

Georgia Global Utilities JSC

Unaudited interim condensed consolidated financial statements

31 March 2024

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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 consolidated statement of financial position as at 31 March 2024 and the related interim consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the three-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 31 March 2023 and for the three-month period then ended was not reviewed.

Ruslan Khoroshvili (SARAS-A-615243)
On behalf of EY LLC (SARAS-F-855308)
26 June 2024
Tbilisi, Georgia

Interim consolidated statement of financial position**As at 31 March 2024***(Amounts expressed in thousands of Georgian Lari)*

	Note	31 March 2024 (unaudited)	31 December 2023
Assets			
Non-current assets			
Property, plant and equipment	4	876,279	843,439
Investment property		9,297	9,297
Right-of-use assets		1,017	1,648
Restructured trade receivables	5	112	155
Other non-current assets		5,161	5,452
Total non-current assets		891,866	859,991
Current assets			
Inventories		7,359	6,942
Trade and other receivables	5	29,043	23,801
Prepaid taxes other than income tax		357	467
Reimbursement assets		1,900	1,900
Prepayments		4,875	3,194
Cash and cash equivalents		9,668	7,282
Total current assets		53,202	43,586
Total assets		945,068	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		221,479	201,792
Total equity		309,676	289,989
Liabilities			
Non-current liabilities			
Borrowings	6	2,578	2,604
Deferred revenue		33,260	32,054
Lease liabilities		871	1,512
Other non-current liabilities		168	152
Total non-current liabilities		36,877	36,322
Current liabilities			
Borrowings	6	524,296	509,295
Advances received		28,063	26,252
Trade and other payables	7	28,351	28,423
Provisions for liabilities and charges		7,187	6,868
Deferred revenue		6,295	6,261
Lease liabilities		165	152
Other taxes payable		4,158	18
Total current liabilities		598,515	577,266
Total liabilities		635,392	613,588
Total liabilities and equity		945,068	903,577

Approved for issue and signed on behalf of Georgia Global Utilities JSC on 26 June 2024:



 José Miguel Santos Gonzalez
 Chief Executive Officer

Interim consolidated statement of profit or loss and other comprehensive income**For the three months ended 31 March 2024***(Amounts expressed in thousands of Georgian Lari)*

	Note	For the three months ended 31 March 2024 (unaudited)	For the three months ended 31 March 2023 (unaudited, not reviewed)
Revenue from water supply and related services	8	57,269	44,399
Revenue from electric power sales	9	8,831	4,843
Other revenue		134	154
Total revenue, income and gains		66,234	49,396
Electricity and transmission costs		(5,368)	(6,131)
Salaries and other employee benefits		(7,283)	(6,390)
Allowance for expected credit losses	5	(2,344)	(1,629)
Taxes other than income tax		(2,067)	(1,923)
General and administrative expenses		(1,357)	(1,094)
Professional fees		(809)	(700)
Raw materials, fuel and other consumables		(860)	(708)
Maintenance expenditure		(795)	(703)
Charge for provisions and legal claims related expenses		(319)	(75)
Other operating expenses		(3,245)	(1,795)
Other income		344	270
		(24,103)	(20,878)
EBITDA		42,131	28,518
Finance income		179	1,161
Finance costs	6	(9,717)	(8,026)
Net foreign exchange gain		554	23,515
Depreciation and amortisation		(13,426)	(10,300)
Net loss from write-off of property and equipment		(34)	(1,015)
Profit before income tax expense		19,687	33,853
Income tax expense		-	-
Profit and total comprehensive income for the period		19,687	33,853

Interim consolidated statement of changes in equity**For the three months ended 31 March 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	-	-	-	33,853	-	33,853
Total comprehensive income for the period	-	-	-	33,853	-	33,853
Balance as at 31 March 2023 (unaudited, not reviewed)	84,666	(15,875)	15,021	186,233	4,385	274,430
Balance as at 31 December 2023	84,666	(15,875)	15,021	201,792	4,385	289,989
Profit for the period	-	-	-	19,687	-	19,687
Total comprehensive income for the period	-	-	-	19,687	-	19,687
Balance as at 31 March 2024 (unaudited)	84,666	(15,875)	15,021	221,479	4,385	309,676

Interim consolidated statement of cash flows**For the three months ended 31 March 2024***(Amounts expressed in thousands of Georgian Lari)*

