

	31 December 2024	31 December 2023
Current lease liabilities	148,310	103,739
Non-current lease liabilities	1,233,475	1,323,989
Total finance lease liabilities	**1,381,785**	**1,427,728**

The company has leased office buildings, which during 2022 has been leased out by Sublease agreement. The Company replaced right of use asset by Finance lease receivable in the financial statement as of 31 December 2024 and 2023. (See Note 10).

Future lease payments as of December 31, 2024, and 2023 are as follows:

	31 December 2024	31 December 2023
Within one year		
Lease payments	298,082	261,813
Finance charges	(149,774)	(158,074)
	148,308	**103,739**
In second to fifth years inclusive		
Lease payments	1,243,665	1,172,605
Finance charges	(390,404)	(460,558)
	853,261	**712,047**
More than five years		
Lease payments	410,691	698,169
Finance charges	(30,475)	(86,227)
	380,216	**611,942**
Net present value	**1,381,785**	**1,427,728**

Total cash flows paid on leases during 2024 amounted to 259,888 GEL (2023: 223,677 GEL). Lease expenses included in the profit and loss statement and not recognized as right-of-use assets amount to 30,337 GEL in 2024 (2023: 28,069 GEL).

As of December 31, 2024, the remaining service period under the right-of-use asset is 6 years (2023: 7 years) and the weighted average interest rate is 11.39% (2023: 11.39%).

The table below shows the amounts related to finance leases that were reflected in the profit and loss statement:

	2024	2023
Interest expenses	(160,641)	(162,941)
Foreign exchange gain/(Loss)	(53,304)	8,255
Total	**(213,945)**	**(154,686)**

14 Other liabilities

	31 December 2024	31 December 2023
Trade payables	338,534	289,279
Payables to employees	12,420	7,667
Payables to principles	666,309	603,029
Total other liabilities	**1,017,263**	**899,975**

15 Insurance revenue

	2024	2023
Motor Insurance	12,612,383	11,527,391
Health Insurance	3,370,894	3,066,767
Agro Insurance	717,269	2,070,370
Financial risk Insurance	421,300	325,150
Liability Insurance	24,738	36,555
Travel Insurance	28,744	19,959
Accident Insurance	32,889	35,061
Property Insurance	7,946	9,343
Cargo Insurance	-	224
Motor Third Party Liability insurance	2,484,587	2,673,146
Total insurance revenue	**19,700,750**	**19,763,966**

16 Insurance service expenses

	2024	2023
Incurred claims and other expenses	14,045,069	15,233,101
Amortization of acquisition cash flows	520,680	665,373
Risk adjustment	377,742	114,942
Income from subrogation	(2,529,115)	(2,616,804)
Total insurance service expenses	**12,414,376**	**13,396,612**

17 Other income

	2024	2023
Income from sale of salvaged property	145,435	386,801
Income from penalties	137,962	100,064
Other income*	383,291	123,470
Total other income	**666,688**	**610,335**

*Other income represents the net gain from the sale of a non-current asset held for trading, which was a commercial property repossessed by the entity in 2023 through an auction. As of 31 December 2023, an independent valuer assessed the fair value of the repossessed asset. According to the valuation report, the fair value exceeded the carrying amount. As of that date, the carrying amount of the asset was GEL 762,203. In 2024, the asset was sold for USD 480,000.

18 Salaries and Employee benefits

	2024	2023
Salaries and similar payments	2,733,122	2,345,233
Bonuses	153,046	69,205
Other payments	5,897	-
Total Salaries and employee benefits	**2,892,065**	**2,414,438**

19 Other expenses

	2024	2023
Impairment expenses	2,145,580	1,194,104
Membership fees	238,831	282,742
Depreciation and amortization expenses	190,692	193,042
Supervisory fee	197,160	197,802
Legal expenses	69,346	52,008
Communication expenses	50,705	48,796
Utility expense	46,705	47,165
Land and Property taxes	38,773	40,006
Bank guarantee	12,361	30,958
Marketing and advertising expenses	10,383	28,946
Rent expense	30,337	28,069
Business trip expenses	12,678	19,633
Repair and maintenance expenses	46,651	19,531
Audit Fee	12,710	12,272
Office supplies	20,150	10,484
Security expense	3,924	8,958
Printing expenses	5,303	6,617
Bank fees	4,149	4,573
Other expenses	564,636	604,805
Total other expenses	**3,701,074**	**2,830,511**

