

Georgia Global Utilities JSC

**Interim condensed consolidated financial statements
for the six months ended**

30 June 2024 (unaudited)

Contents

Report on Review of Interim Financial Information

Interim condensed consolidated financial statements

| | |
|--|---|
| Interim consolidated statement of financial position..... | 1 |
| Interim consolidated statement of profit or loss and other comprehensive income..... | 2 |
| Interim consolidated statement of changes in equity | 3 |
| Interim consolidated statement of cash flows..... | 4 |

Notes to the interim condensed consolidated financial statements

| | |
|---|----|
| 1. Corporate information | 5 |
| 2. Basis of preparation | 5 |
| 3. Segment information..... | 6 |
| 4. Property, plant and equipment..... | 9 |
| 5. Trade and other receivables..... | 10 |
| 6. Borrowings | 10 |
| 7. Trade and other payables | 11 |
| 8. Revenue from water supply and related services | 11 |
| 9. Revenue from electric power sales | 12 |
| 10. Related parties disclosures | 12 |
| 11. Fair value measurement..... | 13 |
| 12. Events after the reporting period..... | 14 |

Report on Review of Interim Financial Information

To the shareholders and Supervisory Board of Georgia Global Utilities JSC

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of Georgia Global Utilities JSC and its subsidiaries, which comprise the interim condensed consolidated statement of financial position as at 30 June 2024, the related interim condensed consolidated statement of profit or loss and other comprehensive income for the three-month and six-month periods then ended, interim condensed consolidated statement of changes in equity and interim condensed consolidated statement of cash flows for the six-month period then ended, and selected explanatory notes (interim financial information). Management is responsible for the preparation and presentation of this interim financial information in accordance with IAS 34, *Interim Financial Reporting*. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with IAS 34, *Interim Financial Reporting*.

Other matter

The comparative financial information as at 30 June 2023 for the three-month and six-month periods then ended was not reviewed.



Dmytro Iurglevych (SARAS-A-644274)

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

24 September 2024

Tbilisi, Georgia

Interim consolidated statement of financial position**As at 30 June 2024***(Amounts expressed in thousands of Georgian Lari)*

| | Note | 30 June 2024 (unaudited) | 31 December 2023 |
|---|------|-----------------------------|---------------------|
| Assets | | | |
| Non-current assets | | | |
| Property, plant and equipment | 4 | 910,882 | 843,439 |
| Investment property | | 9,297 | 9,297 |
| Right-of-use assets | | 471 | 1,648 |
| Restructured trade receivables | 5 | 86 | 155 |
| Other non-current assets | | 6,061 | 5,452 |
| Total non-current assets | | 926,797 | 859,991 |
| Current assets | | | |
| Inventories | | 7,753 | 6,942 |
| Trade and other receivables | 5 | 29,450 | 23,801 |
| Prepaid taxes other than income tax | | 2,242 | 467 |
| Prepaid transaction costs | | 7,157 | - |
| Reimbursement assets | | 1,900 | 1,900 |
| Prepayments | | 4,168 | 3,194 |
| Cash and cash equivalents | | 14,757 | 7,282 |
| Total current assets | | 67,427 | 43,586 |
| Total assets | | 994,224 | 903,577 |
| Equity | | | |
| Share capital | | 84,666 | 84,666 |
| Treasury shares | | (15,875) | (15,875) |
| Additional paid-in capital and other reserves | | 15,021 | 15,021 |
| Revaluation reserve for property, plant and equipment | | 4,385 | 4,385 |
| Retained earnings | | 218,217 | 201,792 |
| Total equity | | 306,414 | 289,989 |
| Liabilities | | | |
| Non-current liabilities | | | |
| Borrowings | 6 | 2,576 | 2,604 |
| Deferred revenue | | 34,679 | 32,054 |
| Lease liabilities | | 334 | 1,512 |
| Other non-current liabilities | | 184 | 152 |
| Total non-current liabilities | | 37,773 | 36,322 |
| Current liabilities | | | |
| Borrowings | 6 | 572,971 | 509,295 |
| Advances received | | 28,545 | 26,252 |
| Trade and other payables | 7 | 34,898 | 28,423 |
| Provisions for liabilities and charges | | 6,782 | 6,868 |
| Deferred revenue | | 6,599 | 6,261 |
| Lease liabilities | | 165 | 152 |
| Other taxes payable | | 77 | 15 |
| Total current liabilities | | 650,037 | 577,266 |
| Total liabilities | | 687,810 | 613,588 |
| Total liabilities and equity | | 994,224 | 903,577 |

Approved for issue and signed on behalf of Georgia Global Utilities JSC on 24 September 2024:



José Miguel Santos Gonzalez
Chief Executive Officer

The accompanying notes on pages 5 to 14 are an integral part of these interim condensed consolidated financial statements