	<i>Note</i>	For the three months ended 31 March 2024 (unaudited)	For the three months ended 31 March 2023 (unaudited, not reviewed)
Cash flows from operating activities			
Profit before income tax		19,687	33,853
<i>Adjustments for:</i>			
Depreciation and amortization		13,426	10,300
Allowance for expected credit losses	5	2,344	1,629
Provision charge		319	75
Net loss from disposal of property, plant and equipment		34	1,015
Net foreign exchange gain		(554)	(23,515)
Finance income		(179)	(1,161)
Finance costs		9,717	8,026
<i>Working capital changes</i>			
Change in inventories		(417)	(521)
Change in trade and other receivables		(7,542)	(4,310)
Change in prepaid taxes other than income tax		110	(143)
Change in prepayments		(1,681)	(391)
Change in trade and other payables		(1,065)	1,538
Change in deferred revenue – current portion		34	1,064
Change in advances received		1,811	1,495
Change in other tax payables		4,143	392
Operating cash flows after working capital changes		40,187	29,346
Change in deferred revenue – non-current portion		1,206	230
Net cash flows from operating activities		41,393	29,576
Cash flows from investing activities			
Purchase of property, plant and equipment and intangible assets		(44,736)	(34,501)
Proceeds from sale of property, plant and equipment		119	-
Interest received		144	1,097
Net cash used in investing activities		(44,473)	(33,404)
Cash flows from financing activities			
Payment of principal portion of lease liabilities		(279)	(64)
Proceeds from borrowings	6	5,862	-
Interest paid		(7)	(7,834)
Net cash from / (used in) financing activities		5,576	(7,898)
Effect of foreign exchange rate changes on cash and cash equivalents		(110)	(95)
Net change in cash and cash equivalents		2,386	(11,821)
Cash and cash equivalents at the beginning of the period		7,282	36,909
Cash and cash equivalents at the end of the period		9,668	25,088

The accompanying notes on pages 5 to 13 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 three months ended 31 March 2024 were authorised for issue on 26 June 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 three months ended 31 March 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 31 March 2024, the Group's current liabilities exceeded its current assets by GEL 545,313. Included into current liabilities as at 31 March 2024 are the borrowings due to the Group's Parent in amount of GEL 444,992 and GEL 79,173 with maturity in August 2024 and December 2024, respectively. Subsequent to the end of the interim reporting period, the management of the Group initiated a plan to refinance its liabilities falling due in 2024 through issuance of long-term Eurobonds with expected issue size up to USD 300 million. In case such refinancing is not available or considered by the management to be not economically feasible, the existing debt is expected to be further prolonged by the Parent for the term of at least 12 months since the date of approval of these interim condensed consolidated financial statements. The management of the Group is confident in the Group's ability to settle its liabilities as they come due based on the Group's successful history of debt raising (including capital markets transaction experience) and strong current and projected financial performance, as evidenced by GEL 19,687 net profit, GEL 42,131 EBITDA and GEL 41,393 net operating cash flow for the three month period ended 31 March 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 for legal entities as updated in December 2023 for 2024–2026 tariff cycle. 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 three months ended 31 March 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	–	57,269	–	57,269
Revenue from electric power sales	10,252	–	(1,421)	8,831
Other revenue	–	134	–	134
Total revenue, income and gains	10,252	57,403	(1,421)	66,234
Electricity and transmission costs	(27)	(6,762)	1,421	(5,368)
Salaries and other employee benefits	(693)	(6,590)	–	(7,283)
Allowance for expected credit losses	–	(2,344)	–	(2,344)
Taxes other than income tax	(5)	(2,062)	–	(2,067)
General and administrative expenses	(56)	(1,301)	–	(1,357)
Professional fees	(19)	(790)	–	(809)
Raw materials, fuel and other consumables	(23)	(837)	–	(860)
Maintenance expenditure	(1)	(794)	–	(795)
Charge for provisions and legal claims related expenses	–	(319)	–	(319)
Other operating expenses	(1,122)	(2,123)	–	(3,245)
Other income	10	334	–	344
EBITDA	8,316	33,815	–	42,131
Finance income	75	104	–	179
Finance costs	(641)	(9,076)	–	(9,717)
Net foreign exchange (loss)/gain	(53)	607	–	554
Depreciation and amortization	(993)	(12,433)	–	(13,426)
Net loss from write-off of property and equipment	(4)	(30)	–	(34)
Profit before income tax expense	6,700	12,987	–	19,687
Income tax expense	–	–	–	–
Profit for the period	6,700	12,987	–	19,687

