The Term Sheet is translated from Georgian. Only the Georgian version of the Preliminary Term Sheet is submitted to and approved by the National Bank of Georgia

In case of discrepancies, the Georgian version shall prevail.

Energy Development Georgia LLC
(Identification Number: 404485188)

Preliminary Term Sheet of Green Bonds

Preliminary Term Sheet prescribes offering terms based on the information available at the date of its registration and represents the Term Sheet of the Green Bonds.

This document constitutes the terms for offering unsubordinated, unsecured green bonds with a total nominal value of up to USD 10,000,000 (ten million), a 24-month maturity period, a fixed interest rate. The indicative issuance date of the green bonds is June [23], 2025. The final term sheet will be submitted to the National Bank of Georgia within ten business days from the approval of the prospectus.

Name of security:	Senior, unsecured green bonds (**the Bonds**) of Energy Development Georgia LLC (**the Issuer, the Company**)
Issuer's name, legal form, identification number and contact information:	Energy Development Georgia LLC (ID: 404485188) **Address:** 70, Vazha-Pshavela Avenue, Vake district, Tbilisi, Georgia **Tel.:** 577 080 922 **E-mail:** giorgi@edgeorgia.ge **Website:** www.edgeorgia.ge
Name and contact information of the Placement Agent 1:	TBC Capital LLC: (ID: 204929961) **Address:** 7, Marjanishvili Street, 0102, Tbilisi **Tel.:** (+995 32) 227 27 33 **E-mail:** info@tbccapital.ge **Website:** https://www.tbccapital.ge/ge
Name and contact information of the authority responsible for approving the prospectus	National Bank of Georgia **Address:** 1, Zviad Gamsakhurdia Embankment, 0114, Tbilisi **Tel.:** (995 32) 240 6406 **E-mail:** info@nbg.gov.ge **Website:** www.nbg.gov.ge
Date of approval of the prospectus:	
Term of the effectiveness of the prospectus:	Pursuant to the law, 12 months from the approval of the final term sheet for the first tranche

Approval of this prospectus by the National Bank of Georgia relates to its form only and may not be viewed as a conclusion on the accuracy of the content of the prospectus or the value of the investment described herein.

Person responsible for the preparation of the document:
Energy Development Georgia LLC (ID: 404485188)

Please refer to the original, Georgian version of the document for relevant signatures & approvals

Signed on behalf of Energy Development Georgia LLC:

Signatory:
Name, surname: Mr. Mindia Sabanadze
Position: Chairman of the Supervisory Board
Signature:
Date:

Signatory:
Name, surname: Mr. Giorgi Shukakidze
Position: Director
Signature:
Date:

Signed on behalf of TBC Capital LLC:

Signatory:
Name, surname: Ms. Tina Simonishvili
Position: Authorized Representative
Signature:
Date:

[Please refer to the original, Georgian version of the Term Sheet for relevant signatures and approvals].

Information about the Bonds

Primary characteristics of the Bonds:

The Interest (coupon)	Annual Interest Rate for the Bonds is indicatively within the range of [8.00% - 8.50%] of the nominal value of the Bonds.
Bond amotization terms	Principal amount of the Bonds will be repaid on the maturity date.
Interest accrual and payment	The Interest is accrued at the above mentioned rate from the date of issuance of the Bonds until the maturity date. The interest will be accrued based on a 365-day year. The accrued Interest will be payable semi-anually indicatively on [23] December and on [23] June. The first payment of accrued Interest will be made indicatively on [23] December, 2025.
Currency of the Bonds:	The Bonds are denominated in US Dollars
Rights and Restrictions related to the Bonds	The Prospectus does not provide for any special rights and limitations related to the bonds.
Limitations to the free exchange of the Bonds	Free exchange of the Bonds is not limited.
Call option	The Issuer does not have a call option.
Credit rating of the Issuer/Bonds	The Issuer has not been rated.
Maturity Date	Repayment of the Bonds, i.e. payment of its principal amount and accrued and unpaid Interest (if any) will take place on [23] December, 2027.
Contact Information of the Central Securities Depository	Georgian Central Securities Depository JSC (ID: 204935400), Office N7, Block 10, N71 Vazha-Pshavela Avenue, Saburtalo District, Tbilisi, Georgia; Tel.: (995 32) 2 50 02 11; E-mail: info@gcsd.ge
Listing	Upon completion of the Bond placement, the Issuer intends to apply for admission of the Bonds to the trading system and exchange listing of the Georgian Stock Exchange or Tbilisi Stock Exchange. The Issuer meets all conditions of the rules on admission of securities to the trading system and listing. The terms and conditions of the listing on Georgian Stock Exchange are available at the following link: https://gse.ge/upload/Listing_Rules_24.05.2016_01a6b9aa.pdf

Ranking and Status of the Bonds	The Bonds constitute green unsecured and unsubordinated liabilities of the Company. All Bonds have an equal, identical legal status, without any precedence over each other.
Dividend policy	The Company does not have a dividend policy. For more details, please refer to the Company's dividend distribution policy, as described in the subsection "Dividend Policy" of the Prospectus.

Information regarding the Offering:

The Offer	Debt securities (Bonds) with a total nominal value of up to 10,000,000 (ten million) USD, with a maturity date indicatively on [23] June, 2027
Minimal placement lot	1 (one) Bond
Security	Coupon Bond (debt security with a fixed interest rate)
Nominal value	USD 1,000 (one thousand)
Quantity of the Bonds	Up to 10,000 (ten thousand)
Total nominal value of the Issue	Up to USD 10,000,000 (ten million)
Issue Price	100% of the nominal value of the Bond
The minutes of the meeting of the partners and the decisions of the management on the approval of the issuance	The decision of 03.06.2025 of the Supervisory Board.
Bond issuance date	The Bonds will be issued indicatevely on [23] June, 2025.
The Bond deffered placement date	Any date between the issuance date of the Bonds and the closing date of the offering on which the Bond is placed at the deferred placement price.
The Bond deffered placement price	The nominal value of the Bonds plus the Interest accrued from the issuance date of the Bonds to the deferred placement date of the Bonds.
Offering period	The period of time from the approval of the final term sheet to the completion of the offer during which securities may be purchased.
Offering Completion Date	The Offering Completion Date is determined as the date on which one of the following events occurs: a) The prospectus becomes invalid; b) Full placement of the publicly offered securities; c) Termination of the public offering.
Maturity Date	Repayment of the Bonds, i.e. payment of its principal amount and accrued and unpaid Interest (if any) will indicatively take place on [23] June, 2027.
Currency of the Bonds	The Bonds are denominated in US dollars
The ranking of securities in the capital structure in case of insolvency/bankruptcy	In case of bankruptcy, the bondholders shall be the unsecured creditors. The order of distribution of the insolvency estate

	provided by the Law on Rehabilitation and Collective Satisfaction of Creditors is as follows: a) bankruptcy regime costs (which, in turn, include the costs of the process provided for in Chapter V of the Civil Procedure Code of Georgia; the compensation of the bankruptcy administrator; and the costs related to the proceedings, including the costs arising from the labor relationship during the bankruptcy proceedings, the cost of property management, as well as the costs of various professional services purchased by the decision of the administrator); b) debts arising towards the debtor after the court's ruling on the admissibility of the application for insolvency and opening of the bankruptcy regime, including tax liabilities incurred after the initiation of bankruptcy proceedings; c) preferential claims; d) preferential tax claims; e) unsecured claims, including the amount of taxes incurred prior to the decision on the admissibility of the application for insolvency, which are not covered by other subparagraphs of Article 104 (1) of the Law on Rehabilitation and Collective Satisfaction of Creditors – claims of the Bondholders fall in this category. For further details, please refer to the subsections of the Prospectus titled Risks specific to the offered securities and Information about changes in the capital structure of securities and solvency/bankruptcy cases, as well as Articles 104 and 105 of the Law of Georgia on Rehabilitation and the Collective Satisfaction of Creditors' claims.
Calculation and Paying Agent	TBC Capital LLC (ID: 204929961)
Default	The Bondholder(s) of at least 51% of the total principal amount of the bonds have the right, with appropriate justification, to initiate and convene a bondholders' meeting and propose the declaration of an "Event of Default" and the initiation of enforcement

	proceedings against the Issuer. (See the Prospectus section "Terms and Conditions" of the Issuance).
Reasons of the Offering and Use of Proceeds	The net proceeds from the issue of the Bonds will be used to refinance existing bonds. For detailed information, see the section "Reasons of the Offering and Use of Proceeds".
Net Proceeds	In case of full placement of the issued Bonds, the net proceeds from the Bonds will not be less than 98.5% of the total nominal value of the issued Bonds.
Disposing and Selling Restrictions	The Bonds will be offered only within the jurisdiction of Georgia, in accordance with the legislation of Georgia.
Governing law	Legislation of Georgia
Jurisdiction	Any dispute arising out of or relating to the Prospectus shall be reffered to and settled by the courts of Georgia according to the procedures outlined in the Prospectus.
Main terms of the Bond Placement Agreement	The agreement obliges the Placement Agent 1 and Placement Agent 2 (together, the "Placement Agents") to provide underwriting of the Bonds solely on a non-guaranteed basis. It is the duty of each Placement Agent to assist the Issuer in preparing the documents necessary for the placement of the Bonds (including the Prospectus), to act as a placement agent and consult the Company regarding the issue, sale and settlement of the Bonds.
Placement and other fees	The placement fee does not exceed 1.5% of the placed Bonds. The fee is fully covered by the Issuer and no costs will be charged to investors.

Possible expenses imposed on investors

Fees associated with the placement of the Bonds are reimbursed in full by the Issuer and the investor will not incur any additional costs under the offer.

Conflict of interest associated with the offering

There is a possibility that the portion of the Bonds will be purchased by one of the largest commercial banks, which is affiliated with Placement Agent (Placement Agent is a direct subsidiary of JSC TBC Bank). At the same time, the Placement Agent and JSC TBC Bank's corporate lending division (responsible for issuing corporate loans and investing in bonds) share the same management team. The listed circumstances may give rise to a conflict of interests between Placement Agent and the Issuer, between Placement Agent and JSC TBC Bank, and between Placement Agent and Investors. However, the Issuer believes the potential conflict of interest is minimized considering the following circumstances:

(a) Placement Agent declares and confirms that it will treat JSC TBC Bank as one of the investors based on principles of equality and fairness.

(b) In the event that, during the determination of the final interest rate (book-building process), potential investors express an interest in purchasing a quantity of bonds exceeding what is available under this prospectus, and applications are only partially fulfilled, the
allocation will be conducted on a proportional basis or as otherwise determined by the Issuer, not by the Placement Agent.

The Issuer is not aware of any other existing or potential conflicts of interest related to the Offering.

[This document is an unofficial translation of the Prospectus. This translation has not been approved by National Bank of Georgia and is provided for informational purposes only, without any reliance on it. In case of any discrepancies, the Georgian version shall prevail. It is strongly advised to refer to the official Georgian Prospectus for complete and accurate information.]

EDG
ENERGY DEVELOPMENT GEORGIA

Limited Liability Company
Energy Development Georgia

(Identification Number: 404485188)

Prospectus For The Issuance Of Unsubordinated, Unsecured Green Bonds

Unsubordinated and unsecured green bonds with a total nominal value of USD 10,000,000 (ten million) bearing fixed-rate coupons (hereinafter "**Bonds**") to be issued as two or more individual issuances. Principal/nominal amount of each Bond at the time of issue: USD 1,000. Issue price: 100% of the principal/nominal amount. Respective issue sizes, maturities, interest payment frequency, issue dates, annual coupon rates, and other details of such individual issuances shall be specified in the Final Term Sheet document and this Prospectus. The Bonds coupon payment frequency will be defined as one of the following options: a) monthly; b) quarterly; c) semi-annually; The tenor of the Bonds will be set at one of the following: 1) 1 year; 2) 2 years; 3) 3 years.

The final interest rate (coupon) to be accrued on the nominal value of the Bonds is determined during the offering process for potential investors, based on the volume/conditions of the identified requirements for the purchase of the Bonds (as a result of Book-building). The final interest rate (coupon) must be within the limits specified in the relevant Preliminary Term Sheet (which is provided to potential investors during the offering process). Within the framework of each public offering, it is not permissible to start the offering (book-building) without submitting the Preliminary Term Sheet to the National Bank of Georgia and making this document public. Furthermore, the formation of the final interest rate (coupon) within the limits specified in the Preliminary Term Sheet does not constitute a material change and only needs to be reflected in the final prospectus.

Energy Development Georgia LLC (hereafter the "**Company**", "**Energy Development Georgia**" or the "**Issuer**") is responsible for the information presented in this Prospectus. To the best of the Company's knowledge (which the Company has made all reasonable efforts to verify), the information contained in this Prospectus is based on facts and does not contain any omissions that could materially affect the accuracy or completeness of the information. In addition, this Prospectus includes all material facts known to the Company and no omissions have been made that would affect the content of the Prospectus.

The approval of this Prospectus by the National Bank of Georgia („NBG") relates to the form of the Prospectus and may not be viewed as a conclusion about the accuracy of the content of the Prospectus or the value of the investment described herein.

Persons responsible for preparation of the Prospectus:

Energy Development Georgia LLC (ID 404485188)

Statement of the responsible person

Responsible person declares that: "*the information presented in the issuance Prospectus includes all the essential facts known to them and there was no omission of such information that would affect the content of the Prospectus".*

Signed on behalf of Energy Development Georgia LLC:

Signatory:
Name, surname: Mr. Mindia Sabanadze
Position: Chairman of the Supervisory Board
Signature:
Date:

Signatory:
Name, surname: Mr. Giorgi Shukakidze
Position: Director
Signature:
Date:

Signed on behalf of TBC Capital LLC:

Signatory:
Name, surname: Ms. Tina Simonishvili
Position: Authorized Representative
Signature:
Date:

[Please refer to the original, Georgian version of the Prospectus for relevant signatures and approvals].

IMPORTANT INFORMATION FOR THE INVESTORS:

Prospective investor must read the following disclaimer before continuing. The disclaimer applies to the attached prospectus (the "**Prospectus**") and prospective investor is therefore advised to read this carefully before reading, accessing or making any other use of the attached Prospectus. By accessing and using the Prospectus (including for investment purposes), an investor agrees to be bound by the following terms and conditions (modified from time to time).

Body responsible for approving the Prospectus:

National Bank of Georgia – address: 1, Zviad Gamsakhurdia Embankment, 0114, Tbilisi, Georgia; Tel.: (+995 32) 2 40 64 06; Email: info@nbg.gov.ge; Website: nbg.gov.ge.

Limitation of the liability:

Furthermore, except for cases expressly provided for by applicable law, no person, including an authorized representative of the Issuer, General Director, CFO, member of the Board of Directors, Chairperson of the Supervisory Board, Placement Agents, the Calculation and Paying Agent, the Central Depository (hereinafter - "Central Depository" or "Depository"), other advisers of the Company, nor any of their affiliates, directors, advisers or agents, other than the Issuer, accepts any responsibility whatsoever for the contents of this Prospectus, the accuracy or completeness of the information contained in this Prospectus or for any other statement, made or purported to be made by any of them or on its/their behalf in connection with the Company or the issue and offering of the securities described herein. Therefore, the Placement Agents and the advisers of the Company disclaim any liability under the law or other liability they might have in respect of this Prospectus or any other statement made by them.

For the purposes of this Offering, the Placement Agents and Calculation and Paying Agent are acting exclusively for the Issuer and no one else in connection with the Offering. They will not regard any other person (whether or not a recipient of this Prospectus) as their client in relation to the Offering. Therefore, they will not be responsible to anyone other than the Company for providing services or for giving advice in relation to the Offering or any transaction or arrangement referred to herein.

This Prospectus does not constitute and may not be used for the purposes of an offer in any jurisdiction in which such offer is not authorized or to any person to whom it is unlawful to make such an offer. No action is being taken to permit an offering of the Bonds described in this Prospectus or the distribution of this Prospectus (or any other offering materials relating to the Bonds) in any jurisdiction (other than Georgia).

The investor's confirmation: Prospectus is delivered to the investor at his/her/its request and on the basis that the investor has confirmed to (i) the Placement Agent: TBC Capital LLC (ID No. 204929961), address: 7, Marjanishvili street, Tbilisi 0102, Georgia; Tel.: (+995 32) 277-27-33; E-mail: info@tbccapital.ge (hereinafter – the "**Placement Agent**"), and (ii) the Issuer Energy Development Georgia LLC that (a) the investor is located outside the United States of America and is not a US person (as defined in Regulation S under the United States Securities Act of 1933), and (b) is outside the United Kingdom and European Economic Area, and (c) is a person into whose possession this Prospectus may lawfully be delivered in accordance with the laws of the jurisdiction in which he/she/it is located.

If this Prospectus has been made available to the investor in an electronic form, neither the Company, nor the Placement Agents or any of their respective affiliates accepts any liability or responsibility whatsoever in respect of any difference between the Prospectus delivered to the investor in an electronic format and the hard copy version, and/or the viruses and other destructive items arising from alterations and changes caused during the process of electronic transmission of the Prospectus. By accessing the Prospectus, the investor consents to receiving it in electronic form.

For the avoidance of any doubt, the approved Prospectus published/made publicly available by the NBG shall prevail.

There has been no substantial (material) change after the submission of the Prospectus until its approval, and if some similar change occurs after the submission until the offering, the Prospectus will be updated accordingly.

A hard copy of the Prospectus will be made available to the investor upon request made to the Placement Agents.

Restriction: If a person has gained access to this document contrary to and notwithstanding the foregoing restrictions, he/she will not be authorized to purchase any of the securities described herein.

Approved by the National Bank of Georgia	Date of approval
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Table of Contents

General Overview

Introduction

Name of the security:	Energy Development Georgia LLC, unsubordinated, unsecured green bonds
Name, legal form, identification number and contact details of the Issuer:	Energy Development Georgia LLC (ID: 404485188) **Legal and actual address**: № 70 Vazha Pshavela Ave., Vake district, Tbilisi, Georgia **E-mail**: giorgi@edgeorgia.ge **Website**: www.edgeorgia.ge **Tel**.: 577080922
Name and contact information of the Placement Agent:	TBC Capital LLC (ID: 204929961) **Address**: № 7 Marjanishvili St., 0102 Tbilisi **E-mail**: info@tbccapital.ge **Website**: www.tbccapital.ge **Tel**.: (+995 32) 227 27 33
Name and contact details of the body responsible for approving the Prospectus:	National Bank of Georgia **Address**: № 2 Sanapiro St., 0114, Tbilisi, Georgia **E-mail**: info@nbg.ge **Website**: www.nbg.ge **Tel**: (995 32) 240 6120
Date of Approval:	
Term of effectiveness of the Prospectus	Pursuant to the law, 12 months from the approval of the Final Term Sheet document for the first tranche

Important information:
The General Overview is the integral part of this Prospectus;

Any investment decision made by the investor should be based on the entire Prospectus and not only on the information provided in the General Overview.

The Issuer may become liable if the information represented in the General Overview is misleading or inaccurate or is not relevant to the main Prospectus or does not provide the basic information to help investors to make investment decisions with respect to the Bonds.

An investment in Bonds involves high risk. Any prospective investor, who will purchase the Bonds, should be prepared to face the economic risk of his/her/its investment and take into account the fact that the repayment of the principal amount of the Bonds and accrued interest will depend on the Issuer's solvency. Neither this Prospectus nor any other information supplied by the Company or the Placement Agent in connection with the Bonds and placement is intended to provide an evaluation of the risks involved in investing in Bonds. Each investor is advised to make his/her/its own evaluation of the potential risks involved. In addition, the investor may lose all or part of the total invested amount.

The Prospectus and the information contained therein may be subject to introducing appropriate alterations and additions in case of change of circumstances, which will be reflected in the final Prospectus (e.g., fixing the interest rate, correction of technical deficiency, clarification of the issue size, etc.). The Issuer will inform the investors about such alterations and additions based on the procedure established by the law. Sale or public offering of the Bonds described herein is prohibited until the Prospectus is approved by the National Bank of Georgia.

Offering of the Bonds described in this Prospectus is made within the jurisdiction of Georgia as allowed by the applicable laws of Georgia. This Prospectus does not constitute an offer of securities for sale in any jurisdiction in which such offer is unlawful.

Neither the Company nor the Placement Agent make any representation or warranty to any potential or actual purchaser of the Bonds regarding the legality of an investment in the Bonds by such purchaser under respective investment or similar laws applicable to such purchaser.

No person is authorised to disclose any information or make any representation not contained in this Prospectus and any information or representation not so contained must not be relied upon as having been authorised by or on behalf of the Company or the Placement Agent. Neither the delivery of this Prospectus nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Company since the date hereof.

This Prospectus should not be construed as legal, investment, business or tax advice. When making an investment decision, all investors should consult with their advisors, as necessary, and determine for themselves whether it is legally permitted to purchase the securities under applicable investment or similar laws or regulations.

Warning

Bond Prospectus is not a simple document and it can be difficult for the investors to thoroughly understand and evaluate the product offered by this Prospectus. In making any investment decision, investors must rely on their own examination of the Company, the Bonds and the terms of this offering, including the merits and risks involved (see the "Risk Factors" section).

Each potential investor must determine the suitability of an investment in the Bonds in light of such investor's own circumstances. The issue of the Bonds under the Prospectus is public. Besides, all potential investors should:

i. Have sufficient knowledge and experience to make a meaningful evaluation of the Bonds, the merits and risks of investing in the Bonds and the information contained in this Prospectus or any applicable supplement;
ii. Have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Bonds and the impact such investment will have on its overall investment portfolio;
iii. Have sufficient financial resources and liquidity to bear all of the risks of an investment in the Bonds, including where the currency for principal and interest payments (Georgian Lari or USD) is different from the currency in which the potential investor attracts or implements investments;
iv. Understand thoroughly the terms of the Bonds and be familiar with the behaviour of the financial markets in which they participate;
v. Be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and the ability to bear the applicable risks.

This record is for purposes of warning only and does not constitute a limitation of the Issuer's liability.

List of references made

The main references used in the Prospectus are as follows:

- Audited individual financial statements of the Issuer prepared in accordance with International Financial Reporting Standards ("IFRS") for the years ended at December 31, 2024 and 2023 ("Audited Individual Financial Statements") www.reportal.ge
- Website of the Issuer: https://edgeorgia.ge
- Statistical data of GeoStat www.GeoStat.ge;
- ESCO data (available at www.esco.ge);
- GNERC data (available at www.gnerc.org);
- GSE data (available at www.gse.com.ge);
- TBC Capital electricity sector review (available at tbccapital.ge);
- National Bank of Georgia www.nbg.ge
- Company Charter (Serial number of the application: B24166902)

The responsible person states that *"when information provided by a third party is used, the source is indicated and a reservation is made that this information has been processed correctly. They are not aware of important facts omitted from this information, which would make the information inaccurate and misleading."*

Information about the Issuer

The Issuer is **Energy Development Georgia LLC**. The legal and actual address of the company is: Georgia, Tbilisi, Vake district, Vazha-Pshavela avenue 70; Country of registration: Georgia; Governing legislation: Georgian legislation; Date of establishment: January 9, 2015.

The scope of activity of Energy Development Georgia LLC is the operation of cascade hydroelectric power plants. The company owns a total of 15.25 MW of renewable energy assets with an average efficiency of 49.2%[1]. All three HPPs are run-of-the-river hydroelectric power plants, which are fed by rain, snow and groundwater. Sashuala HPPs are located in Chokhatauri Municipality, near the village of Metsieti.

The assets of the Company and their installed capacities are:

- Sashuala HPP 2 – 5 MW
- Sashuala HPP 1 – 8 MW
- Sashuala HPP - 2.25 MW

Sashuala HPP 2 has been operating since December 2019, Sashuala HPP 1 was put into operation in December 2020, and Sashuala HPP began operating in December 2022.

Table 1.1: Technical and commercial parameters of hydroelectric power plants

HPP	Location	Capacity, MW	Year of Commissioning	Load factor, %	PPA price, USc/kWh	PPA coverage	PPA expiration
Sashuala HPP 2	Chokhatauri Municipality	5	2019	52.2%	6	8m/10Y	01/10/2030
Sashuala HPP 1	Chokhatauri Municipality	8	2021	48.0%	6	8m/10Y	28/07/2031
Sashuala HPP	Chokhatauri Municipality	2.25	2022	46.5%	N/A	N/A	N/A

Table 1.2: Average Annual Energy Generation by Hydro Power Plants (P50, P75, P90; GWh)*

	Average annual generation, (Gross, GWh)		
HPP	P50	P75	P90
Sashuala HPP 2	34.1	29.8	25.4
Sashuala HPP 1	22.2	20.2	17.1
Sashuala HPP	10.6	9.5	7.3

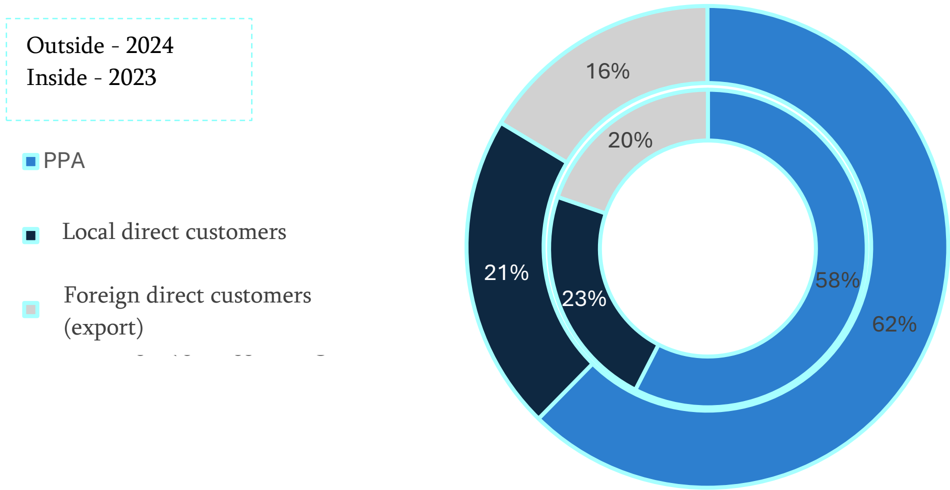
**These data are consistent with the information provided in the prospectus of the bonds (ISIN: GE2700604459).*

All of the Issuer's power plants, except for Sashuala HPP, benefit from a long-term guaranteed power purchase agreement ("PPA") concluded with the electricity market operator (ESCO, ID: 205170036), which results in predictable dollar-linked cash flows, as the power purchase agreements are fixed in USD. The PPA allows the

[1] When calculating the average efficiency, 4-year averages were used for Sashuala 2 and Sashuala 1, and P75 for Sashuala HPP.

Company to exclusively sell electricity to ESCO for 8 months (September-April) at a maximum price of 6.00 US cents/kWh. During the remaining 4 months (May-August) at Sashuala 2 and Sashuala 1 HPPs and throughout the year at Sashuala HPP, the Company sells electricity on the basis of direct contracts - on the local market and/or for export.

Chart 1: Distribution of electricity sales by consumers, %



It shall be mentioned that Turkey is the main export market for electricity for the company, which is facilitated, on the one hand, by strong cross-border exchange opportunities, and on the other hand, by the growing demand for energy in the Turkish market. *For more information on the Turkish market, please see the Industry Overview section.*

Operating Performance and Sectoral Environment:

<u>HPP Efficiency</u>

It is noteworthy that in 2024 and 2023 Sashuala HPP 2 and Sashuala HPP 1 exceeded the P50, P75, and P90 scenarios defined during the energy modeling stage, while Sashuala HPP exceeded the P75 and P90 scenarios.

The efficiency* indicators for 2024 for each station are as follows:

- Sashuala HPP 2 - 52%;
- Sashuala HPP 1 - 48%;
- Sashuala HPP - 47%;

**The efficiency indicator for Sashuala HPP 2 and Sashuala HPP is calculated based on the average generation data of the last 4 years, and for Sashuala HPP - taking into account the generation indicator predicted by the P75 scenario.*

<u>Generation in deficit months</u>

In 2024, the Georgian power system had 6 deficit months (January, February, March, October, November, December). It is worth noting that the Company will generate half of its generation in these months (in 2024, these months accounted for 49% of total generation). Accordingly, a significant portion of the company's generation occurs during the months when a supply deficit is observed.

<u>Market Macro-Dynamics</u>

The Company operates in a market characterized by a growing trend of electricity demand, which is partly due to (i) growing demand for electricity, (ii) a shortage of supply relative to growing demand, and (iii) the slow pace of development of renewable power plants in Georgia. The increased demand for electricity is met by imports, as a result of which Georgia has gradually become a net importer of electricity.

According to management's assessment, the growth in electricity demand is likely to continue, associated with (i) GDP growth projections, which are closely linked to electricity demand, as well as - (ii) increased demand for household appliances and (iii) a rapidly growing tourism sector.

USD-denominated revenues and expenses

The Issuer has a natural hedge against foreign exchange risks, as the prices under its Power Purchase Agreements (PPAs) are denominated in U.S. dollars and remain fixed throughout the contract period. Specifically, in 2024, the company's revenues were entirely denominated in U.S. dollars. Additionally, the company's main cash outflows relate to debt servicing, the majority of which (60% of total debt as of 2024) is also denominated in U.S. dollars. It is noteworthy that, as of December 31, 2024, 22% of the company's indebtedness were denominated in euros, for which no mitigation mechanisms are applied *(see details in the section "Capitalization and indebtedness").*

Fluctuations in exchange rates may have a non-cash impact on the company's profit and loss statement, as the revaluation of foreign currency-denominated liabilities may exceed the revaluation effect of the respective foreign currency-denominated revenues.

Financial stability and low capital expenditures

The company has stable cash flow dynamics, largely driven by the high visibility of its revenues (due to Power Purchase Agreements, PPAs), relatively low maintenance capital expenditures, and limited technical losses. The electricity generated by Sashuala HPP 2 and Sashuala HPP 1 is sold under PPAs signed with ESCO, which acts as the offtaker. The PPA is effective from September through April, while during the May–August period, electricity generated by these HPPs is sold at market prices through bilateral agreements.

It shall be mentioned that the volatility of the Company's cash flows may be caused, on the one hand, by electricity generation, and, on the other hand, by fluctuations in local commercial customers and export prices.

Sectoral Regulatory Environment

The Georgian electricity market is in the process of deregulation, both in terms of consumption and generation.

According to management's assessment, the deregulation process may affect the dynamics of electricity sale prices, market liquidity, and the price formation mechanism, including potential changes in the structure of market participants.

For detailed information, please see "Main Activities"

Organizational Structure

The Issuer's managing body is composed of individuals with many years of professional experience across various business sectors, as well as relevant academic or professional qualifications. *(For additional information about the management team, please see "Managing Body and Management").*

For more information, see - "Main Activities".

Important events in business development

31 March 2025	A memorandum was signed between the Government of Georgia and the Company, the purpose of which was to conduct a feasibility study of the hydroelectric power plant construction project, after which, on December 29, 2016, based on the memorandum signed with the Government of Georgia, the Company obtained the right to build hydroelectric power plants, Sashuala HPP 1 and Sashuala HPP 2 on the lands transferred by the Government of Georgia for a period of 49 years.
17 June 2019	An additional memorandum was signed with the Government of Georgia, based on which the Company obtained the right to build a third hydroelectric power plant, the Sashuala HPP. The Company's main operating assets are located in the Chokhatauri Municipality of Georgia.
December 2019	The Company put into operation its first hydroelectric power plant, Sashuala HPP 2, and the plant began generating electricity.
February 2021	Sashuala HPP 1 was put into operation and electricity generation began.
June 2022	The Company has taken an important step by selling electricity to the Turkish market.
December 2022	The Company has successfully commissioned its third hydropower plant, Sashuala, and started generating electricity.
March 2023	The Company issued its first bonds on the local market.
December 2024	The Company has drawn up a green financing framework and received the opinion of the other party - under this framework, the Issuer will be able to issue green bonds / raise financing.

Company Strategy

The Company directly manages the operating and fully operational assets of the renewable energy business. At this stage, the Issuer does not expect to implement any significant changes in its activities or implement significant/major new projects.

The main elements of the Issuer's business strategy are as follows:

Capitalizing on favorable electricity market conditions

The renewable energy business generates electricity using renewable energy sources. Georgia has a number of regulations and support mechanisms for solar, wind and hydropower generation as part of the Georgia 2030 Climate Change Strategy and Action Plan (CCSAP). Renewable energy sources are considered the future of energy and are more valuable than traditional sources of electricity generation.

Prioritizing environmental, social and governance ("ESG") issues, including the Sustainable Development Goals ("SDG"), is part of the Company's strategy

The renewable energy business contributes to climate change mitigation and sustainable use of natural resources. Renewable energy projects prevent the increase in environmental pollution, as emissions are minimized during the operation of renewable energy generation facilities, which reduces the level of environmental pollution and helps Georgia transform into a more sustainable and low-emission economy.

The Company's hydropower projects operate in compliance with environmental, social and governance (ESG) standards, ensuring minimal impact on biodiversity. The Issuer's strategy is to balance electricity generation with ecosystem preservation and thus ensure long-term sustainable development of the business.

The main directions of the Company's strategy include:

- **Environment / Environmental Impact**: The Company monitors and manages its environmental impact, paying particular attention to water ecosystems, geodynamic stability and pollution prevention;

  Since 2018, the Issuer has been cooperating with Gama LLC, with which, in accordance with the signed contract, Gama LLC monitors environmental impact.
- **Society / Community Engagement**: The Company actively cooperates with the local population, invests in infrastructure improvement, social welfare and quality of life initiatives;

  The Company cooperates with the charity foundation non-profit legal entity "Otskhana", a foundation created by the residents of Khidi village and provides it with financial support annually - at this stage, in the amount of approximately 100,000 GEL.
- **Health and Safety**: The health and safety of employees is important to the Company, so that it provides appropriate working conditions, health care and other protective measures for all employees.

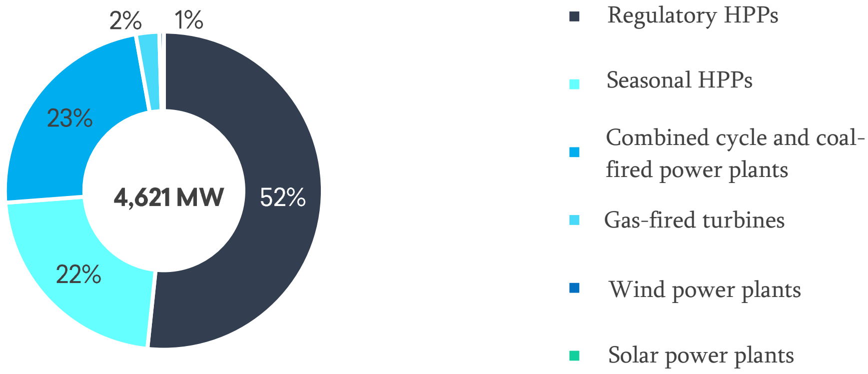
Additionally, the Issuer's parent company developed a Green Financing Framework in December 2024. Under this, the parent company and the Issuer will have the opportunity to issue green bonds and/or raise other green financing, which will support the implementation of the Company's sustainable development strategy.

For more information, see "Strategy and Objectives".

Brief information on the sector

The total installed capacity of power plants in Georgia exceeded 4.6 GW in 2024. Since 2015, more than 1,100 MW of capacity has been added to the Georgian energy system, of which 460 MW is represented by thermal power plants, 21 MW by wind power plants, and the remaining capacity (74%) is represented by hydropower plants.

Chart 2: Installed capacity by 2023, MW

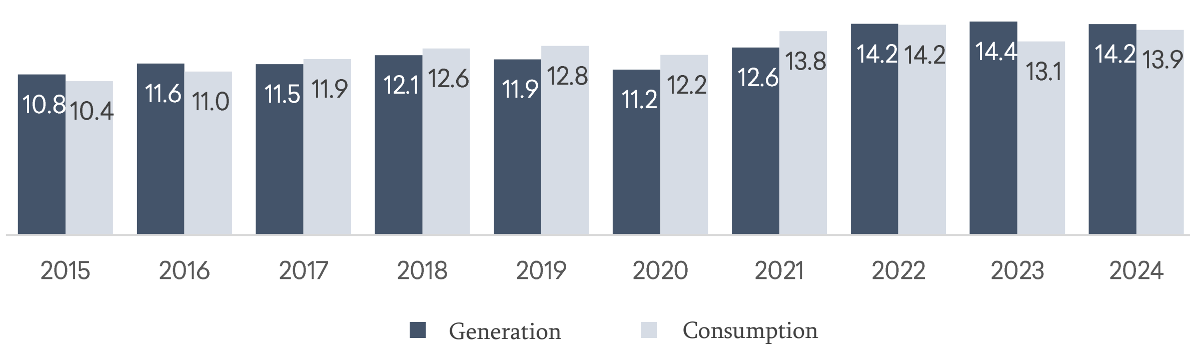


Source: GSE

In 2024, electricity generation in Georgia decreased by 1.1% to 14.2 TWh, while electricity consumption increased by 6.0% annually to 13.9 TWh.

Although annual generation has equaled or exceeded annual consumption for the past three years, seasonal imbalances in consumption and generation necessitate the purchase of imported electricity.

Chart 3: Electricity consumption and generation, TWh

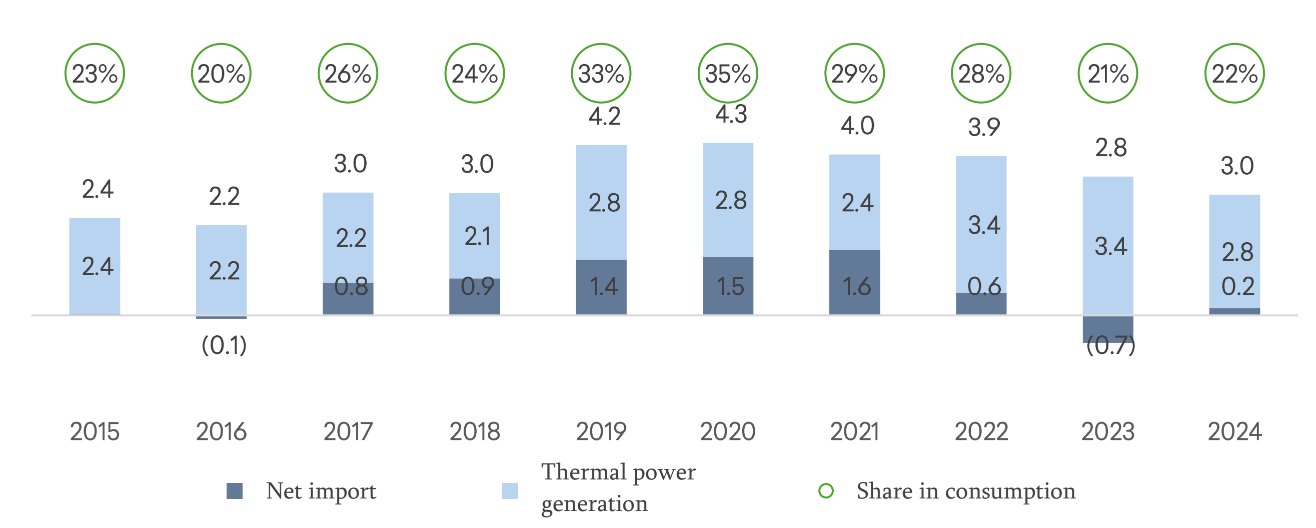


Source: GNERC

Historically, in the winter months, electricity consumption exceeds hydroelectric generation - which creates the need for thermal power plants and electricity imports. As for the summer months - in this case, the electricity generated by hydroelectric power plants exceeds total consumption, which creates the opportunity for electricity exports.

The sum of thermal power generation and net imports was 22% by 2024 (Chart 4).

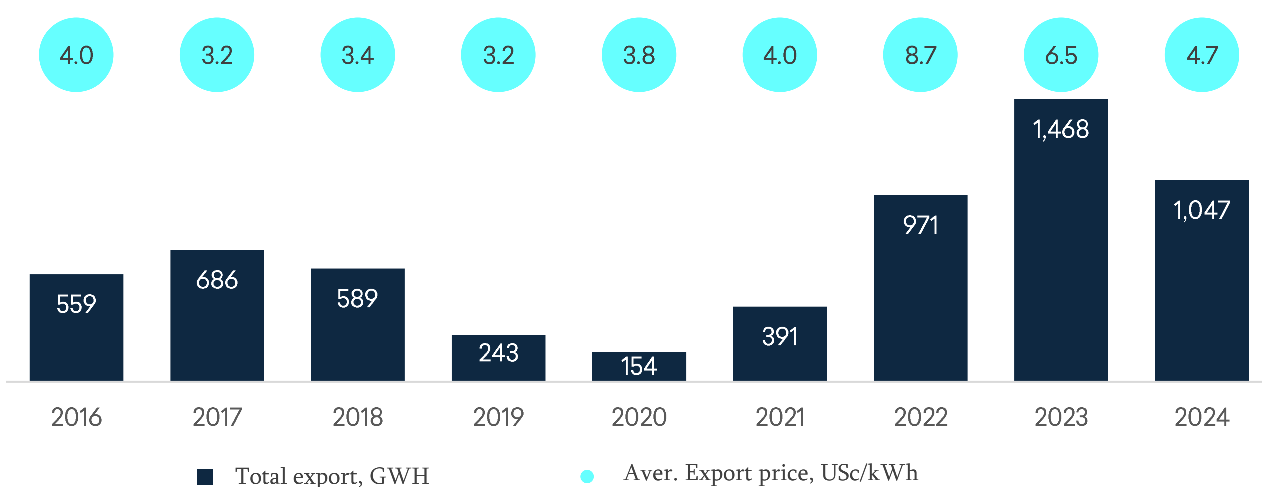
Chart 4: Net electricity imports and thermal power generation, TWh and share in consumption, %



Source: GNERC

The total volume of electricity exported during 2024 amounted to 1,047 GWh, which is an annual decrease of 28.7%. As for the average export price in 2024, it was 4.7 US cents (in 2023: 6.5 US cents) (Chart 5).

Chart 5: Electricity exports, GWh and average export price, US cents per kWh



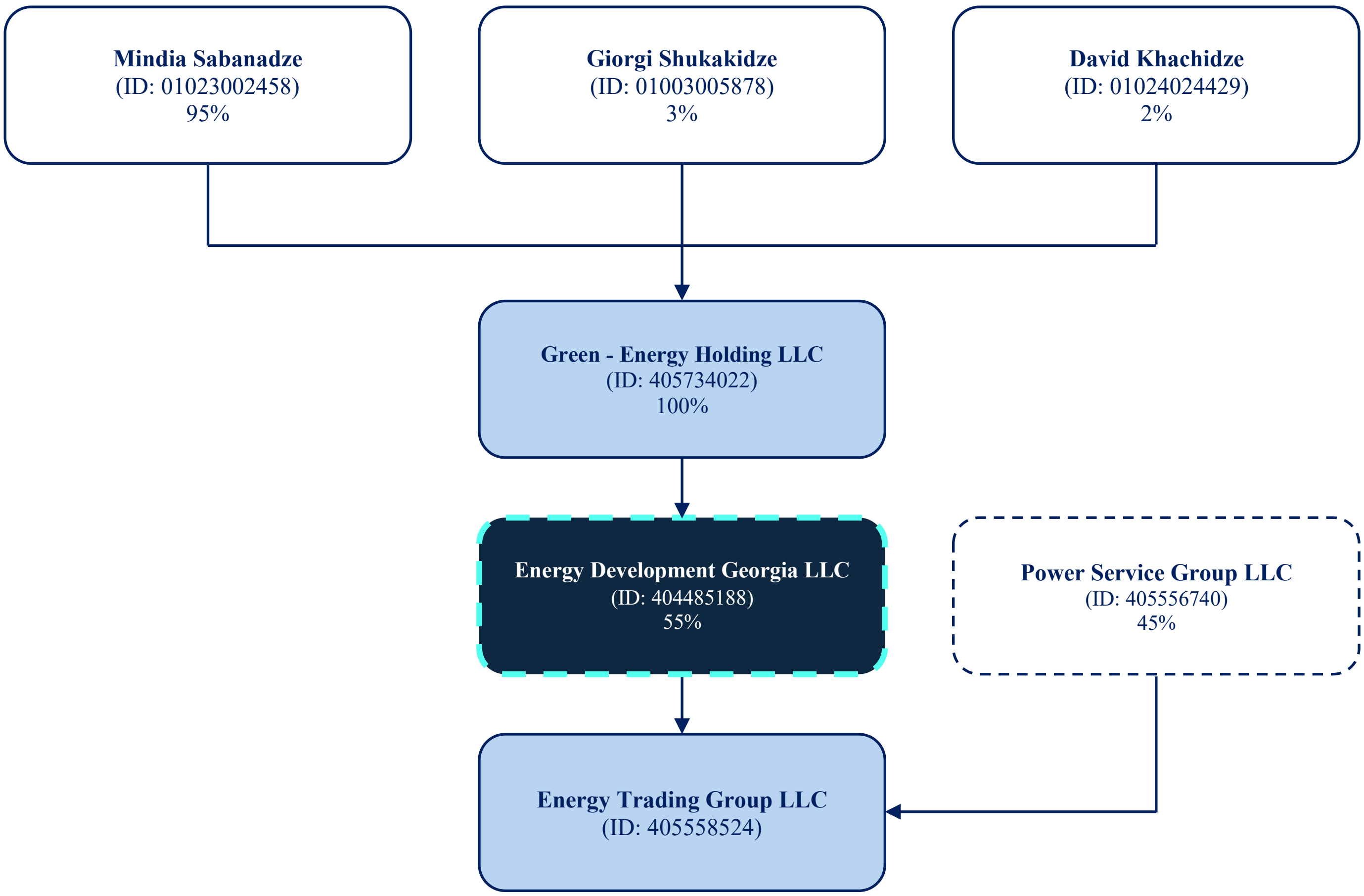
Source: GNERC, Geostat

For more information, please see "Industry Overview".