Interim consolidated statement of financial position**As at 30 June 2024***(Amounts expressed in thousands of Georgian Lari)*

| | Note | 30 June 2024 (unaudited) | 31 December 2023 |
|---|-------------|-------------------------------------|-----------------------------|
| Assets | | | |
| Non-current assets | | | |
| Property, plant and equipment | 4 | 910,882 | 843,439 |
| Investment property | | 9,297 | 9,297 |
| Right-of-use assets | | 471 | 1,648 |
| Restructured trade receivables | 5 | 86 | 155 |
| Other non-current assets | | 6,061 | 5,452 |
| Total non-current assets | | 926,797 | 859,991 |
| Current assets | | | |
| Inventories | | 7,753 | 6,942 |
| Trade and other receivables | 5 | 29,450 | 23,801 |
| Prepaid taxes other than income tax | | 2,242 | 467 |
| Prepaid transaction costs | | 7,157 | - |
| Reimbursement assets | | 1,900 | 1,900 |
| Prepayments | | 4,168 | 3,194 |
| Cash and cash equivalents | | 14,757 | 7,282 |
| Total current assets | | 67,427 | 43,586 |
| Total assets | | 994,224 | 903,577 |
| Equity | | | |
| Share capital | | 84,666 | 84,666 |
| Treasury shares | | (15,875) | (15,875) |
| Additional paid-in capital and other reserves | | 15,021 | 15,021 |
| Revaluation reserve for property, plant and equipment | | 4,385 | 4,385 |
| Retained earnings | | 218,217 | 201,792 |
| Total equity | | 306,414 | 289,989 |
| Liabilities | | | |
| Non-current liabilities | | | |
| Borrowings | 6 | 2,576 | 2,604 |
| Deferred revenue | | 34,679 | 32,054 |
| Lease liabilities | | 334 | 1,512 |
| Other non-current liabilities | | 184 | 152 |
| Total non-current liabilities | | 37,773 | 36,322 |
| Current liabilities | | | |
| Borrowings | 6 | 572,971 | 509,295 |
| Advances received | | 28,545 | 26,252 |
| Trade and other payables | 7 | 34,898 | 28,423 |
| Provisions for liabilities and charges | | 6,782 | 6,868 |
| Deferred revenue | | 6,599 | 6,261 |
| Lease liabilities | | 165 | 152 |
| Other taxes payable | | 77 | 15 |
| Total current liabilities | | 650,037 | 577,266 |
| Total liabilities | | 687,810 | 613,588 |
| Total liabilities and equity | | 994,224 | 903,577 |

Approved for issue and signed on behalf of Georgia Global Utilities JSC on 24 September 2024:

José Miguel Santos Gonzalez
Chief Executive Officer

Interim consolidated statement of profit or loss and other comprehensive income**For the six months ended 30 June 2024***(Amounts expressed in thousands of Georgian Lari)*

| | <i>Note</i> | <i>For the three months ended</i> | | <i>For the six months ended</i> | |
|---|-------------|-----------------------------------|----------------------------------|---------------------------------|----------------------------------|
| | | <i>30 June 2024</i> | <i>30 June 2023</i> | <i>30 June 2024</i> | <i>30 June 2023</i> |
| | | <i>(unaudited)</i> | <i>(unaudited, not reviewed)</i> | <i>(unaudited)</i> | <i>(unaudited, not reviewed)</i> |
| Revenue from water supply and related services | 8 | 63,700 | 46,313 | 120,969 | 90,712 |
| Revenue from electric power sales | 9 | 5,049 | 10,755 | 13,880 | 15,598 |
| Other revenue | | 146 | 155 | 280 | 309 |
| Total revenue, income and gains | | 68,895 | 57,223 | 135,129 | 106,619 |
| Electricity and transmission costs | | (5,328) | (5,431) | (10,696) | (11,562) |
| Salaries and other employee benefits | | (7,130) | (7,123) | (14,413) | (13,513) |
| Allowance for expected credit losses | 5 | (4,534) | (1,716) | (6,878) | (3,345) |
| Taxes other than income tax | | (2,651) | (1,943) | (4,718) | (3,866) |
| General and administrative expenses | | (1,712) | (1,409) | (3,069) | (2,503) |
| Professional fees | | (666) | (832) | (1,475) | (1,532) |
| Raw materials, fuel and other consumables | | (1,146) | (831) | (2,006) | (1,539) |
| Maintenance expenditure | | (691) | (632) | (1,486) | (1,335) |
| Charge for provisions and legal claims related expenses | | 405 | 343 | 86 | 268 |
| Other operating expenses | | (3,403) | (4,982) | (6,648) | (6,777) |
| Other income | | 480 | 858 | 824 | 1,128 |
| | | (26,376) | (23,698) | (50,479) | (44,576) |
| EBITDA | | 42,519 | 33,525 | 84,650 | 62,043 |
| Finance income | | 69 | 549 | 248 | 1,710 |
| Finance costs | 6 | (10,319) | (7,955) | (20,036) | (15,981) |
| Net foreign exchange (loss) gain | | (22,287) | (9,824) | (21,733) | 13,691 |
| Depreciation and amortisation | | (13,650) | (10,476) | (27,076) | (20,776) |
| Net gain (loss) from sale and write-off of property and equipment | | 406 | (760) | 372 | (1,775) |
| Profit (loss) before income tax expense | | (3,262) | 5,059 | 16,425 | 38,912 |
| Income tax expense | | - | - | - | - |
| Profit (loss) and total comprehensive income (loss) for the period | | (3,262) | 5,059 | 16,425 | 38,912 |