20 Foreign exchange gain/(loss)

	2024	2023
Financial assets	454,902	(32,155)
Financial liabilities	(70,997)	9,861
Net foreign exchange gain/(loss)	**383,905**	**(22,294)**

21 Income tax expense

On 13 May 2016 the parliament of Georgia adopted corporate income tax reform (as known as the Estonian model of corporate taxation), which mainly moves the moment of taxation from when taxable profits are earned to when they are distributed. The law has entered into force in 2016 and is effective for tax periods starting after 1 January 2017 for all entities except for financial institutions (such as banks, insurance companies, microfinance organizations, pawnshops), for which the law was intended to become effective from 1 January 2019.

On 28 December 2018, the law was further amended. The financial institutions transition to the new taxation system becomes effective from 1 January 2023, instead of 1 January 2019. On 16 December 2022, the law was further amended. The financial institutions transition to the new taxation system becomes effective from 1 January 2024, instead of 1 January 2023.

Due to the nature of the new taxation system described above, the financial institutions registered in Georgia do not have any differences between the tax bases of assets and their carrying amounts from 1 January 2024 and hence, no deferred income tax assets and liabilities was recognized.

22 Transactions with related parties

In accordance with IAS 24 *Related Party Disclosures*, parties are considered to be related if one party has ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. For the purpose of the present financial statements, related parties include shareholders, members of Company's Management as well as other persons and enterprises related with and controlled by them respectively. During the reporting year the Company had the following transactions with the related parties and as of the reporting date had the following transactions:

	2024	2023
Shareholders / Entities with common control		
Insurance revenue	15,827	7,820
Insurance service expenses	133,646	17,232
Reduction in share capital	1,300,000	-

22.1 Transactions with management and close family members

	2024	2023
Salaries and bonuses	798,468	766,842

23 Fair value measurement

The Company 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).

If the inputs used to measure the fair value of an asset or a liability might be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

23.1 Fair value measurement of financial instruments

Management believes that the fair value of the Company's financial assets approximates their carrying amounts due to short maturities of most of the aforementioned instruments.

24 Maturity analysis

The following table presents financial assets and liabilities by expected maturity.

	31 December 2024			31 December 2023		
	Less than 12 Months	More than 12 Months	Total	Less than 12 Months	More than 12 Months	Total
Assets						
Cash and bank balances	9,158,415	-	9,158,415	4,561,256	-	4,561,256
Bank deposits	9,677,411	-	9,677,411	9,604,344	-	9,604,344
Finance lease receivables	273,535	1,400,967	1,674,502	169,281	1,604,464	1,773,745
Trade and other assets	442,349	-	442,349	1,198,851	-	1,198,851
Total financial assets	**19,551,710**	**1,400,967**	**20,952,677**	**15,533,732**	**1,604,464**	**17,138,196**
Liabilities						
Insurance contract liabilities	6,393,637	-	6,393,637	4,184,898	-	4,184,898
Finance lease liability	148,310	1,233,475	1,381,785	103,739	1,323,989	1,427,728
Other liabilities	350,954	666,309	1,017,263	296,946	603,029	899,975
Total finncial liabilities	**6,892,901**	**1,899,784**	**8,792,685**	**4,585,583**	**1,927,018**	**6,512,601**
Net position	**12,658,809**	**(498,817)**	**12,159,992**	**10,948,149**	**(322,554)**	**10,625,595**

25 Insurance and financial risk management

The Company's activities expose it to a variety of risks and those activities involve the analysis, evaluation, acceptance and management of some degree of risk or combination of risks. Taking risk is core to the financial business, and the operational risks are an inevitable consequence of being in business. The Company's aim is therefore to achieve an appropriate balance between risk and return and minimise potential adverse effects on the Company's financial performance.