Organizational structure of the Issuer

As of the date of the Prospectus, the organizational structure of Energy Development Georgia LLC is the following:

Scheme 1: Shareholding structure



As of the date of the Prospectus, the 100% owner of the Company is Green-Energy Holding LLC, and the ultimate beneficial owners are: Mindia Sabanadze (95%), Giorgi Shukakidze (3%), David Khachidze (2%).
The Company does not have any 100% subsidiaries. The Issuer owns a 55% stake in Energy Trading Group LLC (ID 405558524). Energy Trading Group LLC was established on September 5, 2022 and plans to engage in electricity trading activities, but currently the Company does not carry out economic activities and has no current contracts. The remaining 45% stake is owned by Power Service Group LLC (ID 405556740).

Issuer's Management and Group's Key Management Team
The Company's governing body consists of the Director.

Mr. Giorgi Shukakidze – Director
Mr. Giorgi was born in 1981. He received his higher education at the Georgian Technical University – Faculty of hydroengineering. He also graduated from the Faculty of Law of the University of Quality Management. Since 2004, he started working at the Ministry of Energy of Georgia, as a specialist in the Energy Department. From 2004 to 2017, he had constant career advancement in the same ministry (Leader, Chief Specialist, Advisor, Chief Advisor and finally Head of the Energy Department). In 2017-2018, he worked as the Deputy Director of the Energy Department of the Ministry of Economic Development of Georgia, in 2018 he was an invited consultant in the field of energy project development at the Energy Development Fund of Georgia, and since 2018 he has been the Managing Director of Energy Development Georgia LLC.
Companies where Mr. Giorgi was or is a member of the management, board of directors or supervisory board for the last 5 years: Energy Trading Group LLC (ID 405558524); Wind Energy Group LLC (ID 405664482); Kutaisi Energy Group LLC (ID 405670055); Green Energy Holding LLC (ID 405734022); Energy Development Georgia (ID 404485188), Surebi Hesi LLC (ID 405771151)

For detailed information on the corporate governance structure of the Issuer, please see "Governing Body and Management".

Key Financial Indicators

The following table summarizes the key financial indicators of the Company's financial statements, based on the Audited Individual Financial Statements for the years 2023 and 2024. The audited financial statements have been prepared in accordance with IFRS. The auditor's report for the annual audited financial statements prepared for the years 2023 and 2024 is **unmodified**. For the basis of preparation and additional details, see the "Operating and Financial Review".

The Issuer's subsidiary is immaterial both individually and collectively and the difference between the individual and consolidated financial statements and the individual and consolidated management statements is also immaterial.

Apart from the information described in the prospectus, no other significant event has occurred since December 31, 2024 and prior to the date of filing the prospectus that may be material to the assessment of the solvency of the Issuer.

Table 2: Selected key financial indicators[2]

Table 2.1: Statement of profit or loss and other comprehensive income

	2024	2023
GEL	Audited	Audited
Revenue	10,994,346	11,694,309
COGS	(3,038,803)	(2,745,947)
Gross Profit	**7,955,543**	**8,948,362**
Administrative expenses	(2,567,033)	(2,743,419)
Interest expenses	(4,743,578)	(5,209,332)
Net gain from exchange rate difference	(2,000,535)	290,521
Other non-operating income/(expense)	(137,228)	43,735
Profit/(loss) before tax	**(1,492,831)**	**1,329,867**
Income tax	(201,428)	(149,756)
Total Comprehensive Profit	**(1,694,259)**	**1,180,111**
Other comprehensive income		
Other comprehensive income	-	-
Total comprehensive income for the year	**(1,694,259)**	**1,180,111**

Table 2.2: Financial indicators

	2024	2023
GEL	Unaudited	Unaudited
Revenue	10,994,346	11,694,309
COGS	(3,038,803)	(2,745,947)
Gross Profit	**7,955,543**	**8,948,362**
Administrative expenses	(2,567,033)	(2,743,419)

[2] Audited figures have been used for 2024 and 2023, however certain fields are aggregates/sums of fields presented in the audited report.

EBIT	**5,388,510**	**6,204,943**
Depreciation expenses	1,733,980	1,700,033
EBITDA	**7,122,490**	**7,904,976**
EBIT margin	*49.0%*	*53.1%*
EBITDA margin	*64.8%*	*67.6%*

Table 2.3: Statement of financial position

	31 December 2024	**31 December 2023**
GEL	Unaudited	Unaudited
Assets		
Long-term assets		
Fixed assets	58,845,854	60,065,049
Right-of-use assets	581,533	594,846
Total long-term assets	**59,427,387**	**60,659,895**
Short-Term assets		
Trade receivables	843,190	1,282,267
Inventories	445,755	438,069
Other short-term assets	162,850	550,707
Cash and cash equivalents	328,497	536,814
Total short-term assets	**1,780,292**	**2,807,857**
Total assets	**61,207,679**	**63,467,752**
Equity		
Equity	89,691	89,691
Retained Earnings	2,832,844	5,821,117
Total Equity	**2,922,535**	**5,910,808**
Liabilities		
Lease liabilities	647,578	648,238
Borrowings received	27,984,706	54,674,143
Total long-term liabilities	**28,632,284**	**55,322,381**
Current Liabilities		
Trade and Accounts Payable	134,215	123,626
Lease Liabilities	660	593
Borrowings Received	29,517,985	2,089,351
Tax Liabilities	-	20,993
Total Current Liabilities	**29,652,860**	**2,234,563**
Total Liabilities	**58,285,144**	**57,556,944**
Total Equity and Liabilities	**61,207,679**	**63,467,752**

Table 2.4: Working capital

	31 December 2024 pro-forma*	31 December 2024	31 December 2023
GEL	Unaudited	Unaudited	Unaudited
Current assets	1,780292	1,780,292	2,807,857
Current liabilities	1,584,860	29,652,860	2,234,563
Working capital	195,432	(27,872,568)	573,294

**Pro-forma effect takes into account the result of refinancing existing bonds (ISIN: GE 2700604459) with new bonds.*

- The Company's **working capital** (current assets minus current liabilities) as of December 31, 2024 was GEL 27,873 thousand. As of December 31, 2023, working capital amounted to GEL 573 thousand. In 2024, the Company's current and quick ratios were 6.0% and 4.0%. As of December 31, 2023, the current ratio was 125.7%, and the quick ratio was 81.4%. The funds raised from the bond issue will be fully used to repay $10 million in debt securities issued in June 2023 (ISIN: GE2700604459). As a result, after the repayment of the maturing bonds, the Company's current liabilities will decrease from GEL 29,653 thousand to GEL 1,585 thousand, which will increase the company's working capital to GEL 195 thousand. According to the Company's estimates, future financing (including proceeds from the Bonds) and the Company's profitability will be sufficient to finance its activities for the next one year. Given that the Bonds issuing is planned to fully refinance existing debts, the issuer estimates that the transaction will not have a material impact on the presented ratios, except for liquidity ratios, in particular, the refinancing of "issued debt securities" in the amount of USD 10 million (as of December 31, 2024, GEL 28,068 thousand) classified as current liabilities will become long-term and the relevant liquidity ratios will improve. For more information, see the chapter *Key Financial Ratios*.

Key Financial Ratios

The ratios presented below for 2024 and 2023 have been calculated using audited figures. The financial ratios have been calculated and presented to meet the minimum regulatory requirements for the prospectus and do not form part of the audited financial statements.

The Issuer believes that the following indicators provide investors with useful information and will enable investors to assess the financial condition and operating results of the Company, as well as the quality of its assets and key aspects of its business.

It should be noted that the methodology for calculating the ratios by the Issuer may differ from the use and calculation of similar indicators by other companies. Standard financial ratios are calculated with the effect of IFRS 16, while credit rating ratios are calculated without the effect of IFRS 16.

It is worth noting that the refinancing of existing bonds (ISIN: GE 2700604459) with new bonds does not have a significant impact on most of the company's key financial ratios, since it does not lead to a change in the total volume of liabilities. The exception is liquidity ratios, the improved indicators of which are reflected in the data given in the table below, which takes into account the effect of refinancing.

Table 3.1: Financial ratios and efficiency indicators

		2024	2023
1	**Financial leverage and debt service ratios**		
1.1	Debt to equity	20.0 x	9.7 x
1.2	Debt to EBITDA	8.2 x	7.3 x

1.3	Net Debt to EBITDA	8.2 x	7.2 x
1.4	Total Debt Ratio	1.0 x	0.9 x
1.5	Interest Coverage ratio	1.1 x	1.2 x
1.6	PL based Debt Service Coverage Ratio	1.2 x	1.2 x
2	**Profitability ratios**		
2.1	ROA	-2.7%	1.9%
2.2	ROE	-38.4%	20.5%
2.3	Return on Capital employed	11.6%	10.5%
2.4	Gross profit margin	72.4%	76.5%
2.5	Operating profit margin	49.0%	53.1%
2.6	EBITDA	64.8%	67.6%
2.7	Net profit margin	-15.4%	10.1%
2.8	Dividend yield	44.3%	14.4%
3	**Liquidity ratios**		
3.1	Liquid Assets/Total Assets	1.9%	2.9%
3.2	Liquid Assets/Current Liabilities	4.0%	81.4%
3.3	Current Ratio	6.0%	125.7%
3.4	Operating Cash Flow Ratio	19.8%	39.8%
3.5	CF based with beginning cash Debt Service Coverage Ratio	1.0 x	1.1 x
3.6	CF based with beginning cash Debt Service Coverage Ratio, adjusted with prepayments	1.1 x	1.1 x

Table 3.2: Adjusted financial leverage and debt service ratios*

		2024	2023
4	**Adjusted financial leverage and debt service ratios***		
4.1	Adjusted Debt to (equity + subordinated loans)	3.2 x	2.8 x
4.2	Adjusted Debt to EBITDA**	6.6 x	5.9 x
4.3	Adjusted Net Debt to EBITDA	6.5 x	5.9 x
4.4	Adjusted Total Debt Ratio	0.8 x	0.7 x
4.5	Adjusted Interest Coverage ratio	1.3 x	1.4 x

**The adjusted ratios are not calculated using Fitch or Moody's methodologies; therefore, the equity used in the calculation may not comply with the equity definitions under those methodologies. Additionally, these subordinated loans are not considered as equity under IFRS standards.*

***Adjusted Debt to EBITDA ratio represents the bond covenant, which has a maximum limit of 7.0x, and as of December 31, 2024, this ratio is 6.6x.*

Pro-forma liquidity ratios, taking into account the effect of refinancing - as of December 31, 2024:

• Liquid Assets / Current Liabilities: 73.9%

• Current Ratio: 112.3%

• Operating Cash Flow Ratio: 165.1%

General notes:

1. **EBIT** (Earnings Before Interest and Taxes) – operating profit;
2. **EBITDA** (Earnings Before Interest, Taxes, Depreciation and Amortization) – EBIT plus depreciation and amortization;

3. **CADS** (Cash Available for Debt Service) - Cash generated from operations, minus paid income taxes, plus interest received, minus net cash outflows from investing activities, plus cash inflows from loans and bond issuances, and minus paid dividends.

Description of significant changes in relevant financial ratios between periods:

- Debt to Equity - It is noteworthy that the debt-to-equity ratio increased to 20.0x in 2024 (2023: 9.7x), primarily due to a decrease in equity. Specifically, total equity amounted to GEL 5,910 thousand at the end of 2023 and decreased to GEL 2,923 thousand by the end of 2024, mainly due to dividend payments and the net loss recorded in 2024. Additional information on these changes is provided in the subsection – *Statement of Changes in Equity.*

- Return on Assets - In 2024, the company's ROA decreased by 4.6 percentage points (2024: -2.7%; 2023: 1.9%), mainly due to a 243.6% decline in net profit during the period. The impact of the annual loss on ROA was partially mitigated by a 1.9% decrease in average assets over the year. For more details, please refer to the section *"Operational and Financial Review" and the explanation of changes in net profit margin.*

- Return on Equity - In 2024, the company's ROE decreased by 58.9 percentage points (2024: -38.4%; 2023: 20.5%), driven by a 243.6% decrease in net profit during the year. The negative impact of the annual loss on ROE was partially offset by a 23.1% decline in average equity during the period. For additional information, see *"Operational and Financial Review" and the net profit margin explanation.*

- Net profit margin - In 2024, the company's net profit margin declined by 25.5 percentage points (2024: -15.4%; 2023: 10.1%), primarily as a result of a 243.6% drop in net profit. During the reporting period, the company recorded a net loss of GEL 1,694 thousand, mainly due to an 11.1% decrease in gross profit and a negative FX result totaling GEL -2,001 thousand. For further information, see the *"Operational and Financial Review."*

- Liquid Assets/Current Liabilities - As of December 31, 2024, the ratio of liquid assets to current liabilities declined by 77.5 percentage points (2024: 4.0%; 2023: 81.4%), driven by a 35.6% reduction in liquid assets and a 1227.0% increase in current liabilities.
The decline in liquid assets was mainly due to reductions in trade and other receivables, while the increase in current liabilities was driven by the reclassification of bonds from long-term to short-term obligations. The issuer's existing bonds mature on June 22, 2025, and are to be refinanced through the bonds offered under this prospectus. Excluding these bonds from current liabilities, the company's liquid assets to current liabilities ratio would stand at 73.9%. For further details, see *"Operational and Financial Review."*

- Current Ratio - As of December 31, 2024, the company's current ratio declined by 119.7 percentage points (2024: 6.0%; 2023: 125.7%), due to a 36.6% decrease in current assets and a 1227.0% increase in current liabilities (as described above).
If bonds are excluded from current liabilities, the company's current ratio would be 112.3%. For more details, refer to the *"Operational and Financial Review."*

- Operating Cash Flow Ratio - As of December 31, 2024, the operating cash flow ratio decreased by 20.0 percentage points (2024: 19.8%; 2023: 39.8%), primarily due to a 261.2% increase in average current liabilities (as outlined in the sections above). The negative impact of the growth in current liabilities on the ratio was partially offset by a 79.6% increase in operating cash flows (CFO) during the period. The increase in CFO was mainly driven by a 23.0% reduction in interest payments.
If bonds are excluded from current liabilities, the company's operating cash flow ratio would be 165.1%. For further details, please refer to the *"Operational and Financial Review."*

Methodology for calculating key ratios:

1. **Financial leverage and debt service ratios:**

1.1. Debt to equity ratio - the sum of loans, guarantees, bonds and lease liabilities outstanding at the end of the period divided by the equity at the end of the period;
1.2. Debt to EBITDA ratio - the sum of loans, guarantees, bonds and lease liabilities outstanding at the end of the period divided by EBITDA;
1.3. Net Debt to EBITDA ratio - the sum of loans, guarantees, bonds and lease liabilities outstanding at the end of the period minus cash and cash equivalents - divided by EBITDA;
1.4. Total Debt Ratio - the sum of loans, guarantees, bonds and lease liabilities outstanding at the end of the period divided by the total assets at the end of the period;
1.5. Interest Coverage Ratio - EBIT for the period divided by (interest expense on loans, guarantees and bonds + interest expense on lease liabilities + interest expense on other financial liabilities)
1.6. Debt Service Coverage Ratio, PL based - EBITDA for the period divided by (principal amount, interest and coupon on loans, guarantees, bonds and lease liabilities). The principal amount does not include the reduction of financial liabilities with funds raised for the purpose of refinancing;

2. **Profitability Ratios**

2.1. Return on Assets (**ROA**) – Total comprehensive income divided by the average assets at the end of the last two fiscal periods;
2.2. Return on Equity (**ROE**) – Total comprehensive income divided by the average equity at the end of the last two fiscal periods;
2.3. Return on Capital Employed (**ROCE**) – EBIT for the period divided by the difference between the average total assets and the average current liabilities at the end of the last two fiscal periods;
2.4. Gross Profit Margin (Gross Margin): Gross profit divided by revenue
2.5. Operating Margin – Operating profit divided by revenue;
2.6. EBITDA Margin – EBIT divided by revenue;
2.7. Net Profit Margin – Net profit divided by revenue;
2.8. Dividend yield - Calculated as dividends divided by total equity;

3. **Liquidity Ratios**

3.1. Liquid Assets/Total Assets - The sum of cash and cash equivalents and trade receivables at the end of the period divided by total assets;
3.2. Liquid Assets/Current Liabilities - The sum of cash and cash equivalents and trade receivables at the end of the period divided by current liabilities;
3.3. Current Ratio - Current assets at the end of the period divided by current liabilities;
3.4. Operating Cash Flow Ratio - Net cash generated from operating activities divided by the average current liabilities for the last two fiscal years.
3.5. Debt Service Coverage Ratio, CF based with beginning cash - CADS of the period divided by (principal amount, interest and coupon of loans, guarantees, bonds and lease obligations). The principal amount does not take into account the reduction of financial liabilities with funds raised for the purpose of refinancing;
3.6. Debt Service Coverage Ratio, CF based with beginning cash - CADS of the period divided by (principal amount, interest and coupon of loans, guarantees, bonds and lease obligations). The principal amount does not take into account the reduction of financial liabilities with funds raised for the purpose of refinancing and the principal amount of the early reduction of bank loans;

4. Adjusted financial leverage and debt service ratios*:

Adjusted financial leverage and debt service ratios* - *The calculation of adjusted financial leverage and debt service ratios does not take into account the loans that are to be subordinated to the Bonds under this Prospectus and the interest expense accrued on them. Please see "Capitalization and Indebtedness".*

4.1 Adjusted Debt to (Equity + Subordinated loans) Ratio - The sum of outstanding loans (excluding subordinated loans), guarantees, bonds and lease obligations at the end of the period divided by the sum of outstanding equity and subordinated loans at the end of the period;
4.2 Adjusted Debt to EBITDA Ratio - The sum of outstanding loans (excluding subordinated loans), guarantees, bonds and lease obligations at the end of the period divided by EBITDA;
4.3 Adjusted Net Debt to EBITDA Ratio - Cash and cash equivalents less the sum of loans (excluding subordinated loans), guarantees, bonds and lease obligations at the end of the period - divided by EBITDA;
4.4 Adjusted Total Debt Ratio - The sum of loans (excluding subordinated loans), guarantees, bonds and lease obligations at the end of the period divided by total assets at the end of the period;
4.5 Adjusted Interest Coverage Ratio - EBIT for the period divided by (interest expense on loans (excluding subordinated loans), guarantees and bonds + interest expense on lease liabilities + interest expense on other non-subordinated financial liabilities).

Credit Rating of the Company

As of the date of this Prospectus, neither the Company nor the Bonds have a credit rating assigned by a credit agency.

For illustration purposes, selected ratios calculated according to the methodology of Fitch Ratings (one of the global rating companies) are presented below.

In the process of assigning credit ratings, Fitch Ratings uses the methodology published on its website. Energy Development Georgia LLC operates in the hydropower industry. Accordingly, the criteria for assessing Global Electricity Generation, also known as GenCos, have been used in the analysis process. The ratings for this sector range between 'B' and 'A' categories, although the rating agency itself notes that most often companies fall between 'BB' and 'BBB' categories.

Fitch Ratings' assessment of GenCos includes (i) both qualitative factors and (ii) quantitative factors.

In the qualitative factors, Fitch Ratings analyzes: (i.i) revenue quality/predictability, (i.ii) market position, (i.iii) asset base, and (i.iv) counterparty base. In the quantitative factors, the rating agency analyzes: (ii.i) cash flow adequacy, (ii.ii) debt and capital structure, (ii.iii) capital expenditures, (ii.iv) liquidity, and (ii.v) debt service ratios. The market risk mitigated by the PPA and the dynamics of the power system development significantly affect GenCos' assessment of revenue stability and business risks.

When analyzing the information below, several factors should be considered:

- Fitch's industry averages include developed countries and are not tailored solely to emerging markets, including the Georgian market.
- It is also worth noting that the comparison below with the rating company Fitch's industry standards includes only a quantitative analysis. The potential credit rating of a company should not be determined solely based on this analysis. Rating companies take into account a combination of many factors when assigning a rating, including: country rating, company corporate structure, soundness of business processes, etc.
- It should also be considered that credit agencies mainly focus on companies' forecast data, while the proposed analysis is based only on historical results.

Accordingly, the analysis presented below does not imply that the Company would receive the rating that would be obtained as a result of the coefficients presented below. In the opinion of the Company's management, making a decision based solely on the credit rating would be incorrect and investors should assess the risks themselves and then make a decision.

Below are the links that were actively used in the analysis process:

- Corporate Rating Criteria
- Sector Navigators – Addendum to the Corporate Rating Criteria - Effective from 3 November 2023 to 21 June 2024

Table 4: Key financial indicators and their comparison with Fitch's credit criteria

	Energy Development Georgia LLC			Fitch Ratings			
	2024	**2023**	**Rankings (per Fitch) – 2024**	**BBB**	**BB**	**B**	**CCC**
Profitability ratios							
Free Cash Flow (FCF)	1,267,799	557,880	BBB	Neutral or slightly negative free cash flow (FCF) over the investment cycle	Average negative free cash flow (FCF) over the investment cycle	Materially negative free cash flow (FCF) over the investment cycle	Negative free cash flow (FCF) falls short of all regulatory norms
Financial structure ratios							
EBITDA Leverage	8.21 x	7.27 x	CCC	3.3x	4.8x	5.8x	>7.3x
FFO Leverage	8.45 x	7.41 x	CCC	3.5x	5.0x	6.0x	>7.5x
FFO Net Leverage	8.41 x	7.34 x	CCC	3.0x	4.5x	5.5x	>7.0x
Financial flexibility ratios							
Liquidity	0.06 x	0.57 x	CCC	One-year liquidity ratio is greater than 1.25x. Debt repayment schedule is spread out, but funding sources are less diversified.	Liquidity ratio is close to 1.0x. Debt repayment schedule is poorly distributed or financing is concentrated.	Liquidity ratio is less than 1.0x. Financing is dependent on a single source.	There is no prospect of a 1.0x liquidity ratio in the short term. Most financing is associated with substantial risks.
FX Exposure	Currency risk on profitability and/or debt/cash flows. Hedging effectiveness is limited.	Currency risk on profitability and/or debt/cash flows. Hedging effectiveness is limited.	BB	Little currency risk on profitability and/or debt/cash flows. Effective hedging mechanisms	Currency risk on profitability and/or debt/cash flows. Hedging effectiveness is limited.	Significant currency risk. Hedging is absent or ineffective.	Currency risk significantly limits the issuer's ability to service its debt.
FFO Interest Coverage	1.77 x	1.52 x	B	4.5x	3.5x	2.0x	<= 1.25x

Expected DSCR	1.41 x	1.24 x	BBB	> 1.3 x	1.3 x – 1.1 x	1.1 x	<1.0 x

Ratio calculation methodology:

1. **Free Cash Flow (FCF)** - Operating cash flow minus capital expenditures and dividends.
2. **EBITDA Leverage** - total interest-bearing liabilities (bank loans, guarantees, related party loans) divided by EBITDA (excluding IFRS 16 effect - does not include depreciation of the right-of-use asset and related interest);
3. **Funds From Operations (FFO)** - Cash flows from operating activities plus changes in working capital as defined by Fitch
4. **FFO Leverage** - Total interest-bearing liabilities (including bank loans, subordinated loans, and lease liabilities) divided by FFO (Funds From Operations) plus interest paid, minus interest received, and minus preferred dividends paid.
5. **FFO Net Leverage** - Total interest-bearing liabilities (including bank loans, subordinated loans, and lease liabilities) minus cash & cash equivalents divided by FFO (Funds From Operations) plus interest paid, minus interest received, and minus preferred dividends paid.
6. **Liquidity** - the sum of cash and cash equivalents and FCF divided by short-term interest-bearing liabilities;
7. **FFO Interest Coverage** - FFO (Funds from operations) plus interest paid divided by interest paid.
8. **Expected Debt Service Coverage Ratio (DSCR)** - EBITDA divided by the expected future principal and interest payments on the loan.

General Notes:

- **EBITDA Leverage** - High leverage indicators are mainly due to subordinated loans in the capital structure. These liabilities have long maturities and are related to counterparties, which reduces their real impact on credit risk. This indicator without subordinated loans is - 6.55 x.
- **Liquidity** - The estimates presented in the table are based on historical financial indicators for 2024. However, a number of ratios, including liquidity, significantly improve as a result of the refinancing. In particular, the liquidity indicator increases to 1.16x on a pro-forma basis, which corresponds to the BB category threshold. Nevertheless, the historical CCC assessment is maintained in the table, adhering to the principle of conservative approach and transparency. The pro-forma effect and improved indicators are discussed in the relevant section.

***Note**: For a detailed explanation/calculation of each term, please see Fitch's methodology.*

Use of Proceeds and Green Financing Framework

The Bonds are intended to fully refinance the existing bonds (ISIN: GE2700604459).

Detailed information on the use of proceeds from the Bonds can be found in - "Reasons for the Offering and Use of Proceeds".

In December 2024, the Issuer's parent company, Green Energy Holding LLC, developed a Green Financing Framework. The Issuer will conduct subsequent financings under the aforementioned Green Financing Framework. For the purposes of these Bonds and the Green Financing Framework, the Company relies on the guidelines of the Sustainable Financing Taxonomy of the National Bank of Georgia for the identification, classification and categorization of projects into green categories and for the assessment of the relevance criteria of projects to be considered under each category.[3]

For detailed information, see "Green Financing Framework".

Brief information about the issuer's business and material risk factors specific to the securities being offered

1. Brief information on material risks specific to the Issuer's activities

1.1 *Company's revenue directly depends on the amount of electricity generated; failure to achieve the planned (forecast) generation may result in a significant decrease in revenue / liquidity risk;*

1.2 *The Issuer's operational and financial stability is significantly dependent on the PPA signed with ESCO;*

1.3 *The Issuer mainly sells electricity to ESCO under long-term power purchase agreements ("PPAs"), but in the months not covered by the PPA (May-August), the Company assumes market risks, which can be expressed in two sub-risks: 1) risk of finding a recipient and 2) market price risk;*

1.4 *The Company's liquidity contains significant counterparty risk;*

1.5 *Electricity exports depend on the proper functioning of the infrastructure between countries and the availability of existing capacity. The inability or limited implementation of exports may have a significant adverse impact on the Company's revenue and profitability;*

1.6 *The Company has certain currency risk in the case of both domestic and export sales;*

1.7 *Risks arising from currency imbalances and their possible impact on the stability of cash flows;*

1.8 *The ability to generate, distribute and supply electricity depends on the Georgian transmission system;*

1.9 *Unexpected events, climatic conditions and natural disasters may pose significant risks to the Company's operations;*

1.10 *Maintenance and renovation of power plants involve significant risks, which may result in unplanned power outages, reductions in output and unexpected capital expenditures;*

1.11 *Investments in power plants are illiquid;*

1.12 *Incomplete insurance of assets owned by the Company may have a significant adverse effect on the Company's financial and operational stability;*

1.13 *The Company may violate financial and/or non-financial covenants specified in bank agreements or the terms of the Bonds;*

1.14 *The Company's stability and sustainable development directly depend on a reasonable and long-term personnel policy;*

1.15 *Environmental, health and safety legislation;*

[3] Sustainable Finance Taxonomy

1.16 *Labor disputes and strikes, including demonstrations and protests by local residents, may negatively affect the Company's operations, operating results and profitability;*

1.17 *Risks related to corporate governance standards;*

1.18 *The future demands of the local population may pose significant operational, social and financial challenges to the Company;*

1.19 *If the Company fails to provide an effective internal control system, this may negatively affect the accuracy of financial accounting and reporting;*

1.20 *The company has a high leverage ratio, which may pose a risk of insolvency;*

2. Brief information on material risks specific to the industry and economy

2.1 *Political and governmental instability in Georgia could have a significant adverse impact on the local economy and the Company's business;*

2.2 *There are additional risk factors associated with investing in emerging markets such as Georgia;*

2.3 *The Company's operations could be adversely affected by the depreciation of the Georgian lari against the USD/the currencies of other economically related countries;*

2.4 *As the Company operates in Georgia, it will be affected by changes in the economic conditions of Georgia;*

2.5 *Regional tensions could have a negative impact on the local economy and the Company's business;*

2.6 *A sharp weakening of Georgia's neighboring markets could have a negative impact on the Georgian economy;*

2.7 *Challenges may arise related to the harmonization of Georgian legislation with EU legislation, which is required by the Deep and Comprehensive Free Trade Area Agreement;*

2.8 *The uncertainty in the Georgian tax system may lead to the adjustment of the Company's tax obligations or the imposition of penalties on the Company in the future. It is also possible that the tax legislation and policies in force in Georgia may change;*

2.9 *The uncertainty in the Georgian judicial system, including any arbitrary or inconsistent future actions by the State of Georgia, may have a negative impact on the local economy, which, in turn, may harm the Company's business;*

2.10 *The Company may be subject to the risk of litigation from its customers, suppliers and the regulator;*

2.11 *The Georgian electricity market is still in the process of transformation. There is some uncertainty regarding the market structure and the main drivers of market price formation, which may create additional risks for the Company;*

2.12 *Violation of legal provisions constituting anti-corruption legislation may negatively affect the Company's reputation and business;*

2.13 *Antitrust regulations may have a negative impact on the Company's activities;*

2.14 *If the Company fails to comply with any applicable regulations related to money laundering or terrorist financing in the future, or if the Company is associated with them, this may have a negative impact on the Company;*

2.15 *The Company is a reporting entity, therefore, it is subject to additional regulatory reporting/filing requirements;*

3. Brief information on material risks specific the securities being offered

3.1 *The market price of the Bonds may fluctuate;*

3.2 *There may not be an active trading market for the Bonds;*

3.3 *Investors whose financial activities are denominated in a currency or monetary unit other than the currency of the Bonds may receive less interest or principal on the Bonds than they expect as a result of fluctuations in exchange rates or foreign exchange adjustments;*

3.4 *Certain financial covenants under the Credit Agreement and the terms of the Bonds may not be met;*

3.5 *The Bonds are pari passu securities;*

3.6 *There is a risk of default on the principal and interest of the Bonds;*

3.7 *The Bonds are unsecured obligations of the Company;*

3.8 *The Bonds bear interest at a fixed interest rate;*

3.9 *Subordination is subject to various risks, including risks related to the execution of the subordination agreement and the transfer of the Bonds;*

3.10 *The disposal of the Bonds is subject to restrictions imposed on investors from certain territories/countries;*

3.11 *The existing financial restrictions on the Bonds may not be sufficient to protect investors;*

3.12 *There is a potential risk of conflict of interest between the Company and the placement agent, as well as between the placement agent and JSC TBC Bank;*

3.13 *In the future, the terms of the Bonds may be changed or the rights arising from the violation of the terms of the Bonds may be waived;*

3.14 *Any future changes in Georgian law may have a material adverse effect on the Bonds, including their registration on the Georgian Stock Exchange and the taxation of the benefits derived from holding the Bonds;*

3.15 *Investors should rely on the procedures of the Depository's Calculation and Paying Agent and, where applicable, the Bonds Account Keeper;*

3.16 *An investment in the Bonds involves consideration of considerations related to the legality of the investment;*

3.17 *An application for the purchase of the Bonds may be partially satisfied;*

3.18 *The Bonds are unsecured and, due to the encumbrance of the Company's assets, the assets available to the Bondholders in the event of liquidation may not be sufficient.*

Issuer's auditors and third parties or experts involved in the Prospectus:

Issuer's financial auditor: RSM Georgia LLC (ID. 202449207), Address: Georgia, Tbilisi, Didube District, Ir. Evdoshvili St., #2/10, #35, Tel: + (995 32) 255 88 99, Website: https://www.rsm.global/georgia/ka

During the periods presented in the Prospectus, there was no change in the Company's financial auditor.

Individuals and legal entities/parties involved in the offering:

Depository of the Issuer: Georgian Central Securities Depository JSC (ID 204935400), address: Tbilisi, Vazha-Pshavela Avenue 71. Block 10, Tel.: (+995 32) 2 50 02 11. Website: gcsd.ge
Rating company: N/A

Placement, Calculation and Paying Agent: TBC Capital LLC, (ID 204929961); Actual address: Tbilisi 0102, Marjanishvili Street N7; Legal address: Georgia, Tbilisi, Vake district, Ilia Chavchavadze Avenue, N11; e-mail: info@tbccapital.ge; Tel.: (+995 32) 2 27 27 33; Website: tbccapital.ge; registration country: Georgia; applicable legislation: Georgian legislation.

TBC Capital LLC (the "**Placement Agent**"), pursuant to the relevant Service Agreement, has agreed with the Company to assist it in placing the Bonds on a **non-guaranteed (Best Effort) basis**, using its best efforts.

Possible Charges to Investors
The costs associated with the placement of the Bonds are fully reimbursed by the Issuer and no additional costs will be incurred by the investor within the scope of the Offering.

Conflicts of interest associated with the Offering
There is a possibility that the portion of the Bonds will be purchased by one of the largest commercial banks, which is affiliated with Placement Agent (Placement Agent is a direct subsidiary of JSC TBC Bank). At the same time, the Placement Agent and JSC TBC Bank's corporate lending division (responsible for issuing corporate loans and investing in bonds) share the same management team. The listed circumstances may give rise to a conflict of interests between Placement Agent and the Issuer, between Placement Agent and JSC TBC Bank, and between Placement Agent and Investors. However, the Issuer believes the potential conflict of interest is minimized considering the following circumstances:

(a) Placement Agent represents and acknowledges that it will treat JSC TBC Bank as one of the investors based on principles of equality and fairness;
(b) In the event that, during the determination of the final interest rate (book-building process), potential investors express an interest in purchasing a quantity of bonds exceeding what is available under this prospectus, and applications are only partially fulfilled, in proportion to the amounts specified in the submitted applications or otherwise, the decision regarding this will be made by the Issuer itself and not by the Placement Agent.

The Issuer is not aware of any other existing or potential conflicts of interest related to the Offering.

Risk Factors

Investing in bonds involves certain risks. Before making an investment decision, potential purchasers of the Bonds should read this Prospectus carefully. In addition to the other information provided in the Prospectus, potential investors, before investing in the Bonds, should carefully consider the risks described below, taking into account their own financial situation and investment objectives. Any of the risks described below could have a material adverse effect on the Company's business, financial condition and results of operations. If any of these risks materialize, it could adversely affect the market value of the bonds. In addition, the following factors are important in evaluating the market risks associated with bonds.

Although the Company believes that the risk factors described below represent the principal risks associated with investing in the Bonds, additional risks, uncertainties or unforeseeable circumstances may exist or arise that the Company does not consider to be material or of which the Company is not aware. Any such risk, uncertainty or circumstance may adversely affect the operation of the Company's business and have adverse effects similar to those described below. Accordingly, the risks set forth below in connection with holding the Bonds are not exhaustive.

1. Information about Significant Risks Specific to the Issuer's Activities

1.1. ***Company's revenue directly depends on the amount of electricity generated; failure to achieve the planned (forecast) generation may result in a significant decrease in revenue / liquidity risk;***

Sashuala HPPs are so-called “run-of-river” operated hydroelectric power plants that generate electricity in real time based on the water level in the river.

The amount of water in a river directly depends on the precipitation (rainfall frequency, amount of snow and melting intensity) in the region and the catchment area. Accordingly, the amount of electricity generated varies depending on the hydrological year (water abundance, water scarcity, etc.). It shall be mentioned that it is impossible to fully determine the meteorological cycle and it is common for a year with abundant precipitation to be followed by a period of low precipitation and/or vice versa.

Although there are theoretical calculations about the possible water level and its statistical distribution (probabilities), such calculations contain large errors. The number of precipitation gauges and meteorological stations and the necessary infrastructure across the region is very limited and there is no empirical data. Accordingly, guidance is provided by extrapolation and/or old archival data.

Given the described data, the most reliable source is considered to be actual operating (empirical) data. However: Sashuala 2 HPP has been operating since 2019, Sashuala 1 HPP has been operating since 2020, and Sashuala HPP has been operating since 2022 - which leads to a lack of data and significantly reduces the reliability of the statistical forecast.

The forecast risk is further increased as a result of ongoing global climate change, the exact impact of which cannot be assessed at this stage.

Generation is one of the main sources of income; therefore, in the event of water shortages and/or failure to achieve the forecast, the risk of income decline increases.

1.2. ***The Issuer's operational and financial stability is significantly dependent on the PPA signed with ESCO.***

Sashuala 1 and Sashuala 2 sell their generated electricity to ESCO under PPAs during the period from September to April (for more details on the existing PPAs, see “*Main Activities*”). The existence of PPAs is beneficial to the Company in many ways, including: it insures price risk, thanks to the guaranteed price, the Company benefits from many financial products and obligations, and relatively reduces counterparty and credit risk, since ESCO is a state-affiliated company. Accordingly, after the termination of the PPAs, the Company's operational/financial risks will increase significantly and the Company will become a market/commercial risk bearer throughout the year. By default, a PPA may be terminated in the event of a breach of contract by either party, force majeure, or default (if it is not remedied despite written notice). PPAs are limited to a specific period and are not subject to extension. Accordingly, there is no guarantee that the Company will be able to sell electricity on favorable terms after the expiration of the PPAs, as the latter will depend on many market/non-market conditions.

It is worth noting that the government's position on issuing PPAs has changed and tightened since 2017. In particular, in 2017, based on the recommendation of the International Monetary Fund (IMF), the government declared a de facto moratorium on signing new PPAs. In addition, in 2018, the Georgian government adopted a new Law On Public-Private Partnerships, which tightened and regulated in more detail the procedures and prerequisites for issuing contractual guarantees by the state to an investor regarding guaranteed electricity purchases. Since 2020, in order to replace the PPA support model, the government has begun to introduce new support mechanisms that are more compatible with the market principles envisaged by the energy reform. In particular, in 2020, the government approved a different support scheme for the implementation of renewable energy power plant projects, the so-called "Feed-in Premium" (FIP), which was later replaced once again by a new support scheme in December 2022. The new support scheme involves supporting the implementation of renewable energy power plant projects through the so-called "Contracts for Difference" (CFD) mechanism, which is obtained through participation in and victory in a capacity auction. However, it is worth noting that in order to benefit from both the Feed-in Premium (FIP) and Contract for Difference (CfD) support models, it is necessary to complete the reform process of the Georgian electricity market and launch organized markets into active operation.

As a result, to the Company's knowledge, no memorandum of understanding has been signed during the period 2017-2022 that provided for guaranteed purchase terms. However, despite the changes in Georgian energy regulations, the PPAs already concluded by the Government remain in force and ESCO will continue to fulfill its obligations under the existing PPAs during their term. The Company's operational and financial stability is significantly dependent on the existing PPAs and in the event of their termination or expiration, the Company's financial and operational stability would be at significant risk. However, it is worth noting that the PPAs concluded with ESCO expire after the maturity date of the Bonds.

If the Company fails to replace the PPAs in the future, this could have a material adverse effect on its business, results of operations and financial condition in the long term.

1.3. The Issuer mainly sells electricity to ESCO under long-term power purchase agreements ("PPAs"), but in the months not covered by the PPA (May-August), the Company assumes market risks, which can be expressed in two sub-risks: 1) risk of finding a recipient and 2) market price risk.

The energy year differs from the calendar year and is divided into 2 seasons:

- Winter season, which covers 8 months (September-April); and
- Summer season, which covers 4 months (May-August).

Winter season: The Company has signed a Power Purchase Agreement (PPA) with the commercial operator of the market. According to the PPA, the Issuer has the right to sell the electricity generated during the winter season (September-April) to the ESCO at a fixed rate of 6 US cents per kWh for a period of 10 years (the PPA for Sashuala 2 expires in 2030; the PPA for Sashuala 1 expires in 2031).

Summer season: In the months not covered by the PPA, the Company has the option to sell the generated electricity in full or in part on the local market (based on independent bilateral contracts), export it to the Republic of Turkey (subject to transmission line access) or sell it to ESCO as balancing energy. Typically, the peak generation of the Issuer's hydroelectric power plant occurs in the months of April-August, which results in a large concentration of income during the summer season and increases the risk of income concentration.

The price of electricity is variable and depends on (i) the amount of generation and consumption, as well as (ii) the opportunity cost of electricity production (for example, the price of gas in the case of thermal power plants) and (iii) import/export prices. It is clear that pricing is a rather complex process and its forecast (especially in the short and medium term) always contains a risk of error.

The Issuer has a long-term agreement with JSC Georgian State Electrosystem (hereinafter referred to as "GSE") on the provision of electricity (capacity) transmission and dispatching services, within the framework of which the Company has the right to export electricity to the Republic of Turkey as a priority.

As already mentioned above, in the months not covered by the PPA (May-August), electricity can be sold to any wholesale consumer, exported, or sold to ESCO as balancing energy. After the launch of the day-ahead (DAM) and day-ahead market ("IDM") (the principle of operation of the DAM and IDM markets is explained in the Regulatory Environment section), power plants have two additional channels for selling electricity and the risk of finding a buyer will be almost completely eliminated. According to the current market rules, if a power plant has neither a PPA nor a bilateral agreement, in the summer months (May-August) ESCO pays them the lowest regulated tariff for HPPs, and in the winter months (September-April) the highest price for guaranteed capacity sources (which were built after 2010). As mentioned above, energy trading will be simplified after the launch of DAM and IDM. The launch of DAM and IDM will not have any impact on contracts signed with ESCO. The tariff, as well as other payment terms and contract duration, remain unchanged.

As described above, during the PPA period, the Company is insured against commercial risk during the winter season, although it retains significant market risk during the summer period. Commercial risk is also significant in the context of a newly announced market, where pricing is based on supply and demand and whose mandatory version has not yet been implemented.

1.4. The Company's liquidity contains significant counterparty risk

When selling electricity, risks related to the counterparty/buyer are relevant, which include and are not limited to the following:

- Full payment of the cost of the supplied electricity;
- Timely payment of the cost of the supplied electricity;
- Proper and complete performance of all operations related to the sale of goods.

As mentioned above, during the winter season (September-April), the Company has the right to sell the generated electricity within the framework of the signed PPA (in the case of the Sashuala 1 and Sashuala 2 HPPs). The term of the contract and the fixed pricing therein make ESCO one of the most important counterparties. Accordingly, any risk related to ESCO and its solvency is a threat to the Company.

Counterparty risk is much higher:

- In the case of sales during the summer season (May-August), when seasonal (relatively short-term) direct contracts are concluded;
- During export to Turkey;
- In the case of sales of electricity generated by the "Sashuala HPP", which does not have a PPA and sells electricity on the basis of direct contracts concluded with consumers;

Accordingly, any risk related to the Counterparty and its solvency may have a significant adverse effect on the Company's operations, profitability and liquidity. For information on the Company's liquidity, please see*"liquidity risk"*.

1.5. Electricity exports depend on the proper functioning of the infrastructure between countries and the availability of existing capacity. The inability or limited implementation of exports may have a significant adverse impact on the Company's revenue and profitability

During the summer season (May-August), the Company has the opportunity to export the generated electricity to the Republic of Turkey, although the capacity of the transmission line between the countries is limited. The export volume is determined in 3 stages:

- Agreement on the export volume (Net Transfer Capacity) between the system operators of the two countries,
- Distribution of the agreed volume among the sources of generation wishing to export,
- Minimum operating limit of the transmission line - the overflow volume should not be less than 35 MW.