*(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 three months ended 31 March 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	–	44,399	–	44,399
Revenue from electric power sales	5,937	–	(1,094)	4,843
Other revenue	–	154	–	154
Total revenue, income and gains	5,937	44,553	(1,094)	49,396
Electricity and transmission costs	(20)	(7,205)	1,094	(6,131)
Salaries and other employee benefits	(582)	(5,808)	–	(6,390)
Allowance for expected credit losses	–	(1,629)	–	(1,629)
Taxes other than income tax	(23)	(1,900)	–	(1,923)
General and administrative expenses	(50)	(1,044)	–	(1,094)
Professional fees	(4)	(696)	–	(700)
Raw materials, fuel and other consumables	(15)	(693)	–	(708)
Maintenance expenditure	(1)	(702)	–	(703)
Reversal of provisions and legal claims related expenses	–	(75)	–	(75)
Other operating expenses	(478)	(1,317)	–	(1,795)
Other income	4	266	–	270
EBITDA	4,768	23,750	–	28,518
Finance income	68	1,093	–	1,161
Finance costs	(436)	(7,590)	–	(8,026)
Net foreign exchange (loss)/gain	100	23,415	–	23,515
Depreciation and amortisation	(657)	(9,643)	–	(10,300)
Net loss from write-off of property and equipment	–	(1,015)	–	(1,015)
Profit before income tax expense	3,843	30,010	–	33,853
Income tax expense	–	–	–	–
Profit for the period	3,843	30,010	–	33,853

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 three months ended 31 March 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	-	-	9,273	29	30	36,614	45,946
Disposals	-	-	(88)	(1,847)	(5)	-	(1,940)
Transfers	19	85	19,834	2,750	208	(22,896)	-
31 March 2024 (unaudited)	7,450	45,130	1,112,782	41,978	12,754	68,474	1,288,568
Accumulated depreciation and impairment							
31 December 2023	352	11,792	358,072	22,477	8,430	-	401,123
Depreciation charge	-	185	11,633	819	248	-	12,885
Disposals	-	-	(3)	(1,713)	(3)	-	(1,719)
31 March 2024 (unaudited)	352	11,977	369,702	21,583	8,675	-	412,289
Net book value							
31 December 2023	7,079	33,253	725,691	18,569	4,091	54,756	843,439
31 March 2024 (unaudited)	7,098	33,153	743,080	20,395	4,079	68,474	876,279

The movements in property, plant and equipment during the three months ended 31 March 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	-	-	6,367	21	55	31,787	38,230
Disposals	(1)	-	-	(353)	(4)	(992)	(1,350)
Transfers	-	279	15,257	670	96	(16,302)	-
31 March 2023 (unaudited, not reviewed)	7,032	41,566	932,396	35,919	11,181	49,226	1,077,320
Accumulated depreciation and impairment							
31 December 2022	352	11,054	324,252	17,735	7,460	-	360,853
Depreciation charge	-	229	8,513	884	321	-	9,948
Disposals	-	-	-	(285)	-	-	(285)
31 March 2023 (unaudited, not reviewed)	352	11,283	332,765	18,334	7,781	-	370,515
Net book value							
31 December 2022	6,681	30,233	586,520	17,846	3,574	34,733	679,587
31 March 2023 (unaudited, not reviewed)	6,680	30,283	599,631	17,585	3,400	49,226	706,805

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

	31 March 2024 (unaudited)	31 December 2023
Non-current		
Trade receivables for water supply services from general population	156	200
	156	200
Less allowance for expected credit losses	(44)	(45)
Total restructured trade receivables, net	112	155
Current		
Trade receivables for water supply services from general population	38,870	37,746
Trade receivables for water supply services from legal entities	29,960	23,239
Trade receivables for installation of water meters	150	167
Trade receivables for connection service	3,968	4,005
Trade receivables for electric power sales	687	1,214
	73,635	66,371
Less allowance for expected credit losses	(46,781)	(45,011)
Total current trade receivables, net	26,854	21,360
Other receivables	3,525	3,692
Less allowance for expected credit losses	(1,336)	(1,251)
Total other receivables, net	2,189	2,441
Total current trade and other receivables, net	29,043	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	1,628	1,629
Bad debts written off	-	(106)	(106)
31 March 2023 (unaudited, not reviewed)	40	41,949	41,989
31 December 2023	44	46,264	46,308
Allowance for expected credit losses	-	2,344	2,344
Bad debts written off	-	(491)	(491)
31 March 2024 (unaudited)	44	48,117	48,161