The most important types of risk are insurance risk and financial risk, which includes liquidity risk, market risk and credit risk.

25.1 Insurance risk

The primary insurance activity carried out by the Company assumes the risk of loss from individuals or organisations that are directly subject to the risk. Such risks may relate to all types of insurance products that may arise from an insurable event. As such the Company is exposed to the uncertainty surrounding the timing and severity of claims under the insurance contract.

Insurance events are, by their nature, random, and the actual number and size of events during any one year may vary from those estimated using established statistical techniques.

Risks under non-life insurance policies usually cover twelve-month duration. For general insurance contracts the most significant risks arise from changes in the relevant legal environment, changes in behaviour of policyholders, natural disasters and terrorist activities.

The Company also has exposure to market risk through its insurance activities. The Company manages its insurance risk through the use of established statistical techniques, reinsurance of risk concentrations, underwriting limits, approval procedures for transactions, pricing guidelines and monitoring of emerging issues.

Claims development

Gross undiscounted liabilities for incurred claims for 2024 are developed as follows:

	2020	2021	2022	2023	2024	Total
Current estimate of cumulative claims incurred						
At end of accident year	1,052,860	1,060,636	1,060,636	1,060,636	1,060,636	**5,295,404**
One year later	16,079,204	16,397,201	16,555,199	16,753,237	16,753,237	**82,538,078**
Two years later	11,335,132	11,575,976	11,839,628	11,841,353	-	**46,592,089**
Three years later	14,037,522	14,196,774	14,196,774	-	-	**42,431,070**
Four years later	13,189,471	13,267,674	-	-	-	**26,457,145**
Five years later	2,248,143	-	-	-	-	**2,248,143**
Current estimate of cumulative claims incurred	**57,942,332**	**56,498,261**	**43,652,237**	**29,655,226**	**17,813,873**	**205,561,929**

As required by IFRS 17, in setting claims provisions, the Company gives consideration to the probability and magnitude of future experience being more adverse than assumed which is reflected in the risk adjustment. In general, the uncertainty associated with the ultimate cost of settling claims is greatest when the claim is at an early stage of development. As claims develop, the ultimate cost of claims becomes more certain.

The Company has not disclosed previously unpublished information about claims development that occurred earlier than five years before the end of the annual reporting period in which it first applies IFRS 17

25.2 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

Maximum credit risk to which is the company is exposed consists of the following:

	31 December 2024	31 December 2023
Cash and cash equivalents	9,158,415	4,561,256
Bank deposits	9,677,411	9,604,344
Finance lease receivables	1,674,502	1,773,745
	20,510,328	**15,939,345**

25.3 Currency risk

The Company undertakes certain transactions denominated in foreign currencies. Hence, exposure to exchange rate fluctuations arises. Most of the Company's transactions are carried out in Georgian lari. Exposure to currency exchange rates arises from the Company's vehicles insurance, bank deposits and lease liability, which are primarily denominated in US dollars. Foreign currency denominated financial assets and liabilities which expose the Company to currency risk are disclosed below.

The amounts shown are those reported to key management translated into Georgian lari at the closing rate:

	USD	
	31 December 2024	**31 December 2023**
Financial assets		
Finance lease receivables	1,674,502	1,773,745
Bank deposits	7,684,682	7,363,254
	9,359,184	**9,136,999**
Financial liabilities		
Lease liability	1,381,785	1,427,728
	1,381,785	**1,427,728**
Net position	**7,977,399**	**7,709,271**

The following table details the Group's sensitivity to a 15% (2023: 15%) increase and decrease in Georgian lari against US dollar. 15% (2023: 15%) represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 15% (2023: 15%) change in foreign currency rates.

If Georgian lari had strengthened against US dollar by 15% (2023: 15%) then this would have had the following impact:

	US Dollar impact	US Dollar impact
	31 December 2024	**31 December 2023**
Profit or loss	**1,196,610**	**1,156,391**

Exposures to foreign exchange rates vary during the year depending on the volume of overseas transactions. Nonetheless, the analysis above is considered to be representative of the Group's exposure to currency risk.