All three stages mentioned above are beyond the control of the Company and depend on (i) both the agreement between the countries, and (ii) the capacity allocation by the Transmission System Operator (hereinafter referred to as the "TSO"). As a rule, the system operator allocates export capacity through the capacity auction platform[4] and in accordance with the special auction procedure[5].

It is worth noting that within the framework of the long-term transmission (dispatching) agreement ("TDA") and/or as a result of the auction, if the settlement price is determined, export capacity is obtained according to the "Take-or-Pay" principle. The "Take-or-Pay" principle obliges the Company to fully absorb the allocated capacity (export), otherwise the Company will be charged a fee for unused capacity.

Accordingly, the profitability of the project and export sales significantly depend on the receipt of export volume and the utilization of the received volume. Failure to export and/or limited export operations may have a significant negative impact on the Company's revenue and profitability.

1.6. The Company has certain currency risk in the case of both domestic and export sales;

When trading electricity, the price of electricity is denominated in USD, and settlement is carried out in local currency according to the exchange rate set by the National Bank. Accordingly, the Company has a currency risk from the time of completion of sales to the moment of settlement.

Accordingly, material currency fluctuations may have a negative impact on the Company and its profitability, for more information please see - "Currency Risk".

1.7. Risks arising from currency imbalances and their possible impact on the stability of cash flows;

The Company is exposed to currency risk arising from currency mismatches between its revenues and debt obligations. Specifically, the Company receives revenues primarily in USD, while certain of its debt obligations are denominated in euros (equivalent to GEL 13,299 thousand as of 2023, representing approximately 23% of total liabilities). This mismatch may adversely affect the stability of the Company's cash flows in the event of exchange rate fluctuations. Please refer to the subsection *" USD-denominated revenues and expenses"*

1.8. The ability to generate, distribute and supply electricity depends on the Georgian transmission system;

The transmission of electricity through distribution networks, as well as its distribution to customers, depends on the infrastructure of Georgia's transmission systems. The Company has no control over the operation of the transmission system and is fully dependent on the transmission system operator, which is a state-owned entity, as well as on the distribution system operators. Any failure of the Georgian transmission system, including those resulting from natural disasters, improper maintenance or network development, may prevent the Issuer from distributing electricity to its customers (wholesale suppliers, direct customers, universal suppliers).

As a result, any failure of the transmission system may have an adverse effect on the Issuer's operations, income and financial condition.

1.9. Unexpected events, climatic conditions and natural disasters may pose significant risks to the Company's operations;

Unexpected events, such as natural disasters, emergencies, etc., may have a serious adverse effect on the Company's operations, damage its property or otherwise negatively affect its activities. The risk of climatic and natural events is one of the main operational risks for the business.

In drought conditions, the level of electricity produced by the Company's hydropower plants for sale to third parties may be low, which will result in lower income. The Issuer's business is also characterized by seasonality, which is reflected in high electricity generation rates in the April-May period and in the fourth quarter (October, November, December). The Company forecasts electricity generation based on normal weather conditions, based on long-term historical averages, considers possible variations in normal weather patterns and, if necessary, uses a conservative approach. However, there is no guarantee that such planning can accurately predict the impact of adverse weather or assess future weather conditions. However, to the extent that climate change leads to changes

[4] https://gcat.com.ge/

[5] See auction rules https://gcat.com.ge/documents

in temperature, precipitation and wind variability, and increases the intensity or frequency of extreme weather events, it may adversely affect the issuer's business.

In addition, natural disasters may cause changes in the composition of water, which may pose a threat not only to the infrastructure of the HPP - but also to hydro-mechanical and electro-mechanical equipment.

In addition to climatic events, the Company may be affected by many unexpected events, including, for example: a pandemic. On March 11, 2020, the World Health Organization declared the spread of Covid-19 a global pandemic. The pandemic and the regulations caused by it significantly reduced economic activity, which led to a 5% decrease in electricity consumption in 2020. The decrease in consumption in the domestic market did not have a negative impact on electricity prices, as local supply significantly lagged behind local demand. It is worth noting that net electricity imports in 2020 remained at the previous year's level. Also, the selling price of electricity did not change significantly compared to 2019 (the weighted average ESCO balance price increased by 4% compared to the previous year). Accordingly, the pandemic did not have a significant negative impact on electricity producers.

Any adverse weather conditions or unexpected events, whether climate change, natural disasters or other, may have a material negative impact on the Company's business, results of operations and financial condition.

1.10. Maintenance and renovation of power plants involve significant risks, which may result in unplanned power outages, reductions in output and unexpected capital expenditures;

Proper operation of a hydroelectric power plant involves close monitoring of processes, HPP infrastructure, technical readiness, and a prompt response to possible challenges.

There are risks associated with the operation of the Company's power plants, such as equipment or process failures, lower than expected levels of generation or efficiency, inefficient transportation of electricity to consumers, due to problems with the transmission infrastructure. Such failures and performance problems may be caused by many factors, including operational errors or asset wear and tear over time. As a result, the Issuer's facilities may require planned or capital repairs and improvements. It is worth noting that the Sashuala HPP 1 and 2 were damaged in the summer of 2022 as a result of unexpected natural events, which led to a short-term shutdown of the plants and additional capital/repair costs.

It is important to note that the power plants owned by the Company, taking into account the average useful lives of the relevant assets, have been put into operation in the relatively recent past, are technically equipped with European-quality equipment that is operating properly, and therefore the Company does not expect to incur significant capital expenditures for maintenance and renewal purposes. However, the Company cannot predict in advance the amount of capital expenditures that may be required due to changing environmental, health and safety laws and regulations (including changes in interpretation or enforcement), or necessary facility repairs and other unexpected events (such as natural or man-made disasters or terrorist attacks). Any unexpected disruption, including those related to accidents, forced outages or unexpected capital expenditures at the Company's facilities, could have a material adverse effect on the Company's business, results of operations and financial condition.

1.11 Investments in power plants are illiquid;

The Company owns and operates hydroelectric power plants. Renewable energy assets are characterized by their illiquid nature, which may create liquidity problems for the Company, affecting the Company’s ability to realize its assets in a timely manner and at an acceptable price in the event of an emergency.

In the event of the Issuer’s insolvency, the Issuer may have to satisfy its creditors by realizing the hydroelectric power plants. However, the illiquid nature of these assets may significantly delay the insolvency proceedings or result in the assets being realized at a substantially reduced price, which increases the risk that the proceeds from the realization of the assets will not be sufficient to fully satisfy the creditors’ claims.

1.12 Incomplete insurance of assets owned by the Company may have a significant adverse effect on the Company's financial and operational stability;

The Issuer's management believes that the Company maintains adequate insurance coverage in the context of its business. This coverage is consistent with local best practices and industry standards. The Company's insurance, in addition to property insurance, also includes coverage for business interruption risks. However, the Issuer's operations may be affected by risks for which full insurance coverage is not available in Georgia at all or is not available on commercially reasonable terms. In addition, various insured events, such as accidents, business interruption or potential damage to its facilities, property and equipment due to inclement weather, human error, pollution, labor disputes and natural disasters, may result in losses or incur liabilities in excess of those covered by insurance. There is no assurance that the Company's insurance coverage will be sufficient to cover the loss, or that it will be able to renew existing insurance coverage, including on commercially reasonable terms.

In addition, any insurance policy contains exclusions, limitations, deductibles, which create an additional barrier to obtaining the insurance limit.

The Issuer will receive insurance proceeds only on the condition that its insurers have the funds to pay. It should be mentioned that all of the Company's insurance is reinsured with reputable reinsurers. Accordingly, the insurance policy may not cover all losses incurred by the Company and there is no guarantee that the Company will not suffer losses outside the scope of the insurance policy.

If an event occurs for which the Company does not have insurance coverage or such coverage is insufficient, the Issuer may lose its invested capital and the anticipated income associated with the damaged property. In some cases, the Issuer may remain liable for financial obligations associated with the damaged property. Any such event could have a material adverse effect on the Company's business, results of operations and financial condition.

1.13 The Company may violate financial and/or non-financial covenants specified in bank agreements or the terms of the Bonds;

The Company may not be able to ensure the fulfillment of financial or non-financial covenants stipulated in the credit agreement or the Prospectus.

As of December 31, 2024 and December 31, 2023, the Company is in breach of financial covenants under the loan agreements signed with JSC TBC Bank at the end of the reporting period, although JSC TBC Bank has not imposed any relevant sanctions after the reporting period. The Company has received relevant waiver letters from the bank for the aforementioned periods.

Moreover, although the company may breach financial covenants related to loans in the future, it has already obtained corresponding waiver letters from the creditor, which remain valid for the next two years.

1.14 The Company's stability and sustainable development directly depend on a reasonable and long-term personnel policy;

The successful operation of the Company is directly dependent on its human capital, which includes management, administrative and technical personnel, as well as social and environmental specialists. If the Company fails to attract and/or retain qualified top management, experienced middle managers, engineers, specialists and support personnel, this may create and increase operational and administrative costs, hinder the efficient conduct of operations, which will negatively affect the Company's activities and financial results. Given the nature of the Company's business, the Company requires highly qualified employees, engineers and technicians, and recruiting and retaining these employees may be particularly difficult. Given the location of the project, it is particularly challenging to recruit qualified personnel directly at the hydroelectric power plant and, most importantly, retain them in the medium/long term. In addition, the Issuer's key management and other personnel have significant working relationships with the Issuer and have detailed knowledge of the Company's business and markets. It is also noteworthy that there have been no significant changes in the Company's management since its inception.

The high demand for qualified personnel and increasing competition in the labor market may further complicate the recruitment of qualified personnel and long-term cooperation. Any failure in this regard may have a material adverse effect on the Issuer's business, results of operations and financial condition.

1.15 Environmental, health and safety legislation;

The Issuer is subject to various environmental, health and safety laws and regulations governing, among other things, the health and safety of its employees, potential environmental pollution caused by the Company's operations, etc. The conduct of certain operations/activities by the Issuer is also subject to obtaining environmental and safety permits or authorizations from various governmental authorities.

Although the Issuer's operations are in all material respects compliant with the environmental, health and safety rules and regulations in force in Georgia as of the date of this Prospectus, there is no assurance of future compliance. If the Company fails to comply with any such rule or regulation, it may be subject to liability and sanctions/fines for breach of legal requirements and, potentially, may result in a breach of contractual obligations of the Company to third parties under an agreement whereby the Company undertakes to comply with applicable environmental, health and safety rules and regulations.

Violation of applicable law could result in any environmental damage, loss of life or serious injury to health of an employee, resulting in disruption of the Company's operations or damage to its reputation. The Company may be subject to significant liability for damages in the form of fines and/or compensation. The occurrence of any such event could also result in disruption of the Issuer's operations and generate additional costs for the Issuer.

Although environmental laws and regulations have a significant impact on the Company's operations, it is impossible to accurately predict the impact that such laws and regulations will have on the Issuer's business. Although the Company plans to incur future capital and operating expenses to comply with applicable environmental, health and safety laws, it is possible that any of these laws may change or become more stringent in the future or that new laws may be enacted. Any of the foregoing could have a material adverse effect on the Company's business, results of operations and financial condition.

1.16 Labor disputes and strikes, including demonstrations and protests by local residents, may negatively affect the Company's operations, operating results and profitability;

As of the date of the Prospectus, the Company has 39 employees. The employed personnel include all employees - managers, technical staff, operators, etc. Personnel are one of the main driving forces of the Company's operations. Labor disputes and/or strikes, local population demonstrations, protests and actions may cause disruptions in the functioning of the Company, which will adversely affect the Company's operations and financial results.

Although the Issuer has not yet been the subject of any strikes or legal proceedings or voluntary refusal to fulfill contractual obligations, there is no guarantee that such events will not occur in the future. Any labor dispute or disruption could have a material adverse effect on the Company's business, results of operations and financial condition.

1.17 Risks related to corporate governance standards;

Georgian legislation does not require Georgian companies to comply with international corporate governance standards. In accordance with Georgian legislation, after the public offering of Bonds, the Company becomes an accountable enterprise for the purposes of the Law of Georgia On Securities Market, as a result of which the requirements established by the legislation on securities regarding transparency, periodic and insider information disclosure, corporate governance and other issues will apply to it. During 2024, the Company's Supervisory Board developed and approved the Internal Corporate Governance Manual, which defined the principles of corporate governance and reporting requirements in the organization. The Internal Corporate Governance Manual is a unified framework system for corporate governance and control, which includes the distribution of rights and responsibilities, a circular for discussing and approving issues, and the procedure for making decisions and monitoring. Corporate documents are publicly available on the company's official website, and it promotes the widespread use of best corporate governance practices. In addition, the requirements imposed on the accountable person may constitute an additional burden for the Company and, in certain cases, the Company may not be able to fully meet these requirements.

On December 7, 2021, the Corporate Governance Code ("Governance Code") was issued by the Decree of the President of the National Bank of Georgia, which entered into force in January 2022. Issuers were required to submit annual financial statements prepared in accordance with the Governance Code for the reporting year 2023. The Code of Governance is based on the approach: "Apply or Explain an Alternative". This is aimed at encouraging the widespread use of best corporate governance practices. There is no guarantee that the corporate governance policy of the Company is or will be in accordance with internationally recognized standards.

Accordingly, there is a risk that the decision-making procedure in the Company may not comply with internationally recognized standards.

1.18 The future demands of the local population may pose significant operational, social and financial challenges to the Company;

The Company makes charitable expenditures annually. There are frequent cases when local residents do not turn to local government representatives, but to the HPP administration to solve their problems. Therefore, the Company may need to repair and rehabilitate social infrastructure projects financed during the HPP construction process. This creates certain challenges for the Company's effective operations and liquidity. The most important condition for minimizing risks is a detailed consideration of all social requirements and their satisfaction, if necessary. However, it is worth noting that complete prevention of risks is beyond the control of the Company.

1.19 If the Company fails to provide an effective internal control system, this may negatively affect the accuracy of financial accounting and reporting;

To provide timely and accurate financial reporting, constant monitoring and evaluation of internal financial and accounting procedures is required. The Company, as an accountable entity, has established an Audit Committee in accordance with the Law of Georgia on Securities Market, which, within its competence, controls the accuracy of the Issuer's financial statements and ensures the effectiveness of internal control systems.

If the Company fails to implement a transparent and sound internal control policy, risks may arise in terms of the accuracy of financial accounting and reporting, which may have a material adverse effect on the reliability, operating results and financial condition of the Company.

1.20 The company has a high leverage ratio, which may pose a risk of insolvency;

As of December 31, 2024, the company’s debt to EBITDA ratio stands at 8.2x, or 6.6x excluding subordinated liabilities, while the Debt Service Coverage Ratio (DSCR, cash flow based) is 1.0x. Although the company currently maintains an acceptable debt service coverage ratio at this level of leverage, its leverage and coverage ratios may deteriorate over the long term. This could potentially lead to a further increase in the company’s indebtedness and/or create a risk to its solvency.

2. Information on material risks specific to the industry and economy

2.1. Political and governmental instability in Georgia could have a significant adverse impact on the local economy and the Company’s business;

After gaining independence from the former Soviet Union in 1991, Georgia experienced a significant political transformation from a Soviet republic in the composition of the federal socialist state to an independent sovereign democracy.

Currently, Georgia is facing several challenges, including the continued strained relationship with Russia and the need for further economic and political reforms. There can be no assurance that political and/or economic, business and investor-friendly reforms will continue or that these efforts will be successful; Also, such reforms and economic growth may be hindered by a change of government and/or refusal of the President, Parliament or other institutions to pursue reform policies.

Moreover, in the parliamentary elections held on October 26, 2024, “Georgian Dream” secured 89 mandates in the 150-member parliament, while four opposition parties obtained a total of 61 mandates: “Coalition for Change: Gvaramia, Melia, Girchi, Droa” (19 mandates), “Unity-National Movement”(16 mandates), “Strong Georgia-Lelo, For the People, For Freedom” (14 mandates), and “For Georgia-Gakharia”(12 mandates). The opposition refused to recognize the election results and boycotted the parliament, entering a protest mode. Additionally, three of these opposition parties formallyrequested the Central Election Commission to annul their parliamentary mandates. In response, the Commission revoked the registration of all three political entities.

Subsequently, a new wave of protests was triggered by the government's decision to postpone negotiations with the European Union until 2028, as approximately 85% of Georgia's population supports EU membership. During the prolonged protests, the U.S. Department of the Treasury imposed sanctions on Georgia's Minister of Internal Affairs, Vakhtang Gomelauri, and other high-ranking officials. Later, the U.S. Treasury Department also imposed financial sanctions on Bidzina Ivanishvili, the founder and honorary chairman of "Georgian Dream" Political uncertainty remains high, and any further political instability or additional sanctions—particularly targeting business representatives—could negatively impact the country's economic growth, including the investment climate and private sector activities. Political instability and the failure of economic reforms could have an adverse effect on Georgia's economy, which, in turn, would negatively impact the company's business, financial position, operating results, and growth prospects.

2.2. There are additional risk factors associated with investing in emerging markets such as Georgia;

Developing markets are marked with a higher degree of instability, limited liquidity, smaller export base and they are more susceptible to frequent changes in political, economic, social, legal and regulatory environment than developed markets. Developing markets change quickly and are especially vulnerable to market conditions and an economic crisis that occurs in any place in the world.

Moreover, international investors' reaction to events is characterized with "chain effect" whereby investors reject the entire region or an investment class. In case of such chain effect, Georgia may be adversely affected by negative economic and financial events occurred in other developing markets. Georgia has already experienced this chain effect, including after the 1998 economic crisis in Russia and the later global financial crisis, and the country might experience a similar negative effect in the future too.

Furthermore, a financial and political instability may also adversely affect the country's economy. If this happens, the outflow of capital will ensue which may seriously damage the financial system and eventually lead the economy to stagnation.

By the date of submission of the Prospectus, the following rating has been assigned to Georgia by international rating agencies:

- Fitch Ratings – BB (Negative Outlook), updated: December 2024;
- Moody's – Ba2 (Stable Outlook), updated: October 2024;
- S&P Global Ratings – BB (Stable Outlook), February 2025;

2.3 The Company's operations could be adversely affected by the depreciation of the Georgian lari against the USD/the currencies of other economically related countries.

The Company, due to its activities, has some natural protection against currency risk within the scope of its debt obligations, together with the fixed rate of revenues in USD- debt obligations are mostly denominated in USD (the currency profile of liabilities can be found in "*Capitalization and Indebtedness*") and revenues are fixed in USD.

Although the GEL is a fully convertible currency, there is no foreign exchange market for converting it outside of Georgia. There is a market in Georgia for converting GEL into other currencies, but its volume is more or less limited. In general, the official exchange rate of the GEL in Georgia is formed against the USD, and the GEL/EUR exchange rate is affected by changes in both the GEL/USD and the EUR/USD exchange rates.

According to the National Bank of Georgia, its international reserves amounted to USD 4.4 billion as of December 31, 2024, reflecting an annual decrease of 11.2%. The current level of reserves is assessed as inadequate by the International Monetary Fund. Consequently, replenishing these reserves is a key priority for the National Bank of Georgia, as investors, credit organizations, and other stakeholders monitor reserve levels to evaluate the country's ability to mitigate the negative effects of external shocks, including one-time attacks on the GEL exchange rate.

Over the years, the exchange rate of the Georgian Lari (GEL) against the US Dollar (USD) has significantly fluctuated due to external shocks and seasonal factors. During periods of external crises, there has also been a weakening of the EUR against the USD. Notable instances include: 2015 Global Shock in Oil and Industrial Goods Prices - During this period, the GEL depreciated more against the USD than the Euro did, which eventually led to the depreciation of the Lari against the Euro, but to a lesser extent. 2020 COVID-19 Pandemic - The exchange rate reached a historic high, with 1 USD equaling 3.48 GEL. The Euro depreciated against the USD in the first half of the year, then strengthened, which significantly weakened the GEL rate against the Euro. 2022 Russian Invasion of Ukraine - In the initial phase of the Russia-Ukraine war, GEL, along with other regional currencies, began to depreciate unexpectedly. Between February 24 and March 10, 2022, the Lari depreciated by 12.8% against the USD, with the exchange rate reaching 3.40 GEL per 1 USD. However, during the same period, the Euro also significantly depreciated against the USD, and there was no major depreciation of GEL against the Euro. In the following months of 2022, the Georgian economy demonstrated resilience to regional shocks, maintaining capital inflows and domestic activity levels, which led to the Lari strengthening, with an annual increase of 12.8% against the USD by December 31, 2022. During this period, the Euro remained depreciated against the USD, positively affecting the Lari/Euro exchange rate. Throughout 2023, the Lari slightly depreciated against the Euro, primarily due to the Euro strengthening against the USD. The Lari maintained stability against the USD throughout 2023, positively influenced by high capital inflows and the strict monetary policy implemented by the National Bank of Georgia, which included raising the refinancing rate to 11.0% in 2022. Additionally, amidst sharply increased foreign inflows, the National Bank replenished its reserves - net foreign exchange purchases by the National Bank amounted to 564.5 million USD in 2022. The replenishment of reserves continued in 2023, with the National Bank purchasing 1,474 million USD and selling 194.9 million USD, resulting in an annual increase of 2.2% in international reserves, reaching 5.0 billion USD in 2023. As for 2024, despite stable foreign exchange inflows, significant one-time attacks were carried out against the depreciation of the GEL exchange rate amid political uncertainties in May-June and September-October. In particular, due to the uncertainties arising in the pre-election period, the National Bank had to sell USD 591.1 million in October 2024 to relieve the depreciation pressure on the GEL. In total, the National Bank of Georgia sold 917.4 million USD in the foreign exchange market in January-December 2024, and purchased 483.0 million USD.

The fact that the GEL-EUR exchange rate is not only affected by the GEL-USD exchange rate, changes in the latter are very important. It should be noted that any instability of the GEL depends on a number of political and economic factors, including the National Bank's control of inflation. According to the National Statistics Office of Georgia (Geostat), the average annual consumer price inflation in Georgia was 4.9% in 2019, 5.2% in 2020, 9.6% in 2021, 11.9% in 2022, and 2.5% in 2023. Amid globally rising prices for food products and energy carriers, inflationary pressure significantly increased from the spring of 2021, reaching an annual inflation rate of 11.9% in July 2021. In response to rising inflation, the National Bank raised the monetary policy rate four times from March to December, cumulatively by 250 basis points to 10.5%. At the beginning of 2022, due to the base effect from the previous year and further rising prices for food and energy carriers caused by the Russia-Ukraine war, inflation continued to rise. From the spring of 2022, rising rents became an additional factor, largely driven by increased demand for real estate from migrants. The average annual inflation in 2022 was 11.9%. In response to persistently high inflation, the National Bank raised the refinancing rate by another 50 basis points in March 2022, reaching 11.0%, and maintained this level until May 2023. Some periods when high inflation was mainly driven by external factors, but during those times, tightening monetary policy helped the National Bank somewhat manage the inflation level, despite the fact that the National Bank mostly responds to inflationary pressures arising from demand factors. When domestic factors' contribution to inflation increased, the tightened monetary policy significantly helped the National Bank return inflation to its target level. From March 2023, inflation began to sharply decrease, falling below the 3.0% target level from May. In December 2023, inflation was 0.4%. Low inflation was also maintained at a stable 1.1% level in 2024. The reduction in inflation was mainly influenced by falling prices for food and oil on global markets, a decrease in international transportation costs, the strengthening of GEL, tight monetary policy, and a reduction in the fiscal deficit. After inflation fell below its target level, the National Bank began easing monetary policy, reducing the refinancing rate cumulatively by 300 basis points to 8.00% from May 2023 to May 2024. Maintaining inflation at its target level is crucial for the stable development of the economy. High inflation can cause instability in the currency and financial markets, reduce consumers' purchasing power, and decrease their confidence. All this can lead to a deterioration of Georgia's economic indicators and significantly negatively impact the company's clients, which in turn would negatively affect the Company.

It shall be also mentioned that in October 2023, the Israel-Palestine conflict began in the Middle East. There is a risk that this could escalate into a large-scale war. The realization of this risk could lead to rising prices for food, oil, and other raw materials on international markets, disruptions in cargo shipments, slowing global trade turnover, and most of the world's economies entering a recession. The direct and indirect effects of these processes on Georgia's economy could be significantly negative - leading to accelerated inflation, depreciation of GEL, deterioration of fiscal and financial indicators, and ultimately a decrease in economic growth.

Georgia's political or economic stability could also be affected by any of the following:

(i) a deterioration in relations between Russia and Georgia, including those related to border and territorial disputes;

(ii) changes in Georgia's importance as an energy transit country;

(iii) changes in the volume of aid provided to Georgia or in the ability of Georgian producers to access world export markets;

(iv) a significant deterioration in relations between countries in the region;

(v) a deterioration in the economic and financial situation in countries in the region;

(vi) an increase in political and economic tensions with the West.

2.4 As the Company operates in Georgia, it will be affected by changes in the economic conditions of Georgia.

The Company's revenues primarily originate from Georgia. Consequently, the company's operational results are, and will likely continue to be, strongly influenced by financial and economic developments in Georgia, especially by the level of economic activity within the country. Factors such as gross domestic product (GDP), inflation, interest rates, currency exchange rates, unemployment, personal income, and the financial conditions of businesses significantly impact customer demand for the company's products and services.

The crisis caused by the Covid-19 pandemic had a substantial negative impact on the Georgian economy, with a pronounced effect on the tourism sector, which holds a significant share in the economy. According to GeoStat, the Georgian economy contracted by 6.3% in 2020 compared to 2019.

Furthermore, with the gradual easing of restrictions imposed to control the coronavirus pandemic, Georgia's economy began to recover from March 2021. In 2021, the Georgian economy experienced a growth of 10.6% compared to 2021, and a 3.7% growth compared to the levels of 2020. However, in early 2022, the war between Russia and Ukraine led to increased uncertainty, trade disruptions, and a rise in commodity prices, which had a notably negative impact on the region. The anticipated negative repercussions of the war on the Georgian economy resulted in worsening expectations regarding economic growth. Despite this, following Georgia's economy's resilience to regional shocks and its maintenance of capital inflows and domestic economic activity, growth expectations began to improve. The recovery of the tourism sector is progressing steadily, in tandem with the growth of raw material exports, which are in turn driven by rapidly increasing raw material prices. Aggregate demand in the domestic market remains strong, as indicated by healthy growth in overall credit portfolios and fiscal spending. According to preliminary data from GeoStat, annual GDP growth reached 11% in 2022, this was mainly due to record-high foreign exchange inflows. Some of these inflows are related to the reallocation of capital by migrants in the region, including Georgia, since the beginning of the Russia-Ukraine war. Against the background of stable foreign inflows and a rapid decline in inflation, high economic growth continued in 2023 and 2024. In 2023, the Georgian economy grew by 7.8% annually, and in 2024, economic growth amounted to

9.5%, based on preliminary data from Geostat. For information, the Georgian economy grew by 5.4% in 2019, by 6.1% in 2018, by 5.2% in 2017, and by 3.4% in 2015 and 2016.

Georgia's economic growth outlook remains subject to significant risks, including exchange rate volatility, weakening financial stability, inflation, budget execution and capital flight risks. In addition, economic growth is negatively impacted by frequent political instability, which may delay the attraction of foreign investment to the country. Market crises and economic deterioration in Georgia may lead to reduced spending by consumers and have a serious adverse impact on the liquidity and financial condition of the Company's customers in Georgia. An unstable global economic environment may lead to significant political and macroeconomic changes worldwide, which, in turn, will have a significant impact on the Georgian economy and, accordingly, will have an adverse impact on the Company's business, financial condition and results of operations.

2.5 Regional tensions could have a negative impact on the local economy and the Company's business.

Georgia shares borders with Russia, Azerbaijan, Armenia and Turkey and could be adversely affected by political unrest within its borders and in surrounding countries. In particular, since gaining independence in 1991, Georgia has had conflicts with the breakaway regions of Abkhazia and the Tskhinvali Region/South Ossetia, and with Russia. In August 2008, the conflict in the Tskhinvali Region/South Ossetia escalated. Georgian troops engaged with local militias and Russian forces, and Georgia declared a state of war. The tensions with the said regions persist as Russian troops continue to occupy Abkhazia and the Tskhinvali Region/South Ossetia and the Russian Federation has acknowledged independence of these regions. For example, in the summer of 2013, Russian border guards erected barbed wire fences along portions of the demarcation line between Georgia and South Ossetia. Similar future actions may further increase tensions. The Government of Georgia has taken certain steps towards improving relations with Russia, but these steps have not resulted so far in any formal or legal changes in the relationship between the two countries.

From July 8, 2019, direct flights from Russia to Georgia were banned, which affected the tourism sector. At the same time, the reduction of tourist flows from Russia has had a significant impact on the foreign exchange market. According to the estimation of the NBG, the country has received about $300 million less in tourism revenue than expected due to the ban of direct flights from Russia. Besides, despite this shock, Georgia's external balance in 2019 improved compared to 2018.

It is worth noting that the Armenian-Azerbaijani war in September-October 2020 negatively affected the economic situation in the region. On October 10, 2020, a ceasefire agreement was signed in Moscow, although on October 11, Armenia and Azerbaijan reported shelling of each other's cities. Azerbaijan accused Armenia of attacking major cities at night and indicated that it violated the ceasefire agreement reached in Moscow on October 10. Finally, a ceasefire agreement was reached on November 10. Another escalation of the border conflict between Armenia and Azerbaijan was observed on September 12, 2022. On September 14, the parties agreed to a ceasefire at the initiative of the Council of Europe. Currently, the situation has stabilized and negotiations are underway to determine the borders. The likelihood of the situation escalating again in the future is low at this stage.

The Russian invasion of Ukraine in February 2022 may also have an adverse impact on the Georgian economy. The war in Ukraine has created a humanitarian crisis and tremendous economic damage not only to the countries involved but also to the region and the global economy. Since the onset of the invasion, the United States and the EU have imposed a series of sanctions aimed at pressuring Russia to end hostilities. The adverse spillovers of this large-scale military conflict are expected to be transmitted through commodity markets, trade and financial channels. As the war broke out, fuel and food prices spiked leading to further increase in already elevated inflation. In response to increased price pressures, western central banks are expected to hike interest rates causing tighter global financial conditions. Further escalation or delayed resolution of the conflict between Russia and Ukraine, any additional sanctions on Russia, increasing levels of uncertainty, increasing levels of regional political and economic instability and any future deterioration of Georgia's relationship with Russia may have a negative effect on the political or economic stability of Georgia.

The escalation of the Israel-Palestine conflict in October 2023 in the Middle East could potentially lead to a large-scale war. This could result in rising food, oil, and other raw material prices in international markets, disruptions in freight transportation, slowing global trade, and pushing most world economies into recession. These processes could have significantly negative direct and indirect effects on Georgia's economy, causing accelerated inflation, depreciation of GEL, deterioration of fiscal and financial indicators, and ultimately reducing economic growth.

Furthermore, the political and economic stability of Georgia may be affected by any of the following:

- Deterioration of Georgia’s relations with Russia, including in relation to border and territorial disputes;
- Changes in Georgia’s importance as a transit country for energy supplies;
- Changes in the amount of aid granted to Georgia or the ability of Georgian manufacturers to access world export markets;
- Significant deterioration in relations between the countries of the region;
- Deterioration of economic and financial situation in the countries of the region;
- Increase of political and economic tensions with the West.

2.6 ***A sharp weakening of Georgia’s neighboring markets could have a negative impact on the Georgian economy.***

Georgia's economy is closely linked with the economies of the countries in its region (Azerbaijan, Armenia, Russia, Turkey). Historically, Azerbaijan and Armenia have been two of the largest markets for Georgia's exports. According to Geostat, their share of Georgia's total goods exports was 13.4% and 11.4% respectively in 2019. In the post-pandemic period, Azerbaijan's share slightly decreased, while Armenia's share significantly decreased in Georgia's total goods exports, accounting for 12.5% and 6.0% respectively in 2021. In 2022, Azerbaijan's share further decreased, while Armenia's share significantly increased, accounting for 12.0% and 10.5% respectively. In 2023, the shares of both countries increased, with Azerbaijan's share at 14.2% and Armenia's share at 12.9% of total exports. Between January-September 2024, Azerbaijan and Armenia accounted for 11.2% and 9.4% of Georgian exports respectively. Russia is also one of the largest markets for Georgia's exports. According to Geostat, Russia's share of total goods exports was 13.1% in 2019, 13.2% in 2020, 14.4% in 2021, 11.5% in 2022, 10.8% in 2023, and 10.6% in January-September 2024. Turkey is the largest import market for Georgia, with its share of Georgia's total goods imports at 17.0% in 2019, 17.5% in 2020, 18.1% in 2021, 17.5% in 2022, 16.6% in 2023, and 16.4% in January-September 2024. Ukraine is also an important trade partner, with its share of exports at 7.2% and imports at 4.5% in 2021. Since the start of the Russia-Ukraine war, Georgia's trade turnover with Ukraine has significantly decreased, with Georgia's exports to Ukraine accounting for 4.2% of total exports in 2022, which further decreased to 1.7% in 2023. Therefore, significant dependence on the countries in the region and potential political and economic challenges in these countries pose potential obstacles to further economic growth. Throughout 2022, Georgia's economic dependence on Russia in terms of tourism and remittances increased significantly, largely due to the wave of Russian migrants following the start of the Russia-Ukraine war. While tourism revenues and remittances from Russia accounted for 3.0% of GDP in 2021, this figure increased to 11.8% in 2022, reduced to 8.0% in 2023, and further slowed to 4.7% in January-September 2024. Such high dependence on a single country carries risks, as the cessation of these inflows could significantly damage the country's economy, which in turn would have a materially negative impact on the Company's business, financial condition, and operational results. Any further economic downturn or crisis in Georgia's neighboring countries could have a strongly negative impact on the country's economy.

2.7. Challenges may arise related to the harmonization of Georgian legislation with EU legislation, which is required by the Deep and Comprehensive Free Trade Area Agreement.

On June 27, 2014, Georgia signed the Association Agreement with the European Union (hereinafter referred to as the “Association Agreement”) and established a Deep and Comprehensive Free Trade Area with the EU, which entails the liberalization of bilateral trade with the EU. It is expected that the implementation of the Association Agreement signed with the EU will create new opportunities for businesses, but it may also pose challenges for enterprises, households, and the state. For the implementation of the Association Agreement and the Deep and Comprehensive Free Trade Area Agreement signed with the EU, Georgia needs to harmonize its legislation with EU trade and sectoral legislation, which involves challenges, especially in the areas of environmental protection and consumer safety, including product and information safety. As a result, significant changes have been made or may be made to corporate law and securities market legislation in the context of the legislative requirements applicable to the issuer's activities:

- **Law of Georgia on Entrepreneurs:** On August 2, 2021, the Parliament of Georgia adopted a new edition of the Law of Georgia on Entrepreneurs, which came into force on January 1, 2022. The updated legislation significantly affected the legislative regulation of enterprise registration, founding documents, corporate governance, and other issues. Regarding enterprise management, the law also prominently presents modern principles of corporate governance. Under the updated law, distinctions are made between types of equity, the concept of a business letter is introduced, the legal nature of the relationship between the director and the enterprise is clarified, etc.
- **Securities Market Legislation:** Within the framework of the Association Agreement, the legislation related to securities is being harmonized with EU legislation. For instance, a series of changes were implemented in the regulatory framework for securities in 2020, serving the goal of harmonization. Among these, the National Bank of Georgia approved a rule prohibiting insider trading, market manipulation, and unlawful disclosure of insider information. Additionally, the transparency framework for public securities issuers was refined, requirements for the submission and publication of annual and semi-annual reports were defined, as well as other information in cases specified by Georgian legislation.

Furthermore, since Georgia became a member of the World Trade Organization in 2000, it has gradually harmonized its trade sector legislation with EU norms and practices. For example, changes made to the Labor Code in 2013 required employers to compensate for overtime hours worked, provide severance pay (one or two months' salary), establish workers' rights to appeal employers' decisions in court in cases of dismissal without clear reasons, and create guaranteed basic working conditions.

Additionally, there may be other changes in government policy, including changes in the implementation or approach to previously announced government initiatives. Moreover, the implementation of the Association Agreement signed with the EU may impose a significant burden on regulatory bodies, divert their resources from ongoing reforms to other directions, and slow down their efficiency.

To achieve harmonization with EU legislation or as a result of other implemented or anticipated changes, the company may be required to change its policies and procedures to comply with any changes in laws and regulations. For example, the company has made changes to its employment contracts to reflect the aforementioned changes made to the Labor Code. The company expects further legislative changes, but it cannot predict how these changes will impact it or how well it will be able to comply with any such changes.

2.8. The uncertainty in the Georgian tax system may lead to the adjustment of the Company's tax obligations or the imposition of penalties on the Company in the future. It is also possible that the tax legislation and policies in force in Georgia may change.

Compared to countries with more mature market economies, Georgia's tax legislation is relatively new. This leads to difficulties in compliance due to the ambiguity of the legislation or its multiple interpretations, creating a risk for companies whose attempts to adhere to tax laws may be questioned by tax authorities.

Furthermore, the aforementioned tax legislation is subject to frequent changes and additions, potentially posing unique challenges for the company and its operations. The new tax code, which came into effect on January 1, 2011, is interpreted differently by various state ministries and organizations, including tax authorities. This leads to uncertainty, inconsistency, and conflicting cases. The tax code also provides for the adoption of preliminary tax decisions by Georgia's tax authorities on issues raised by taxpayers. While the company believes that it is currently in compliance with tax laws, the relevant authorities may have a different interpretation, potentially leading to tax adjustments or penalties. There is a risk that regular tax audits could result in fines being imposed on the Company.

Moreover, tax legislation and government tax policy may change in the future, including as a result of a change in government. Such changes could include the introduction of new taxes or an increase in the rates of taxes applied to the company or its customers, which in turn could have a serious negative impact on the company's business.

Changes to the corporate income tax rules came into effect in May 2016. Only distributed profits, defined as monetary or non-monetary dividends distributed among owners - individuals or non-resident legal entities - are subject to taxation; reinvested profits are no longer taxed. It should be noted that this change does not apply to companies in the financial sector, which continue to be taxed using the old method (at a rate of 20% of taxable profits). All significant changes to the tax code came into effect on January 1, 2017.

2.9 The uncertainty in the Georgian judicial system, including any arbitrary or inconsistent future actions by the State of Georgia, may have a negative impact on the local economy, which, in turn, may harm the Company's business.

In Georgia, the development of an adequate legal framework and judicial system necessary for the proper functioning of a market economy is still ongoing. Over the past few years, fundamental civil, tax, administrative, and other basic legislation have been introduced or significantly changed. The novelty of this legislation and the rapid development of the legislative system have led to doubts about the quality and enforceability of the laws, as well as uncertainty and inconsistency in their application.

Additionally, Georgia's judicial system suffers from a shortage of sufficient staff and professionals, and significant reforms are underway. Compared to other countries, particularly the US and European countries, judges and courts in Georgia generally have less experience in business and corporate law. The challenges and uncertainties within Georgia's judicial system could negatively impact the country's economy, which in turn could have a significant adverse effect on the Company's business, financial condition, and operating results.

2.10. The company may face litigation risks from its customers, suppliers, and regulators.

A wide range of stakeholders, including GNERC, the state, consumers, and suppliers, are associated with the company. Should the company fail to meet its significant contractual obligations, it could face the risk of litigation, adversely affecting its reputation and operational activities. As of the date of the Prospectus submission, the company did not have any legal disputes that would significantly impact its financial position or reputation (for more information on current litigation, please refer to "*Litigation*"). However, there's no guarantee that such disputes will not arise in the future.

2.11. The Georgian electricity market is still in the process of transformation. There is some uncertainty regarding the market structure and the main drivers of market price formation, which may create additional risks for the Company.

In accordance with the market reforms described in the "Regulatory Environment" section, market rules are changing. Accordingly, there is still uncertainty regarding the organization of the market and the main drivers of market price formation. The new market rules will affect the market price during the period when one of the Issuer's power plants does not have a PPA. The opening of organized markets has been postponed several times: initially planned for July 2021, later postponed to January 2022, then postponed to March 2022, then to September 2022. The first capacity auction for 300 MW of renewable energy sources was announced on February 10, 2023, after which companies had 45 days to submit applications. The commission, which includes representatives of the Ministry of Economy and Sustainable Development, the Ministry of Finance, the Public-Private Partnership Agency and the State Electric System of Georgia, selected applications whose tariffs fell below the median tariffs and identified 24 winning companies. Electricity producers will be responsible for the imbalance of the part of electricity sales that is not covered by PPA contracts and will have to pay for the imbalance (for an explanation of the principle of imbalance payment, see "*Regulatory Environment*"). In case of a difference between planned and actual generation, the Company may have to pay a certain imbalance fee or receive compensation for system support. The imbalance part will be settled monthly, deducting hourly imbalance values, which reduces cash flow risks.

2.12. Violation of legal provisions constituting anti-corruption legislation may negatively affect the Company's reputation and business.

Corruption is one of the risks that the Company faces when operating in Georgia. According to the International Monetary Fund, Georgia is an emerging market and therefore more vulnerable to corruption. According to Transparency International's 2021 Corruption Perceptions Index, which rates the level of corruption in countries around the world on a scale of 0 (highest corruption) to 100 (lowest corruption), Georgia is rated 53 (49th out of 180 countries). The Company is committed to conducting business in accordance with the legal provisions of anti-corruption legislation. However, it still faces an inherent risk that any interested party – be it a director, employee or business partner – may commit acts or establish relationships that violate legal provisions. Determining the impact of corruption on a company's business operations is difficult to assess. In some cases, it can lead to reputational damage, which could have a material adverse effect on the business, financial condition, results of operations, prospects or cash flows.

2.13. Antitrust regulations may have a negative impact on the Company's activities;

Georgia is a developing country, and further changes to the antitrust law are expected under the terms of the Association Agreement signed with the European Union. It should be noted that in March 2014, significant amendments were made to the Law of Georgia On Competition ("Law on Competition").

In April 2014, the Competition Agency was established on the basis of the Law on Competition. The Competition Agency is authorized to monitor the implementation of the Georgian antitrust legislation by private organizations and has the authority to impose appropriate fines on companies in case of violation of the Law on Competition. Changes in antitrust regulations and the unpredictable nature of the Agency's enforcement of these regulations may have a negative impact on the Company's business.

2.14. If the Company fails to comply with any applicable regulations related to money laundering or terrorist financing in the future, or if the Company is associated with them, this may have a negative impact on the Company;

While the Company complies with all applicable laws and regulations aimed at preventing the Company from being used as a vehicle for money laundering, there is no guarantee that these measures will be fully effective. If the Company fails to comply with timely reporting requirements or other anti-money laundering regulations in the future, or if it is found to be involved in money laundering or terrorist financing, this could have a material adverse effect on the Company. In addition, participation in such activities may result in regulatory fines and sanctions.

2.15. The Company is a reporting entity, therefore, it is subject to additional regulatory reporting/filing requirements;

The Company is a reporting entity under the Law of Georgia On the Securities Market ("Law on the Securities Market"). The Law on Securities imposes certain consent and transparency requirements on reporting entities and imposes specific reporting obligations. A reporting entity is required to submit and publish annual, semi-annual and current reports to the National Bank of Georgia. If the bonds are traded on the Georgian Stock Exchange or the Tbilisi Stock Exchange, this information must also be submitted to the Georgian or Tbilisi Stock Exchange. The National Bank of Georgia is authorized to request additional information from the reporting entity.

The Company published its annual and semi-annual reports for 2022-2024 within the relevant established deadlines. Additional information is provided in "*Requirements related to the status of a reporting entity*".

3. Information on risks specific to securities being offered

3.1. The market price of Bonds may fluctuate;

The market price of the Bonds could be subject to significant fluctuations in response to actual or anticipated variations in the Company's operating results, actual or anticipated variations in the operating results of the Company's competitors, adverse business developments, changes to the regulatory environment in which the Company operates, changes in financial estimates by securities analysts and actual or expected sales of a large number of Bonds, as well as any other factors affecting the Company, including economic and market conditions in Georgia. In addition, in recent years, the global financial markets have experienced significant price and volume fluctuations, which, if repeated in the future, could adversely affect the market price of the Bonds without regard to the Company's business, financial condition and results of operations. If an active trading market for the Bonds develops, there can be no assurance that events in Georgia or elsewhere will not cause market volatility or that such volatility will not adversely affect the liquidity or the price of the Bonds and/or that economic and market conditions will not have any other adverse effect. If the Bonds are traded after their initial issuance, they may trade at a discount to their offering price, depending upon prevailing interest rates, the market for similar bonds, general economic conditions, and the financial condition of the Company or other factors which may be beyond the control of the Company.