The accompanying notes on pages 5 to 14 are an integral part of these interim condensed consolidated financial statements

Interim consolidated statement of changes in equity

For the six months ended 30 June 2024

(Amounts expressed in thousands of Georgian Lari)

| | <i>Share capital</i> | <i>Treasury shares</i> | <i>Additional paid-in capital and other reserves</i> | <i>Retained earnings</i> | <i>Revaluation reserve for property, plant and equipment</i> | <i>Total equity</i> |
|---|----------------------|------------------------|--|--------------------------|--|---------------------|
| Balance as at 31 December 2022 | 84,666 | (15,875) | 15,021 | 152,380 | 4,385 | 240,577 |
| Profit for the period | - | - | - | 38,912 | - | 38,912 |
| Total comprehensive income for the period | - | - | - | 38,912 | - | 38,912 |
| Balance as at 30 June 2023 (unaudited, not reviewed) | 84,666 | (15,875) | 15,021 | 191,292 | 4,385 | 279,489 |
| Balance as at 31 December 2023 | 84,666 | (15,875) | 15,021 | 201,792 | 4,385 | 289,989 |
| Profit for the period | - | - | - | 16,425 | - | 16,425 |
| Total comprehensive income for the period | - | - | - | 16,425 | - | 16,425 |
| Balance as at 30 June 2024 (unaudited) | 84,666 | (15,875) | 15,021 | 218,217 | 4,385 | 306,414 |

The accompanying notes on pages 5 to 14 are an integral part of these interim condensed consolidated financial statements

Interim consolidated statement of cash flows**For the six months ended 30 June 2024***(Amounts expressed in thousands of Georgian Lari)*

| | <i>Note</i> | For the six months ended 30 June 2024 (unaudited) | For the six months ended 30 June 2023 (unaudited, not reviewed) |
|--|-------------|--|--|
| Cash flows from operating activities | | | |
| Profit before income tax | | 16,425 | 38,912 |
| <i>Adjustments for:</i> | | | |
| Depreciation and amortization | | 27,076 | 20,776 |
| Allowance for expected credit losses | 5 | 6,878 | 3,345 |
| Provision charge | | (86) | (268) |
| Net gain (loss) from disposal of property, plant and equipment | | (372) | 1,775 |
| Net foreign exchange gain | | 21,733 | (13,691) |
| Finance income | | (248) | (1,710) |
| Finance costs | | 20,036 | 15,981 |
| <i>Working capital changes</i> | | | |
| Change in inventories | | (811) | (875) |
| Change in trade and other receivables | | (12,461) | (11,866) |
| Change in prepaid taxes other than income tax | | (1,775) | (1,108) |
| Change in prepaid transaction costs | | (7,157) | - |
| Change in prepayments | | (974) | (2,372) |
| Change in trade and other payables | | 6,418 | 7,068 |
| Change in deferred revenue – current portion | | 338 | 1,194 |
| Change in advances received | | 2,293 | 2,283 |
| Change in other tax payables | | 62 | (2,924) |
| Operating cash flows after working capital changes | | 77,375 | 56,520 |
| Change in deferred revenue – non-current portion | | 2,625 | 654 |
| Net cash flows from operating activities | | 80,000 | 57,174 |
| Cash flows from investing activities | | | |
| Purchase of property, plant and equipment and intangible assets | | (94,493) | (85,967) |
| Proceeds from sale of property, plant and equipment | | 574 | - |
| Interest received | | 275 | 1,527 |
| Net cash used in investing activities | | (93,644) | (84,440) |
| Cash flows from financing activities | | | |
| Payment of principal portion of lease liabilities | | (583) | (203) |
| Proceeds from borrowings | 6 | 21,979 | 5,609 |
| Repayment of borrowings | | (117) | (108) |
| Interest paid | | (172) | (7,972) |
| Net cash from / (used in) financing activities | | 21,107 | (2,674) |
| Effect of foreign exchange rate changes on cash and cash equivalents | | 13 | (57) |
| Net change in cash and cash equivalents | | 7,476 | (29,997) |
| Cash and cash equivalents at the beginning of the period | | 7,282 | 36,909 |
| Cash and cash equivalents at the end of the period | | 14,757 | 6,912 |

The accompanying notes on pages 5 to 14 are an integral part of these interim condensed consolidated financial statements

(Amounts expressed in thousands of Georgian Lari)

1. Corporate information

The interim condensed consolidated financial statements of Georgia Global Utilities JSC (GGU) and its subsidiaries (collectively, the Group) for the six months ended 30 June 2024 were authorised for issue on 24 September 2024.

There was no change in the composition of the Group, its business segments, legal address and ultimate controlling parent as compared to 31 December 2023.