25.4 Liquidity risk

Liquidity risk is the risk that the Company will be unable to meet its obligations. The Company'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. The following table details the Company'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 Company can be required to pay. The table includes both interest and principal cash flows

Year 2024	Less than a year	1 to 5 years	Total
Financial liabilities			
Finance lease liability	148,308	1,233,477	1,381,785
Other liabilities	1,017,263	-	1,017,263
	1,165,571	**1,233,477**	**2,399,048**

Year 2023	Less than a year	1 to 5 years	Total
Financial liabilities			
Finance lease liability	103,739	1,323,989	1,427,728
Other liabilities	899,975	-	899,975
	1,003,714	**1,323,989**	**2,327,703**

26 Reconciliation of liabilities arising from financing activities

	Lease liability
Carrying amount at 31 December 2022	**1,496,719**
Cash-flows:	
Repayments of principal	(60,736)
Interest paid	(162,941)
Non-cash:	
Interest accrued	162,941
Foreign exchange loss	(8,255)
Carrying amount at 31 December 2023	**1,427,728**
Cash-flows:	
Repayments of principal	(99,248)
Interest paid	(160,640)
Non-cash:	
Interest accrued	160,641
Foreign exchange gain	53,304
Carrying amount at 31 December 2024	**1,381,785**

27 Capital risk management

The Company has established the following capital management objectives, policies and approach to managing the risks that affect its capital position:

- To maintain the required level of stability of the Company thereby providing a degree of security to policyholders;
- To allocate capital efficiently and support the development of business by ensuring that returns on capital employed meet the requirements of its capital providers and of its shareholders;
- To retain financial flexibility by maintaining strong liquidity;
- To maintain financial strength to support new business growth and to satisfy the requirements of the policyholders, regulators and stakeholders.

The operations of the Company are also subject to local regulatory requirements within the jurisdiction where it operates. Such regulations not only prescribe approval and monitoring of activities, but also impose certain restrictive provisions to minimize the risk of default and insolvency on the part of insurance companies to meet unforeseen liabilities as these arise. The Company’s capital management policy for its insurance and non-insurance business is to hold sufficient liquid assets to cover statutory requirements based on the ISSSG directives.

Regulatory requirements

The insurance sector in Georgia is regulated by the Insurance State Supervision Service of Georgia (*ISSSG"). The ISSSG imposes minimum capital requirements for insurance companies. These requirements are put in place to ensure sufficient solvency margins.

According to the ISSSG directive Ne27, issued on 25 December 2017, the minimum capital from 31 December 2018 throughout the period should be not less than GEL 4.200 (in thousands) and the Company should, at all times, maintain total of this amount in either cash and cash equivalents or in bank balances. Order of the Head of the State Insurance

Supervision Service of Georgia According to No45, the minimum amount of own capital at all stages of the insurance activity must be a) Life insurance: 7,200 GEL - from December 31, 2021; B) Insurance (non-life) except for compulsory liability insurance, liability insurance and credit liability insurance: GEL 4,800 - from 31 December 2021, c) Insurance (nor-life) - compulsory liability insurance, liability insurance and liability insurance Including: 7,200 GEL - from December 31, 2021 and d) Reinsurance: 7,200 GEL - from 31 December 2021, The amount should be placed in the form of cash, other cash equivalents and cash placed in banks.

The company makes certain adjustments to the IRS equity in these statements of financial position to arrive to the ISSSG prescribed capital.

The Company manages its capital requirements by preventing shortfalls between reported and required capital levels on a regular basis, in order to maintain or adjust the capital structure, the Company may adjust the amounts of dividends paid or inject further capital.

The Company followed the externally imposed capital requirements at the end of the reporting period and no changes were made to its objectives, policies and processes from the previous year for managing capital.

The Regulatory Capital is determined based on the IFRS equity, adjusted for, for example, investments in subsidiaries and associates, unsecured loans and borrowings etc. as prescribed by the ISSSG directive Ne16. As at 31 December 2024 and 2023 these financial statements were authorized for issue, the Company was in compliance with the level of Regulatory Capital.