3.2. There may not be an active trading market for the Bonds.

There can be no assurance that an active trading market for the Bonds will develop, or, if one does develop, that it will be maintained. If an active trading market for the bonds does not develop or is developed but not maintained, the market of bonds or trading price may be adversely affected by a number of factors, some of which may be beyond the control of the Company. If the Bonds are traded after their initial issuance, they may trade at a discount to their initial offering price, depending upon prevailing interest rate, market for similar bonds, general economic conditions and the financial condition of the Company.

Although the secondary market indicator of foreign currency denominated bonds segment significantly exceeds the GEL denominated bonds, active trading market for the Bonds may not exist, especially in developing economies like Georgia.

3.3. Investors whose financial activities are denominated in a currency or monetary unit other than the currency of the Bonds may receive less interest or principal on the Bonds than they expect as a result of fluctuations in exchange rates or foreign exchange adjustments.

The Company will make principal and interest payments on the Bonds in USD. This introduces certain risks associated with currency conversions for investors whose financial activities are primarily denominated in a currency other than USD (referred to as the investor's currency). These risks include the potential for significant changes in exchange rates (including due to GEL devaluation or revaluation of the investor's currency) and the possibility of authorities with jurisdiction over the Company's or the investor's currency imposing or modifying exchange controls. If the value of the investor's currency appreciates relative to GEL, it would result in (i) a decrease in the investor's currency-equivalent yield on the Bonds, (ii) a decrease in the investor's currency-equivalent value of the principal payable on the Bonds, and (iii) a decrease in the investor's currency-equivalent market value of the Bonds.

Governmental and monetary authorities have the ability to impose exchange controls which could have an adverse impact on applicable exchange rates. Consequently, investors may receive less interest or principal on the Bonds than initially anticipated.

3.4. Certain financial covenants stipulated in the credit agreement and the terms of the bonds may not be fulfilled.

The Company may face challenges in fulfilling the financial and non-financial provisions outlined in the credit agreement or the bond Prospectus. Furthermore, there is no guarantee that the Company will obtain confirmation letters from relevant parties, and the lenders may exercise the sanctions specified in the loan agreement and the bond Prospectus. These sanctions could include refusing to provide new loans, imposing fines and penalties, and demanding immediate repayment of outstanding debt, among others. The implementation of these sanctions could have a substantial adverse impact on the Company's financial position and operational activities.

As of December 31, 2023 and 2024, the Issuer was in breach of financial covenants established under the loan agreement with JSC TBC Bank. Nevertheless, JSC TBC Bank did not demand early repayment of the loans and issued a waiver to the Issuer regarding these breaches. It is also noteworthy that, as of the date of this Prospectus, TBC Bank has granted a two-year waiver, confirming that it will not require early repayment of the obligations within the next two years. This waiver fully covers the maturity period of the bonds. For additional information, please refer to the section *“Capitalization and indebtedness”*.

***3.5. The Bonds are pari passu securities*.**

Subject to the financial restrictions set forth in the Bonds, the Company may issue additional securities that rank pari passu with the Bonds. Any such issuance of securities may reduce the amount that investors will receive in the event of default, as the Company's assets will be distributed among a larger group of creditors. This may have a material adverse effect on the secondary sale price of the Bonds.

3.6. *There is a risk of default on the principal and interest of the Bonds.*

There is a risk that the Company will be unable to make payments of principal or interest to investors when due. This risk is determined by a variety of factors, including, but not limited to, the Company's financial condition, the current economic environment, industry-specific risks and various unforeseen events.

In the event of a default, which may be caused by these or other factors, investors may lose some or all of their invested amount. There is no assurance that the Company will have sufficient cash flows or alternative financing available to ensure the payment of principal and interest on the Bonds.

3.7. The Bonds are unsecured obligations of the Company.

The Company’s obligations under the Bonds are unsecured obligations of the Company. Accordingly, any claim brought against the Company in connection with the Bonds will not be secured. According to the Law of Georgia on Rehabilitation and the Collective Satisfaction of Creditors’ Claims, by law, secured creditors have priority over unsecured creditors with respect to the security granted in their favor, i.e. secured creditors. The Issuer’s existing bank loan obligations constitute the category of secured creditors, while the claims of the Bondholders belong to the category of unsecured claims. Although the Terms and Conditions of the Bonds provide for Limitation on creating Collaterals, it should be noted that the majority of the assets of the Issuer are pledged against existing obligations towards JSC TBC Bank, namely: (i) land plots owned by the Company and acquired with the right to build, (ii) existing and future movable property and intangible property of the Company, (iii) all and any rights arising under the Guaranteed Purchase Agreement, (iv) the owners’ shares in the authorized capital and (v) hydroelectric power plants. This may further worsen the position of the bondholders. For additional information, see the *Capitalization and Indebtedness*.

According to the aforementioned law, in the event of the issuer's bankruptcy, the insolvency estate will be distributed in the following order: a) bankruptcy regime costs (which, include the costs of the process provided for in Chapter V of the Civil Procedure Code of Georgia; the remuneration of the bankruptcy administrator; and costs related to the proceedings, including costs arising from the labor relationship arising during the bankruptcy proceedings, property management costs, as well as the costs of various professional services purchased by the administrator's decision); b) debts incurred towards the issuer after the court has recognized the insolvency application as admissible and issued a ruling on the opening of the bankruptcy regime, including tax liabilities arising after the commencement of bankruptcy proceedings; c) preferential claims - amounts payable prior to the declaration of insolvency as admissible, 3-month salary and vacation expenses (except for the salary and vacation expenses of the directors and members of the supervisory board of the debtor, as well as their family members), amounts payable due to industrial injury (for each creditor - in the amount of no more than 1,000 GEL); d) Preferential tax claims - amounts of indirect taxes provided for by the Tax Code of Georgia, arising in the relevant tax period of the last 3 years prior to the court's declaration of insolvency as admissible; e) Unsecured claims, including the amount of taxes incurred before the declaration of insolvency, which are not covered by other subparagraphs of Section 104(1) of the Law of Georgia on Rehabilitation and the Collective Satisfaction of Creditors’ Claims - this category includes claims of Bondholders.

The ability of the company to satisfy such claims will depend, among other factors, on its liquidity, general financial strength and ability to raise assets.

3.8. The Bonds bear interest at a fixed interest rate.

The Bonds under this Prospectus are debt securities with a fixed interest rate (interest), which means that from the date of issue until the maturity date (unless they are pre-paid or redeemed in accordance with the terms specified in the prospectus) interest will be accrued several times a year at the same annual rate on the nominal value, including taxes established by law. Although this factor brings stability to the investor and allows him to better predict the funds he will receive in the future, there are certain risks that bondholders should consider: if interest rates increase in the market, then investors may receive less income than they would have received if they had purchased securities with a variable interest rate. It should be noted that in this case, bondholders may find it difficult to resell the Bonds on the secondary market without incurring a loss, since investors will be interested in the high-yield securities currently available on the market.

3.9. Subordination is subject to various risks, including risks related to the execution of the subordination agreement and the transfer of the Bonds.

The Subordinated Obligations of the Issuer are subordinated in terms of rights and payment terms to the Prospectus and the obligations/claims assumed towards the Bondholders arising therefrom. Based on the Subordination Agreement, the Issuer will be obliged to fulfill the obligations arising towards the Bondholders first and foremost and, in case of their proper fulfillment, will have the right to fulfill the obligations arising from the Subordinated Loans in accordance with the exception provided for in this Prospectus (for detailed information, please see the Restricted Payments (2.6.1.k) and Subordination (2.6.1.o) parts of Terms and Conditions). According to the terms of the Subordination Agreement, if the subordination condition is violated, the Subordinated Creditor will be obliged to return to the Issuer any benefit that the Subordinated Creditor received by violating the said condition. However, it should be taken into account that the Subordination Agreement is concluded between the Issuer and the Subordinated Creditor (the Bondholder is not a contracting party to the Subordination Agreement), therefore, if the terms of the Subordination Agreement are violated, the Bondholders may find it difficult and unable to hold the Subordinated Creditor liable for the violation of the terms of the Subordination Agreement (including not being able to ensure that the Subordinated Creditor returns to the Issuer any benefit received from the Issuer).

Georgian legislation does not offer model norms regulating relations related to subordination, therefore, the requirements regarding subordination are maximally defined by this prospectus and the relevant contractual terms.

3.10. The disposal of the Bonds is subject to restrictions imposed on investors from certain territories/countries.

The offering and sale of the Bonds are being made only in Georgia, in accordance with the laws of Georgia. The distribution of this Prospectus and the offering of the Bonds in certain jurisdictions or the sale of the Bonds to persons resident in such jurisdictions may be prohibited or restricted by applicable laws. Accordingly, this Prospectus may not be used to offer the Bonds in such jurisdictions or to such persons. Persons into whose possession this Prospectus comes and potential investors are required to inform themselves of such prohibitions and to ensure that their offering and sale of the Bonds outside Georgia complies with the securities laws of the relevant jurisdiction.

The Bonds have not been and will not be registered under the US Securities Act of 1933 (hereinafter referred to as the “US Securities Act”) or under the laws of any state of the United States. Accordingly, potential investors may not offer or sell the Bonds except in cases exempt from the registration requirements of the US Securities Act or the securities laws of any state and/or in transactions not subject to such requirements. Potential investors are responsible for ensuring that their offer and sale of the Bonds in the United States or other countries complies with the requirements of the relevant securities laws.

3.11. The existing financial restrictions on the Bonds may not be sufficient to protect investors;

Existing financial covenants and restrictive covenants may not be sufficient to protect investments in the Bonds and, as a result, investors may not receive any principal or interest at all or may receive less than they expected.

Information regarding the financial covenants of the Bonds can be found in Terms and Conditions.

3.12. There is a potential conflict of interest between the Company and the Placement Agent, as well as between the Placement Agent and JSC TBC Bank;

For the purposes of the offering, TBC Capital LLC is the Placement Agent, which will also act as the Calculation and Paying Agent.

There is a possibility that the portion of the Bonds will be purchased by one of the largest commercial banks, which is affiliated with Placement Agent (Placement Agent is a direct subsidiary of JSC TBC Bank). The listed circumstances may give rise to a conflict of interests between Placement Agent and the Issuer, between Placement Agent and JSC TBC Bank, and between Placement Agent and Investors. However, the Issuer believes the potential conflict of interest is minimized considering the following circumstances:

(a) There is complete separation and no direct linkage between TBC Capital and the management of the affiliated bank. TBC Capital does not report directly to the bank's management, and the bank has no means of interfering in the placement agent's day-to-day operations. Accordingly, the placement agent treats the bank as one of the investors, based on principles of equality and equal rights;

(b) Although the placement agent initially acts as the account keeper, bondholders have the right to terminate this relationship with the placement agent and hold the bonds through another account keeper or directly through the depository, provided the latter is a participant in the system.; and

(c) Both the agreements between the Issuer and TBC Capital and this issuance's Prospectus provide for the possibility of replacing the paying and calculation agent.

In addition to the above, there is a material conflict of interest between the Company and TBC Bank, as TBC Bank serves as the Company's servicing bank and may have independent interests in the issuance, separate from the bonds themselves. This may, on the one hand, result in the bank transferring the risk entirely to the capital markets transaction, and on the other hand, influence decisions made by the bank as one of the bondholders. Specifically, JSC TBC Bank may have exposure to the Company through credit products. Accordingly, if the bank's interests as a standalone financial institution conflict with those of the bondholders, JSC TBC Bank may act in favor of its banking operations and disregard the specific interests of individual bondholders. Among other matters, this may include taking various security measures, which could ultimately have an adverse effect on the Company's operations.

3.13. In the future, the terms of the Bonds may be changed or the rights arising from the violation of the terms of the Bonds may be waived;

The terms of the Bonds include the rules for convening a meeting of Bondholders to consider matters that generally affect the interests of Bondholders. These terms allow for a specified majority to make decisions binding on the remaining Bondholders, including Bondholders who were not present at the meeting and who voted against the majority. (See the Terms and Conditions, section 2.6.7. " Meeting of the Bondholders").

3.14. Any future changes in Georgian law may have a material adverse effect on the Bonds, including their registration on the Georgian Stock Exchange and the taxation of the benefits derived from holding the Bonds;

The terms of the Bonds issuance are based on the legislation of Georgia in force as of the date of approval of this Prospectus. There is no guarantee that no changes will be made in the legislation of Georgia, existing administrative or judicial practice in the future that will have a material adverse effect, including on future issues of the Bonds, their registration, placement, admission to trading on the Stock Exchange, and the procedures for concluding transactions and settlement both on the Stock Exchange and on the over-the-counter secondary market. In addition, changes in the taxation regime of interest received by Bondholders from the Bonds in the future may have a negative impact on the amount of net income received by Bondholders.

3.15. Investors should rely on the procedures of the Depository's Calculation and Paying Agent and, where applicable, the Bonds Account Keeper;

The Company will make any payment in respect of the Bonds to the Bondholders and/or the Account keeper by transfer to their brokerage account with the Placement Agent. In making payments in respect of the Bonds, the Noteholder must rely on the procedures established by the Depository and, where applicable, the Account keeper's Calculation and Paying Agent. The Company assumes no responsibility for the accuracy of the records of such persons. It is also noteworthy that the Issuer assumes no responsibility for any error made by any other person in the course of settlement.

3.16. An investment in the Bonds involves consideration of considerations related to the legality of the investment;

The investment activities of individual investors are subject to laws and regulations governing the legality of investments, or to the supervision or regulation of individual agencies. All potential investors should consult their own legal advisors to determine whether and to what extent (i) the bonds are a legal investment for them, (ii) the bonds may be used as collateral to secure various types of credit, and (iii) there are other restrictions on the purchase or pledging of the Bonds. Financial institutions should consult their own legal advisors or relevant regulators to determine how the Bonds are classified for the purposes of minimum reserve requirements or similar regulations.

3.17. An application for the purchase of the Bonds may be partially satisfied;

If, during the process of forming the final interest rate (Book-building), applications from potential investors for the purchase of bonds express interest in purchasing more bonds than is provided for in this prospectus, then the applications will be satisfied partially, in proportion to the amounts indicated in the received applications or otherwise, at the Issuer's discretion. In addition, if the application of a potential investor is satisfied only partially, the potential investor is entitled to refuse or continue to participate in the Bond purchase process. Detailed information is presented in Terms and Conditions.

3.18. The Bonds are unsecured and, due to the encumbrance of the Company's assets, the assets available to the Bondholders in the event of liquidation may not be sufficient.

The Bonds are unsecured, and nearly 100% of the Company's total assets are already encumbered in favor of liabilities from JSC TBC Bank. Accordingly, in the event of liquidation, the Bondholders' claims will be satisfied after other priority creditors, and therefore there is a risk that the assets available to them will not be sufficient to fully or partially repay the Bond.

Reasons for the Offering and Use of Proceeds

The net proceeds from the issuance of the USD 10 million Bonds by the Issuer will be no less than 98.5% of the proceeds raised through the offering.

The Issuer will use the net proceeds from the offering to refinance its existing bonds (ISIN: GE2700604459);

Green Financing Framework

Green Energy Holding LLC (the Issuer's parent company) supports Georgia's transition to a green economy through the development of renewable energy projects and the use of green financial instruments, including green bonds and loans. This approach is consistent with global sustainability goals and promotes clean energy development, climate sustainability and environmental responsibility. The issuance of green instruments aims to finance renewable energy projects, attract investors and strengthen their confidence.

In December 2024, the Issuer's parent company (with 100% equity interest in the Issuer), Green Energy Holding LLC, developed a Green Financing Framework, which defines the categories, sub-categories, definitions and criteria of projects eligible for financing under the bonds. The Issuer will use the proceeding under the prospectus in accordance with the Green Financing Framework. For the purposes of these bonds and the Green Financing Framework, the Company relies on the Sustainable Finance Taxonomy guidelines of the National Bank of Georgia for the identification, classification and categorization of projects into green categories, and for the assessment of the relevance criteria of projects to be considered under each category.[6]

The framework consists of four main sub-chapters:

1. Use of Proceeds
2. Project Evaluation and Selection Process
3. Management of Proceeds
4. Reporting

1. Use of proceeds

The net proceeds under the Green Finance Framework will be used to fully or partially finance or refinance new or existing green projects (Eligible Green Projects). The proceeds must be used in accordance with the Eligibility Criteria.

Eligible Green Category	Eligibility Criteria	Green project example	Relevant EU taxonomy NACE codes	Relevant Sustainable Development Goals (SDGs)

[6] Sustainable Finance Taxonomy

Renewable energy	The purpose must meet at least one of the following criteria: - Hydroelectric power plants that meet at least one of the following criteria: (i) the electricity generation facility is a run-of-river plant and does not have an artificial reservoir or has a small storage capacity, or (ii) the power density of the electricity generation facility exceeds 10 W/m² (or 5 W/m² for facilities commissioned before 2019), or (iii) the life cycle greenhouse gas (GHG) emissions from hydropower production are less than 50 gCO_2e/kWh (or less than 100 gCO_2e/kWh for facilities commissioned before 2019). - Wind power electricity generation facilities	Examples of green projects include: - Sashuala 2, commissioned in 2019; - Sashuala 1, commissioned in 2021; - Sashuala Hydroelectric Power Plant, commissioned in 2022	D.35.1.1 (wind energy, hydropower)	

2. Project evaluation and selection process

To ensure that funds raised through green financing instruments are allocated only to eligible projects, Green Energy Holding LLC has established a Green Bond Committee, which is responsible for the project evaluation and selection process.

The main functions of the Green Bond Committee are:

- Verification of project sustainability and environmental criteria, including compliance with regulations and review of environmental documentation;
- Verification of project compliance with Use of Proceeds criteria and green project requirements;
- Review of the funding allocation process and ensuring transparency and compliance with the framework requirements.

Committee composition:

- Director
- Representatives of the Board of Green Energy Holding LLC
- Chairman of the Audit Committee of Energy Development Georgia LLC (the Issuer)
- Qualified specialist in environmental and social (E&S) issues

3. Management of proceeds

The net proceeds under the Green Finance Framework will be monitored and managed by the finance team of Energy Development Georgia LLC. The Finance Team will ensure that the portfolio of eligible projects exceeds or is at least equal to the net green finance funds raised under this framework.

A registry has been created to monitor the compliance and management of funds raised under the Green Finance Framework, which controls green projects.

Green - Energy Holding LLC will apply the net proceeds under the Green Finance Framework within 36 months from the date of issuance of the relevant instrument, and prior to that, unallocated funds will be placed in cash and cash equivalents. For the avoidance of doubt, unallocated funds will not be used for activities with high greenhouse gas emissions or that are not in compliance with the requirements of this framework.

4. Reporting

Within 1 year of the Bonds issuance and annually thereafter, until the proceeds of the Bonds and/or loans are fully distributed, Green Energy Holding LLC and any of the group's bond issuers shall ensure the publication of an Allocation Report. The reports shall be publicly available on the website **edgeorgia.ge**.

To ensure transparency, the Allocation Report shall include (the Allocation Reports shall present information separately for both companies and instruments):

- The total amount allocated to the Eligible Green Projects by each category. This shall include any cases where the allocation of funds could not be implemented in accordance with the original plan (for example, due to asset disposal, project termination or temporary suspension, etc.);
- The share allocated to refinance existing Eligible Green Projects;
- The balance of unallocated funds.

The Company expects that the Allocation Report will also include information on key metrics about, if available:

- Annual renewable energy production – in MWh/GWh for electricity and in GJ/TJ for other energy sources;
- Capacity of renewable energy facilities constructed or rehabilitated, measured in megawatts;
- Annual greenhouse gas (GHG) emissions reduced/avoided, measured in tCO_2e.

In addition, Green Energy Holding LLC will disclose all material changes in relation to the relevant Green Projects, including ESG-related issues, where possible and relevant.

Second-Party Opinion (SPO)

Morningstar Sustainalytics has been appointed to provide a second-party opinion on the Green Finance Framework. According to their report:

- The Green Finance Framework is in line with the Green Bond Principles 2021 and the Green Loan Principles 2023 as well as market practices;
- It positively assesses the Group's sustainability strategy
- Green Finance Framework is credible and has a significant impact.

The second-party assessment can be found on the following website **edgeorgia.ge**

The Group also plans to conduct a Compliance Review after the full distribution of the funds received from the Green Finance to confirm that the proceeds from the Green Bonds have been used in accordance with the use of the funds raised as specified in this Framework.

Registration Document

Person responsible for document preparation
Energy Development Georgia LLC (ID 404485188)

Statement of the responsible person
Responsible person declares that: "*the information presented in the issuance Prospectus includes all the essential facts known to them and there was no omission of such information that would affect the content of the Prospectus"*.

Issuer's financial auditor for 2024: RSM Georgia LLC (ID. 202449207), Address: Georgia, Tbilisi, Didube District, Ir. Evdoshvili St., #2/10, #35, Tel: + (995 32) 255 88 99, Website: https://www.rsm.global/georgia/ka

During the periods presented in the Prospectus, there was no change in the Company's financial auditor.

Rating company: N/A

Parties involved in the offering:

Placement, Calculation and Paying Agent: TBC Capital LLC, (ID 204929961); Actual address: Tbilisi 0102, Marjanishvili Street N7; Legal address: Georgia, Tbilisi, Vake district, Ilia Chavchavadze Avenue, N11; e-mail: info@tbccapital.ge; Tel.: (+995 32) 2 27 27 33; Website: tbccapital.ge;

Depository of the Issuer: Georgian Central Securities Depository JSC (ID 204935400), address: Tbilisi, Vazha-Pshavela Avenue 71. Block 10, Tel.: (+995 32) 2 50 02 11. Website: gcsd.ge

Main Activities

Information about the Issuer

The Issuer is Energy Development Georgia LLC. The legal and actual address of the company is: Georgia, Tbilisi, Vake district, Vazha-Pshavela avenue 70; Country of registration: Georgia; Governing legislation: Georgian legislation; Date of establishment: January 9, 2015.

The scope of activity of Energy Development Georgia LLC is the operation of cascade hydroelectric power plants. The company owns a total of 15.25 MW of renewable energy assets with an average efficiency of 49.2%[7].

The assets of the Company and their installed capacities are:

- "Sashuala HPP 2" – 5 MW
- "Sashuala HPP 1" – 8 MW
- "Sashuala HPP" - 2.25 MW

Sashuala HPP 2 has been operating since December 2019, Sashuala HPP 1 was put into operation in December 2020, and Sashuala HPP began operating in December 2022.

The Company mainly sells electricity on the local market. On December 29, 2016, the Company signed a Memorandum of Understanding, which pre-determines the terms of the PPA, with the Government of Georgia, JSC Electricity System Commercial Operator (ESCO), JSC Georgian State Electrosystem, JSC United Energy System of Sakrusenergo and Energotrans LLC. Within the term of the aforementioned Memorandum, it has the liability to exclusively sell electricity to ESCO for 8 months (September-April) at a maximum price of 6.00 US cents/kWh. Within the framework of the Memorandum, the Company also has the right to exercise a free choice and export electricity to Turkey (with guaranteed access to the Turkish export line Akhaltsikhe-Borchkha) during the remaining 4 months (May-August).

By order of the Company, Gamma Consulting LLC prepared Environmental Impact Assessment Reports ("EIA") (on the Sashuala 1 and Sashuala 2 HPPs; on the Sashuala HPP and the power transmission line), the purpose of which is to protect individual components of the environment, people, as well as the landscape. EIA studies, identifies and describes the direct and indirect impact of activities on human health and safety, vegetation and wildlife, soil, air, water, climate, landscape, ecosystems and historical monuments or a combination of all of the above factors, including the impact of these factors on cultural values (cultural heritage) and socio-economic factors.

Environmental decisions have been issued on the Company, including the construction and commissioning of the Two-stage HPP Cascade on the Sashuala River (Sashuala 1 and Sashuala 2 HPPs) on the territory of Chokhatauri Municipality (orders of the Minister of Environment and Natural Resources Protection of Georgia No. 734 of 02.11.2017 and No. 2-891 of 13.09.2019 of the Minister of Environment Protection and Agriculture of Georgia); On October 13, 2021, an environmental decision was issued for the Company (Order N2-1453 of the Minister of Environmental Protection and Agriculture of Georgia dated 13.10.2021) On the construction and operation of a 2.25 MW natural run-of-river hydroelectric power plant (Sashuala HPP) on the Sashuala River, a 35 kV underground power transmission line and a 35 kV substation.

All of the Issuer's power plants, except for the Sashuala HPP, benefit from a long-term guaranteed power purchase agreement ("PPA") with the Electricity Market Operator (ESCO, ID: 205170036) (for additional information regarding the PPA, see the "Industry" subsection), which results in predictable USD-denominated cash flows, as the power purchase agreements are fixed in USD.

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[7] When calculating the average efficiency, 4-year averages were used for Sashuala 2 and Sashuala 1, and P75 for Sashuala HPP.

The existing portfolio of the Company assets includes three hydroelectric power plants. The table below provides detailed information about the plants:

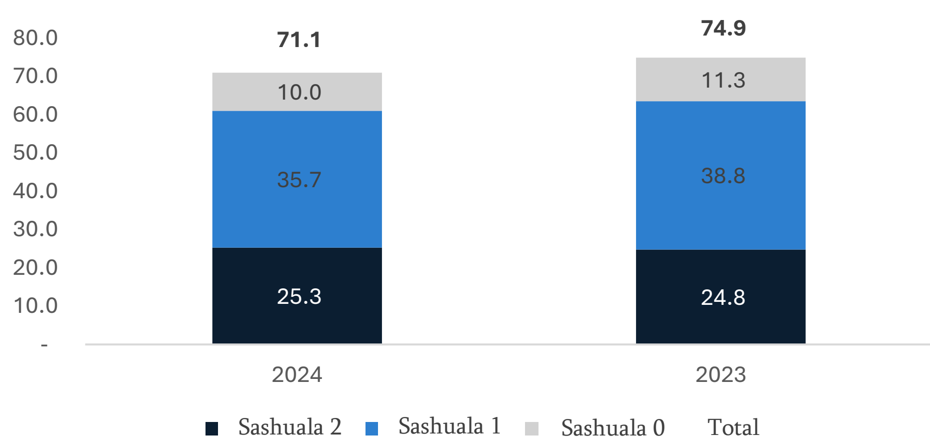
Table 6: Technical and commercial parameters of hydroelectric power plants

HPP	Location	Capacity, MW	Year of Commissioning	Load factor, %*	PPA price, USc/kWh	PPA coverage	PPA expiration
Sashuala HPP 2	Chokhatauri Municipality	5	2019	52.2%	6	8m/10Y	01/10/2030
Sashuala HPP 1	Chokhatauri Municipality	8	2021	48.0%	6	8m/10Y	28/07/2031
Sashuala HPP	Chokhatauri Municipality	2.25	2022	46.5%	N/A	N/A	N/A

** When calculating the efficiency index, the average generation of the last 4 years was used for Sashuala 2 and Sashuala 1 and for Sashuala HPP - P75 data.*

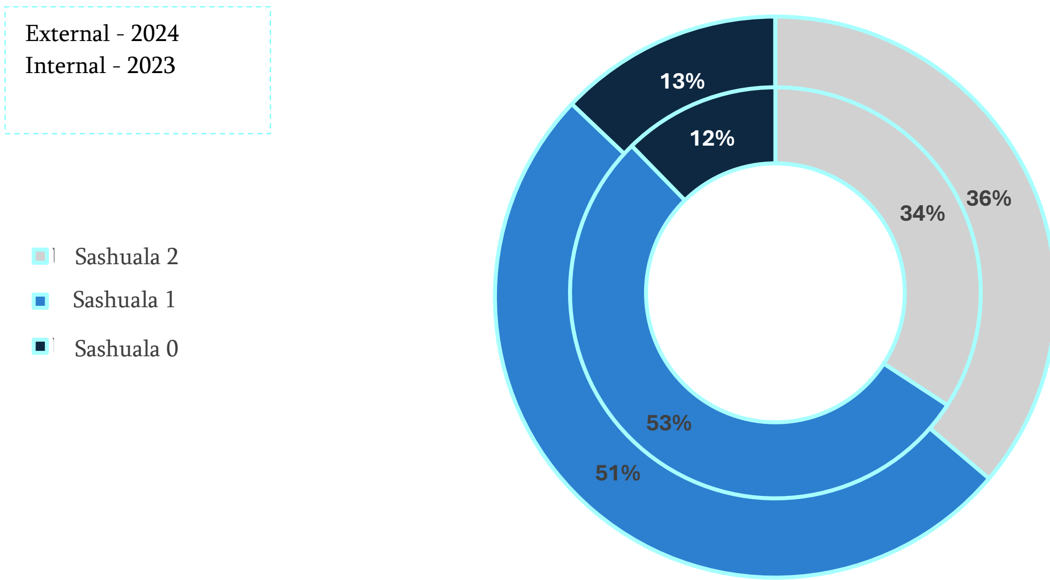
As of 2024, the company generated a total of 71.1 GWh of electricity, of which 50% was generated by Sashuala 1, 36% by Sashuala 2, and 14% by Sashuala 0 HPP. Year-on-year, total generated electricity decreased by 5.2%, which is explained by the HPPs as follows: the generated electricity of the Sashuala 1 decreased by 8.0%, Sashuala 2 – by 2.2%, and Sashuala 0 HPP by 11.3%. The decrease is mainly due to the deterioration of hydrological conditions.

Chart 6: Electricity generation by HPP, GWh



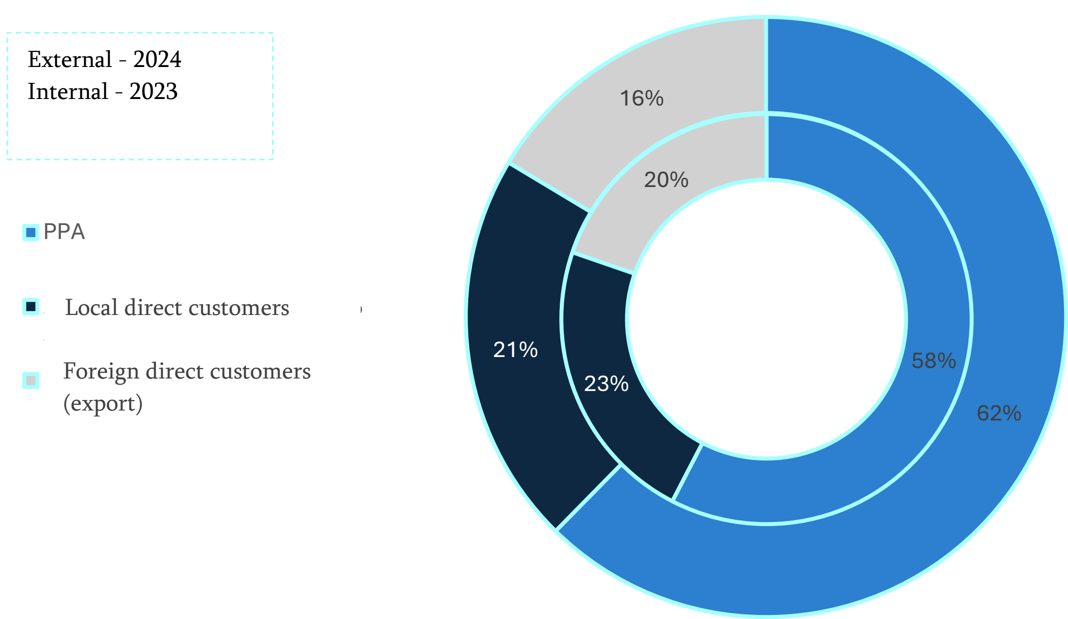
During 2024, the company generated 10.9 million GEL in revenue from electricity sales, of which 51% was generated by the revenue generated by the Sashuala HPP 1, 36% by the revenue generated by the Sashuala HPP 2, and 13% by the revenue generated by the Sashuala 0 HPP. Year-on-year, revenue from electricity sales decreased by 6.0%, which is explained by the HPPs as follows: revenue generated by the Sashuala HPP 1 decreased by 10.4%, by the Sashuala HPP 2 by 0.5%, and by the Sashuala 0 HPP by 1.9%. For additional information, see the "*Operational and Financial Review*" subsection.

Chart 7: Share of electricity sales by HPP, %



During 2024, 62% of the Company's electricity sales were generated from sales under the PPA, 21% from sales to local consumers, and 16% from exports. These figures are distributed as follows for 2023 - 58%, 23%, and 20%, respectively. The year-on-year decrease in the share of exports in total revenues is caused by both a decrease in total generation and, accordingly, a decrease in the volume of electricity exported - and a decrease in the export price. During 2024, the volume of electricity exported decreased by 15.7%, and the average export price - by 12.5% (Company's average export price in 2024: 5.77 US cents, in 2023: 6.60 US cents). The decrease in the export price is primarily driven by the decline in electricity prices in Türkiye.

Chart 8: Distribution of electricity sales by consumers, %



Sashuala HPP 2 is a run-of-the-river hydroelectric power plant located in Chokhatauri municipality, near the village of Metseti - the installed capacity is 5 MW. The land on which Sashuala HPP 2 is built was acquired by the Company under a construction agreement signed with the LEPL-National Agency for State Property - the term of which is 49 years. The HPP is powered by rain, snow and groundwater. Sashuala 2 is connected to the unified power transmission system - Khidistavi 35/10 kW substation, which belongs to Energo-Pro Georgia. Construction work on the HPP was carried out by Metta LLC and JSC Sakenergo Remont. JSC Elektrokselmsheni worked on the power transmission infrastructure. The construction was supervised by the Engineering Monitoring Group - EMG. The construction of the HPP began in April 2018 and was put into operation on December 24, 2019. The HPP has 2 turbines. The actual construction cost per megawatt was approximately 1.4 million USD (excluding VAT). The HPP generated 25.3 GWh of electricity and 3.98 million GEL in revenue during 2024.

The Company has signed a guaranteed Power Purchase Agreement ("PPA") on Sashuala HPP 2, under which the Company sells electricity at a fixed price of 6 cents per kWh. Sashuala HPP 2 sells electricity under a bilateral agreement during the May-August period with companies such as Trading Solution LLC, Tbilisi Electricity Supply Company LLC and KMG ENERGY TICARET LTD. In total, Sashuala 2 generated 36% of the Company's electricity sales revenue in 2024, of which 73% was generated from sales under the PPA, 17% from exports, and 10% from local commercial customers.

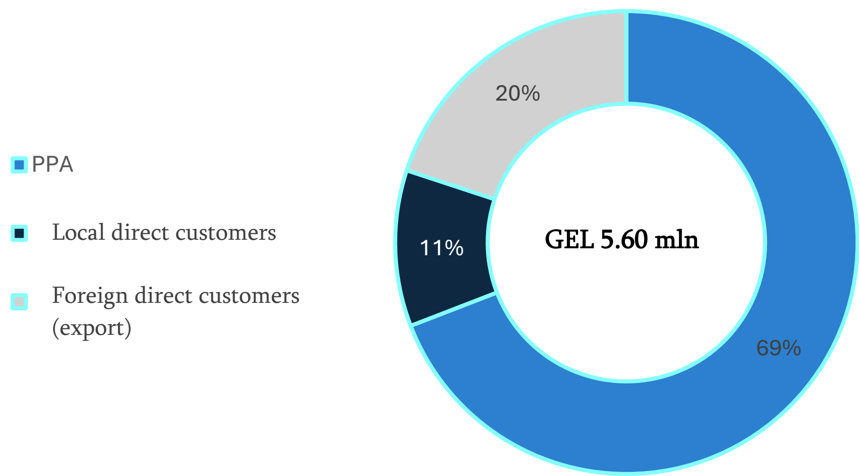
Chart 9: Distribution of electricity sales by customers of Sashula 2 HPP in 2024, % and total revenue, million GEL

Sashuala HPP 1

Sashuala HPP 1 is a run-of-the-river hydroelectric power plant located in Chokhatauri Municipality, near the village of Metseti, with an installed capacity of 8 MW. The land on which Sashuala HPP 1 is built was acquired by the Company under a construction agreement signed with the LEPL-National Agency for State Property - the term of which is 49 years. The HPP is powered by rain, snow and groundwater. Sashuala 1 is connected to the Sashuala 2 substation, which in turn is connected to the unified electricity transmission system - Khidistavi 35/10 kW substation, and the aforementioned substation belongs to Energo-Pro Georgia. The concrete works of the hydroelectric power plant were carried out by Metta LLC, and the power transmission infrastructure was carried out by Electrokselmsheni JSC. The construction was supervised by the Engineering Monitoring Group – EMG. The construction of Sashuala HPP 1 began in September 2019 and was put into operation on February 2, 2021. The HPP has 2 turbines. The actual construction cost per megawatt was approximately 1.3 million USD (excluding VAT). The HPP generated 35.7 GWh of electricity and 5.60 million GEL in revenue during 2024.

The Company has a long-term power purchase agreement ("PPA") on Sashuala HPP 1, under which the Company sells electricity at a fixed price of 6 cents per kWh. Sashuala HPP 1 sells electricity under a bilateral agreement between May and August with companies such as Trading Solutions LLC, Tbilisi Electricity Supply Company LLC and KMG ENERGY TICARET LTD. During 2024, Sashuala 1 generated 51% of the Company's total electricity sales revenue, of which 69% was generated from sales under the PPA, 20% from exports and 11% from local commercial customers.

Chart 10: Distribution of electricity sales by customers of Sashuala 1 HPP in 2024, % and total revenue, million GEL

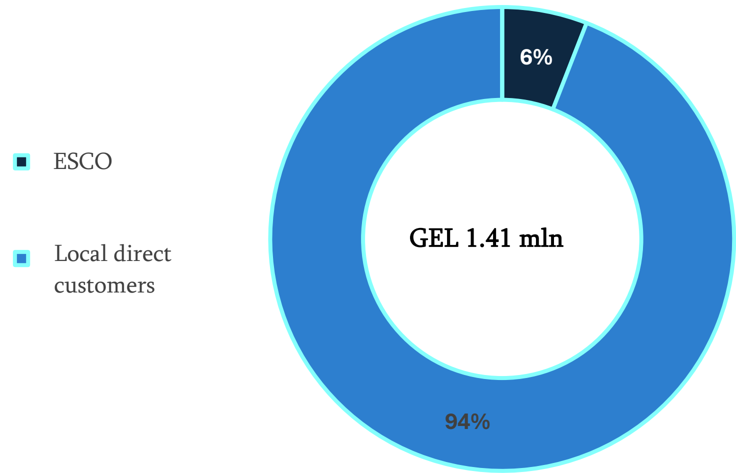


Sashuala HPP

Sashuala HPP is a run-of-the-river hydroelectric power plant located in Chokhatauri Municipality, near the village of Metseti, with an installed capacity of 2.25 MW. The land on which the Sashuala HPP is built was acquired by the Company under a construction agreement signed with the LEPL-National Agency for State Property - the term of which is 49 years. The HPP is fed by rain, snow and groundwater. Sashuala HPP is connected to the Sashuala 1 substation, which in turn is connected to the Sashuala 2 substation and the unified power transmission system - Khidistavi 35/10 kW substation. The mentioned substation belongs to Energo-Pro Georgia. The Company performed the construction work on the HPP itself, and the construction was supervised by the Engineering Consulting Group - ESG. The construction of the HPP began in August 2021 and was put into operation on December 22, 2022. The HPP has 1 turbine. The actual construction cost per megawatt was approximately 1.9 million USD (excluding VAT). The HPP generated 10.0 GWh of electricity and 1.41 million GEL in revenue during 2024.

As a new project, the Sashuala HPP does not have a guaranteed Power Purchase Agreement ("PPA") and sells its electricity entirely on the wholesale electricity market. During 2024, Sashuala HPP generated 13% of the company's total electricity sales revenue, of which 94% was received from a local commercial customer - Trading Solutions LLC, and 6% from ESCO.

Chart 11: Sashuala HPP's 2024 electricity sales share by customer, % and total revenue, million GEL



In 2024, the Georgian energy system had a deficit (when total generation is less than total consumption) for 6 months (January, February, March, October, November, December). It is worth mentioning that the Company will generate half of its generation in these months (in 2024, these months accounted for 49% of total generation), which reduces the risk of selling electricity. At the same time, Sashuala HPP 1 and Sashuala HPP 2 have PPA agreements covering 8 months of the year (excluding May, June, July and August). The company will generate a large part of its generation during these 8 months (in 2024, it generated 67% of its total annual generation in these 8 months), which it sells with a guarantee.

The output of each power plant is presented in the table below:

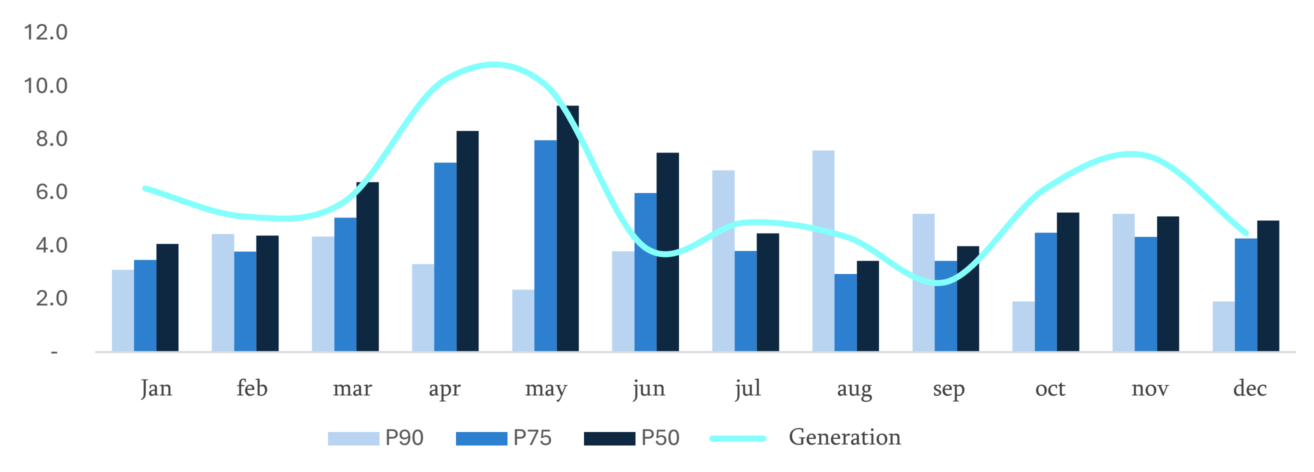
Table 7: Actual and projected annual output of power plants (Net Generation, GWh)[8]

HPP	2024 Generation net (GWh)	P50*	P75*	P90*
Sashuala HPP 2	25.3	23.2	19.1	16.4
Sashuala HPP 1	35.7	33.5	28.4	25.6
Sashuala HPP	10.0	10.5	9.2	8.0

All three of the company's HPPs exceed the P50 indicator with their generation in 2024. As for monthly generation and P50, P75 and P90 forecasts for the corresponding months, see Chart 12:

Chart 12: Monthly generation in 2024 by month and P50, P75, P90, GWh

[8] Depending on the project and actual circumstances, the technical loss (difference between Gross and Net) varies within 1 to 2%
*P50, P75 and P90 are statistical measures used to estimate the expected power output of a plant under different conditions. These estimates are based on statistical analysis of historical data, such as water flow rate and power production, and are used to assess the economic feasibility of a hydropower project.



The Company uses high-quality European technologies and equipment typical for renewable energy businesses at all three hydroelectric power plants. These include turbines, hydraulic systems, generators, electrical equipment, transformers, and pipelines. Specifically, the Issuer has equipped the hydroelectric power plants with European equipment from Vaptech, Schneider, and Noksel.

Operational Performance and Sectoral Environment:

Efficiency and Seasonal Distribution of Hydropower Plants

It is noteworthy that in 2024 and 2023 Sashuala HPP 2 and Sashuala HPP 1 exceeded the P50, P75, and P90 scenarios defined during the energy modeling stage, while Sashuala HPP exceeded the P75 and P90 scenarios.