2. Basis of preparation

These interim condensed consolidated financial statements For the six months ended 30 June 2024 were prepared in accordance with International Accounting Standard (“IAS”) 34 *Interim Financial Reporting*.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements and should be read in conjunction with the Group’s annual consolidated financial statements as at and for the year ended 31 December 2023, signed and authorized for release on 8 April 2024.

Basis of consolidation used in preparation of these interim condensed consolidated financial statements is consistent with that used and disclosed in the Group’s annual consolidated financial statements as at and for the year ended 31 December 2023.

The consolidated financial statements have been prepared on a historical cost basis, except for investment properties that have been measured at fair value.

The consolidated financial statements are presented in thousands of Georgian Lari (“GEL”), unless otherwise indicated.

The preparation of the interim condensed consolidated financial statements requires management to make estimates and assumptions that affect the reported income and expense, assets and liabilities and disclosure of contingencies at the date of the interim condensed consolidated financial statements. Although these estimates and assumptions are based on management’s best judgment at the date of the interim condensed consolidated financial statements, actual results may differ from these estimates.

Assumptions and significant estimates in these interim condensed consolidated financial statements are consistent with those applied in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2023.

Going concern

As at 30 June 2024, the Group’s current liabilities exceeded its current assets by GEL 582,610. Included into current liabilities as at 30 June 2024 are the borrowings due to the Group’s Parent in amount of GEL 572,912. Subsequent to the end of the interim reporting period, the Group issued USD 300 million (approximately GEL 814,560 as at the settlement date) Eurobonds and applied issuance proceeds (amounting to approximately GEL 745 million, net of transaction costs paid up to date and Eurobonds acquired by the Group itself) towards settlement of its liabilities due to the Parent. Excess funds are expected to be used to fund Group’s capital expenditures over upcoming years (Note 12). The Group recorded GEL 16,425 net profit, GEL 84,650 EBITDA and GEL 80,000 net operating cash flow for the six month period ended 30 June 2024 (year ended 31 December 2023: GEL 49,412 net profit, GEL 127,682 EBITDA and GEL 134,187 net operating cash flow for 2023, respectively), with a significant increase expected for the full year 2024 as compared to 2023 as the result of water supply tariff increase as updated in December 2023 for 2024–2026 tariff cycle. The management assessed that, subsequent to the Eurobonds issuance, the Group has accumulated necessary liquidity and is able to generate sufficient free cash flow to timely service Eurobond coupon payments and planned capital expenditures for at least 12 months from the date of approval of these interim condensed consolidated financial statements. Accordingly, the management considered going concern basis of preparation for these interim condensed consolidated financial statements to be appropriate.

Adoption of new or revised standards and interpretations

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2023, except for the adoption of new standards effective as of 1 January 2024. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

(Amounts expressed in thousands of Georgian Lari)

2. Basis of preparation (continued)

Several amendments and interpretations apply for the first time in 2024, but do not have an impact on the interim condensed consolidated financial statements of the Group:

▶ **Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7**

In May 2023, the IASB issued amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures to clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. The transition rules clarify that an entity is not required to provide the disclosures in any interim periods in the year of initial application of the amendments. Thus, the amendments had no impact on the Group's interim condensed consolidated financial statements.

▶ **Amendments to IFRS 16: Lease Liability in a Sale and Leaseback**

In September 2022, the IASB issued amendments to IFRS 16 to specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. The amendments had no impact on the Group's interim condensed consolidated financial statements.

▶ **Amendments to IAS 1: Classification of Liabilities as Current or Non-current**

In January 2020 and October 2022, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- ▶ What is meant by a right to defer settlement
- ▶ That a right to defer must exist at the end of the reporting period
- ▶ That classification is unaffected by the likelihood that an entity will exercise its deferral right
- ▶ That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

In addition, a requirement has been introduced whereby an entity must disclose when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months.

The amendments had no impact on the Group's interim condensed consolidated financial statements.

3. Segment information

Management organized the Group into the following two operating segments based on products sold and services rendered:

Electric power generation and sales

The segment owns hydroelectric and wind power stations that generate electric power for own consumption and for sale to external customers.

Water supply and wastewater collection services

The segment provides water supply and wastewater collection services which is the core activity of the Group.

Management monitors the operating results of its segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance, as explained below, is measured according to IFRS standards in the same manner as profit or loss in the consolidated financial statements.

Transactions between segments are accounted for at actual transaction prices, with exception for deemed electricity sales for water supply needs measured in accordance with the terms of Georgian National Energy And Water Supply Regulatory Commission (GNERC) regulations applied for water supply tariff setting purposes.

The Group's operations are concentrated in Georgia. All non-current assets of the Group are located in Georgia.