6. Borrowings

	31 March 2024 (unaudited)		31 December 2023	
	Current liabilities	Non-current liabilities	Current liabilities	Non-current liabilities
Loans from the Parent	524,165	-	509,231	-
Loans from Georgian financial institutions	131	2,578	64	2,604
Total borrowings	524,296	2,578	509,295	2,604

As of 31 March 2024 the Group has USD-denominated loan from the Parent of GEL 444,992 at fixed interest rate of 7.35% that matures 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 31 March 2024 outstanding balance from EUR denominated loan from Parent is GEL 79,173 (31 December 2023: GEL 65,211).

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

During the three months ended 31 March 2024, accrued interest related to the USD loan from Parent was capitalized to the carrying amount of EUR-loan in the amount of GEL 9,145 (nil for the three months ended 31 March 2023).

As of 31 March 2024, other borrowings comprise of EUR denominated loans from Georgian banks of GEL 227 (31 December 2023: GEL 227) and USD denominated loans from Georgian banks of GEL 2,482 (31 December 2023: GEL 2,441).

At 31 March 2024 the Group has undrawn borrowing facilities from the Parent amounting to GEL 96,757 (31 December 2023: GEL 114,449).

For the three months ended 31 March 2024, the Group incurred borrowings costs of GEL 9,753 (for the three months ended 31 March 2023: GEL 8,085) of which GEL 36 has been capitalized to property, plant and equipment (2023: GEL 59).

7. Trade and other payables

	31 March 2024 (unaudited)	31 December 2023
Payables for non-current assets	11,128	9,177
Trade payables	8,705	16,164
Payables to employees	8,023	2,479
Other payables	495	603
Total trade and other payables	28,351	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 three months ended 31 March 2024 (unaudited)	For the three months ended 31 March 2023 (unaudited, not reviewed)
Revenue from water supply to legal entities	42,405	29,910
Revenue from water supply to general population	13,297	13,291
Total revenue from water supply before charges for related services	55,702	43,201
Charges for connection service	1,507	1,148
Charges for installation of water meters	60	50
Total revenue from water supply and related services	57,269	44,399

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 three month ended 31 March 2024 as compared to respective three-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 three months ended 31 March 2024 (unaudited)</i>	<i>For the three months ended 31 March 2023 (unaudited, not reviewed)</i>
Revenue from electric power sales to legal entities	8,283	4,599
Revenue from electric power sales to government-related entities	548	244
Total revenue from electric power sales	8,831	4,843

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>31 March 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 (including ECL of nil)	-	2,366	-	2,170
Prepayments	-	1,035	-	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	15,443	-	71,316	-
Repayment of borrowing including interest during the period/year	-	-	(8,564)	-
Foreign exchange differences on borrowings	(509)	-	200	-
Borrowings as at 31 March (unaudited) / 31 December	524,165	-	509,231	-
Liabilities				
Advances received	-	62	-	46
Trade and other payables	495	152	394	147

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

	<i>For the three months ended 31 March 2024 (unaudited)</i>		<i>For the three months ended 31 March 2023 (unaudited, not reviewed)</i>	
	<i>Parent</i>	<i>Other (GCAP companies)</i>	<i>Parent</i>	<i>Other (GCAP companies)</i>
Income and expenses				
Revenue from water supply	-	720	-	392
Professional fees	(485)	-	-	(376)
Other operating expenses	-	(1,318)	-	(649)
Finance costs	(9,594)	-	(7,951)	-

Directors' compensation

Total compensation to key management for the three months ended 31 March 2024 and 2023 was as follows:

	<i>For the three months ended 31 March 2024 (unaudited)</i>	<i>For the three months ended 31 March 2023 (unaudited, not reviewed)</i>
Salaries and benefits	647	904
Bonuses	197	276
Total management compensation	844	1,180

11. Fair value measurement

Assets and liabilities measured at fair value in the consolidated statement of financial position as at 31 March 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 combined financial statements. The management concluded that valuations of individual properties as at 31 March 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 combined financial statements.

All financial instruments for which fair values are disclosed by the Group as at 31 March 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 (Level 2 of fair value hierarchy) is GEL 521,333 as at 31 March 2024 (31 December 2023: GEL 504,620).

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

12. Events after the reporting period

Subsequent to 31 March 2024, the Group drawn EUR 4 million (GEL 11.6 million) out of existing borrowing facility from its Parent.