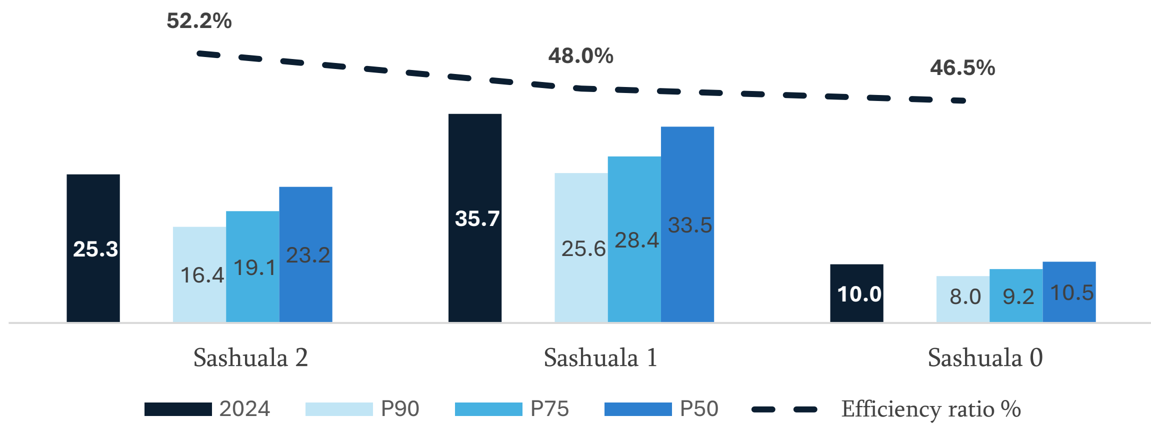
The efficiency* indicators for 2024 for each station are as follows:

- Sashuala HPP 2 - 52%;
- Sashuala HPP 1 - 48%;
- Sashuala HPP - 47%;

**The efficiency indicator for Sashuala HPP 2 and Sashuala HPP is calculated based on the average generation data of the last 4 years, and for Sashuala HPP - taking into account the generation indicator predicted by the P75 scenario.*

Electricity generation increases during the months of April–May and October–November. However, the annual peak generation is recorded in the April-May period, and the generation in the fourth quarter is lower than in the April-May period. This is due to the fact that the Sashuala River is fed by snowmelt, rainfall, and groundwater, which results in varying inflow dynamics across different seasons.

Chart 13: Generation in 2024 by P50, P75, P90 HPPs, GWh



*The efficiency index for Sashuala 2 and Sashuala 1 is calculated based on the average generation of the last 4 years, and for Sashuala HPP - based on the P75 forecasted index.

Generation in deficit months

In 2024, the Georgian power system had 6 deficit months (January, February, March, October, November, December). It is worth noting that the Company will generate half of its generation in these months (in 2024, these months accounted for 49% of total generation). Accordingly, a significant portion of the company's generation occurs during the months when a supply deficit is observed.

Market Macro-Dynamics

The Company operates in a market characterized by a growing trend of electricity demand, which is partly due to (i) growing demand for electricity, (ii) a shortage of supply relative to growing demand, and (iii) the slow pace of development of renewable power plants in Georgia. The increased demand for electricity is met by imports, as a result of which Georgia has gradually become a net importer of electricity.

According to management's assessment, the growth in electricity demand is likely to continue, associated with (i) GDP growth projections, which are closely linked to electricity demand, as well as - (ii) increased demand for household appliances and (iii) a rapidly growing tourism sector.

The increasing share of import-dependent electricity in domestic supply creates additional pressure on electricity prices. In general, import-dependent electricity (direct import, generation from thermal power plants) is more expensive than domestic production. A further deterioration in the supply-demand balance may necessitate the use of higher-priced electricity, which could potentially influence and determine the market price. For more information on the electricity market, see the subsection "*Industry Overview*".

USD-denominated revenues and expenses

The Issuer has a natural hedge against currency risks, as the price under the PPA agreements is determined in USD and is not subject to change over the contract period. Specifically, in 2024, the company's revenues were entirely denominated in U.S. dollars. In addition, the Company's main cash flows are related to servicing loans, most of which (as of 2024, 60% of the loans) are denominated in USD. It is worth noting that as of December 31, 2024, 22% of the Company's liabilities are denominated in EUR, for which there are no mitigation mechanisms. (For details, see the chapter "*Capitalization and Indebtedness*").

It should be noted that exchange rate fluctuations may have a non-monetary impact on the Company's income statement, as the revaluation of foreign currency-denominated liabilities may exceed the revaluation effect of revenues denominated in the corresponding currency in terms of volume.

Financial stability and low capital expenditures

The Company has stable cash flow dynamics, which is largely due to the high visibility of its revenues (due to PPA agreements), low maintenance capital expenditures and technical losses. The electricity generated by Sashuala HPP 2 and Sashuala HPP 1 is sold on the basis of PPA agreements signed with ESCO, in which ESCO is the purchaser. The PPA agreement is valid from September to April, and from May to August, the electricity generated by these plants is sold at market prices through bilateral agreements. It is noteworthy that the Issuer will generate a large part of its generation in the months covered by the PPA (in 2024, it generated 67% of its total annual generation in these 8 months). The prices in the PPAs are fixed, which ensures the reliability of the company's revenue forecast - in 2024, 62% of the company's revenues were generated from the sale of electricity under the Escrow system.

Given the average age of the plants, the capital expenditure requirements for the maintenance of power plants are relatively low. This is partly due to the fact that most maintenance work, and all relevant maintenance work for HPPs, is already included in the operating costs. In addition, HPPs, during the first 30 years of operation, require no essential maintenance work.

Sectoral Regulatory Environment

The Georgian electricity market is undergoing deregulation, both in terms of consumption and generation. The first major wave of deregulation took place in May 2018, when large electricity consumers switched from regulated pricing mechanisms to market pricing. After 2018, deregulation affected all consumers with monthly consumption exceeding 0.4 GWh and connected to a transmission line with a capacity of 35-110 kW. These changes have led to a largening of the size of the deregulated electricity market in Georgia. Further waves of deregulation are already planned, which involve the introduction of stricter criteria for (i) monthly consumption and (ii) line voltage at the grid connection. From 2026, deregulation of all types of consumers is planned, except for retail and small commercial consumers.

On the supply side, all hydroelectric power plants commissioned after August 2008 have been fully deregulated, and the deregulation of older power plants is gradually underway. In particular, in June 2017, amendments were made to the Law of Georgia on Electricity and Natural Gas, within the framework of which all hydroelectric power plants with an installed capacity of less than 40 MW were deregulated, which was subsequently increased to 65 MW, and in parallel with the process, a large part of the power plants will be gradually deregulated. Management believes that the deregulation of the energy market will have a positive impact on electricity sales prices, due to increased market liquidity and a direct impact on market prices, which in turn will be due to an increase in the number of profit-oriented market players.

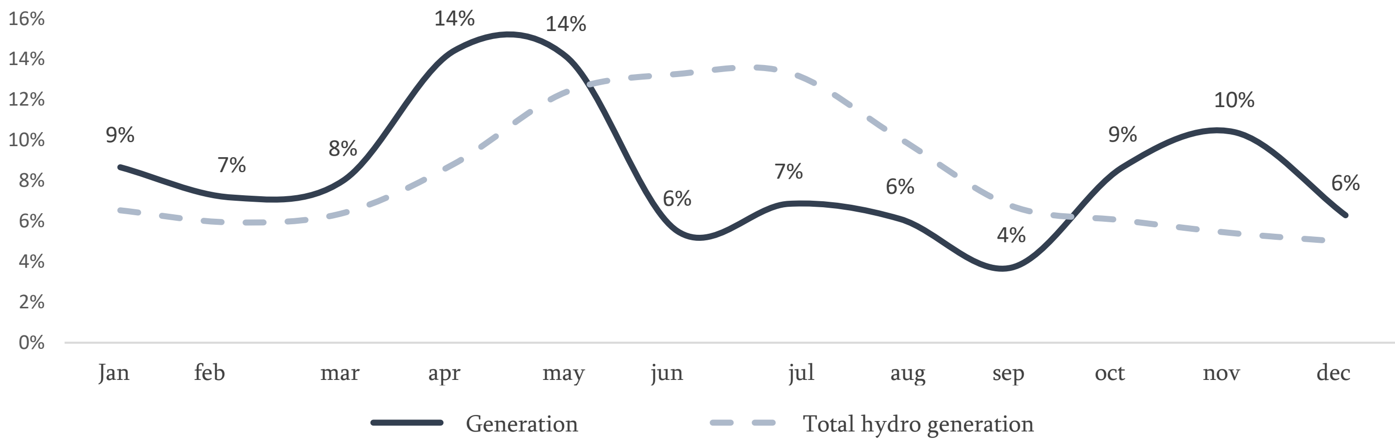
Organizational Structure

The Issuer's managing body is composed of individuals with many years of professional experience across various business sectors, as well as relevant academic or professional qualifications. The members of the Company's Supervisory Board have experience in managing companies in various sectors such as HoReCa, real estate rental, food production and distribution, construction, education, etc. Management has many years of experience in the energy sector. (for additional information about the management team, please see the chapter "*Managing Body and Management*").

Seasonality of the business

The Company is significantly dependent on natural conditions, including hydrological variability (seasonal and annual changes in river water flow due to precipitation, snowmelt, droughts, etc.). Accordingly, the amount of electricity generated varies not only by season, but also by hydrological year.

Chart 14. Seasonality of generation in 2024, %



As shown in the generation seasonality graph, the Sashuala HPPs have two peak periods during the year: April-May and October-November. It is worth noting that the peak periods in October, November and April allow the company to have high generation during the PPA maturity months, when it is guaranteed to sell electricity.

Company History and Important Development Events

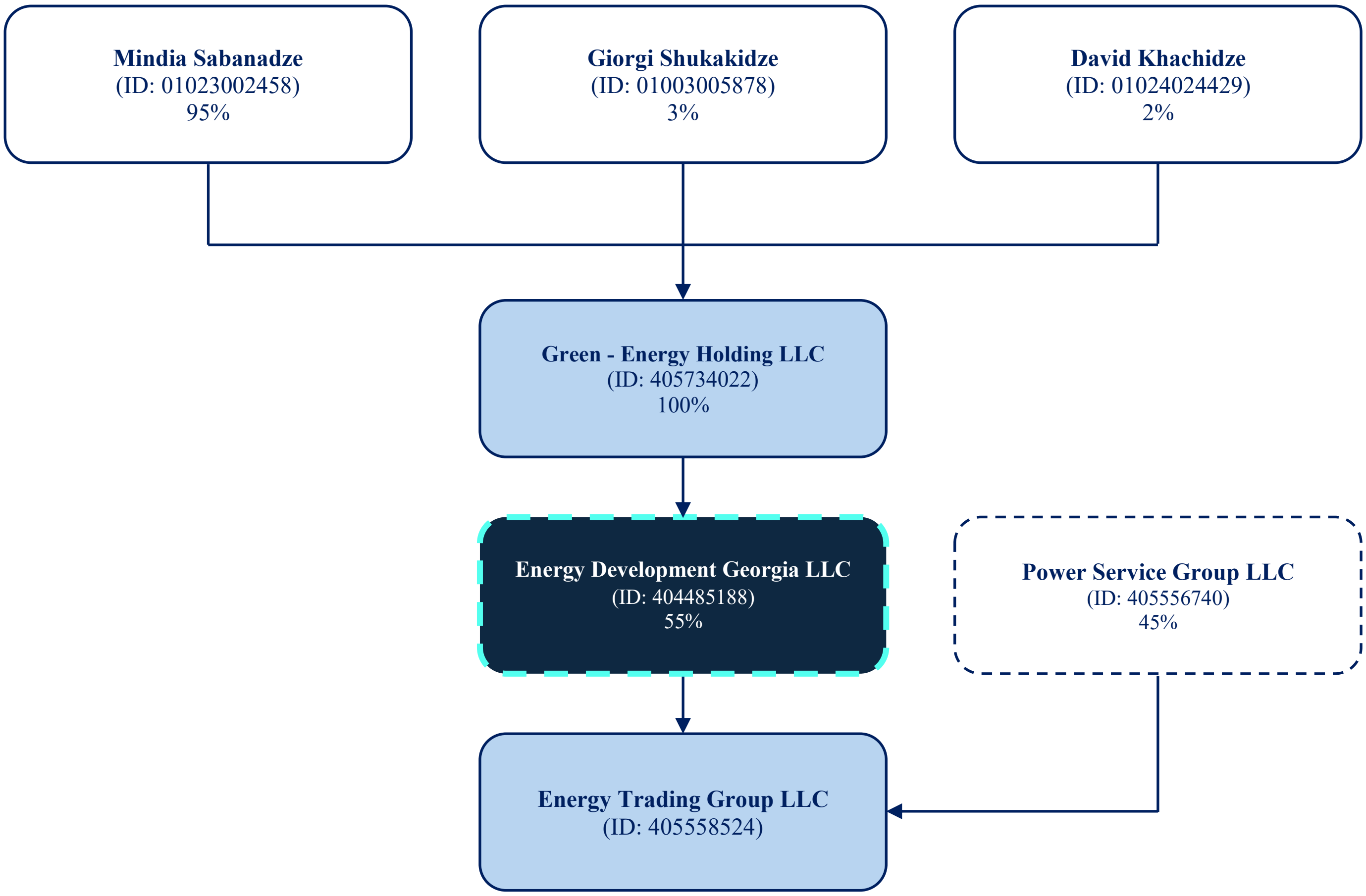
The Company's main activity is the generation of electricity and its subsequent sale to Georgia and neighboring countries.

31 March 2025	A memorandum was signed between the Government of Georgia and the Company, the purpose of which was to conduct a feasibility study of the hydroelectric power plant construction project, after which, on December 29, 2016, based on the memorandum signed with the Government of Georgia, the Company obtained the right to build hydroelectric power plants, Sashuala HPP 1 and Sashuala HPP 2 on the lands transferred by the Government of Georgia for a period of 49 years.
17 June 2019	An additional memorandum was signed with the Government of Georgia, based on which the Company obtained the right to build a third hydroelectric power plant, the Sashuala HPP. The Company's main operating assets are located in the Chokhatauri Municipality of Georgia.
December 2019	The Company put into operation its first hydroelectric power plant, Sashuala HPP 2, and the plant began generating electricity.
February 2021	Sashuala HPP 1 was put into operation and electricity generation began.
June 2022	The Company has taken an important step by selling electricity to the Turkish market.
December 2022	The Company has successfully commissioned its third hydropower plant, Sashuala, and started generating electricity.
March 2023	The Company issued its first bonds on the local market.
December 2024	The Company has drawn up a green financing framework and received the opinion of the other party - under this framework, the Issuer will be able to issue green bonds / raise financing.

Organizational structure of the Issuer

As of the date of the Prospectus, the organizational structure of Energy Development Georgia LLC is the following:

Scheme 2: Shareholding structure



As of the date of the Prospectus, the 100% owner of the Company is Green-Energy Holding LLC, and the ultimate beneficial owners are: Mindia Sabanadze (95%), Giorgi Shukakidze (3%), David Khachidze (2%).

The Company does not have any 100% subsidiaries. The Issuer owns a 55% stake in Energy Trading Group LLC (ID 405558524). Energy Trading Group LLC was established on September 5, 2022 and plans to engage in electricity trading activities, but currently the Company does not carry out economic activities and has no current contracts. The remaining 45% stake is owned by Power Service Group LLC (ID 405556740).

Strategy and objectives

The Company directly manages the operating and fully operational assets of the renewable energy business. At this stage, the Issuer does not expect to implement any significant changes in its activities or implement significant/major new projects.

The main elements of the Issuer's business strategy are as follows:

Capitalizing on favorable electricity market conditions

The renewable energy business generates electricity using renewable energy sources. Georgia has a number of regulations and support mechanisms for solar, wind and hydropower generation as part of the Georgia 2030 Climate Change Strategy and Action Plan (CCSAP). Renewable energy sources are considered the future of energy and are more valuable than traditional sources of electricity generation.

The renewable energy business in Georgia, including the Issuer strategy, aims to capitalize on favorable conditions in the electricity market. A more liquid, competitive and transparent market is being created against the backdrop of gradual harmonization of the energy market structure with EU directives. Following the deregulation of the electricity market, the Georgian government adopted the concept of a new electricity market model. Overall, the Georgian renewable energy business is expected to adopt the planned reforms in the electricity market, which will have an even more positive impact on electricity prices.

Prioritizing environmental, social and governance ("ESG") issues, including the Sustainable Development Goals ("SDG"), is part of the Company's strategy

The renewable energy business contributes to climate change mitigation and sustainable use of natural resources. Renewable energy projects prevent the increase in environmental pollution, as emissions are minimized during the operation of renewable energy generation facilities, which reduces the level of environmental pollution and helps Georgia transform into a more sustainable and low-emission economy.

The Company's hydropower projects operate in compliance with environmental, social and governance (ESG) standards, including the requirements of the Law of Georgia On Environmental Protection (No. 519, 1996) and the European Union Environmental Impact Assessment Directive (2014/52/EU), which ensures minimal impact on biodiversity. The Issuer's strategy is to balance electricity generation with ecosystem preservation, thereby ensuring long-term sustainable business development.

The main directions of the Company's strategy include:

- **Environment / Environmental Impact**: The company monitors and manages its environmental impact, paying particular attention to aquatic ecosystems, geodynamic stability and pollution prevention;
- **Society / Community Engagement**: The company actively collaborates with the local population, investing in infrastructure improvements, social welfare and quality of life initiatives;
- **Health and Safety**: The health and safety of its employees is important to the company, for which it provides appropriate working conditions, health care and other protective measures for all employees.

Environment / Environmental Impact:

Since 2018, the Issuer has been cooperating with Gama LLC, with which, in accordance with the contract signed, Gama LLC monitors environmental impact. Monitoring is carried out on the following issues:

- **Biodiversity Protection**: Status of implementation of measures to protect water ecosystems, manage ecological costs and reduce impact in the areas surrounding hydroelectric power plants;
- **Geodynamic Stability**: Status of implementation of preventive measures to activate dangerous geodynamic processes;

• **Pollution Control:**

- **Air Quality**: Status of emissions reduction and compliance with environmental standards;
- **Noise and Vibration**: Status of implementation of strategies to reduce impact on the population and fauna;
- **Water Protection**: Status of prevention and quality control of surface and groundwater pollution;
- **Soil and Ground Protection**: The state of preventing soil contamination through proper waste management and material handling;
- **Hazardous Materials**: The state of storage and use of explosive materials, in compliance with safety standards.

• **Waste Management**: The state of reducing environmental impact in accordance with the company's waste management plan - through an effective system of waste reduction, recycling and disposal;

• **Labor and Living Conditions**: The state of labor and living conditions of personnel employed in construction works;

• **Others**

Gama LLC, in agreement with the Issuer, sends the above-mentioned reports to the LEPL National Environment Agency on a quarterly basis.

Society / Community Engagement:

The Issuer has implemented several social projects in the village of Khidi to improve conditions for local residents, namely:

- **Infrastructure Improvement**: Repair of village roads and installation of drainage systems to improve transportation and reduce flood risk;
- **Support for socially vulnerable groups**: Providing assistance to socially vulnerable individuals to promote community inclusion;
- **Urban development**: Resurfacing and rehabilitation of certain areas to promote local development and improve the appearance of the village - including replacing/renovating the football stadium.

In addition, the Company cooperates with the charity foundation non-profit legal entity Otskhana, which is a foundation created by the population of Khidi village and provides it with financial support annually - at this stage, in the amount of approximately 100,000 GEL.

Health and Safety:

The Issuer's priority is to ensure the health and safety of its employees. Employee support includes:

- Providing adequate living conditions for construction personnel;
- Providing medical care and healthcare services;

- Providing special work clothes and personal protective equipment.

Additionally, the Issuer's parent company developed a green financing framework in December 2024. Under this framework, the Parent Company and the Issuer will have the opportunity to issue green bonds and/or raise other green financing, which will support the implementation of the Company's sustainable development strategy.

The Company's Sustainable Development Goals ("SDGs") under this green financing framework are:

- **Affordable and Clean Energy (SDG 7)**: Developing renewable energy projects, increasing energy efficiency and ensuring access to renewable energy.
- **Climate Action (SDG 13)**: Reduce the impact of climate change, promote low-carbon technologies and promote environmental responsibility.
- **Decent Work and Economic Growth (SDG 8)**: Promote high social and labor standards, create jobs and promote sustainable economic growth.

For more information, see the section "Green Financing Framework".

Major Customers and Suppliers

The main local customer of the Company is JSC Electricity Market Operator (ESCO). At the same time, the Issuer has direct customers with whom it cooperates during the 4 months of the year that are not covered by the guaranteed Purchase Agreement (PPA).

In 2024, direct customers accounted for 37% of revenue, and JSC Electricity Market Operator (ESCO) accounted for 63%.

For additional information, see "Information on Material Agreements".

Resources and Technologies Used in the Company's Activities

• Technological Resources

The Company uses high-quality European technologies and equipment typical for renewable energy businesses at all three hydroelectric power plants. These include turbines, hydraulic systems, generators, electrical equipment, transformers, and pipelines.

Information on countries and companies producing technology/equipment can be found in the table:

Table 8: Main technological components and suppliers of the power plant

Equipment	Company	Countri
Turbines	Vaptech	Bulgaria
Hydraulic System	Vaptech	Bulgaria
Generator	Alconza/Mareli	Spain/Italy
Electrical Equipment	Shneider	Germany
Transformers	Shneider	Germany
Pipelines	Noksel	Turkey

• Human resources

Each employee is very important to the Company, as of December 31, 2024, 41 people were employed in Energy Development Georgia LLC (as of December 31, 2023 - 39).

Business process and quality control procedures

The description of business process and quality control procedures is not relevant for the Issuer.

Competitive position

This section shows the main financial information of the Issuer in relation to other market players. Below are three competing companies that are similar to the Company based on comparability of operations and scale. The table presents data taken from the individual reporting of the companies.

- **Austrian Georgian Development LLC (ID 404997232) - Lakhami 1 and Lakhami 2 HPPs**

The main activity of the company is the construction, ownership, and operation of the Lakhami hydroelectric plant (hereinafter - "Lakhami"). The Lakhami Cascade consists of two HPPs: upper stage Lakhami 1 (6.4 MW) and lower stage Lakhami 2 (9.6 MW, *source: https://mepa.gov.ge/)*. Construction work started in 2018 and was completed in 2020. Lakhami 2 HPP began operation on August 19, 2020, and Lakhami 1 HPP was commissioned on October 17, 2020. The table displays standalone figures sourced from the company's reports.

- **Energia LLC (ID 401950037) - Larsi and Shilda HPPs**

The main activity of Energia LLC is the generation and sale of electricity. The company operates two hydroelectric plants: Larsi HPP (19 MW) located in Dariali, Kazbegi district, and Shilda HPP (5 MW) located in the village of Shilda, Kvareli district. The Larsi HPP construction was completed in January 2014, and the Shilda HPP construction was completed in September 2013. The table displays standalone figures sourced from the company's reports.

The company also owns 44.27% stake in JSC Dariali Energy.

- **Bakhvi Hydro Power LLC (ID 205270810) - Bakhvi 3**

The main activity of the company is the ownership and operation of the Bakhvi 3 hydroelectric power plant (10 MW, *source: https://ghp.ge/)*. The company was established through a partnership agreement between Rotherman-Georgia LLC and Georgian Hydro Power LLC. The Bakhvi 3 hydroelectric power plant has been operating at full capacity since the summer of 2015. The table displays standalone figures sourced from the company's reports.

The figures in the table below are presented as of December 31, 2023 (the Issuer's figures for December 31, 2024 have been added), in accordance with International Financial Accounting Standards (IFRS). The Issuer's data is compared to HPPs of approximately the same capacity.

Table 9: Competitive position

Company	Energy Development Georgia LLC	Energy Development Georgia LLC	Austrian Georgian Development LLC	Energy LLC	Bakhvi Hydro Power LLC
Year:	2024	2023	2023	2023	2023
Total capacity, MWh	**15.25**	**15.25**	**15.90**	**24.00**	**10.00**
Profit-loss (thousand GEL)					
Income	10,994	11,694	11,185	12,432	7,855
EBITDA	7,122	7,905	8,997	8,179	5,408
EBITDA margin	65%	68%	80%	66%	69%
EBIT	5,389	6,205	6,899	7,089	4,500

EBIT margin	49%	53%	62%	57%	57%
Statement of financial position (thousands of GEL)					
Current assets	1,780	2,808	5,118	2,211	5,510
Long-term assets	59,427	60,660	59,072	139,227	21,222
Current liabilities	30,004	2,311	3,281	77,273	1,320
Long-term liabilities	28,282	55,246	47,705	0	8,740
Cash flow statement (thousands of GEL)					
CFO	3,355	1,755	7,390	969	5,301
CFI	(506)	(259)	(396)	5,998	(301)
CFF	(2,890)	(1,065)	(6,909)	(6,611)	(1,677)
Ratios					
Debt/Equity	3.2	2.8	3.8	1.2	0.6
Debt/EBITDA	6.6	5.9	5.6	9.1	1.7
Net Debt/EBITDA	6.5	5.9	5.2	8.9	0.9
Current Ratio	6%*	126%	156%	3%	417%
ICR	1.1	1.2	1.4	1.0	4.2

Source SARAS Reportal (https://reportal.ge/)

**As a result of the refinancing of existing bonds (ISIN: GE2700604459), the Issuer's liquidity ratios will significantly improve, in particular, as a result of the refinancing of 10 million USD of "issued debt securities" classified as current liabilities (as of December 31, 2024, 28,068 thousand GEL) will become long-term and the current ratio will increase to 112.3%.*

Key ratios (non-subordinated) for 2024 and 2023:

- ***Debt to equity***: 20.0x / 9.7x
- ***Debt to EBITDA***: 8.2x / 7.3x
- ***Net debt to EBITDA***: 8.2x / 7.2x

Note: The methodology and definitions used to calculate the key ratios are consistent with the approaches used in the subsection “Key Financial Ratios” of this prospectus, in “General Overview”.

Marketing program

The marketing program is not relevant for the Issuer.

Investments

Energy Development Georgia LLC collaborated with several international and local market-leading companies during the construction of the Sashuala HPP cascade (consisting of three hydroelectric power plants) to ensure efficient and high-quality construction.

Within the framework of a contract signed with the international company Vaptech, the company provided European electro-mechanical equipment for all three HPPs, including turbines, generators, closed substations, transformers, and control shields. The Company has already invested a total of GEL 11,568,964 for the procurement of these devices.

For the iron-concrete works during the construction of Sashuala HPP 1 and Sashuala HPP 2, the company invested GEL 5,495,655 and 2,908,295 respectively. The construction of these two HPPs was carried out by Metta LLC. As for the construction of the third power plant, Energy Development Georgia took on the project without a contractor and utilized its own personnel. Initially, some construction works for Sashuala HPP 2 were performed by JSC Sakenergoremonti, which amounted to nearly GEL 9 million in investments.

To establish the power transmission infrastructure, which involved connecting all three HPPs and rehabilitating the connection between Energo-Pro substations, the Company engaged JSC Elektrokselmsheni and has already invested approximately GEL 5,407,366 for these capital costs.

The Company has entered into an agreement with an international supplier for the pressure pipelines of all three HPPs in the Sashuala HPP cascade, resulting in an investment of GEL 4 million for the pipeline infrastructure.

Foreign companies were responsible for supplying and installing the spare power transformer for Sashuala HPP 1 and the bridge crane for all three HPPs, which incurred a total investment of GEL 450,000.

Moreover, the Company has allocated over GEL 700,000 for the supply and installation of sandwich panels for the external facades of the HPP buildings, while the expenses related to the operating shields of the machine building and the main building amounted to GEL 650,000.

For design and internal architectural works, the company made capital expenditures of GEL 2 million. At the moment, the capital expenditures for the HPPs are as follows:

- Sashuala HPP – USD 4.1 million
- Sashuala HPP 1 – USD 10.1 million
- Sashuala HPP 2 – USD 6.9 million

All three hydropower plants have completed capital works and do not require additional material investments. In addition, depending on the specifics of the industry, hydropower plants may require financing for a periodic maintenance/renovation capital program in order to avoid a risk of efficiency reduction and ensure stable, uninterrupted operation of the cascade.

In 2024, the Company invested 791,327 GEL, of which the investment made for the cottage purpose, which is related to the Sasvala HPPs, is 298,030 GEL, the purchase of vehicles is 86,215 GEL, and the investment made in the Surebi HPP is 407,082 GEL.

During 2024, the Company incurred geological survey costs, scoping costs, timber resource inventory costs, relevant documentation costs and topography costs for the Surebi HPP. In addition, as of the date of preparation of the Prospectus, the Company has incurred intangible costs for the design of the Surebi HPP. It is worth noting that the Surebi HPP is a potential hydroelectric power plant project located in the Chokhatauri Municipality, on the Supsa River. In March 2024, the Company signed an agreement with the Government of Georgia on the preparation of a feasibility study (FES) and subsequent construction and ownership.

Detailed information on the Company's investments in 2024 is provided in the table below:

Table 10: Investments in 2024

Thousand GEL	**2024**
Building a cottage in Guria	298,030
Purchasing vehicles	86,215

Amount spent on the Surbi HPP	407,082
Total	**791,327**

The Company made capital expenditures of GEL 301,943 on fixed assets during 2023, of which GEL 267,654 was related to hydroelectric power plants and GEL 34,289 was invested in dump trucks.

For detailed information on the company's investments in 2023, see the table below:

Table 11: Investments in 2023

Thousand Gel	**2023**
Capital expenditure on the Sashuala HPP	267,654
Self-replacer	34,389
Total	**301,943**

Future Investments

The Company plans to spin off Surebi HPP from Energy Development Georgia LLC by 2025 and, accordingly, no future investments are planned for it.

In addition, at this stage, the Company is not considering making any significant capital investments and has no significant investment projects planned.

Insurance

In accordance with international and local industry best practices, the Company maintains comprehensive insurance coverage for its business, property, liabilities and employee health/safety. Insurance is provided to cover potential risks in critical areas that are of paramount importance to the operation of the business. Accordingly, the insurance package includes, but is not limited to, the following risks: complete property insurance, damage/disruption to machinery and equipment, risks related to natural disasters, business continuity and loss of profit, and third-party liability.

Information on material agreements

Agreements with customers

Memorandum of understanding

The Issuer's significant agreements include the Memorandum of understanding with the Government of Georgia, JSC Electric Power System Commercial Operator (ESCO), JSC Georgian State Electrosystem, JSC United Energy System Sacrusenergo, Energotrans LLC and the Issuer Shors. The Memorandum was signed on December 29, 2016 and applies to Sashula HPP 1 and 2. The terms of the Issuer's Memorandum of understanding on the agreements are as follows:

1. In order to ensure the electricity supply of Georgia, during the winter months of each year (September-April) for 10 years after the commissioning of the power plant, the electricity actually generated by the power plant must be fully sold on the local market of Georgia.
2. During the summer months of each calendar year of the initial operation period, the Company is authorized, at its own discretion, to sell the generated electricity on the local market of Georgia and/or to export it in any direction, in accordance with the legislation of Georgia and the conditions specified in the Memorandum.

3. During the winter months of each year of the initial operation period, the electricity generated by the power plant must be sold to ESCO in accordance with the guaranteed Electricity Purchase Agreement, at the point of receipt at a rate of 6 (six) US cents per 1 kWh. The Company and ESCO shall sign a Guaranteed Power Purchase Agreement in accordance with the terms of the Memorandum.
4. In addition to the initial operation period, the Company shall be entitled, at its own discretion, to sell the generated electricity on the local market of Georgia and/or to export it in any direction, in accordance with the legislation of Georgia.
5. For 10 years after the commissioning of the power plant, during the summer months of each calendar year, for the purpose of exporting the electricity generated by the power plant, GSE shall be obliged to provide the Company with the necessary dispatching and transmission services. In addition, in order to transmit the electricity generated by the power plant to the Turkish border, the Company shall additionally provide the necessary capacity on its part of the Akhaltsikhe-Borchkha power transmission line during the summer months of each calendar year of the initial operation period, during which the total volume of electricity capacity transmitted through the Akhaltsikhe-Borchkha power transmission line (in total with other export volumes) will be sufficient to operate the 500/400/220 kV substation Akhaltsikhe within the permissible limits provided for by the technical parameters. GSE shall provide the services provided for in this article of the Memorandum in accordance with the legislation of Georgia and the terms of the transmission and dispatch agreement concluded with the Company on the basis of the "receive or pay" principle.

Superficies Agreement

The Company has signed a superficies agreement with the LEPL National Agency of State Property, which provides for the temporary use of state-owned lands for the purposes of construction and operation of Sashuala HPP, Sashuala HPP 1 and Sashuala HPP 2. The term of the agreement is 49 years, and the residual term according to the agreements is presented below:

Date of the Agreement	Term	Subject of the agreement	Remaining years
08.12.2017	49 years	Land plot	41
20.11.2018	49 years	Land plot	42
24.09.2018	49 years	Land plot	42
17.05.2019	49 years	Land plot	43
08.11.2021	49 years	Land plot	46
21.09.2022	49 years	Land plot	46

Agreements with consumers

The Issuer has the right to supply electricity to consumers of the local market and/or export it for 4 months of the year (May - August) on the basis of a direct agreement.

The aforementioned Direct Agreements on the Purchase of Electricity (Capacity) oblige the parties (seller and buyer) to supply (sell) the volume of electricity specified in the agreement to the buyer and the buyer to ensure full and timely payment of the contract price for the specified volume. The agreement determines:

- Terms and conditions of the sale of electricity by the seller to the buyer;
- Forecasted quantity of electricity to be supplied (purchased);
- Price of electricity to be supplied (purchased);
- Rights and responsibilities of the parties; and
- Other

In addition, the Company has not entered into long-term purchase agreements with direct customers.

Agreements with suppliers

Since 2018, the Issuer has been cooperating with Gama LLC, with which, in accordance with the contract signed, Gama LLC carries out environmental impact monitoring. Based on the agreement signed between the parties, Gama LLC conducts monitoring in the following areas: biodiversity protection; geodynamic stability; pollution control; waste management; labor and living conditions, etc.

In addition, the Company has no long-term framework agreements with equipment suppliers.

Agreements with insurance company

A property and civil liability insurance agreement has been signed between the Company and an insurance company, which covers insurance of fixed assets, including the infrastructure and operational risks of HPPs. The agreement is valid in accordance with the legislation of Georgia.

Agreements with a commercial bank

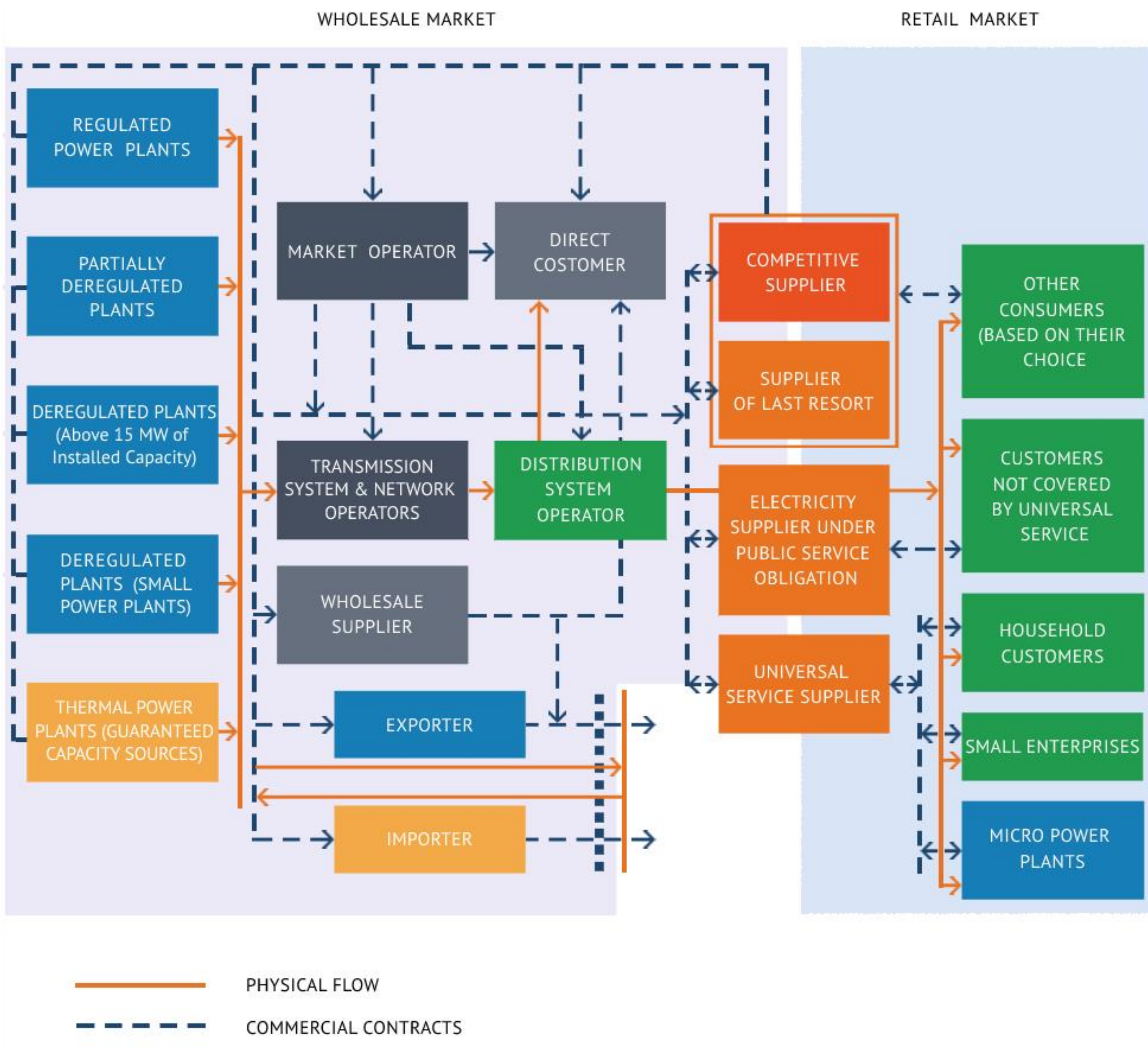
As of the date of the Prospectus, the Issuer and JSC TBC Bank have a Credit Products Service Agreement #0011.6338044.001 (Date of conclusion: March 7, 2018), which is a standard banking framework agreement. It is noteworthy that the company's assets remain continuously pledged in favor of the bank, regardless of the loan amount.

For information on the main financial and non-financial terms and restrictions of the banking contracts concluded within the framework of the Agreement, please see "Capitalization and Indebtedness".

Litigation

As of the date of the Prospectus, the Company has no material litigation. Management believes that no material losses will occur, therefore, no provision has been made in connection with litigation.

Chart 3: Current electricity market structure and participants



Source: GNERC

The Georgian electricity market is divided into two segments - **retail** and **wholesale** markets.

Wholesale electricity market

The wholesale electricity market is more diversified in terms of market players. Electricity trading in the wholesale market is mainly carried out through bilateral contracts, and electricity traded in this form accounted for 73% of the total electricity sold in 2024. Electricity is sold in the wholesale market by power plants, importers and wholesale suppliers, while electricity is purchased by electricity suppliers (Telmiko and EP Georgia Supply), direct consumers, exporters or traders. All wholesale market participants are free to choose their contractor.

In Georgia, power plants sell electricity to the electricity market operator (hereinafter "ESCO") under the terms of a PPA (if such an agreement exists) or on the free market under bilateral agreements. If a market participant cannot find a contractor or does not have a PPA, the ESCO purchases uncontracted but generated energy from it.

Bilateral agreements determine the terms of electricity supply, namely: volume, tariff and period. Their terms are a commercial secret and are not publicly available. In today's market, settlements are made monthly. According to the current rules and existing practice, the price of bilateral agreements is often linked to the ESCO selling price. That is why the ESCO price is considered the benchmark electricity price in Georgia. The ESCO selling price is calculated as the weighted average price of imports, PPAs and any uncontracted electricity sold.

Electricity trading in the wholesale market is mostly carried out through bilateral agreements. The main participants in the wholesale market are:

- **Electricity producers:**
  - Hydropower plants
  - Thermal power plants
  - Wind power plants
- **Direct consumers**: enterprises that meet the criteria set for direct consumers and that can purchase electricity only on the wholesale market
- **Importers**: persons who receive electricity (capacity) at one or more reception points outside Georgia and subsequently sell/consume it themselves
- **Exporters**: persons who sell electricity (capacity) at the delivery point outside Georgia
- Wholesale suppliers: persons who purchase electricity from an electricity producer or importer and sell it directly to a consumer or exporter
- **Market operator**: a person responsible for organizing certain segments of the Georgian electricity market
- **Transmission system operator**: an electric power enterprise carrying out electricity transmission activities − an electricity transmission system operator, which is responsible for the operation, maintenance and development of the electricity transmission system in the relevant area, as well as for the interconnection of the electricity transmission system with other systems, where possible, and for ensuring the long-term availability of the system in order to meet reasonable demands related to the transmission of electricity
- **Distribution system operator**: an electric power enterprise carrying out electricity distribution activities − an electricity distribution system operator, which is responsible for the operation, maintenance and, if necessary, for the development of the electricity distribution system in the relevant area, for the interconnection of the electricity distribution system with other systems, where possible, and for ensuring the long-term availability of the system in order to meet reasonable demands related to the transmission of electricity

Electricity producers:

According to the current legislation, electricity producers are divided into the following categories, depending on the purposes of regulation:

- **Regulated power plants** - plants to which the Georgian National Energy and Water Supply Regulatory Commission (hereinafter the "Commission") sets fixed tariffs.
- **Partially deregulated power plants** - power plants built before August 1, 2008, the installed capacity of which does not exceed 75 MW. The Commission sets marginal tariffs for such power plants.
- **Deregulated power plants** - plants built after August 1, 2008, as well as small-capacity power plants (with a design capacity of up to 15 MW) operate in the market without a tariff set by the Commission.
- **Guaranteed capacity sources** - thermal power plants, to which the Commission sets a guaranteed capacity fee and a marginal electricity production tariff.

The Commission issues an electricity production license to power plants with a design capacity exceeding 15 MW, while power plants with a design capacity of up to 15 MW (small-capacity power plants) are exempt from an electricity production license. None of the plants owned by the company require a license, since the capacity of none of the plants exceeds 15 MW.

The electricity production market is partially deregulated and almost completely privatized. The state directly or indirectly owns the Enguri HPP and the Vardnili HPP cascade, as well as the Gardabani 1 and Gardabani 2 combined cycle thermal power plants. By the end of 2024, hydroelectric power plants built before August 2008 with a capacity of more than 75 MW and all thermal power plants will be regulated by GNERC. A cap on the sales tariff has been set for regulated plants. This cap does not apply to any of the company's power plants, as none of them have a capacity exceeding 75 MW.

The electricity sector is undergoing reform and a full transition to a new market model is expected in the near future. At the current stage, a transitional model of the electricity market in Georgia is in effect, which preserves the existing structure of the electricity market and, in addition, allows for the purchase and sale of hourly products on day-ahead and intraday markets through the energy exchange. The transitional model retains a monthly billing period.

Retail Electricity Market

The electricity supply activity in the retail electricity market is carried out by the universal service provider, the public electricity service provider, the free and last resort provider, at tariffs established by the Commission. In addition, any interested party is authorized to carry out electricity supply activity at a free, deregulated price. In 2024, 1 free supplier operated in the retail market.

- **Universal service provider** - a person determined by the resolution of the Government of Georgia, which ensures the supply of electricity under regulated conditions to household consumers and small enterprises that have not chosen a supplier, according to the distribution area in which it is determined by the legal act of the Government of Georgia as a universal service provider.
- **Electricity supplier as a public service** - an entity determined by a resolution of the Government of Georgia, which supplies electricity to retail consumers in accordance with the criteria specified in the "Concept of the Electricity Market Model" approved by the Resolution of the Government of Georgia No. 246 of 2020.
- **Free supplier** - an electric power enterprise that supplies at an unregulated, market price.
- **Supplier of last resort** - an entity determined by a resolution of the Government of Georgia, which ensures the supply of electricity to the end consumer who loses the opportunity to receive electricity due to a planned or unplanned termination of market activities by the supplier or a gross violation of obligations, at the tariff established by the Commission.

The final retail consumer of electricity, who consumes electricity for their own needs, is divided into two categories according to the purpose of consumption: **household** and **non-household**.
Household consumer – a household consumer who benefits from the universal supply in the form of a public obligation. A household consumer is free to choose and can receive the services of a free supplier.
Small enterprises – non-household consumers, the criteria for which are determined by the Government of Georgia in a relevant resolution. Small enterprises benefit from the universal supply in the form of a public obligation. They can also receive the services of a free supplier.
Non-household consumers – all other non-household consumers who do not belong to the categories of small enterprises and large consumers. Such consumers receive the public supply in the form of a public obligation, if such right is not restricted by the Government of Georgia. They can also receive the services of a free supplier.