*(Amounts expressed in thousands of Georgian Lari)***3. Segment information (continued)****Water supply and wastewater collection services (continued)**

The following table present financial results information of the Group's operating segments for the six months ended 30 June 2024 (unaudited).

| | <i>Electric power generation and sales</i> | <i>Water supply and wastewater collection services</i> | <i>Intersegment transactions</i> | <i>Total</i> |
|---|--|--|--------------------------------------|-----------------|
| Revenue from water supply and related services | – | 120,969 | – | 120,969 |
| Revenue from electric power sales | 16,914 | – | (3,034) | 13,880 |
| Other revenue | – | 280 | – | 280 |
| Total revenue, income and gains | 16,914 | 121,249 | (3,034) | 135,129 |
| Electricity and transmission costs | (176) | (13,554) | 3,034 | (10,696) |
| Salaries and other employee benefits | (1,236) | (13,177) | – | (14,413) |
| Allowance for expected credit losses | – | (6,878) | – | (6,878) |
| Taxes other than income tax | (27) | (4,691) | – | (4,718) |
| General and administrative expenses | (118) | (2,951) | – | (3,069) |
| Professional fees | (29) | (1,446) | – | (1,475) |
| Raw materials, fuel and other consumables | (57) | (1,949) | – | (2,006) |
| Maintenance expenditure | (2) | (1,484) | – | (1,486) |
| Charge for provisions and legal claims related expenses | – | 86 | – | 86 |
| Other operating expenses | (2,299) | (4,349) | – | (6,648) |
| Other income | 12 | 812 | – | 824 |
| EBITDA | 12,982 | 71,668 | – | 84,650 |
| Finance income | 155 | 93 | – | 248 |
| Finance costs | (1,244) | (18,792) | – | (20,036) |
| Net foreign exchange loss | (312) | (21,421) | – | (21,733) |
| Depreciation and amortization | (1,982) | (25,094) | – | (27,076) |
| Net gain (loss) from disposal and write-off of property and equipment | (4) | 376 | – | 372 |
| Profit before income tax expense | 9,595 | 6,830 | – | 16,425 |
| Income tax expense | – | – | – | – |
| Profit for the period | 9,595 | 6,830 | – | 16,425 |

*(Amounts expressed in thousands of Georgian Lari)***3. Segment information (continued)****Water supply and wastewater collection services (continued)**

The following table present financial results information of the Group's operating segments for the six months ended 30 June 2023 (unaudited, not reviewed).

| | <i>Electric power generation and sales</i> | <i>Water supply and wastewater collection services</i> | <i>Intersegment transactions</i> | <i>Total</i> |
|--|--|--|--------------------------------------|-----------------|
| Revenue from water supply and related services | – | 90,712 | – | 90,712 |
| Revenue from electric power sales | 17,798 | – | (2,200) | 15,598 |
| Other revenue | – | 309 | – | 309 |
| Total revenue, income and gains | 17,798 | 91,021 | (2,200) | 106,619 |
| Electricity and transmission costs | (52) | (13,710) | 2,200 | (11,562) |
| Salaries and other employee benefits | (1,080) | (12,433) | – | (13,513) |
| Allowance for expected credit losses | – | (3,345) | – | (3,345) |
| Taxes other than income tax | (45) | (3,821) | – | (3,866) |
| General and administrative expenses | (99) | (2,404) | – | (2,503) |
| Professional fees | (8) | (1,524) | – | (1,532) |
| Raw materials, fuel and other consumables | (46) | (1,493) | – | (1,539) |
| Maintenance expenditure | (8) | (1,327) | – | (1,335) |
| Reversal of provisions and legal claims related expenses | – | 268 | – | 268 |
| Other operating expenses | (967) | (5,810) | – | (6,777) |
| Other income | 7 | 1,121 | – | 1,128 |
| EBITDA | 15,500 | 46,543 | – | 62,043 |
| Finance income | 139 | 1,571 | – | 1,710 |
| Finance costs | (866) | (15,115) | – | (15,981) |
| Net foreign exchange (loss)/gain | (5) | 13,696 | – | 13,691 |
| Depreciation and amortisation | (1,314) | (19,462) | – | (20,776) |
| Net loss from write-off of property and equipment | – | (1,775) | – | (1,775) |
| Profit before income tax expense | 13,454 | 25,458 | – | 38,912 |
| Income tax expense | – | – | – | – |
| Profit for the period | 13,454 | 25,458 | – | 38,912 |

The majority of revenue and cost elements were directly attributed to the relevant segments. The allocation principles and methods used by the management for revenue and costs elements, which cannot be directly attributed to the relevant operating segments, were:

- ▶ **Revenue** – for the purposes of segment disclosure, revenue from the internally consumed electricity (generated by Zhinvali HPP and Tetrikhevi HPP) was recorded at the regulated tariffs set by the GNERC (Decree No. 77, dated 28 December 2023) which were applicable for 2024 and 2023, respectively.
- ▶ **Salaries and benefits** – The costs of salaries and other benefits except that of administrative staff were attributed directly to the appropriate segments based on actual expenditure. Salaries and benefits of the administrative staff were allocated proportionally based on the number of employees in each operating segment.
- ▶ **Interest income and finance costs** were allocated according to the amount of borrowings received by each segment.