Power Purchase Agreements and Renewable Energy Project Support Schemes

To attract investment in renewable energy projects, the Georgian government has introduced various support mechanisms over the past decade. However, the most common support scheme has been the Power Purchase Agreement (PPA). This is a long-term electricity purchase agreement between a power plant and an ESCO. The terms of a PPA are predetermined by a Memorandum of Understanding (MoU) concluded between the government and the power plant owners.

The government has changed its PPA policy several times since 2008. Accordingly, different hydropower plants benefit from different PPA terms. PPAs mainly differ in terms of the duration of the agreement, the period for which electricity is purchased, and the price. The most common condition of a PPA is the purchase of the entire volume of electricity produced from September to April for a period of 10 years by the ESCO, and the tariff may vary for different projects. It is worth noting that in those months when electricity purchase is not provided for under the PPA, the electricity produced by the plants is sold under a bilateral agreement and/or on the balancing market.

The government's position on PPA has changed since 2017. Despite the successful development of projects in the energy sector, PPAs have been considered as a limiting factor for competitive markets. Moreover, the International Monetary Fund has expressed dissatisfaction with PPA[9], as in their opinion, PPA creates contingent liabilities and fiscal risks for the government. These two factors led to a de facto moratorium on PPA since 2017. As a result, no new PPA memorandums were signed during the period 2017-2024.

Later, the government introduced a new scheme to support renewable energy projects - Contract for Difference (CFD) based on capacity auctions. Under the CFD scheme, two auctions were held, and the prerequisites for participation were a pre-conducted feasibility study, an auction participation fee, and a bank guarantee. The winning bidders enter into a Contract for Difference (CFD) with the government (and ESCO), the duration of which is defined as the initial 15 years of operation of the power plant.

The first auction was announced on February 10, 2023, and 78 applications were submitted, as a result of which the auction commission selected 24 winners, whose proposed tariff fell below the median tariff. The Issuer did not participate in the said auction, since in the case of the Issuer, all three hydroelectric power plants were already generating electricity at the time of the auction.

The second auction was announced by the Ministry of Economy and Sustainable Development on December 30, 2023, in which, unlike the previous auction, wind and solar power plants with energy-saving devices, as well as regulating hydroelectric power plants were presented among the projects. The auction was announced for a total capacity of 800 MW and 147 applications (over 1,800 MW) were submitted.

According to the decision of the Ministry of Economy and Sustainable Development, the third auction is no longer planned, and the private sector, based on the median tariffs set at the second auction, will be able to sign direct contracts with the government and will receive the fixed tariff provided for in the price difference agreement for the development of the project. The fixed median tariffs were determined as follows:

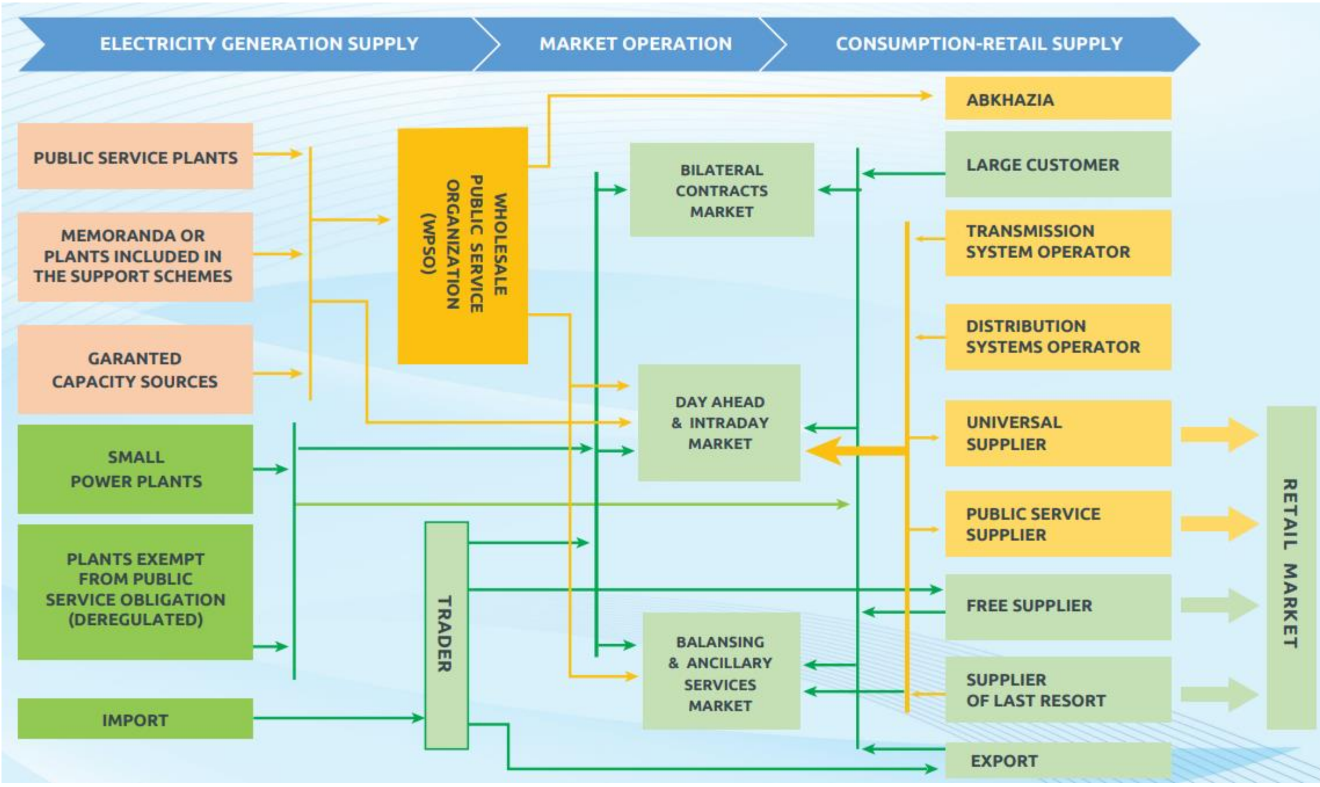
- Hydropower plants (on demand) – 6.5 US cents
- Wind farms - 6.0 US cents
- Solar farms - 5.6 US cents

Electricity market reform

At the current stage, certain changes are underway in the electricity sector, aimed at harmonizing the Georgian legislative framework with the EU legislation. The target model of the electricity market aims at market liberalization, which implies the opening of both consumption and supply and their entry into the wholesale and retail markets.

Scheme 4: Target structure of the electricity market after the market reform

[9] Review under the extended fund facility arrangement (IMF Country Report No. 21/79)



Source: GNERC

After the market reform, the segments of the wholesale electricity market are:

- **Day-ahead and daily market** - the operator ensures the operation of day-ahead and daily markets and the management of the settlement system for these markets. At the current stage, a transitional model of day-ahead and daily markets has been launched, which implies non-mandatory trading on the markets, and these markets are planned to be fully launched from July 2025.
- **Balancing and ancillary services market** - the operator ensures the operation of the balancing and ancillary services market, the purchase of balancing and ancillary services market products, the calculation of imbalance charges and the determination of the amount of financial guarantee to ensure the payment of balancing and ancillary services market products and imbalance charges for this market segment, financial responsibility for the purchased products and the establishment of a transparent, accessible and reliable settlement system.
- **Bilateral Contracts Market** - Unlike the day-ahead and intraday, as well as the balancing and ancillary services markets, the bilateral contracts market is an unlicensed activity and the administration of the bilateral contracts platform can be carried out by different entities. In addition, market participants in the bilateral contracts market are authorized to conclude contracts through direct negotiations.

The main subjects of the electricity market after the market reform are:

- **Transmission System Operator** - the transmission system operator, in accordance with the Law of Georgia on Energy and Water Supply and the legal acts of the Commission, ensures the determination of the forecast volume of products on the balancing and ancillary services markets, the management of the electricity system on the principle of self-dispatching, as well as the implementation of other measures necessary for balancing, including the activation of the relevant capacity based on the results of the balancing market; the organization of the cross-border balancing mechanism, which, among other things, includes the management of the provision of emergency assistance between electricity systems; the registration of persons responsible for balancing, including balancing service providers, and the assignment of relevant codes; the management and development of the electricity metering system necessary for the operation of wholesale markets, and the availability of hourly metering data.

- **Distribution System Operator** - Distribution System Operators ensure the management and development of the electricity metering system required for the operation of the retail market, as well as the availability of hourly metering data and/or relevant load profiles to relevant retail suppliers.
- **Wholesale Public Service Organization** - The objectives of the Wholesale Public Service Organization are to support renewable energy and producers participating in the Guaranteed Purchase Agreement and to facilitate the integration of their electricity into the organized market; to support the universal service provider by ensuring a stable price for purchased electricity and by facilitating integration into the organized market; to ensure the security of supply of consumers in the occupied territory of Georgia (Autonomous Republic of Abkhazia) by purchasing electricity in the organized market, as well as to support traders (importers) carrying out commercial imports by ensuring a stable price for imported electricity and by facilitating integration into the organized market.
- **Supplier** - a universal service provider and a public service provider in the retail market, supplying electricity to small enterprises and household customers as a public service obligation at a tariff regulated by the Commission. The same supplier is obliged to purchase the energy supplied by the micro-power plant to the relevant network.
- **Large consumer** - a consumer defined by relevant legislation, who has the right to trade on wholesale, bilateral contracts, day-ahead and intraday markets, for which he must be registered in accordance with the relevant procedure as a member of a balancing group, on the balancing and ancillary services market, as well as a participant in the day-ahead and/or intraday market and/or bilateral contracts market. Large consumers also have the right to trade on the retail market and choose several suppliers.
- **Electricity producer** - electricity producers with public obligations are required to trade on an organized market and return the positive difference between the market price and the tariff set by the Commission to a fund with the Wholesale Public Service Organization, which provides (in the form of a subsidy) the consumption of occupied Abkhazia and the stations benefiting from the support scheme, and also replenishes the baskets of the universal service provider and the public service provider in relation to the organized market price using a price difference contract.

The concept of the electricity market model defines a schedule for the exemption of electricity generating stations from public obligations:

Table 12: Exemption of producers from public service obligations

Period	Electricity **producer** exempt from public service obligations
From 01/01/2021	Hydropower plants built before August 1, 2008, whose design capacity does not exceed 50 megawatts
From 01/05/2022	Hydropower plants built before August 1, 2008, whose design capacity does not exceed 65 megawatts
From 01/05/2024	Hydropower plants built before August 1, 2008, whose design capacity does not exceed 75 megawatts
From 01/05/2026	Hydropower plants built before August 1, 2008, whose design capacity does not exceed 90 megawatts
From 01/01/2027	Hydropower plants built before August 1, 2008, whose design capacity does not exceed 120 megawatts

Source: Electricity Market Model Concept

Table 13: Stages of Market Opening for Electricity Consumers

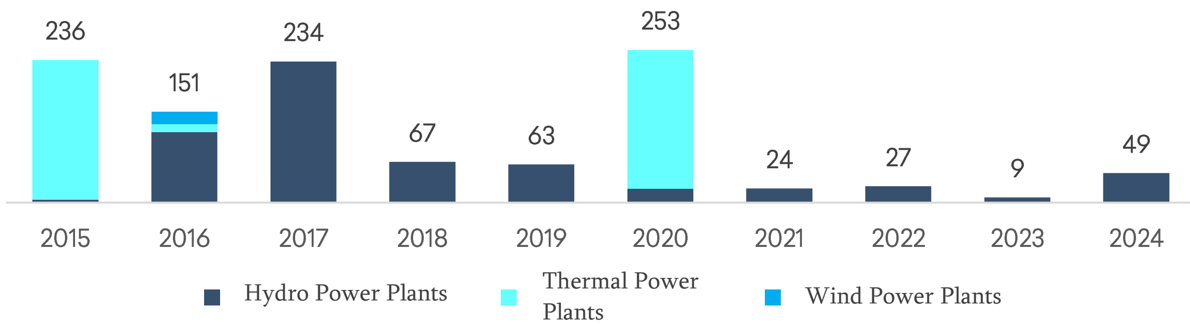
Period	Market opening
Before 1 July 2021	End-users of 35-110 kV voltage, consuming at least 0.4 million kWh of electricity per month
Before 1 July 2025	All end-users of 35-110 kV voltage, as well as end-users of 6-10 kV voltage, consuming at least 1 million kWh of electricity per month
Before 1 July 2026	All other users (except household users and small enterprises)

Source: Electricity Market Model Concept

Installed Capacity and Generation

The total installed capacity of power plants in Georgia exceeded 4.6 GW in 2024. Since 2015, more than 1,100 MW of capacity has been added to the Georgian power system, of which 460 MW is represented by thermal power plants, 21 MW by wind power plants, and the remaining capacity is represented by hydropower plants. In 2024, more than 47 MW of capacity was added to the Georgian power system: Khobi 2 HPP - 44.5 MW, Shevaburi HPP - 1.9 MW, Dagheti HPP - 0.8 MW. (See Chart 15).

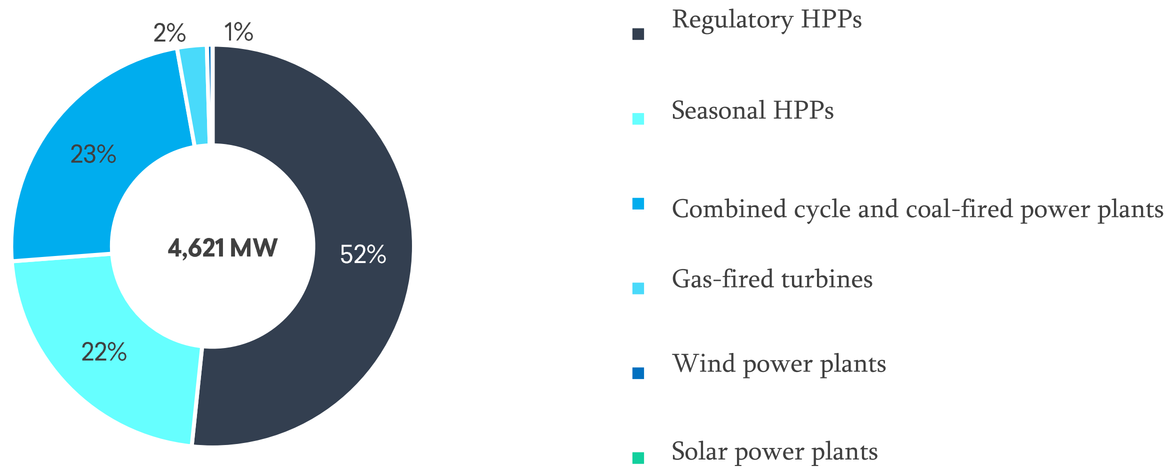
Chart 15: Commissioning of new generation facilities, MW



Source: GSE, GNERC, MoESD, TBC Capital

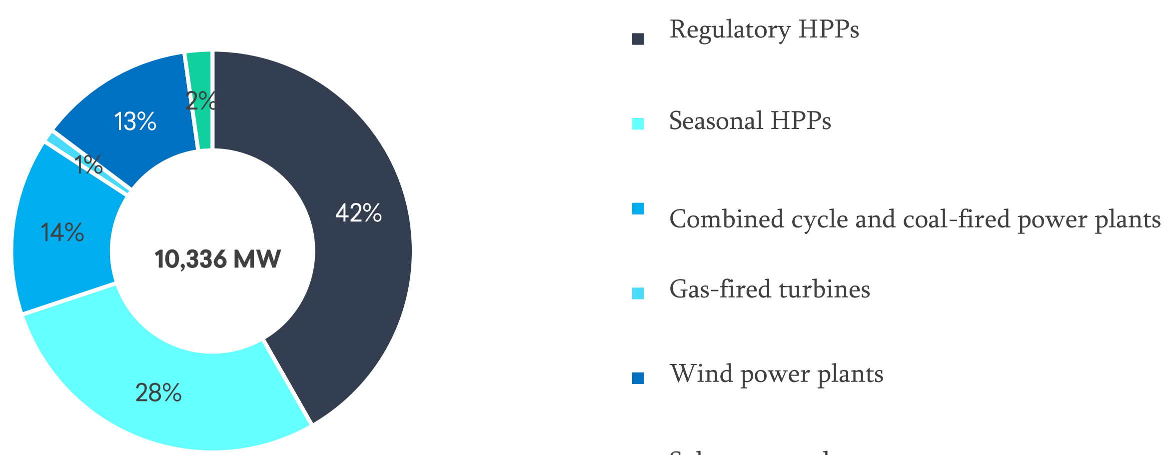
The distribution of installed capacity is highly concentrated, with more than 70% of the capacity distributed among hydroelectric power plants, while a quarter of the installed capacity is in thermal power plants. Wind power plants are still in the early stages of development, with their share of installed capacity being only 0.5% of the total. In the future, it is planned to increase energy production from renewable sources, which is reflected in the increased share of wind and solar in the target installed capacity (Charts 16 and 17).

Chart 16: Installed capacity by 2023, MW



Source: GSE

Chart 17: Forecast installed capacity for 2034, MW

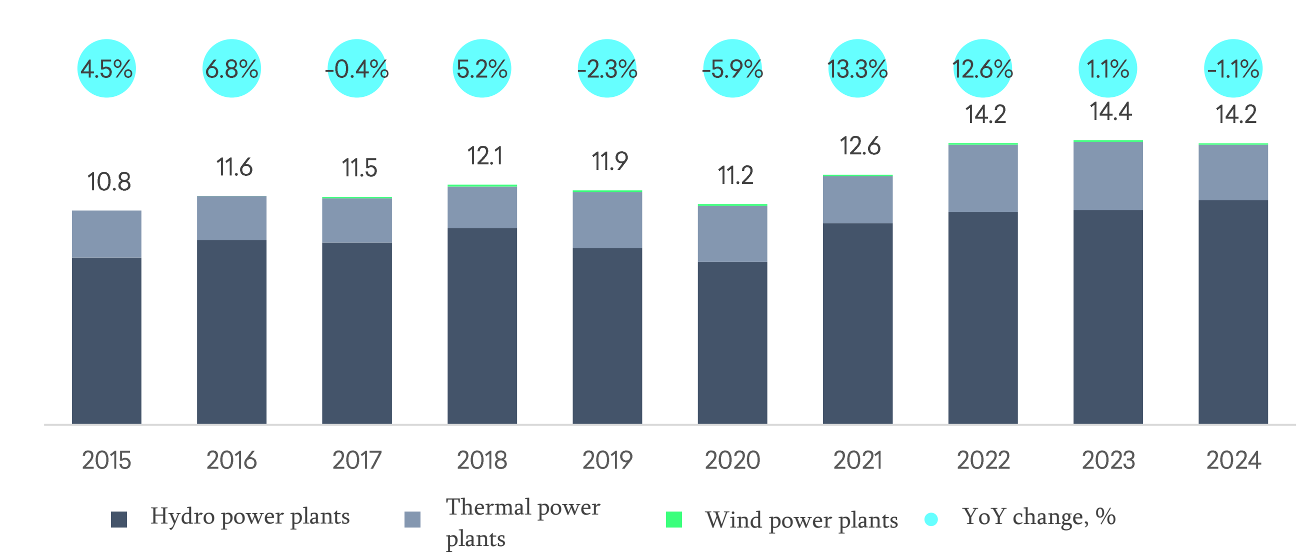


Source: GSE

Electricity generation and demand-supply trends

In 2024, electricity generation in Georgia decreased by 1.1% and amounted to 14.2 TWh. Hydropower generation is the main source of electricity generation for Georgia, the share of which in 2024 was 79.4%. The share of thermal generation in generation varies from year to year and amounted to 19.8% by 2024, while the share of wind power in generation is 0.5%.

Chart 18: Electricity generation, TWh

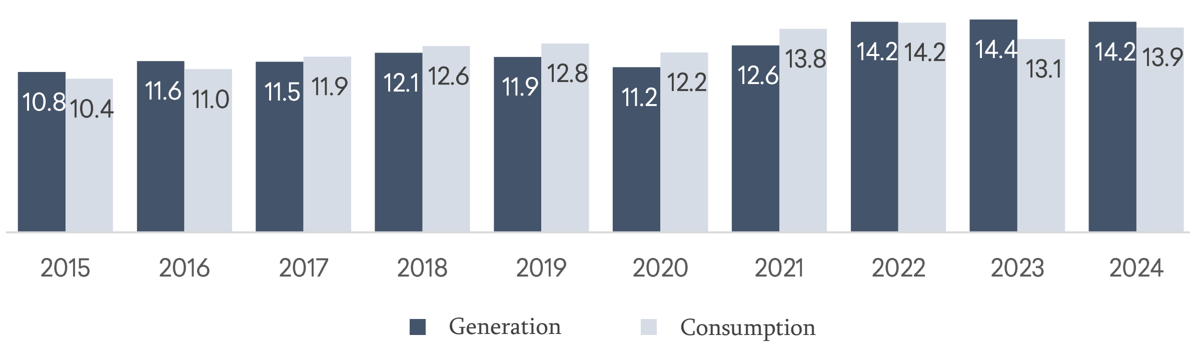


Source: GSE

The relatively low rate of domestic renewable resource utilization, as well as the scarcity of annual and seasonally regulated hydropower plants, including the intensive development of the Enguri reservoir, ultimately led to an increase in thermal power generation and imports. The seasonality of hydropower generation creates a capacity surplus during May, June, and July, when electricity can be exported, while in the remaining months of the year, domestic demand requires the use of thermal power plants and direct imports of electricity.

Although annual generation has equaled or exceeded annual consumption for the past three years, the seasonal imbalance between consumption and generation requires the purchase of imported electricity.

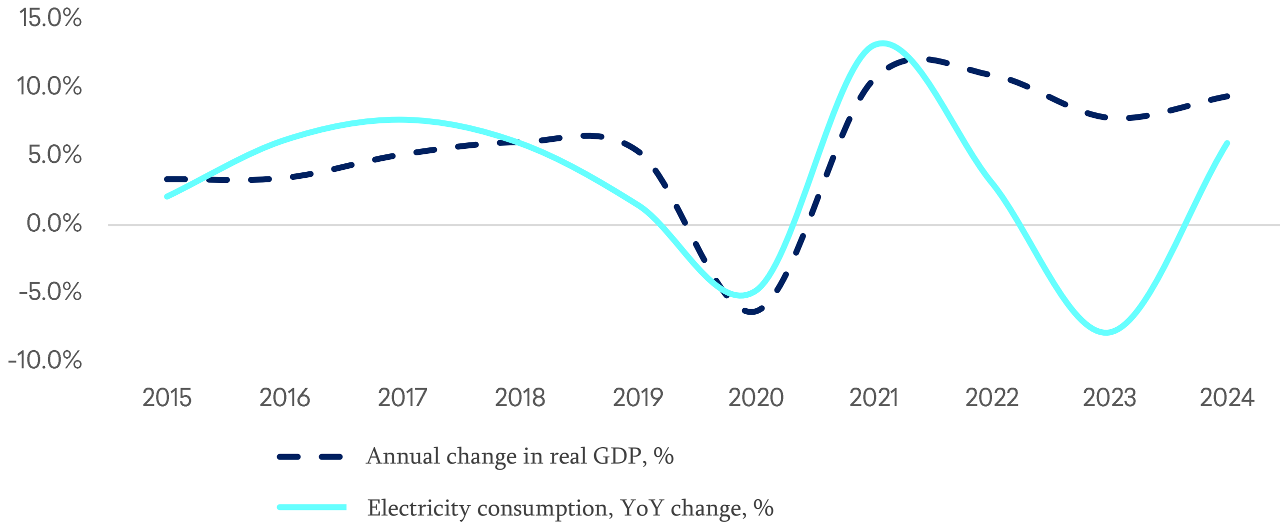
Chart 19: Electricity consumption and generation, TWh



Source: GSE

The annual change in electricity consumption and GDP growth are somewhat correlated. The correlation coefficient between these two time series for 2015-2024 is 0.46.

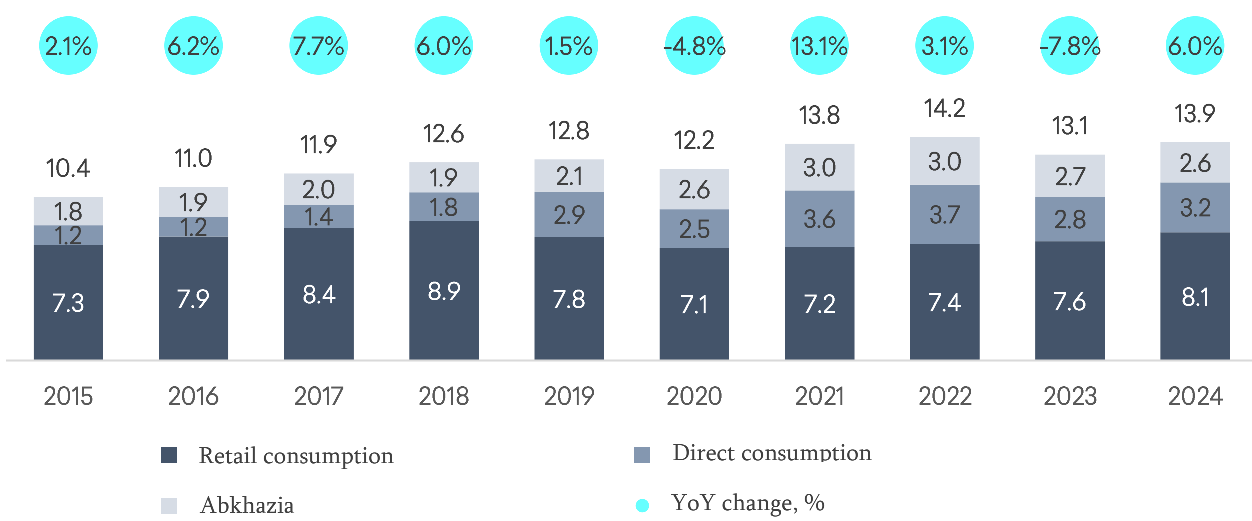
Chart 20: Annual change in real GDP and electricity, %



Source: GNERC, Geostat
Note: GDP growth rate for 2024 is a preliminary estimate by Geostat

In 2024, electricity consumption increased by 6.0% annually and amounted to 13.9 TWh. By consumer groups, the largest group is represented by retail consumers with a share of 58%, the share of direct consumers in consumption was determined at 23%, and the consumption of occupied Abkhazia was up to 19% in consumption. It shall be mentioned that over the past 10 years, electricity consumption decreased by 4.8% in 2020, which was due to the suspended economic activity related to the Covid pandemic. Electricity consumption also decreased by 7.8% annually in 2023, driven by a decline in consumption in the direct consumer category, specifically in the metallurgical sector and companies engaged in crypto mining.

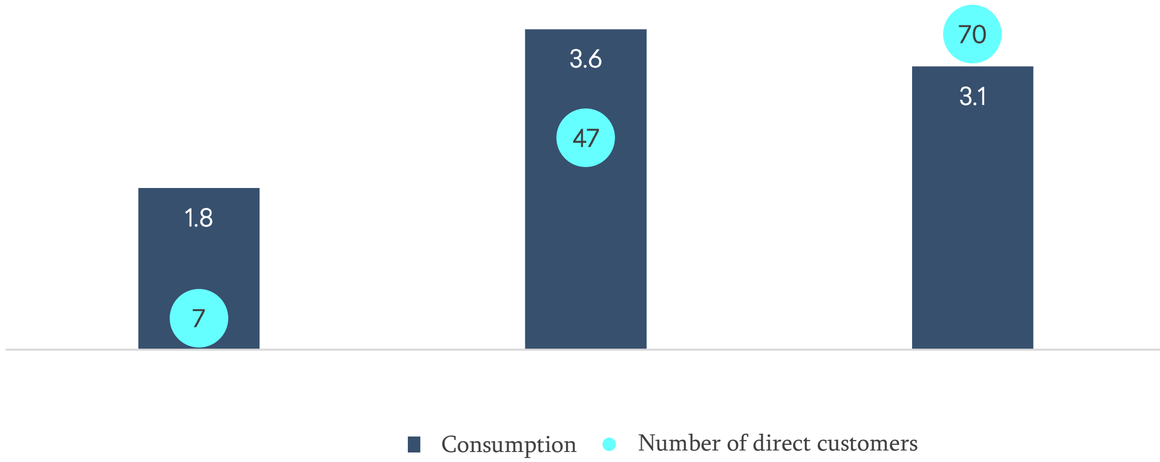
Chart 21: Electricity consumption by main consumer groups, TWh



Source: GNERC

The increase in the number of direct customers in recent years, mainly due to legislative changes, has increased the number of potential buyers for suppliers. From July 2025, registration as direct customers will become mandatory for all customers connected to 35-110 kV and for 6-10 kV subscribers with a monthly consumption of at least 1 GWh, which will further increase the number of potential buyers (Chart 22).

Chart 22: Number of direct customers and consumption, TWh

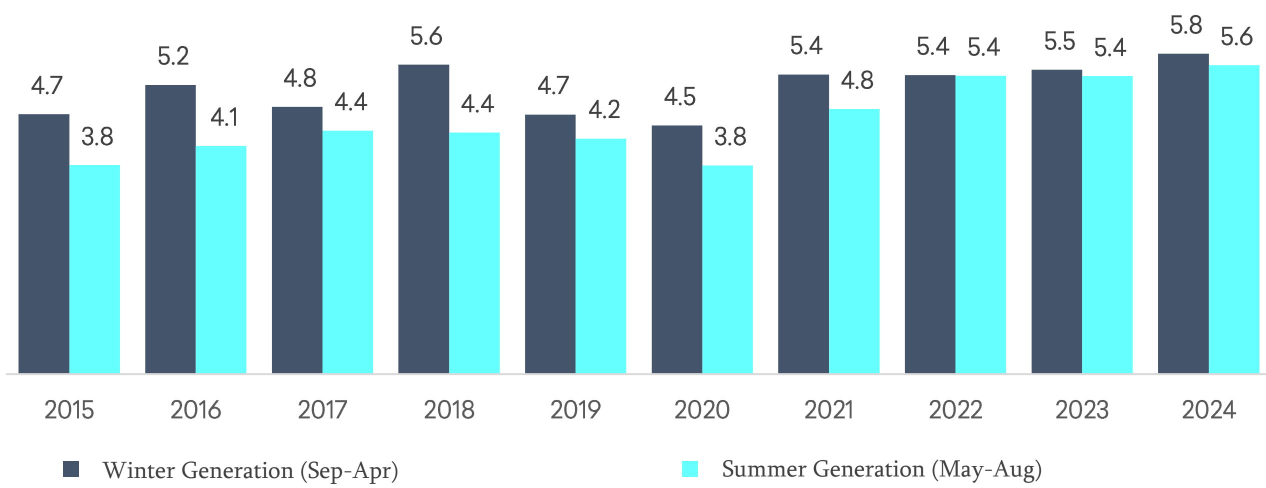


Source: GNERC

Electricity generation and consumption by season

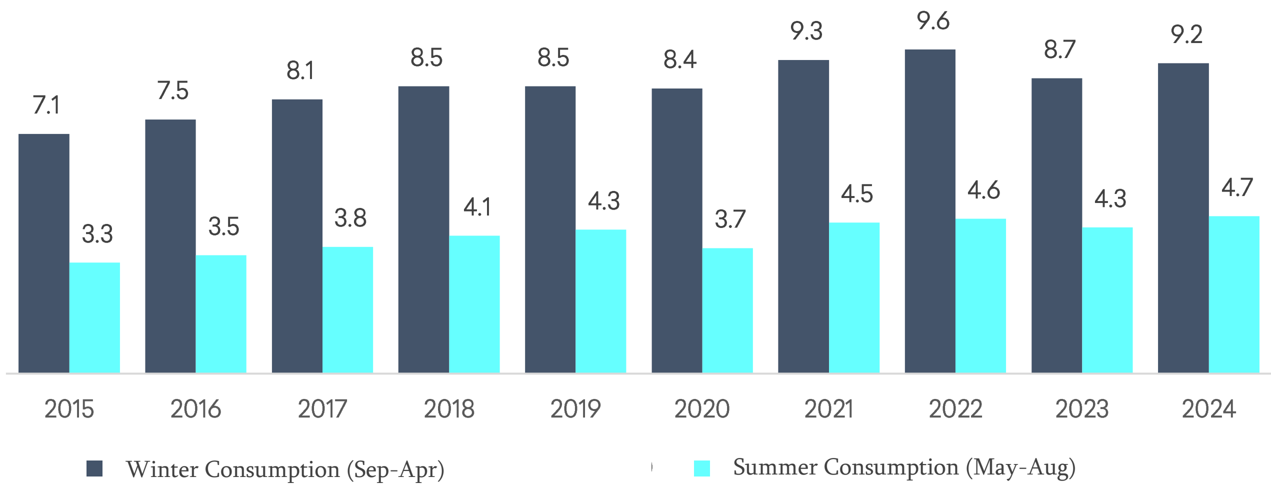
Historically, in the winter months, electricity consumption exceeds hydroelectric generation - which creates the need for thermal power plants and electricity imports. As for the summer months - in this case, the electricity generated by hydroelectric power plants exceeds total consumption, which creates the opportunity for electricity exports.

Chart 23: Electricity generation by hydroelectric power plants by season, TWh



Source: GNERC

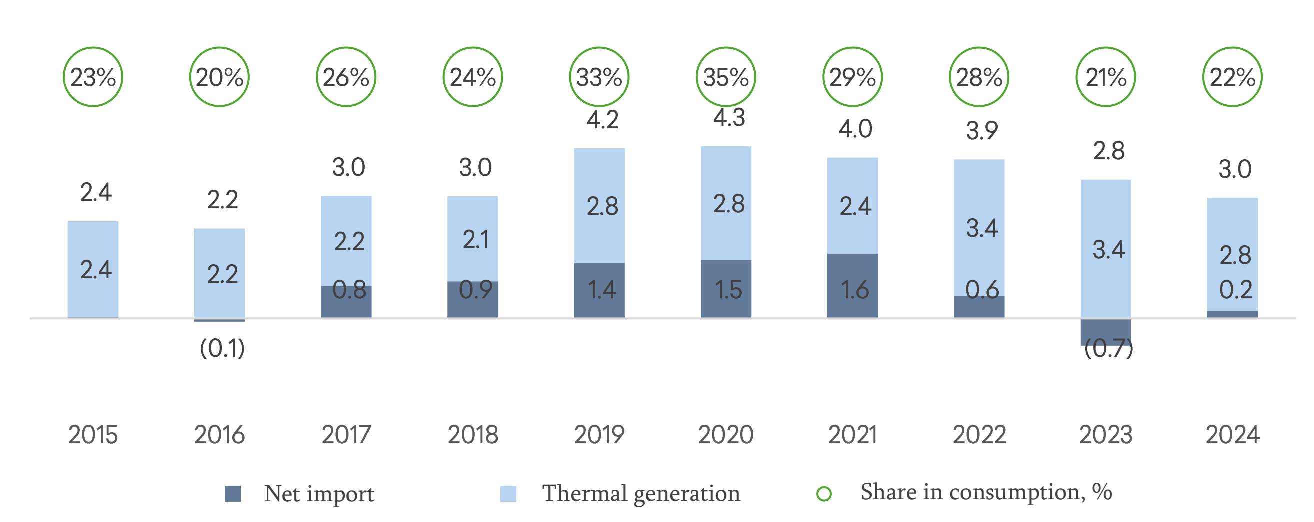
Chart 24: Seasonal electricity consumption, TWh



Source: GNERC

Thermal generation, which in Georgia is entirely represented by natural gas-fired power plants, uses imported natural gas, which, from a macroeconomic perspective, is a drain on financial resources from the country, like imports, and from an energy security perspective, is a dependence on an external source. External dependence, as the sum of thermal generation and net imports, would amount to 22% by 2024 (Chart 25).

Chart 25: Net electricity imports and thermal generation, TWh and share in consumption, %



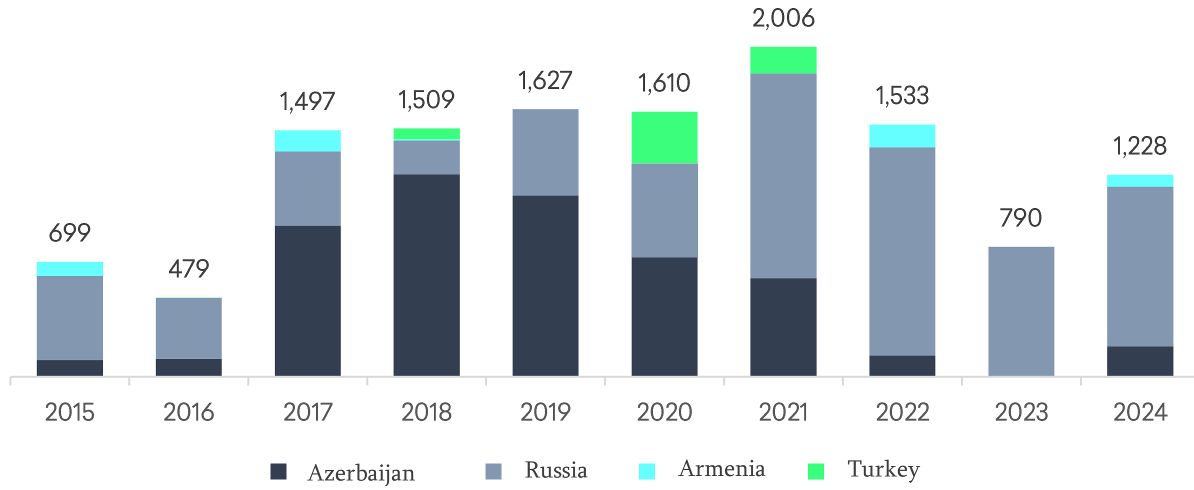
Source: GNERC, TBC Capital

Foreign trade in electricity

Georgia is currently connected to the power systems of all neighboring countries by 500, 400, 330, 220 kV high-voltage lines, which are used both for export-import and transit.

Strengthening interconnection capabilities allows Georgia to choose importers among 4 neighboring countries on commercial terms. Imports are mainly carried out from Russia (both commercial and to meet the needs of occupied Abkhazia), Armenia and Azerbaijan. Electricity imports from Turkey have not been commercial in recent years (Chart 26).

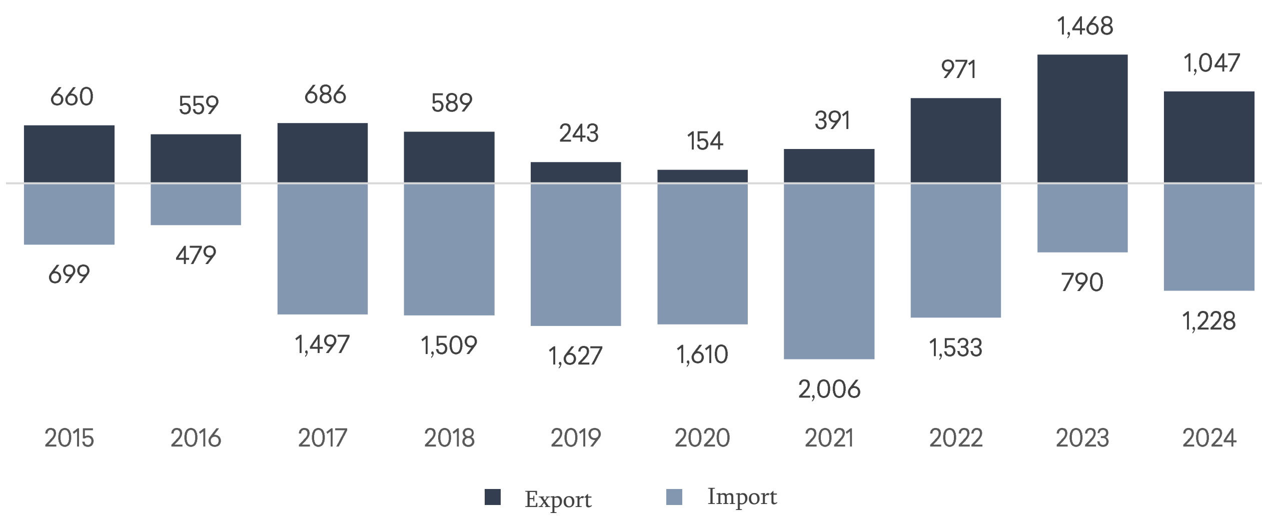
Chart 26: Electricity imports by country, GWh



Source: GNERC

In 2024, a total of 1,228 GWh of electricity was imported, while exports amounted to 1,047 GWh. As a result, the negative trade balance in 2024 amounted to 181 GWh.

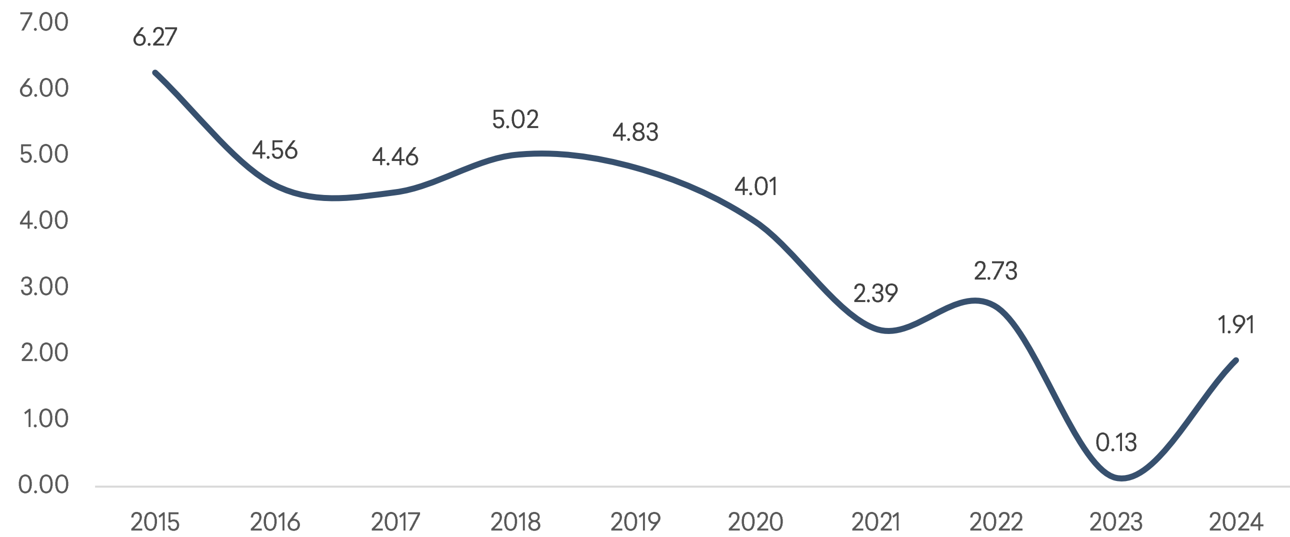
Chart 27: Foreign trade in electricity, GWh



Source: GNERC

Average import prices depend on various external factors and vary from year to year. The recent decline in import prices is due to cheap electricity supplied by Russia, which is intended only to cover the winter deficit of occupied Abkhazia.

Chart 28: Average import price of electricity, (US cents/kWh)

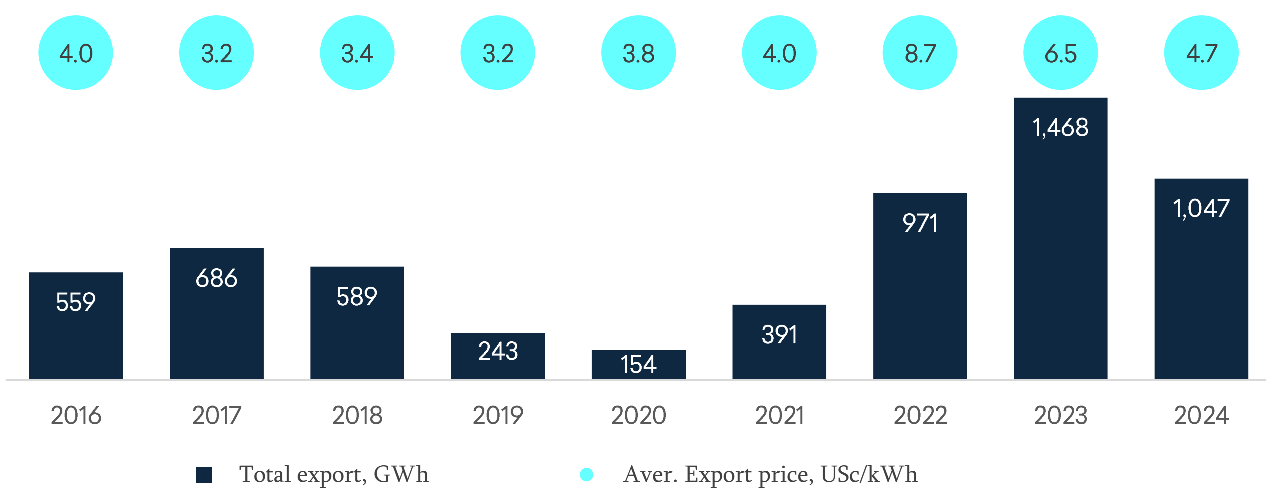


Source: GNERC, Geostat

The main export market for electricity is Turkey, which is facilitated, on the one hand, by strong cross-border trade opportunities, and on the other hand, by the growing demand for energy in the Turkish market. Small and irregular exports are also carried out to Azerbaijan and Armenia. Commercial exports have not been carried out to the Russian Federation for the past 5 years due to the low prices offered.

The total volume of electricity exported in 2024 amounted to 1,047 GWh, which is a decrease of 28.7% year-on-year. As for the average export price in 2024, it was 4.7 US cents (in 2023: 6.5 US cents) (Chart 29).

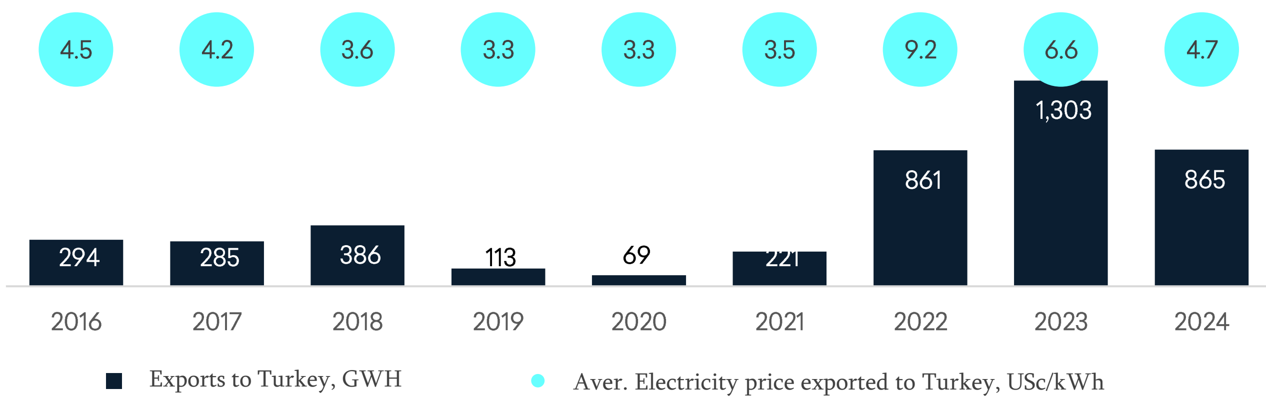
Chart 29: Electricity exports, GWh and average export price, US cents per kWh



Source: GNERC, Geostat

In 2024, electricity exported to Turkey amounted to 865 GWh, a decrease of 33.6% year-on-year. The average price of electricity exported to Turkey was 4.7 US cents per kilowatt-hour in 2024 (2023: 6.6 US cents) (Chart 30).

Chart 30: Electricity exports to Turkey (GWh) and average price of electricity exported to Turkey, US cents per kWh

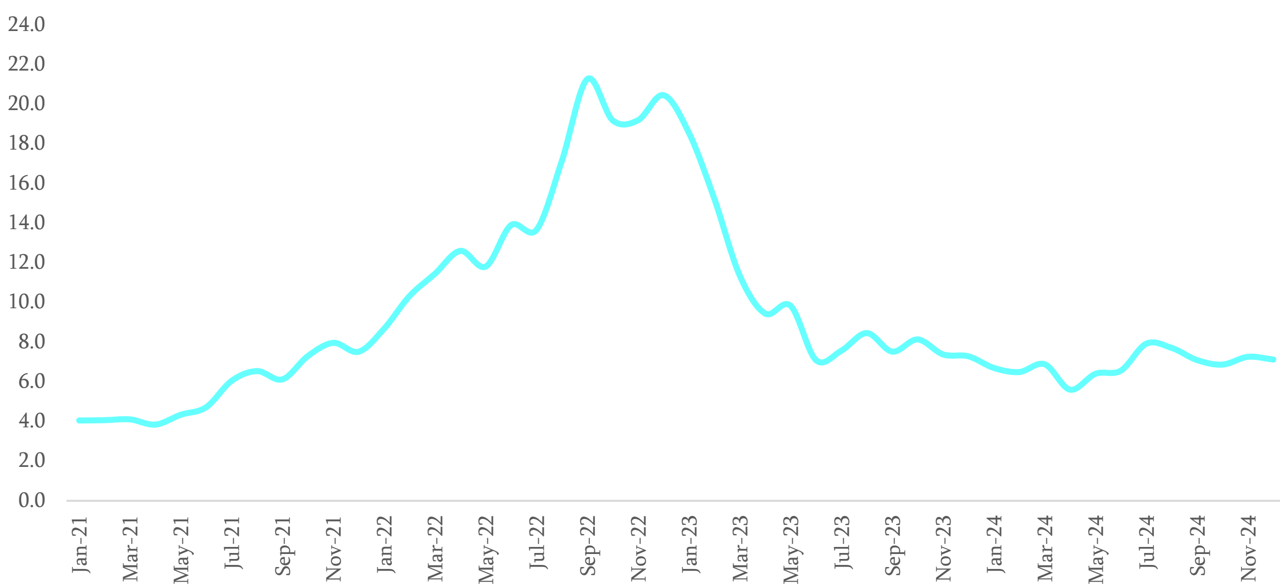


Source: GNERC, Geostat

In 2022, the price of electricity in the Turkish energy market reached a historical maximum of 21.3 US cents per kilowatt-hour. One of the reasons for the price increase was the increase in prices for natural gas, which Turkey uses to meet about a fifth of its electricity generation.

By the end of 2024, prices are relatively stable, although they remain at a higher level compared to 2021 levels (Chart 31).

Chart 31: Average monthly weighted electricity prices in the Turkish market by day, US cents per kWh



Source: EPIAS, National Bank of Georgia

Operating and Financial Review

The review and analysis of the individual financial position and results of operations of the Company includes the full-year audited financial statements for the years ended 31 December 2024 and 2023. Unless otherwise stated, the financial information presented in this review for the periods in question has been extracted from the financial statements of the Issuer. This section should be read in conjunction with the financial statements and the notes thereto, as well as the other financial information provided in the Prospectus.

The Issuer's subsidiary is immaterial, both individually and in the aggregate, and the differences between the individual and consolidated financial statements and the individual and consolidated management statements are also immaterial.

Basis of preparation of financial statements

The audited financial statements of the Issuer for the years 2024 and 2023 have been prepared in accordance with the going concern basis of accounting and International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB). The financial statements have been prepared under the historical cost convention, unless otherwise stated in the accounting policies.

The audited financial statements for the years 2024 and 2023 are **unmodified**.

Table 14: Statement of profit or loss and other comprehensive income

	2024	**2023**
GEL	Audited	Audited
Revenue	10,994,346	11,694,309
COGS	(3,038,803)	(2,745,947)
Gross Profit	**7,955,543**	**8,948,362**
Administrative expenses	(2,567,033)	(2,743,419)
Interest expenses	(4,743,578)	(5,209,332)
Net gain from exchange rate difference	(2,000,535)	290,521
Other non-operating income/(expense)	(137,228)	43,735
Profit/(loss) before tax	**(1,492,831)**	**1,329,867**
Income tax	(201,428)	(149,756)
Total Comprehensive Profit	**(1,694,259)**	**1,180,111**
Other comprehensive income		
Other comprehensive income	-	-
Total comprehensive income for the year	**(1,694,259)**	**1,180,111**

Revenue

On September 30, 2020 and August 9, 2021, an agreement was signed between Energy Development Georgia LLC and JSC Electric Power System Commercial Operator (ESCO) on guaranteed purchase of electricity in the winter months. The agreements are valid for 10 years from the date of commencement of commercial operation. The winter months include: January, February, March, April, September, October, November, December. In the spring and summer months, the company has not signed guaranteed sales agreements, and accordingly sells electricity in both local and foreign markets. The company has signed PPA for only two HPPs - Sashuala 2 and Sashuala 1, and the third, Sashuala HPP, sells electricity under a direct contract. See Figure 32 and Figure 33 for the distribution of revenues by HPP and customer.

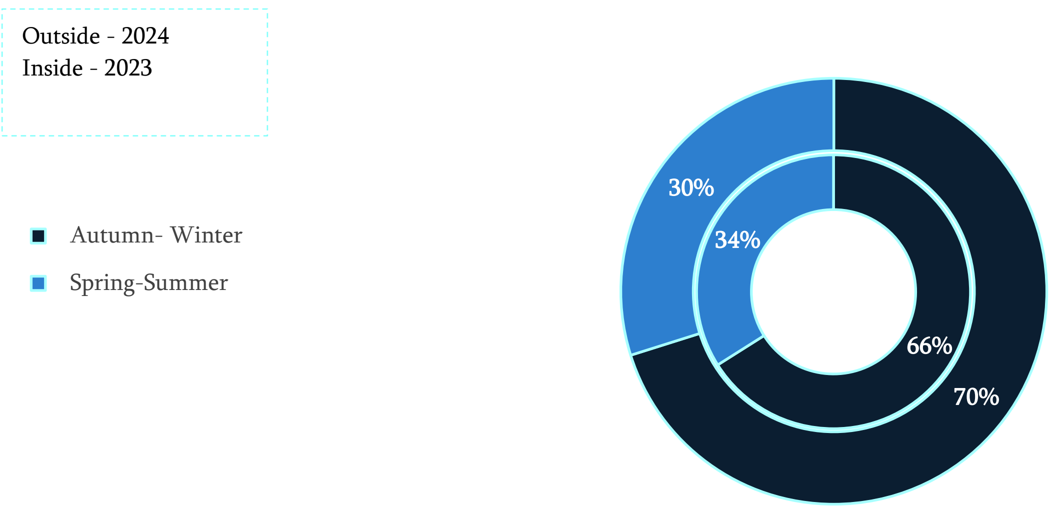
During 2024, the company's revenue decreased by 6.0% and amounted to GEL 10,994 thousand. This decrease is due to both a 5.2% decrease in generation during the year due to poor hydrological conditions, as well as a decrease in the average annual tariff (2024: 5.66 US cents per 1 kWh; 2023: 5.95 US cents per 1 kWh). It should also be noted that the company receives revenue in dollars and if it were not for the increase in the average exchange rate of the USD against the GEL during 2024 (2024: 2.6879 2023: 2.6279), the company's revenue would have decreased by 9.7% (instead of 6.0%). The company's generated revenues are distributed as follows: 70.1% and 29.9%, respectively, during the fall-winter and spring-summer seasons.

During 2023, the company's revenues increased by 37.3% and amounted to GEL 11,694 thousand. The increase was due to both a 47.5% increase in total generation and an increase in the annual average tariff (2023: 5.95 US cents per 1 kWh; 2022: 5.60 US cents per 1 kWh). It is worth noting that 2023 was distinguished by good hydrology compared to previous years, which was also reflected in the increase in generation. In addition, if it were not for the decrease in the average exchange rate of the dollar against the GEL during 2023 (2023: 2.6279; 2022: 2.9156), the company's revenues would have increased by 56.7%. During 2023, revenue from electricity sales was distributed as follows in the autumn-winter and spring-summer seasons: 66.0% and 34.0%, respectively.

Table 15: Distribution of revenue by season

GEL	2024	2023
Autumn-Winter Months	7,711,858	7,722,655
Spring-Summer Months	3,282,488	3,971,654
Other Sales	-	-
Total Revenues	**10,994,346**	**11,694,309**

Chart 32: Seasonal distribution of income from electricity sales, %



Information on electricity generation and sales prices is presented below:

Table 16: Information on electricity sales and tariffs

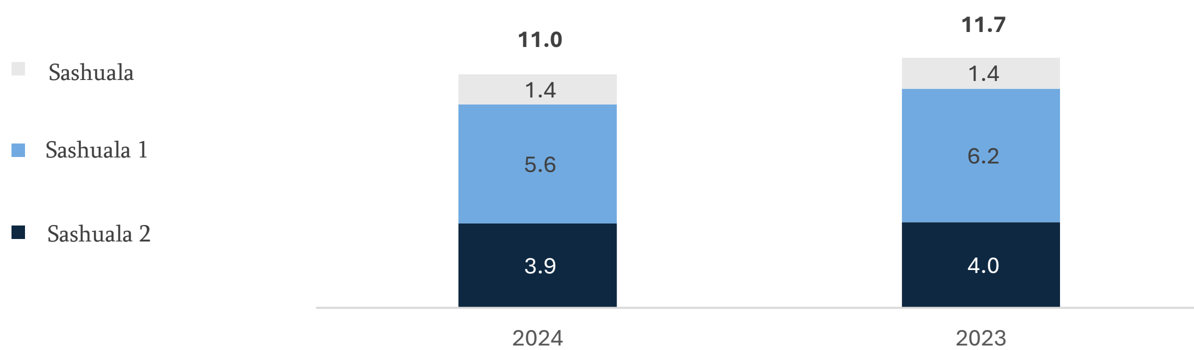
GEL	2024	2023
Revenue from electricity sales	10,994,346	11,694,309
Total generation (kWh)	71,062,893	74,926,753

Annual average price per kWh, Georgian tetri	15.47	15.61
Annual average price per kWh, US cents	5.66	5.95

During 2024, 51% of revenues were generated by Sashuala 1, which has been operating for the longest time and exceeds Sashuala 2 and Sashuala HPPs in both annual generation and installed capacity. In addition, the year-on-year decrease in revenues is mainly due to a 10.4% decrease in revenues from Sashuala 1. During the same period, revenues from ESCO accounted for 62% of the company's electricity sales revenue, which increased by 1.8% year-on-year. During 2024, export revenues decreased by 21.8% and accounted for 16% of electricity sales revenue.

During 2023, 53% of revenues were generated by Sashuala 1, while the revenues of this HPP increased by 27.8% year-on-year. In the same year, the third, Sashuala HPP was launched - which generated 12% of revenues. In 2023, 58% of revenues from electricity sales were from ESCO, and 20% were from export revenues, which recorded the largest increase during the year (49% of total revenue growth) - this was due to high export prices in 2023 and the export of electricity generated by the company due to excess generation.

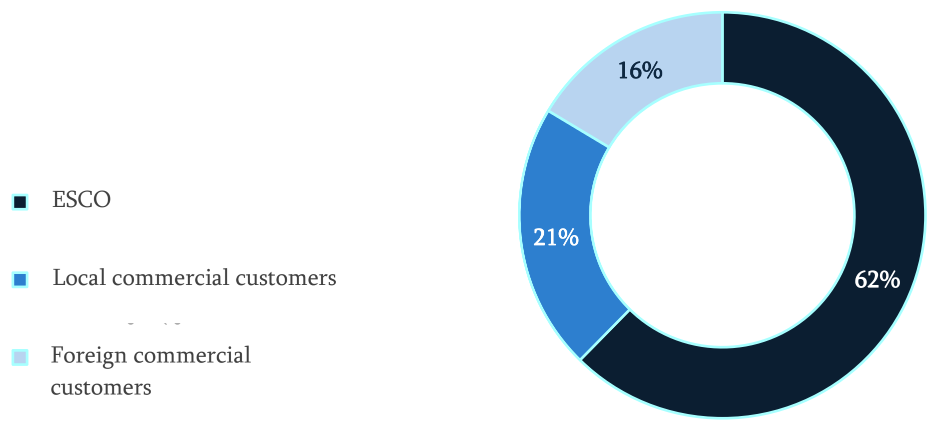
Chart 33: Revenue from electricity sales by HPP, million GEL



Exports account for 16% of the company's electricity sales revenue in 2024. Compared to the previous year, the volume of electricity exported decreased by 15.7% and the tariff by 12.5% (average export price in 2024: 5.77 US cents; 2023: 6.60 US cents). In total, taking into account the decrease in export volume, the decrease in the average export price and the exchange rate effect, export revenues in 2024 decreased by 21.8% (in 2024: 1,802 thousand GEL; 2023: 2,306 thousand GEL).

Exports account for 20% of the company's electricity sales revenue in 2023. Year-on-year, the volume of electricity exported increased by 273.4% and the tariff by 6.4% (average export price in 2023: 6.60 US cents; 2022: 6.20 US cents). In total, taking into account the increase in export volume, the increase in the average export price and the exchange rate effect - during 2023, export revenues increased by 255.7% (in 2023: 2,306 thousand GEL; 2022: 648 thousand GEL).

Chart 34: Distribution of revenue from electricity sales by consumers, %



COGS

During 2024, the Company's COGS increased by 10.7% compared to the previous year and amounted to 3,039 thousand GEL. The increase was mainly due to the write-off of inventories. During 2024, the company wrote off inventories worth 388 thousand GEL in accordance with the ongoing repair of hydropower plants, in particular, it wrote off parts of hydro turbines and a transformer.

During 2023, the Company's COGS increased by 27.4% compared to the previous similar period and amounted to 2,746 thousand GEL. The increase was mainly due to a 218.8% increase in the electricity transmission commission, which is related to the export of electricity to Turkey in 2023. During the period, salary and depreciation expenses increased by 97.2% and 14.6%, respectively. The increase in these expenses is related to the commissioning of the third intermediate HPP. In addition to the addition of the third intermediate HPP, the increase in wage costs during 2023 was also caused by an increase in average wages paid to employees.

Table 17: Cost of electricity sales by components

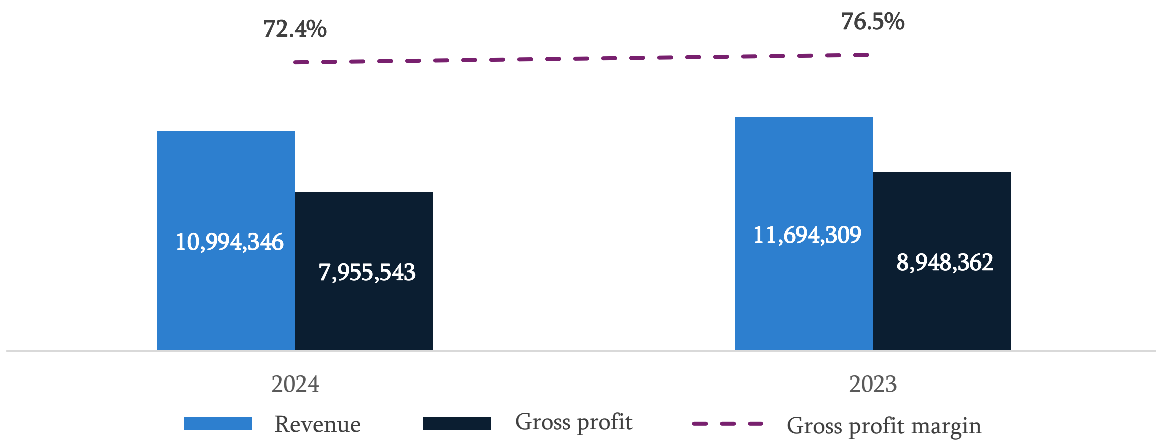
GEL	**2024**	**2023**
Cost of sales of electricity	**3,038,803**	**2,745,947**
Depreciation expense	1,733,980	1,700,033
Electricity transmission commission expense	436,042	464,382
Wage expense	398,480	467,294
Regulation expense	38,525	35,083
Inventory write-off	387,923	-
Other operating expense	43,853	79,155
Other cost of sales	**-**	**-**
Raw materials and supplies sold	-	-
Total cost of sales	**3,038,803**	**2,745,947**

Total profit

During 2024, the Company's total profit amounted to 7,956 thousand GEL, which is a decrease of 11.1% compared to the same period of the previous year. The decrease was caused by both a 6.0% decrease in revenues and a 10.7% increase in cost of goods sold. During the same period, the company's total profit margin was 72.4%, which is a deterioration of 4.2 percentage points compared to the previous year.

During 2023, the Company's total profit amounted to 8,948 thousand GEL, which is an increase of 40.7% compared to the previous year. The increase was mainly due to the rapid growth of revenues above cost of goods sold. During the same period, the company's total profit margin was 76.5%, which is an improvement of 1.8 percentage points compared to the previous year.

Chart 35: Gross profit and Gross profit margin, GEL



Administrative expenses

During 2024, the Company's administrative expenses amounted to 2,567 thousand GEL, which is a 6.4% year-on-year decrease. The decrease is mainly due to a 48.3% decrease in tax expenses (see the paragraph below, explanation of tax expenses for 2023). During the same year, labor compensation increased by 81.8%, which is related to both the increased number of employees and increased compensation for management.

During 2023, the Company's administrative expenses amounted to 2,743 thousand GEL, which is a 140.4% year-on-year increase. The increase is mainly due to the tax expense accrued during 2023 - in the amount of 1,324 thousand GEL, of which property tax expense for the corresponding period of 2023 is 698 thousand GEL and for the corresponding period of 2022 - 626 thousand GEL. The recognition of two years' worth of tax expense in 2023 was due to the property tax for 2022 not being recorded in the corresponding period. Given the immateriality of the amount, the expense was recognized in 2023.

In 2023, 80.9% of the increase in administrative expenses was due to an increase in tax expenses. In addition to tax expenses, service and labor expenses increased by 82.3% and 33.8%, respectively. The increase in service expenses is mainly due to the costs required to issue bonds during 2023, while the increase in labor expenses is related to the commissioning of the third intermediate HPP and an increase in employee salaries.

Table 18: Structure of administrative expenses

GEL	**2024**	**2023**
Service Expense	578,318	668,897
Labor Compensation	922,512	507,510
Advance Payment Write-off	-	-
Repair and Repair Expense	77,226	-
Fuel Expense	79,931	117,930
Tax Expense	684,599	1,323,951
Rent Expense	68,077	8,521
Insurance Expense	110,115	77,963
Office Expense	19,060	10,725
Other Expense	27,195	27,922

Total Administrative Expense	**2,567,033**	**2,743,419**

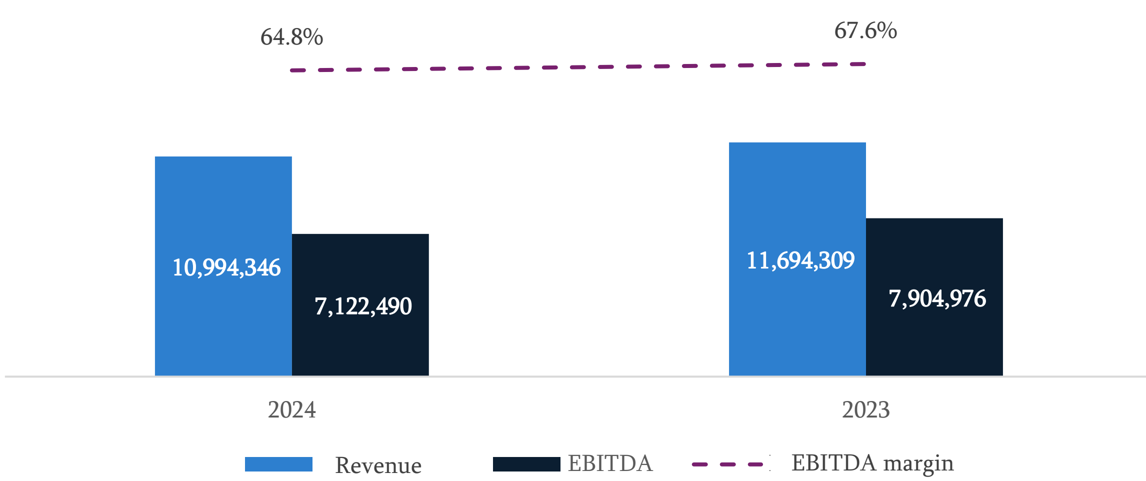
Table 19: EBITDA calculation for 2023 and 2024

GEL	2024	2023
Total profit	7,955,543	8,948,362
Administrative expenses	(2,567,033)	(2,743,419)
Depreciation expense	1,733,980	1,700,033
EBITDA	**7,122,490**	**7,904,976**

During 2024, the Company's EBITDA (gross profit less administrative expenses and added depreciation expense) decreased by 9.9% and amounted to 7,123 thousand GEL, while the EBITDA margin was 64.8%, which is a deterioration of 2.8 percentage points compared to the previous year. The main reason for the decrease in the EBITDA margin was a 10.7% increase in cost.

In 2023, the Company's EBITDA increased by 17.9% and amounted to 7,905 thousand GEL, while the EBITDA margin was 67.6%, which is a deterioration of 11.1 percentage points compared to the previous similar period. The main reason for the decrease in the EBITDA margin was a 140.5% increase in administrative expenses.

Chart 36: Company's revenue, EBITDA and EBITDA margin, GEL



Interest Expenses

The Company's interest expense includes interest expense accrued on lease liabilities, bank loans, related party loans and bonds.

During 2024, the Company's interest expense amounted to GEL 4,744 thousand, which is a year-on-year decrease of 8.9%. The decrease in interest expense is related to the refinancing of loans with bonds at a lower interest rate.

During 2023, the Company's interest expense amounted to GEL 5,209 thousand, which is a year-on-year increase of 28.9%. The increase is related to the increased interest rates during the period.

Gain/Loss from Exchange Rate Difference

As of December 31, 2024, the USD exchange rate was 2.8068 (as of December 31, 2023, 2.6894). As a result of the above exchange rate changes, the Company's exchange rate loss during 2024 amounted to 2,001 thousand

GEL, of which 1,533 thousand GEL is exchange rate loss arising from loans received and 480 thousand GEL - from trade and accounts payable.

As of December 31, 2023, the dollar exchange rate was equal to 2.6894 (as of December 31, 2022, 2.7020), as a result of the aforementioned exchange rate change, the profit from the exchange rate difference during 2023 amounted to 291 thousand GEL, which is a 96.1% decrease compared to the previous year. The reason for the decrease in net profit/loss from the exchange rate difference is the lower volatility of the dollar exchange rate in which the Company carries out certain transactions. It is worth noting that as of December 31, 2023, the Company had a current liability to TBC Leasing and an interest liability accrued on bonds in the amount of 89,310 and 53,029 GEL, respectively. As a result of an accounting error, the above balances were written off and incorrectly reflected in the net gain/(loss) from foreign exchange differences. As a result, the foreign exchange gain increased and the interest liability decreased. If not for the above transfer, the foreign exchange gain/loss for 2023 would have been GEL 148,182. *For additional information, see Capitalization and Indebtedness*.

Other non-operating income/(expense)

Other non-operating income/(expense) includes income from compensation for damages, conversion commission expenses, charitable expenses, gains/losses from the sale and write-off of basic income and other non-operating income/(expenses).

During 2024, the Company's other non-operating income/(expenses) decreased by 413.8% and amounted to negative 137 thousand GEL. The decrease was mainly due to a 79.2% decrease in other non-operating income - in particular, in 2023 the Company received a grant in the amount of 140,505 GEL, which was not repeated in 2024. The aforementioned grant represented the financing of the Company's bond issuance costs by the EBRD. Also, in 2024, the company wrote off the liability of GEL 137,429 towards the National Agency of State Property, which was previously reflected in the company's accounting, but subsequently, as a result of a review of the relevant documentation, it was no longer considered a payment amount.

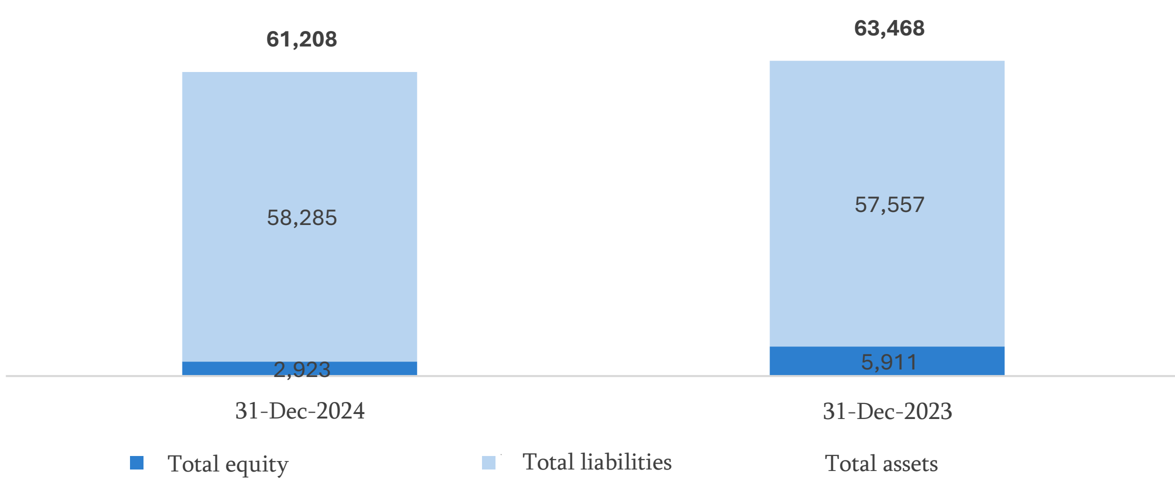
During 2023, the company's other non-operating income/(expenses) decreased by 96.3% and amounted to GEL 44 thousand. The decrease is mainly due to a one-time high figure in 2022 - namely, in 2022, the company received compensation for damage in the amount of GEL 1,830 thousand from the insurance company GPI Holding, which related to compensation for damage caused by the flood that occurred on July 16, 2022. No precedent for such compensation was recorded during 2023.

Table 20: Statement of Financial Position

	31 December 2024	**31 December 2023**
GEL	Unaudited	Unaudited
Assets		
Long-term assets		
Fixed assets	58,845,854	60,065,049
Right-of-use assets	581,533	594,846
Total long-term assets	**59,427,387**	**60,659,895**
Short-Term assets		
Inventories	445,755	438,069
Advances paid	85,728	550,707
Loans granted	5,474	-
Trade receivables	843,190	1,282,267
Taxable assets, net	71,648	-
Cash and cash equivalents	328,497	536,814
Total short-term assets	**1,780,292**	**2,807,857**

Total assets	**61,207,679**	**63,467,752**
Equity		
Equity	89,691	89,691
Retained Earnings	2,832,844	5,821,117
Total Equity	**2,922,535**	**5,910,808**
Liabilities		
Lease liabilities	647,578	648,238
Borrowings received	27,984,706	54,674,143
Total long-term liabilities	**28,632,284**	**55,322,381**
Current Liabilities		
Trade and Accounts Payable	134,215	123,626
Lease Liabilities	660	593
Tax Liabilities	-	20,993
Borrowings Received	29,517,985	2,089,351
Total Current Liabilities	**29,652,860**	**2,234,563**
Total Liabilities	**58,285,144**	**57,556,944**
Total Equity and Liabilities	**61,207,679**	**63,467,752**

Chart 37: Company's total assets, total liabilities and equity, thousand GEL



Total assets

As of December 31, 2024, the Company's assets decreased by 2.0% to 59,427 thousand GEL. The decrease was mainly due to depreciation of fixed assets. 96% of the Company's assets are fixed assets, the share of which in total assets increased by 1 percentage point compared to December 31, 2023.

As of December 31, 2023, the Company's assets decreased by 0.2% and amounted to 63,468 thousand GEL. The decrease was mainly due to depreciation of fixed assets, the share of which in total assets is 95% and decreased by 2 percentage points year on year.

Fixed assets

The Company's fixed assets include land, hydroelectric power plants, vehicles, construction in progress and other fixed assets. Fixed assets are initially recorded at cost. After initial recognition, fixed assets should be carried at cost less accumulated depreciation and impairment losses. Minor repairs and maintenance costs are charged to production. The cost of replacing major parts or components is capitalized.

Table 21: Structure of fixed assets by asset type

Thousand GEL	**2024**	**2023**
Land plots	62	62
Buildings	295	-
Hydroelectric power plants	56,771	58,341
Vehicles	1,354	1,407
Unfinished construction	-	-
Other	363	255
Total	58,846	60,065

As of December 31, 2024, fixed assets decreased by 2.0% and amounted to 58,846 thousand GEL. During 2024, the Company added/acquired fixed assets worth 522 thousand GEL and wrote off/sold 33 thousand GEL.

As of December 31, 2023, fixed assets decreased by 2.3% and amounted to 60,065 thousand GEL. During 2023, the Company purchased fixed assets worth 12 thousand GEL, sold fixed assets worth 56 thousand GEL and made additional capital expenditures on fixed assets worth 302 thousand GEL. On July 6, 2023, the Third Intermediate HPP was put into operation.

Most of the fixed assets are pledged as collateral within the framework of the loan agreement. *For more information on this, see the "Capitalization and Indebtedness".*

Right to Use Asset

The Company has signed a superficies agreement with the LEPL-National Agency for State Property, which provides for the temporary use of state-owned lands for the purposes of construction and operation of Sashuala HPP, Sashuala HPP 1 and Sashuala HPP 2. The term of the agreement is 49 years. *For additional information on the remaining term, see the Information on Material Agreements.*

As of December 31, 2024, the right to use assets on the Company's balance sheet amounted to 582 thousand GEL and decreased by 2.2% year-on-year, which is due to depreciation expense.

As of December 31, 2023, the right to use assets on the company's balance sheet amounted to 595 thousand GEL and decreased by 2.2% year-on-year, which is due to depreciation expense.

Trade receivables

The trade receivables on the company's balance sheet represent a claim against the electricity market operator, ESCO.

As of December 31, 2024, the trade receivables from ESCO decreased by 34.2% year-on-year to 843 thousand GEL.

As of December 31, 2023, the trade receivables from ESCO increased by 79.2% year-on-year to 1,282 thousand GEL, which is due to increased generation and, accordingly, increased trade demand.

Advances paid

Advances paid on the Company's balance sheet represent amounts paid in advance to foreign and local suppliers for the purchase of spare parts for hydroelectric power plants.

As of December 31, 2024, advances paid decreased by 84.4% and amounted to 86 thousand GEL. The decrease is due to the service received from a foreign supplier, the corresponding advance payment of which was paid by the Company in 2023.

As of December 31, 2023, advances paid increased approximately 16 times and amounted to 551 thousand GEL. The increase is due to advances paid to foreign suppliers, as a result of which the supplier was supposed to supply the Company with hydro turbines and transformers.

Inventories

Inventories on the company's balance sheet include spare parts, materials and fuel.

As of December 31, 2024, inventories increased by 1.8% and amounted to 446 thousand GEL. The increase is mainly due to the purchase of spare parts.

As of December 31, 2023, inventories increased by 62 times and amounted to 438 thousand GEL. The reason for this increase is the increase in spare parts by 387 thousand GEL.

In 2024 and 2023, the company purchased European brand hydro turbine parts and a transformer - which are classified as spare parts.

Cash and cash equivalents

Cash and cash equivalents on the Company's balance sheet represent cash placed in a current account with a resident bank.

As of December 31, 2024, cash and cash equivalents on the Company's balance sheet amounted to GEL 329 thousand, which is a decrease of 38.8% compared to the corresponding period of the previous year.

As of December 31, 2023, cash and cash equivalents on the Company's balance sheet amounted to GEL 537 thousand, which is a 6-fold increase compared to the corresponding period of the previous year.

Total liabilities

The Company's total liabilities include loans received, lease liabilities, trade and creditor debts and other tax liabilities.

As of December 31, 2024, the Company's total liabilities increased by 1.3% and amounted to GEL 58,285 thousand. The share of loans received in total liabilities is 99%, which is an increase of 0.04 percentage points compared to the corresponding period of the previous year.

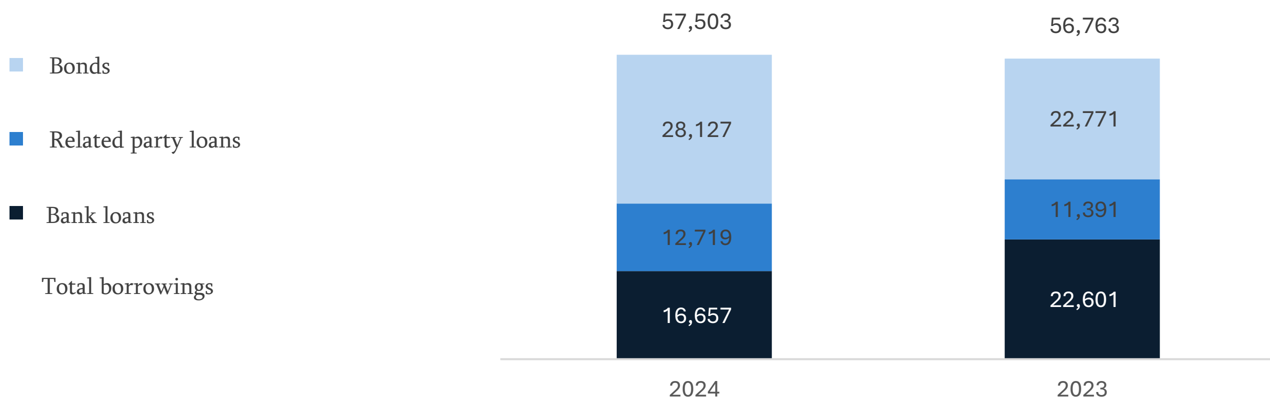
As of December 31, 2023, the company's total liabilities decreased by 0.7% and amounted to 57,557 thousand GEL. The share of loans received in total liabilities is 99%, which is an increase of 0.7 percentage points compared to the previous similar period.

Borrowings

The Company's balance sheet includes loans from a local commercial bank, bonds and loans from related parties:

- Loans from a commercial bank - The Company's bank loans are from JSC TBC Bank;
- Bonds - The Company issued unsubordinated unsecured bonds on June 22, 2023;
- Loans from related parties - The Company has loans from related parties, IG Development Georgia LLC (ID 404851503) and Magic City LLC (ID 405364895). Some of these loans are subordinated to the Bonds. *See "Capitalization and Indebtedness", "Terms and Conditions", "Restricted Payments" (2.6.1.k) and "Subordination" (2.6.1.o) subsections*.

Chart 38: Distribution of the Company's Interest-Bearing Loans by Loan Type, in thousand GEL



As of December 31, 2024, the amount of loans received increased by 1.3% and amounted to 57,503 thousand GEL. During the year, the company increased its debt by 4,640 thousand GEL and repaid its debt by 6,159 thousand GEL. The majority of the increased debt, 4,400 thousand GEL, was related to the bond issue, which was used to refinance existing loans.

As of December 31, 2023, the amount of loans received decreased by 0.1% and amounted to 56,764 thousand GEL. During the year, the company increased its debt by 22,814 thousand GEL and repaid its debt by 22,953 thousand GEL. The majority of the above-mentioned amounts, 22,776 thousand GEL, is related to the bond issue, which was used to refinance bank loans.

Table 22: Movement of loan principal and interest by periods

GEL	**Loan principal movement**
As of December 31, 2022	**52,499,820**
Borrowings Received	22,813,856
Borrowings Repaid	(22,952,847)
Effect of Exchange Rate Difference	331,775
As of December 31, 2023	**52,692,604**
Borrowings Received	4,640,019
Borrowings Repaid	(6,159,024)
Effect of Exchange Rate Difference	1,413,929
As of December 31, 2024	**52,587,528**

GEL	**Loan interest movement**
As of December 31, 2022	**4,296,605**
Interest Expense	5,132,571
Interest Paid	(5,116,613)
Effect of Exchange Rate Difference	(241,673)
As of December 31, 2023	**4,070,890**
Interest Expense	4,666,877
Interest Paid	(3,942,055)
Effect of Exchange Rate Difference	119,451

As of December 31, 2024	**4,915,163**

For more detailed information on the Company's loans and bonds, see "Capitalization and Indebtedness"

Lease Liabilities

The lease liabilities on the Company's balance sheet arise from the lease agreement concluded with the National Agency for State Property, which provides for the temporary use of state-owned lands for the purposes of the construction and operation of Sashuala HPP, Sashuala HPP 1 and Sashuala HPP 2. The term of the agreement is 49 years. For additional information on the remaining term, see Information on Material Agreements.

As of December 31, 2024, lease liabilities decreased by 0.1% compared to the previous similar period and amounted to GEL 648 thousand.

As of December 31, 2023, lease liabilities decreased by 0.1% compared to the previous similar period and amounted to 649 thousand GEL.

Trade and accounts payable

Trade and accounts payable on the Company's balance sheet represent debts to suppliers,

As of December 31, 2024, trade and accounts payable increased by 8.6% compared to the previous similar period to 134 thousand GEL. The increase is due to dividends payable, which amounted to 36 thousand GEL as of December 31, 2024.

As of December 31, 2023, trade and accounts payable decreased by 77.0% compared to the previous similar period and amounted to 124 thousand GEL. The decrease is due to the amount paid to suppliers.

Total capital

The Company's authorized capital is 89 thousand GEL.

As of December 31, 2024, the Company's total capital decreased by 50.6% and amounted to 2,923 thousand GEL. The decrease is due to accumulated losses during the period and dividends issued. During 2024, the Company's loss amounted to negative 1,694 thousand GEL, and during the same period, the company declared and distributed a dividend of 1,294 thousand GEL among the founders.

As of December 31, 2023, the Company's total capital increased by 5.9% and amounted to 5,911 thousand GEL. The increase is due to accumulated net profit during the period. During 2023, the Company generated a profit of 1,180 thousand GEL, and declared and distributed a dividend of 849 thousand GEL among the founders.

Table 23: Statement of changes in equity

GEL	Authorized capital	Retained earnings/(accumulated losses)	Total capital
Balance as of January 1, 2023	**89,691**	**5,489,623**	**5,579,314**
Total comprehensive income for the year	-	1,180,111	1,180,111
Dividend paid	-	(848,617)	(848,617)
Balance as of December 31, 2023	**89,691**	**5,821,117**	**5,910,808**
Total comprehensive income for the year	-	(1,694,259)	(1,694,259)
Dividend paid	-	(1,294,014)	(1,294,014)
Balance as of December 31, 2024	**89,691**	**5,821,117**	**5,910,808**

The Company's equity has increased over historical periods as a result of the generated net profit and, accordingly, based on the growth of retained earnings, and has decreased by the amount of dividends paid (if any).

On October 16, 2024, Green Energy Holding LLC became a shareholder of the Company, whose owners are: Mindia Sabanadze - 95%, Giorgi Shukakidze - 3% and David Khachidze - 2%.

Table 24: Statement of cash flows

	2024	**2023**
GEL	Audited	Audited
Cash flow from operating activities		
Net profit for the year	(1,492,831)	1,329,867
Adjustments:		
Depreciation	1,733,979	1,700,033
Net gain from exchange rate differences	2,000,535	(290,521)
Interest expense	4,743,578	5,209,332
Interest income	(12,074)	-
Depreciation of fixed assets	-	401
Changes in operating assets and liabilities:		
(Increase)/decrease in trade receivables	416,653	(582,373)
(Increase)/decrease in advances paid	464,979	(516,403)
(Increase)/decrease in inventories	(7,686)	(431,030)
(Increase)/decrease in trade and accounts payable	(469,311)	(32,134)
(Increase)/decrease in tax assets	(92,641)	634,519
Total change in operating assets and liabilities	**7,285,181**	**7,021,691**
Interest paid	(3,942,055)	(5,116,613)
Interest received	11,600	-
Income tax paid	(201,428)	(149,756)
Net cash generated from operating activities	**3,153,298**	**1,755,322**
Cash flows from investing activities		
Purchase of fixed assets		
Borrowings	(521,995)	(12,845)
Sale of fixed assets	(5,000)	-
Capital expenditure on fixed assets	20,524	56,001
Net cash used in investing activities	-	(301,943)
Total change in operating assets and liabilities	**(506,471)**	**(258,787)**
Cash flows from financing activities		
Borrowings received	4,640,019	22,813,856
Dividends paid	(1,294,014)	(848,617)
Repayment of loans	(6,159,024)	(22,952,847)
Repayment of lease liabilities	(77,294)	(77,294)
Net cash flows from financing activities	**(2,890,313)**	**(1,064,902)**
Net decrease in cash and cash equivalents	**(243,486)**	**431,633**
Cash and cash equivalents at the beginning of the year	536,814	91,287
Net exchange differences on cash and cash equivalents	35,169	13,894

Cash and cash equivalents at the end of the year	**328,497**	**536,814**

Cash Flows from Operating Activities

In 2024, net cash generated from operating activities amounted to GEL 3,153 thousand, an increase of 79.6% year-on-year. This increase was mainly due to lower interest paid. During 2024, the Company paid 23.0% less interest (2024: GEL 3,942 thousand; 2023: GEL 5,117 thousand). In addition, during 2023, the Company reduced trade receivables, advances paid by GEL 417 thousand and GEL 465 thousand, respectively, and reduced trade and accounts payable by GEL 469 thousand.