*(Amounts expressed in thousands of Georgian Lari)***4. Property, plant and equipment**

The movements in property, plant and equipment during the six months ended 30 June 2024 were as follows:

| | <i>Land plots</i> | <i>Real estate</i> | <i>Infrastruc- ture assets</i> | <i>Vehicles</i> | <i>Fixtures and fittings</i> | <i>CIP</i> | <i>Total</i> |
|--|-------------------|--------------------|------------------------------------|-----------------|----------------------------------|---------------|------------------|
| Historical cost 31 December 2023 | 7,431 | 45,045 | 1,083,763 | 41,046 | 12,521 | 54,756 | 1,244,562 |
| Additions | - | - | 18,541 | 30 | 137 | 75,233 | 93,941 |
| Disposals | - | (77) | (8,258) | (2,238) | (25) | (1) | (10,599) |
| Transfers | 28 | 194 | 43,461 | 7,261 | 351 | (51,295) | (0) |
| 30 June 2024 (unaudited) | 7,459 | 45,162 | 1,137,507 | 46,099 | 12,984 | 78,693 | 1,327,904 |
| Accumulated depreciation and impairment | | | | | | | |
| 31 December 2023 | 352 | 11,792 | 358,072 | 22,477 | 8,430 | - | 401,123 |
| Depreciation charge | - | 370 | 23,357 | 1,751 | 505 | - | 25,983 |
| Disposals | - | (36) | (8,112) | (1,926) | (10) | - | (10,084) |
| 30 June 2024 (unaudited) | 352 | 12,126 | 373,317 | 22,302 | 8,925 | - | 417,022 |
| Net book value | | | | | | | |
| 31 December 2023 | 7,079 | 33,253 | 725,691 | 18,569 | 4,091 | 54,756 | 843,439 |
| 30 June 2024 (unaudited) | 7,107 | 33,036 | 764,190 | 23,797 | 4,059 | 78,693 | 910,882 |

The movements in property, plant and equipment during the three months ended 30 June 2023 were as follow:

| | <i>Land plots</i> | <i>Real estate</i> | <i>Water Infrastruc- ture assets</i> | <i>Vehicles</i> | <i>Fixtures and fittings</i> | <i>CIP</i> | <i>Total</i> |
|--|-------------------|--------------------|--|-----------------|----------------------------------|---------------|------------------|
| Historical cost 31 December 2022 | 7,033 | 41,287 | 910,772 | 35,581 | 11,034 | 34,733 | 1,040,440 |
| Additions | - | 2 | 12,727 | 46 | 100 | 75,659 | 88,534 |
| Disposals | (1) | 100 | 27 | (538) | (7) | (2,415) | (2,834) |
| Transfers | - | 402 | 32,504 | 3,460 | 228 | (36,592) | 2 |
| 30 June 2023 (unaudited, not reviewed) | 7,032 | 41,791 | 956,030 | 38,549 | 11,355 | 71,385 | 1,126,142 |
| Accumulated depreciation and impairment | | | | | | | |
| 31 December 2022 | 352 | 11,054 | 324,252 | 17,735 | 7,460 | - | 360,853 |
| Depreciation charge | - | 392 | 17,009 | 2,163 | 530 | - | 20,094 |
| Disposals | - | - | (6) | (422) | (3) | - | (431) |
| 30 June 2023 (unaudited, not reviewed) | 352 | 11,446 | 341,255 | 19,476 | 7,987 | - | 380,516 |
| Net book value | | | | | | | |
| 31 December 2022 | 6,681 | 30,233 | 586,520 | 17,846 | 3,574 | 34,733 | 679,587 |
| 30 June 2023 (unaudited, not reviewed) | 6,680 | 30,345 | 614,775 | 19,073 | 3,368 | 71,385 | 745,626 |

*(Amounts expressed in thousands of Georgian Lari)***5. Trade and other receivables**

| | 30 June 2024 (unaudited) | 31 December 2023 |
|---|---|-------------------------|
| Non-current | | |
| Trade receivables for water supply services from general population | 123 | 200 |
| | 123 | 200 |
| Less: allowance for expected credit losses | (37) | (45) |
| Total restructured trade receivables, net | 86 | 155 |
| Current | | |
| Trade receivables for water supply services from general population | 40,449 | 37,746 |
| Trade receivables for water supply services from legal entities | 32,528 | 23,239 |
| Trade receivables for installation of water meters | 145 | 167 |
| Trade receivables for connection service | 4,665 | 4,005 |
| Trade receivables for electric power sales | 323 | 1,214 |
| | 78,110 | 66,371 |
| Less allowance for expected credit losses | (50,186) | (45,011) |
| Total current trade receivables, net | 27,924 | 21,360 |
| Other receivables | 3,591 | 3,692 |
| Less allowance for expected credit losses | (2,065) | (1,251) |
| Total other receivables, net | 1,526 | 2,441 |
| Total current trade and other receivables, net | 29,450 | 23,801 |

The carrying amounts of the Group's trade and other receivables approximate their fair values and are denominated in GEL.

The movements in the ECL allowance for the trade and other receivables are as follows:

| | Non-current trade and other receivables | Current trade and other receivables | Total |
|---|--|--|---------------|
| 31 December 2022 | 39 | 40,427 | 40,466 |
| Allowance for expected credit losses | 1 | 3,343 | 3,344 |
| Bad debts written off | - | (106) | (106) |
| 30 June 2023 (unaudited, not reviewed) | 40 | 43,664 | 43,704 |
| 31 December 2023 | 44 | 46,264 | 46,308 |
| Allowance for expected credit losses | (7) | 6,880 | 6,873 |
| Bad debts written off | - | (893) | (893) |
| 30 June 2024 (unaudited) | 37 | 52,251 | 52,288 |

6. Borrowings

| | 30 June 2024 (unaudited) | | 31 December 2023 | |
|--|---------------------------------|--------------------------------|----------------------------|--------------------------------|
| | Current liabilities | Non-current liabilities | Current liabilities | Non-current liabilities |
| Loans from the Parent | 572,912 | - | 509,231 | - |
| Loans from Georgian financial institutions | 59 | 2,576 | 64 | 2,604 |
| Total borrowings | 572,971 | 2,576 | 509,295 | 2,604 |

As of 30 June 2024 the Group has USD-denominated loan from the Parent of GEL 461,026 at fixed interest rate of 7.35% that is due on 31 August 2024 (31 December 2023: GEL 444,020). During 2023, the Group has also obtained a loan from the Parent denominated in EUR with fixed interest rate of 7.6% that matures on 31 December 2024. As at 30 June 2024 outstanding balance from EUR denominated loan from Parent is GEL 111,886 (31 December 2023: GEL 65,211).

*(Amounts expressed in thousands of Georgian Lari)***6. Borrowings (continued)**

During the six months ended 30 June 2024, accrued interest related to the USD loan from Parent was capitalized to the carrying amount of EUR-loan in the amount of GEL 21,170 (nil for the six months ended 30 June 2023).

As of 30 June 2024, other borrowings comprise of EUR denominated loans from Georgian banks of GEL 221 (31 December 2023: GEL 227) and USD denominated loans from Georgian banks of GEL 2,414 (31 December 2023: GEL 2,441).

As of 30 June 2024 the Group has undrawn borrowing facilities from the Parent amounting to GEL 71,603 (31 December 2023: GEL 114,449).

For the six months ended 30 June 2024, the Group incurred borrowings costs of GEL 19,951 (for the six months ended 30 June 2023: GEL 15,879), of which GEL 72 (for the six months ended 30 June 2023: GEL 117) has been capitalized to property, plant and equipment.

7. Trade and other payables

| | 30 June 2024 (unaudited) | 31 December 2023 |
|---------------------------------------|-------------------------------------|-----------------------------|
| Payables for non-current assets | 9,923 | 9,177 |
| Trade payables | 17,677 | 16,164 |
| Payables to employees | 6,810 | 2,479 |
| Other payables | 488 | 603 |
| Total trade and other payables | 34,898 | 28,423 |

Trade and other payables are non-interest bearing and are normally settled within 60 days.

8. Revenue from water supply and related services

| | For the six months ended 30 June 2024 (unaudited) | For the six months ended 30 June 2023 (unaudited, not reviewed) |
|--|--|--|
| Revenue from water supply to legal entities | 91,537 | 61,342 |
| Revenue from water supply to general population | 26,215 | 26,464 |
| Total revenue from water supply before charges for related services | 117,752 | 87,806 |
| Charges for connection service | 3,091 | 2,794 |
| Charges for installation of water meters | 126 | 112 |
| Total revenue from water supply and related services | 120,969 | 90,712 |

From 1 January 2024, new water supply tariffs came into effect, approved by GNERC in December 2023. The revised tariffs were approximately 35.4% higher for Tbilisi legal entity customers as compared to those applicable in 2023. The tariff for water supply to general population in Tbilisi remained the same. Accordingly, revenue from water supply increased over six month ended 30 June 2024 as compared to respective six-month period of 2023 as the result of tariff increase.

*(Amounts expressed in thousands of Georgian Lari)***9. Revenue from electric power sales**

| | <i>For the six months ended 30 June 2024 (unaudited)</i> | <i>For the six months ended 30 June 2023 (unaudited, not reviewed)</i> |
|--|--|--|
| Revenue from electric power sales to legal entities | 13,133 | 15,150 |
| Revenue from electric power sales to government-related entities | 747 | 448 |
| Total revenue from electric power sales | 13,880 | 15,598 |

10. Related parties disclosures

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

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

The Group's immediate parent is Aqualia Georgia LLC and its ultimate controlling parent is FCC Aqualia S.A.

Transactions with Georgia Capital JSC (which exercises significant influence on the Group) and entities under its control are presented in the table below as transactions with other related parties.

The volumes of related party transactions, outstanding balances at the period and year end, and related expense and income for the period or year are as follows:

| | <i>30 June 2024 (unaudited)</i> | | <i>31 December 2023</i> | |
|--|---------------------------------|-----------------------------------|-------------------------|-----------------------------------|
| | <i>Parent</i> | <i>Other (GCAP companies)</i> | <i>Parent</i> | <i>Other (GCAP companies)</i> |
| Assets | | | | |
| Trade and other receivables, gross | - | 2,202 | - | 2,170 |
| Less allowance for expected credit losses | - | (501) | - | - |
| Trade and other receivables, net | - | 1,701 | - | 2,170 |
| Prepayments | - | 1,036 | - | 12 |
| Reimbursement asset | - | 1,900 | - | 1,900 |
| Borrowings as at 1 January | 509,231 | - | 446,279 | - |
| Proceeds from borrowings and interest accrued during the period/year | 41,927 | - | 71,316 | - |
| Repayment of borrowing including interest during the period/year | - | - | (8,564) | - |
| Foreign exchange differences on borrowings | 21,753 | - | 200 | - |
| Borrowings as at 30 June (unaudited) / 31 December | 572,912 | - | 509,231 | - |
| Liabilities | | | | |
| Advances received | - | 53 | - | 46 |
| Trade and other payables | 1,254 | 141 | 394 | 147 |

*(Amounts expressed in thousands of Georgian Lari)***10. Related parties disclosures (continued)**

| | <i>For the six months ended 30 June 2024 (unaudited)</i> | | | <i>For the six months ended 30 June 2023 (unaudited, not reviewed)</i> | | |
|---|--|---------------|-----------------------------------|--|---------------|-----------------------------------|
| | <i>Ultimate Parent</i> | <i>Parent</i> | <i>Other (GCAP companies)</i> | <i>Ultimate Parent</i> | <i>Parent</i> | <i>Other (GCAP companies)</i> |
| Income and expenses | | | | | | |
| Revenue from water supply | - | - | 1,351 | - | - | 841 |
| Professional fees | - | (935) | - | - | (811) | - |
| Allowance for impairment of trade receivables | - | - | (501) | - | - | - |
| Other operating expenses | - | - | (2,609) | - | - | (1,297) |
| Finance costs | (19,936) | - | - | (15,737) | - | - |

Directors' compensation

Total compensation to key management for the six months ended 30 June 2024 and 2023 was as follows:

| | <i>For the six months ended 30 June 2024 (unaudited)</i> | | <i>For the six months ended 30 June 2023 (unaudited, not reviewed)</i> | |
|--------------------------------------|--|--------------|--|--------------|
| Salaries and benefits | | 1,267 | | 1,656 |
| Bonuses | | 387 | | 505 |
| Total management compensation | | 1,654 | | 2,161 |

11. Fair value measurement

Assets and liabilities measured at fair value in the consolidated statement of financial position as at 30 June 2024 include investment property with fair value of GEL 9,297 (Level 3 of fair value hierarchy) (31 December 2023: GEL 9,297).

The Group measures fair value of its investment properties at the end of each reporting period. The real estate market in Georgia is relatively illiquid and inert, with market values tending to be stable over prolonged periods of time. Significant judgment is exercised in determination on whether fair value changes over the interim period since the date of the last revaluation are material and thus warrant recognition in the interim condensed consolidated financial statements. The management concluded that valuations of individual properties as at 30 June 2024 continue to remain stable as compared to 31 December 2023 and, thus, no further revaluation is required to be recognized in these interim condensed consolidated financial statements.

All financial instruments for which fair values are disclosed by the Group as at 30 June 2024 and 31 December 2023, are measured at fair value using a valuation technique with market observable and unobservable inputs. There were no changes in valuation techniques for Level 3 recurring fair value measurements in 2024 and 2023.

The fair values in Level 2 and Level 3 of fair value hierarchy were estimated using the discounted cash flows valuation technique. The fair value of unquoted fixed interest rate instruments was estimated based on estimated future cash flows expected to be received discounted at current interest rates for new instruments with similar credit risk and remaining maturity. The fair value of fixed rate borrowings from Parent (Level 2 of fair value hierarchy) is GEL 571,716 as at 30 June 2024 (31 December 2023: GEL 504,620).

Management assessed that the fair values of cash and cash equivalents, trade receivables, trade payables, and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

(Amounts expressed in thousands of Georgian Lari)

12. Events after the reporting period

In July 2024, the Group issued USD 300 million in green Eurobonds, which were listed on Irish Stock Exchange (Euronext Dublin (GEM)). The Eurobonds carry fixed coupon rate of 8.875%, payable semi-annually, and mature in 5 years. The Group retained USD 24,096 of issued Eurobonds in treasury. Proceeds from issuance, net of transaction costs of GEL 8,714 paid up to date and own bonds held in treasury, amounted to approximately GEL 745 million. The Group applied the issuance proceeds to settle its borrowings due to the Parent amounting to GEL 572,912 as at 30 June 2024, with remainder kept on current and deposit accounts with local banks and in other liquid assets with aim to fund Group's upcoming capital expenditures.