In 2023, net cash generated from operating activities amounted to GEL 1,755 thousand, an increase of 68.7% year-on-year. This decrease is due to both lower profit before tax and higher interest paid. During 2023, compared to 2022, the company generated 86.4% less profit before tax (2023: 1,330 thousand GEL; 2022: 9,811 thousand GEL) and paid 67.8% more interest (2023: 5,117 thousand GEL; 2022: 3,049 thousand GEL). In addition, the company increased trade receivables, advances paid and inventories during 2023 by 582 thousand, 516 thousand and 431 thousand GEL, respectively.

Cash flows from Investing Activities

In 2024, net cash used in investing activities increased by GEL 248 thousand and cash outflow from investing activities amounted to GEL 507 thousand. This decrease is mainly due to the acquisition of fixed assets of GEL 522 thousand during the period.

In 2023, net cash used in investing activities decreased by 97.4% and cash outflow from investing activities amounted to GEL 259 thousand. This decrease is mainly due to lower capital expenditures on fixed assets (2023: GEL 302 thousand; 2022: GEL 9,740 thousand) - the capital expenditures in 2022 are mainly related to the construction of the Third Intermediate HPP.

Cash Flows from Financing Activities

In 2024, the cash outflow from financing activities amounted to GEL 2,890 thousand, which is a 171.4% increase in negative cash flows compared to the previous year. This increase was mainly due to both the movement of loan flows and dividends paid (2024: GEL 1,294 thousand; 2023: GEL 849 thousand). During 2024, the Company received loans of GEL 4,640 thousand and repaid loans of GEL 6,159 thousand - the net cash outflow from the movement of loan flows amounted to GEL 1,519 thousand (in 2022, the net cash outflow from the movement of loan proceeds was GEL 139 thousand).

In 2023, the cash outflow from financing activities amounted to GEL 1,065 thousand, which is a decrease of 126.6% compared to the previous year. This decrease is mainly due to both the movement of loan flows and dividends paid (2023: GEL 849 thousand; 2022: GEL 523 thousand). During 2023, the Company received loans of GEL 22,814 thousand and repaid loans of GEL 22,953 thousand - the net cash outflow from the movement of loan flows amounted to GEL 139 thousand (in 2022, the same indicator was positive GEL 4,615 thousand).

Financial risk management

The Company is exposed to various risks related to financial instruments within the scope of its activities, such as:

- **Credit risk**: The probability of loss if a customer or other party to a financial instrument fails to meet its contractual obligations, resulting in a financial loss for the Company.

- **Liquidity risk**: The risk that the Company will not have, or will not be able to withdraw cash when required and will therefore encounter difficulties in meeting its financial obligations.
- **Market risk**: The risk that changes in market prices will cause the fair value of a financial instrument or future cash flows to fluctuate. The Company is primarily exposed to two components of market risk:
  - **Interest rate risk;**
  - **Foreign exchange risk.**

The Company is not actively involved in trading financial assets for speculative purposes nor does it write options. The most significant financial risks to which the Company is exposed are described below.

Table 25: Financial assets and liabilities

GEL	31 December 2024	31 December 2023
Financial assets		
Cash and cash equivalents	328,497	536,814
Trade receivables	843,190	1,282,267
Tax assets, net	71,648	-
Advances paid	85,728	550,707
Total financial assets	**1,329,063**	**2,369,788**
Financial liabilities		
Trade and payables	134,215	123,626
Lease liabilities	648,238	648,831
Tax liabilities	-	20,993
Borrowings received	57,502,691	56,763,494
Total financial liabilities	**58,285,144**	**57,556,944**

Credit risk

Credit risk is the risk that a counterparty will not fulfill its obligations under a financial instrument or contract, which will result in a financial loss. The Company is exposed to risks related to operating activities (trade receivables) and risks related to financing activities (bank balances).

Credit risk in relation to cash balances in banks is managed through diversification of bank balances and is placed only in financial institutions with a good reputation.

In relation to trade receivables, the Company uses a simplified approach to creating a reserve for doubtful receivables. Due to the specifics of the activity, the deadline for fulfilling the contractual obligation is set at the last day of the following month. Accordingly, the Company periodically monitors the balance of trade receivables and takes into account the repayments of trade receivables after the period to create a reserve.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to repay its financial obligations. The Company has daily requirements for its cash resources. Management monitors and forecasts the Company's monthly cash flow statement budget. The Company uses only long-term debt to purchase and build long-term assets.

Table 26: Liquidity position of the Company as of December 31, 2024

GEL	1 year <	1 to 5 years	5 years >	Total
Cash and cash equivalents	328,497	-	-	328,497

Trade receivables	843,190	-	-	843,190
Tax assets, net	71,648	-	-	71,648
Advances paid	85,728			85,728
Assets	**1,329,063**	**-**	**-**	**1,329,063**
Trade and payables	134,215			134,215
Lease liabilities	660	4,604	642,974	648,238
Tax liabilities	-	-	-	-
Borrowings received	29,517,985	5,954,156	22,030,550	57,502,691
Liabilities	**29,652,860**	**5,958,760**	**22,673,524**	**58,285,144**
Balance, net	**-28,323,797**	**-5,958,760**	**-22,673,524**	**-56,956,081**

Table 27: Liquidity position of the Company as of December 31, 2023

GEL	1 year <	1 to 5 years	5 years >	Total
Cash and cash equivalents	536,814	-	-	536,814
Trade receivables	1,282,267	-	-	1,282,267
Tax assets, net	-	-	-	-
Advances paid	550,707	-	-	550,707
Assets	**2,369,788**	**-**	**-**	**2,369,788**
Trade and payables	123,626	-	-	123,626
Lease liabilities	593	4,136	644,102	648,831
Tax liabilities	20,993	-	-	20,993
Borrowings received	2,089,351	26,389,300	28,284,843	56,763,494
Liabilities	**2,234,563**	**26,393,436**	**28,928,945**	**57,556,944**
Balance, net	**135,225**	**(26,393,436)**	**(28,928,945)**	**(55,187,156)**

The Company uses its own financial assets, such as cash and cash equivalents and trade receivables, to manage liquidity risk. However, it is worth noting that in the event that the bonds are not fully utilized, the Company may face a liquidity problem. For additional information regarding the management of the liquidity position, see the Securities Review chapter.

The Company's negative liquidity position is due to the maturity date of the securities, which must be repaid by June 22, 2025.

Market risk

Market risk is the risk that the fair value of the future cash flows of a financial instrument will fluctuate due to fluctuations in market prices. Market prices include two types of risk: interest rate risk and currency risk. Financial instruments that are subject to market risk include interest-bearing loans and cash balances at the bank.

Currency risk

Currency risk is the risk that the Company's financial results will be adversely affected by changes in the exchange rates to which the Company is exposed. The Company carries out certain operations denominated in foreign currencies. The Company does not use any derivatives to manage its exposure to foreign currency risk.

The table below presents the Company's financial assets denominated in foreign currencies as of December 31, 2024 and December 31, 2023. It also shows their sensitivity to foreign currency exchange rates at the end of the reporting periods:

Table 28: Financial assets and liabilities in USD

GEL	USD	
Financial assets in foreign currency	**31 December 2024**	**31 December 2023**
Cash and cash equivalents	372	266,900
Financial liabilities in foreign currency	**31 December 2024**	**31 December 2023**
Borrowings	34,257,836	32,471,918
Net position	**(34,257,464)**	**(32,205,018)**

Table 29: Financial assets and liabilities in EUR

GEL	EUR	
Financial assets in foreign currency	**31 December 2024**	**31 December 2023**
Cash and cash equivalents	395	-
Financial liabilities in foreign currency	**31 December 2024**	**31 December 2023**
Borrowings	13,299,365	14,487,964
Net position	**(13,298,970)**	**(14,487,964)**

The following table shows the sensitivity of profit or loss to changes in foreign exchange rates at the end of the reporting period, with all other variables held constant:

Table 30: Impact of changes in exchange rates on financial position

GEL	31 December 2024	31 December 2023
10% appreciation of the USD	(6,851,493)	(6,441,004)
10% depreciation of the USD	6,851,493	6,441,004
10% appreciation of the EUR	(2,659,794)	(2,897,593)
10% depreciation of the EUR	2,659,794	2,897,593

Interest rate risk

Interest rate risk is the risk that changes in market interest rates could have a negative impact on the fair value or future cash flows of the Group's/Company's financial assets and liabilities. The Company has borrowings at both fixed and floating interest rates as of December 31, 2024, and is therefore exposed to interest rate risk. In order to manage its exposure, the Company seeks to increase the proportion of fixed-rate borrowings and explore alternative sources of funding to diversify its funding structure, including the issuance of additional fixed-rate bonds.

Capitalization and Indebtedness

The table below presents information about the capitalization and debt of the Company as of March 31, 2025, December 31, 2024 and December 31, 2023.

Table 31: Information about the capitalization and debt of the Company as of March 31, 2025, December 31, 2024 and December 31, 2023

GEL	**31 March 2025**	**31 December 2024**	**31 December 2023**
	Unaudited	Audited	Audited
Debt			
Borrowings	57,366,672	57,502,691	56,763,494
Lease liabilities		648,238	648,831
Total debt		**58,150,929**	**57,412,325**
Equity			
Equity	89,691*	89,691	89,691
Retained earnings		2,832,844	5,821,117
Total equity		**2,922,535**	**5,910,808**
Total capitalization and debt		**61,073,464**	**63,323,133**

**Equity remains substantially unchanged compared to the figure as of December 31, 2024.*

Note 1: During the audit of the financial statements for the year ended December 31, 2024, it was found that as of December 31, 2023, the Company had a current liability to TBC Leasing and an interest liability accrued on bonds, which amounted to 89,310 and 53,029 GEL, respectively. However, as a result of an accounting error, these balances were written off to the net gain/(loss) from foreign exchange differences account. In particular, this led to an increase in net gain from foreign exchange differences and a decrease in interest liability.

Since the above error is immaterial to the financial statements, the Company adjusted the financial statements for the current year by increasing net loss from foreign exchange differences and interest liability. This adjustment corrected the balances incorrectly presented in prior periods.

Additionally, the above-mentioned interest liability was fully repaid during 2024. In accordance with IFRS standards, no adjustments were made to the financial statements of the previous period, as the adjustments are immaterial.

Debt

Table 32: Issuer's loan obligations as of March 31, 2025:

Lender	Type	Issue date	Repayment date	Currency	Principal remaining, equiv.	Interest*	Interest accrued	Schedule type
JSC TBC Bank	Term loan	9/21/2018	4/7/2035	EUR	4,920,563	7.80%	62,081	Quarterly
JSC TBC Bank	Term loan	12/28/2021	12/23/2036	USD	-	11.73%	31,829	Quarterly
JSC TBC Bank	Term loan	5/6/2022	4/7/2035	EUR	8,402,291	7.80%	106,003	Quarterly
JSC TBC Bank	Term loan	8/25/2022	12/28/2035	GEL	-	12.00%	70,390	Quarterly
JSC TBC Bank	Term loan	3/6/2025	12/8/2035	EUR	3,170,647	7.60%	17,163	Quarterly
Bonds	Bonds	6/22/2023	6/22/2025	USD	27,673,000	8.50%	51,714	End of Term principal, quarterly interest
IG Development Georgia LLC*	Term loan	8/17/2015	2/1/2030	GEL	1,767,861	13.50%	1,891,700	End of Term

IG Development Georgia LLC *	Term loan	3/9/2018	3/30/2030	USD	3,763,528	8.40%	2,218,407	End of Term
Magic City LLC	Term loan	4/5/2021	4/1/2026	USD	429,762	8.00%	157,847	End of Term
IG Development Georgia LLC	Term loan	8/26/2020	8/26/2027	GEL	70,000	11.80%	30,664	End of Term
IG Development Georgia LLC *	Term loan	8/4/2021	8/4/2026	USD	1,577,361	7.00%	419,456	End of Term
IG Development Georgia LLC	Term loan	11/14/2022	11/14/2026	GEL	45,000	13.60%	16,980	End of Term
IG Development Georgia LLC *	Term loan	11/2/2022	11/2/2027	USD	55,346	9.00%	16,380	End of Term
IG Development Georgia LLC	Term loan	8/15/2024	8/15/2026	USD	359,749	10.00%	20,774	End of Term
Magic City LLC	Term loan	1/25/2021	1/25/2026	GEL	-	11.80%	19,158	End of Term
IG Development Georgia LLC	Term loan	10/10/2022	10/10/2027	USD	-	9.00%	368	End of Term
IG Development Georgia LLC	Term loan	6/20/2023	6/20/2024	GEL	-	14.00%	320	End of Term
Total balance sheet liabilities					**52,235,107**		**5,131,235**	
JSCTBC Bank	Guarantee	4/16/2024	9/21/2026	USD	237,988	2.20%	330	Monthly interest
JSC TBC Bank	Surety	3/6/2025	12/17/2027	USD	2,490,570	2.20%	3,753	Monthly interest
Total external balance sheet liabilities					**2,728,558**		**4,083**	
Total interest-bearing liabilities					**54,963,665**		**5,135,318**	

**TBC Bank's fixed-rate loans are contractually set to convert to floating rates starting from 2026, specifically on NBG rate, SOFR 6M and EURIBOR 6M*

As of March 31, 2025, all of the Company's bank loans and guarantees were taken from JSC TBC Bank, while the remaining debts, except for bonds, were taken from related parties - IG Development Georgia LLC and Magic City LLC. These companies are considered related parties, as the ultimate beneficial owner of IG Development Georgia LLC and the 100% owner of Magic City LLC is the founder of the Issuer, Mr. Mindia Sabanadze.

Additionally, during 2025, the Company entered into a suretyship with JSC TBC Bank favor of Kutaisi Energy-Group LLC (ID 405670055) for loan obligations - in the amount of 900 thousand USD. The company is considered a related party, as its ultimate beneficial owner is Mindia Sabanadze, the founder of the Issuer.

It should be noted that the table of debts also includes the Company's off-balance sheet liabilities - guarantees and sureties. Accordingly, the total debt presented in the table will not coincide with the total loans presented in the balance sheet.

The Company pays the coupon of both the loans received from JSC TBC Bank and the 2-year bond (ISIN: GE2700604459) issued on June 22, 2023 on a quarterly basis, as for the loans received from a related party - both the principal and interest are paid at the end of the term.

* In addition, part of the loans received from a related party will be subordinated to the Bonds, namely:

- Loan received from IG Development Georgia LLC N01-170815, issued on 8/17/2015 – remaining principal amount 1,767,861 GEL, accrued interest 1,891,700 GEL;
- Loan received from IG Development Georgia LLC N01-090318, issued on 3/9/2018 – remaining principal amount 3,763,528 GEL, accrued interest 2,218,407 GEL;
- Loan received from IG Development Georgia LLC N01-040821, issued on 8/4/2021 – remaining principal amount 1,577,361 GEL, accrued interest 419,456 GEL;
- Loan received from IG Development Georgia LLC N01-021122, with issuance date 11/2/2022 – remaining principal amount 55,346 GEL, accrued interest 16,380 GEL.

As of March 31, 2025, of the debts presented in the table, only the debts received from JSC TBC Bank are secured:
Within the framework of the loan agreements signed with JSC TBC Bank, the Company has secured the following assets:

Table 33: Information on the collateralization of the Company's assets

Type of assets	Secured Volume	Securing Agent
Land plots owned by the company and acquired with the right to superficies	Total (643,808 GEL)**	JSC TBC Bank
The Company's existing and future movable assets and intangible assets	Total	JSC TBC Bank
All and any rights arising under the guaranteed purchase agreement	Total	JSC TBC Bank
Shares of owners in the authorized Capital	Total	JSC TBC Bank
HPPs	Total (56,771,230 GEL)**	JSC TBC Bank

** As the Issuer publishes audited financial statements as of the end of the year and audited balance sheet values as of March 31, 2025 are not available - the audited net balance sheet values as of December 31, 2024 have been used.

Table 34: Issuer's loan obligations as of December 31, 2024:

Lender	Type	Issue date	Repayment date	Currency	Principal remaining, equiv.	Interest	Interest accrued	Schedule type
JSC TBC Bank	Term Loan	9/21/2018	4/7/2035	EUR	4,911,888	7.80%	62,980	Quarterly
JSC TBC Bank	Term Loan	12/28/2021	12/23/2036	USD	-	11.73%	35,839	Quarterly
JSC TBC Bank	Term Loan	5/6/2022	4/7/2035	EUR	8,387,477	7.80%	107,561	Quarterly
JSC TBC Bank	Term Loan	8/25/2022	12/28/2035	GEL	3,147,466	NBG + 4%	3,104	Quarterly
Bonds	Bonds	6/22/2023	6/22/2025	USD	28,068,000	8.50%	2,316,859	End of Term Principal; Quarterly Interest
IG Development Georgia LLC	Term Loan	8/17/2015	2/1/2030	GEL	1,767,861	13.50%	1,832,852	End of Term
IG Development Georgia LLC	Term Loan	3/9/2018	3/30/2030	USD	3,817,248	8.40%	2,171,009	End of Term
Magic City LLC	Term Loan	4/5/2021	4/1/2026	USD	435,896	8.00%	151,502	End of Term
IG Development Georgia LLC	Term Loan	8/26/2020	8/26/2027	GEL	70,000	11.80%	28,627	End of Term
IG Development Georgia LLC	Term Loan	8/4/2021	8/4/2026	USD	1,599,876	7.00%	397,829	End of Term
IG Development Georgia LLC	Term Loan	11/14/2022	11/14/2026	GEL	45,000	13.60%	15,471	End of Term
IG Development Georgia LLC	Term Loan	11/2/2022	11/2/2027	USD	56,136	9.00%	15,368	End of Term

IG Development Georgia LLC	Term Loan	8/15/2024	8/15/2026	USD	280,680	10.00%	13,896	End of Term
Magic City LLC	Term Loan	1/25/2021	1/25/2023	GEL	-	11.80%	19,158	End of Term
IG Development Georgia LLC	Term Loan	10/10/2022	10/10/2027	USD	-	9.00%	374	End of Term
IG Development Georgia LLC	Term Loan	6/20/2023	6/20/2024	GEL	-	14.00%	320	End of Term
Total balance sheet liabilities					**52,587,528**		**4,914,828**	
JSC TBC Bank	Guarantee	4/16/2024	9/21/2026	USD	241,385	2.20%	335	Monthly Interest
Total external balance sheet liabilities					**241,385**		**335**	
Total interest-bearing liabilities					**52,828,913**		**4,915,163**	

As of December 31, 2024, all of the Company's bank loans and guarantees were taken from JSC TBC Bank, while the remaining debts, except for bonds, were taken from related parties - IG Development Georgia LLC and Magic City LLC.

It should be noted that the table of debts also includes the Company's off-balance sheet liabilities - guarantees. Accordingly, the total debt presented in the table will not match the total loans presented in the balance sheet.

The Company pays the coupon of both the loans taken from JSC TBC Bank and the 2-year bond issued on June 22, 2023 (ISIN: GE2700604459) quarterly, as for loans received from related parties - both the principal and interest are paid at the end of the term.

As of December 31, 2024, of the debts presented in the table, only the debts received from JSC TBC Bank are secured:

Within the framework of the loan agreements signed with JSC TBC Bank, the Company has secured the following assets:

Table 35: Information on the collateralization of the Company's assets

Type of Assets	Secured Volume	Securing Agent
Land plots owned by the company and acquired with the right to superficies	Total (GEL 643,808)	JSC TBC Bank
The Company's existing and future movable assets and intangible assets	Total	JSC TBC Bank
All and any rights arising under the guaranteed purchase agreement	Total	JSC TBC Bank
Shares of owners in the authorized Capital	Total	JSC TBC Bank
HPPs	Total (GEL 56,771,230)	JSC TBC Bank

Table 36: Issuer's loan obligations as of December 31, 2023:

Lender	Type	Issue date	Repayment date	Currency	Principal remaining, equiv.	Interest	Interest accrued	Schedule type
JSC TBC Bank	Term Loan	9/21/2018	4/7/2035	EUR	5,274,127	8.65%	75,500	Quarterly
JSC TBC Bank	Term Loan	9/5/2018	2/8/2024	USD	1,771,116	10.15%	29,721	Quarterly
JSC TBC Bank	Term Loan	12/28/2021	12/23/2036	USD	-	10.25%	34,340	Quarterly
JSC TBC Bank	Term Loan	8/19/2022	7/1/2024	EUR	-	11.19%	-	Quarterly
JSC TBC Bank	Term Loan	5/6/2022	4/7/2035	EUR	9,006,031	8.65%	131,603	Quarterly
JSC TBC Bank	Term Loan	8/25/2022	12/28/2035	GEL	6,271,537	13.50%	6,959	Quarterly
TBC Leasing LLC	Leasing	6/30/2021	6/30/2024	EUR		12.00%	-	Monthly
Bonds	Bonds	6/22/2023	6/22/2025	USD	22,771,150	8.50%		End of Term Principal Amount; Quarterly Interest
IG Development Georgia LLC	Term Loan	8/15/2015	2/1/2030	GEL	1,767,861	13.50%	1,593,537	End of Term
IG Development Georgia LLC	Term Loan	3/9/2018	3/30/2030	USD	3,657,584	8.40%	1,776,197	End of Term
Magic City LLC	Term Loan	4/5/2021	4/1/2026	USD	471,452	8.00%	96,785	End of Term
IG Development Georgia LLC	Term Loan	8/26/2020	8/26/2027	GEL	70,000	11.80%	18,964	End of Term
IG Development Georgia LLC	Term Loan	8/4/2021	8/4/2026	USD	1,532,958	7.00%	273,882	End of Term
IG Development Georgia LLC	Term Loan	11/14/2022	11/14/2026	GEL	45,000	13.60%	3,570	End of Term
IG Development Georgia LLC	Term Loan	11/2/2022	11/2/2027	USD	53,788	9.00%	9,871	End of Term
Magic City LLC	Term Loan	1/25/2021	1/25/2023	GEL	-	11.80%	19,158	End of Term
IG Development Georgia LLC	Term Loan	10/10/2022	10/10/2027	USD	-	9.00%	374	End of Term
IG Development Georgia LLC	Term Loan	6/20/2023	6/20/2024	GEL	-	14.00%	320	End of Term
Total balance sheet liabilities					**52,692, 604**		**4,070,780**	
JSC TBC Bank	Guarantee	1/18/2022	2/13/2024	USD	60,512	2.20%	109	Monthly Interest
Total external balance					**60,512**		**109**	

sheet liabilities			
Total interest-bearing liabilities	**52,753,115**	**4,070,890**	

As of December 31, 2023, all bank loans and guarantees of the Company were taken from JSC TBC Bank, leasing – from TBC Leasing LLC, and the remaining debts, except for bonds, were taken from related parties - IG Development Georgia LLC and Magic City LLC.
It should be noted that the table of debts also includes the Company's off-balance sheet liabilities - guarantees. Accordingly, the total debt presented in the table will not match the total loans presented in the balance sheet.

In addition to off-balance sheet liabilities, as of December 31, 2023, the repayment of the Issuer's loan debts match the audited balance of interest-bearing loans but does not describe the picture correctly - please see "Note 1".

The Company pays the coupon of both the loans received from JSC TBC Bank and the 2-year bond issued on June 22, 2023 (ISIN: GE2700604459) quarterly, as for the loans received from a related party - both the principal and interest are paid at the end of the term.

As of December 31, 2023, of the debts given in the table, only the debts received from JSC TBC Bank and TBC Leasing LLC are secured:
Within the framework of the loan agreements signed with JSC TBC Bank and the loan received from TBC Leasing LLC, the Company has secured the following assets:

Table 37: Information on the collateralization of the Company's assets

Type of Assets	Secured Volume	Securing Agent
Land plots owned by the company and acquired with the right to superficies	Total (GEL 657,121)	JSC TBC Bank
The Company's existing and future movable assets and intangible assets	Total	JSC TBC Bank
All and any rights arising under the guaranteed purchase agreement	Total	JSC TBC Bank
Shares of owners in the authorized Capital	Total	JSC TBC Bank
HPPs	Total (GEL 58,340,988)	JSC TBC Bank
Means of transport	GEL 753,260	TBC Leasing LLC

Financial and Non-Financial Covenants:

Bond:
On June 22, 2023, the Company issued USD 10 million in bonds (ISIN: GE2700604459) due June 22, 2025. The bonds will be paid quarterly. The bonds represent direct unsecured obligations of the Company, ranking *pari passu* with each other and all other unsecured and unsubordinated obligations of the Company.
The table below sets forth the financial covenants of the bonds and their historical performance.

Period	Debt/EBITDA limit	Debt/EBITDA performance
6 months of 2023	8.0 x	6.3 x
2023	8.0 x	5.8 x
6 months of 2024	8.0 x	6.1 x
2024	8.0 x	6.4 x

The definition of the financial covenant of the Bonds:
The amount of the "**Financial Liabilities**" of the Issuer for any audited calendar year ending on December 31 and unaudited calendar year ending on June 30 does not exceed a maximum of **8.0 times the EBITDA** of the last calendar year calculated based on the data of the Issuer. The above requirement must be observed for any date during the term of the Bonds, and the calculation must be made twice a year for December 31 and June 30, In accordance with IFRS. For the avoidance of doubt, the Issuer is not obligated to automatically provide the specified information to bondholders.

"**Financial Liabilities**" mean:

- Unsubordinated financial liabilities taken/undertaken by the Issuer from financial institutions;
- Unsubordinated loan liabilities assumed before any person;
- Finance lease liabilities recognized in accordance with IFRS;
- Unsubordinated guarantees issued;
- Obligations arising from letters of credit, bank guarantees, sureties or similar instruments, except for letters of credit and/or bank guarantees issued under the electricity purchase agreement, the total amount of which does not exceed 1,000,000 (one million) USD.

EBITDA will be calculated as:

- The Company's revenue for the last 12 months minus cost of sales, administrative and operating expenses, excluding depreciation and amortization expenses for the relevant period.

Along with financial covenants, the Prospectus also sets out non-financial covenants that the Issuer must satisfy during the term of the Bonds. For detailed information on the above, please refer to the prospectus of the relevant bonds (ISIN GE2700604459), in the Terms and Conditions.[10]
It shall be mentioned that the new bond issue is intended for refinancing of existing bonds, which does not lead to any material changes in the structure of the Issuer's subordinated and unsubordinated liabilities.

Loans/Guarantees from the commercial bank:
The table below provides the financial covenants of loans/guarantees received from the commercial bank as of December 31, 2024 and December 31, 2023 and their historical performance.

Table 38: Financial Covenants and Performance

Period	Debt/EBITDA limit	Debt/EBITDA performance	DSCR limit	DSCR performance	DSCR (CFO based) limit	DSCR (CFO based) performance
2023	5.3 x	5.8 x	1.2 x	1.24 x	1.2 x	1.05 x
2024	4.8 x	6.4 x	1.2 x	1.24 x	1.2 x	1.16 x
2025	4.3 x	-	1.2 x	-	1.2 x	-
2026	4.0 x	-	1.2 x	-	1.2 x	-

[10] The prospectus for the bonds ISIN GE2700604459 can be found at:
nbg.gov.ge/fm/cm/issuers/დამტკიცებული_დოკუმენტები/edg-პროსპექტი280623.pdf?v=1seup

2027	3.3 x	-	1.2 x	-	1.2 x	-
2028	2.5 x	-	1.2 x	-	1.2 x	-
2029	2.0 x	-	1.2 x	-	1.2 x	-

The definition of the financial covenant of loans/guarantees received from the commercial bank:

- **Debt / EBITDA** - loans to EBITDA;
- **Debt Service Coverage Ratio (DSCR), debt service ratio** - the Company's operating income minus operating expenses (operating expenses do not include depreciation and amortization expenses) minus maintenance capital expenditures, divided by the principal paid and interest paid (adjusted for refinancing amounts and IDC);
- **Debt Service Coverage Ratio (DSCR CFO based), debt service ratio (calculated by operating cash flows)** - the ratio of the Company's operating cash flows minus capital investments to the funds allocated for debt service.

Definition of terms:

- EBITDA – Revenue minus cost of sales and operating expenses (excluding depreciation and amortization)
- Debt – Bank loans plus leasing according to the methodology existing before IFRS 16. Also, according to TBC Bank's loan agreements, subordinated loans are not included in Debt;

Covenants are calculated as of December 31 from the managerial financial statements by JSC TBC Bank. The calculation is based on individual managerial financial statements.
As of December 31, 2024 and December 31, 2023, the Company is in breach of financial covenants under the loan agreements signed with JSC TBC Bank at the end of the reporting period, although JSC TBC Bank has not imposed any relevant sanctions after the reporting period. The Company has received relevant waiver letters from the bank for the aforementioned periods, see „*Statements of the Issuer*".

Additionally, on March 6, 2025, a new agreement on servicing credit products was signed between JSC TBC Bank and the Issuer, according to which the Issuer's financial covenants remain unchanged.

The non-financial covenants of loans/guarantees received from the commercial bank are:

1) 1. The borrower is not entitled to conclude a lease, take out loans or any other financial obligation without the written permission of the bank, except for the obligation of sales products purchased on consignment, which poses a threat to the fulfillment of the bank's obligations. An exception will be made for the existence of other loan obligations within the amount of 50,000 USD. Exceeding the specified limit caused by a change in the exchange rate will not be considered a violation (the above paragraph does not apply to a transaction concluded by the client, through which the client's main activity is directly and directly carried out. Including: labor contract, purchase of products, construction of a hydroelectric power plant, etc.);
2) The borrower shall not have the right to issue financial guarantees or encumber assets owned by it with a right of claim against other persons without the written permission of the bank, nor shall the borrower, shares in the borrower's authorized capital or shares of its guarantor companies be encumbered with a right of claim in favor of third parties;
3) The borrower is not entitled to alienate, lease or otherwise transfer to another person the fixed assets in its possession without the written permission of the bank;
4) The borrower is not entitled to issue dividends without the written permission of the bank, in case the company's annual DSCR is less than 1.2, the said DSCR calculation shall be carried out using the audited finances of the year. The dividend distribution shall be made after the closing of the reporting year;
5) The borrower is not entitled to issue loans without the written permission of the bank;
6) The borrower is obliged to conduct 100% of bank turnover and bank balances on its existing accounts with TBC Bank. It is also obliged to have a full payroll project with TBC Bank;

7) After the commissioning of the HPPs, the company is obliged to ensure compliance with labor safety standards;
8) In the event that the company receives any compensation within the framework of a memorandum signed with the state or other insurance (Business Interruption, etc.), guarantees provided by contractors, at the request of the bank, the beneficiary of the amount received may be the bank (the amount will be directed to repay the loan);
9) There shall be no change in the founder or ultimate beneficial owner of the company without the consent of the bank.

Additionally, on March 6, 2025, a new agreement on servicing credit products was signed between JSC TBC Bank and the Issuer, according to which the Issuer's financial covenants remain unchanged.

Loans received from TBC Leasing LLC:
The Company had an active loan from TBC Leasing LLC as of December 31, 2023 (please see "Note 1"). The said loan is not active as of December 31, 2024.
During the term of the Leasing Agreement, the Lessor is authorized to monitor the financial condition of the Lessee and for this purpose request any information and documents from it. Also, depending on the specifics of the asset, control the subject of leasing and its operating conditions at intervals of 3 to 12 months or at intervals determined by the lessor, which implies visual and technical-functional inspection and diagnostics of the subject of leasing, including compliance with environmental protection requirements.

Loans received from related parties
The Company has received loans from related parties from IG Development Georgia LLC and Magic City LLC in both GEL and USD. Both the principal and interest of the aforementioned loans are repaid at the end of the term. Loans received from related parties are not secured and have no covenants.
In addition, part of the loans received from related parties will be subordinated to Bonds, namely:

- Loan received from IG Development Georgia LLC N01-170815, issued on 8/17/2015 – remaining principal amount 1,767,861 GEL, accrued interest 1,891,700 GEL;
- Loan received from IG Development Georgia LLC N01-090318, issued on 3/9/2018 – remaining principal amount 3,763,528 GEL, accrued interest 2,218,407 GEL;
- Loan received from IG Development Georgia LLC N01-040821, issued on 8/4/2021 – remaining principal amount 1,577,361 GEL, accrued interest 419,456 GEL;
- Loan received from IG Development Georgia LLC N01-021122, issuance date 11/2/2022 – remaining principal amount 55,346 GEL, accrued interest 16,380 GEL.

Statements of the Issuer

The fact of breach of covenants on loans issued by JSC TBC Bank was recorded as of December 31, 2024 and December 31, 2023. The Company has received a waiver letter from the bank for all these periods, which confirms that if the covenants were violated during this period, the bank will not request the withdrawal of loans. The fulfillment of financial covenants imposed on the debts of JSC TBC Bank is shown in the table of fulfillment of financial covenants on loans and guarantees received from commercial banks. The Issuer has no information about the violation of non-financial covenants. In addition, there is no non-payment of interest and/or principal provided for in the loan agreement during the last financial year and the period from this date to the preparation of the prospectus. The financial and non-financial covenants provided for in the banking agreement presented in this section may change in subsequent periods, depending on the negotiations of the Issuer with JSC TBC Bank. It is noteworthy that, as of the date of this Prospectus, TBC Bank has issued a two-year waiver to the Issuer, confirming that it will not demand early repayment of obligations due to covenant breaches over the next two years. This waiver fully covers the maturity period of the bonds.

According to the Issuer, apart from the funds raised from the bond issue, which are to be used to repay the existing bonds, at this stage, the Company does not have specific information and/or estimates regarding the need for other future financing.

Regulatory Environment

Main Rules and Regulations of Power Sector

The electricity sector in Georgia is subject to regulation through laws enacted by the Parliament, as well as secondary legislation consisting of government resolutions, orders from the Ministry of Economy and Sustainable Development ("Ministry of Economy" or "MoESD"), and resolutions or decrees from the Georgian National Energy and Water Supply Regulatory Commission ("GNERC"). The primary law that defines the basic principles of the market operation is the Law of Georgia on Energy and Water Supply. This law was approved by the Parliament of Georgia in December 2019 (the "Law on Energy"). This law defines the current and future structure of the market, describes the planned reforms, and determines the deadlines for the adoption of secondary legislation and the persons responsible for its adoption.

The main policies, target indicators and means of achieving them in the energy sector are determined by the Ministry of Economy and Sustainable Development - this is the state body that manages the energy sector. It is responsible for developing and implementing the national energy policy, creating a competitive environment through effective market regulation, participating in the approval of strategic projects, etc. MoESD also approves various strategic development plans, such as the 10-Year Network Development Plan ("TYNDP"), the annual electricity balance and other strategic documents.

The energy market model is defined in government resolutions (e.g. the concept of the electricity market model, adopted on April 16, 2020), while the criteria for participation in various market segments and the conditions for their achievement are defined by the MoESD. The government also sets national targets for Georgia for renewable energy or energy efficiency and takes various actions towards their achievement. In addition, according to the Law of Georgia On Promotion of Production and Use of Energy from Renewable Sources, the Government of Georgia makes decisions on the promotion of renewable energy sources within the framework of the mechanisms defined by law.

GNERC is the sector's regulatory body that develops detailed market rules, sets tariffs, and approves investment plans for regulated market participants. GNERC establishes technical operating rules for the electricity, natural gas, and water supply sectors – also known as network GNERC; sets tariffs for the regulated sector; issues licenses, and monitors the performance of licensed activities. GEWR acts as a kind of intermediary between distribution companies, consumers, and suppliers. The Commission consists of five members, who are approved by the Parliament of Georgia for a six-year term. GNERC is an independent regulatory body that is not subject to direct supervision by other state bodies, but is accountable to the Parliament of Georgia. GNERC's independence is guaranteed legally, as well as by its own revenue stream. The Commission's budget is financed mainly from the regulatory fee paid by all energy market participants (0.2% of the company's revenue), which ensures that the Commission is not dependent on subsidies from the state budget. This contributes to its credibility as an independent regulator. Such independence is a key requirement for synchronisation in the EU energy market and is reflected in the best practices of energy market regulation. All procedures of the Commission, including the licensing and tariff settlement mechanism, are pre-defined in the Commission's orders and are publicly available for the purpose of transparency, consistency and reliability.

Table 39: Main legislative documents defining the current and upcoming structure of the energy market:

Document name	Adopted	Date of adoption	Document #
Law of Georgia on Energy and Water Supply	Parliament of Georgia	20 / 12 / 2019	5646 – RS

Support Scheme for Generation and Use of Energy from Renewable Sources	Government of Georgia	02 / 07 / 2020	Decree N403
On approval of the scheme for support of production and use of energy from renewable sources and rules for capacity auctions	Government of Georgia	07 / 12 / 2022	Decree N556
Law of Georgia on Promotion of Generation and Consumption of Energy from Renewable Sources	Parliament of Georgia	20 / 12 / 2019	5652 – RS
Law of Georgia on Licenses and Permits	Parliament of Georgia	24 / 06 / 2005	1775
Electricity Market Model Concept	Government of Georgia	16 / 04 / 2020	Decree N246
Electricity Wholesale Market Rules: 1) Rules for day-ahead and intraday market organization 2) Rules for balancing and ancillary services market	GNERC	11 / 08 / 2020	Decree N46
Electricity Retail Market Rules	GNERC	13 / 08 / 2020	Decree N47
Market rules for bilateral contracts	GNERC	26 / 07/ 2022	Decree N31
Electricity (Capacity) Market Rules	Minister of Energy of Georgia	30 / 08 / 2006	Order N77
Licensing Rules	GNERC	05 / 27 / 2020	Decree N22
Methodology for tariff and fee calculation in the electricity sector	GNERC	15 / 12 / 2020	Decree N68
Decree on Applicable Tariffs of Electricity	GNERC	04 / 12 / 2008	Decree N33
Network Rules	GNERC	17 / 04 / 2014	Decree N10
Energy Market Monitoring and Reporting Rules	GNERC	30 / 03 / 2021	Decree N7
Transitional Measures to be Taken in the Electricity Sector	GNERC	12 / 11 / 2020	Decree N58
On the approval of the Rules of the Electricity Distribution Network	GNERC	28 / 06 / 2021	Decree N19

Energy Market Reform in Georgia

Active reform of the energy sector began when Georgia became a member of the Energy Community. In October 2016, Georgia signed the Protocol on Georgia's accession to the Treaty on the European Union's Energy Community. This was ratified by the Parliament of Georgia in spring 2017. Under this agreement, Georgia undertook to approximate Georgian legislation in the energy sector to EU standards in a short period of time. Since Georgia is not directly connected to the Energy Community member states through a transmission line, it is exempted from the obligation to comply with several directives. Significant changes concern the market structure in the electricity and natural gas sectors, energy efficiency and environmental law. The Energy Community regulations will contribute to the establishment of a more competitive and transparent market model in Georgia.

The first step in the reform process was the adoption of new laws by the Parliament of Georgia. This was later followed by several orders of the government and the Energy Regulatory Commission, which specified the details of the market organization. The reforms affect many sectors, including electricity and natural gas, renewable energy, energy efficiency, construction, environmental legislation, etc.

The Law on Energy and Water Supply was adopted by the Parliament of Georgia in December 2019. The Law on Energy This law establishes the general legal framework for the production, transmission, distribution, supply and trade in the electricity sector, and for the transmission, distribution, supply, storage and trade in the natural gas sector, with the aim of promoting the creation, opening, development and integration of orderly, transparent and competitive electricity and natural gas markets.

The Concept of the Electricity Market Model, adopted by the Government of Georgia in April 2020, determined the details of the organization of the wholesale electricity market. According to the original document, both the day-ahead market and the balancing and ancillary services market were to start operating in July 2021, and the daily market with a one-year delay. The launch of the market has been postponed several times.

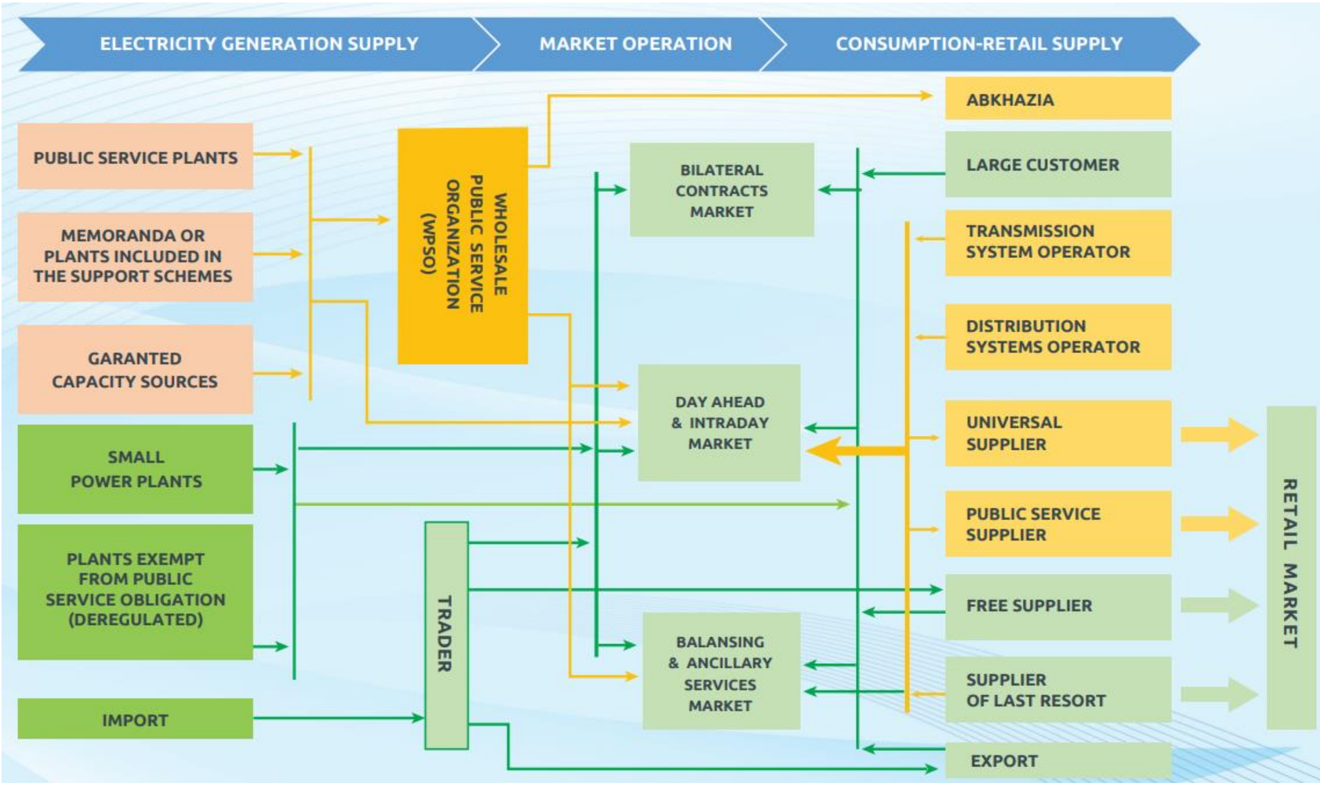
The electricity market in Georgia is undergoing significant reforms, with a balancing and ancillary services market, along with an imbalance settlement mechanism, expected to be launched in the summer of 2025. DAM and IDM are organized by JSC Georgian Energy Exchange, which uses the NordPool platform. Bilateral trading will still be allowed, but contractors will be required to take responsibility for imbalances, unlike the current market. The reform will result in more transparent and market-oriented prices. Prices will be determined in the day-ahead market based on the demand-supply curve for each hour.

The Day-Ahead Market (DAM) is an organized auction that takes place one day prior to delivery. Market participants specify the desired quantity of electricity and the price at which they wish to buy or sell for each hour of the following day. Through a specialized algorithm on the trading platform, the received orders are matched using the demand-supply curves, and the market price for each specific hour is determined at the intersection point of these curves. This price algorithm ensures the maximization of profit for market participants. DAM auctions close at a predetermined time each day, determining the prices for the following day's 24-hour period. Test trading was conducted in the market from September 9-15, 2021, with the participation of approximately 40 companies, including the Issuer. They also plan to participate in non-test trading in the future.

The Intraday Market (IDM) is a market where participants can place buy and sell orders at any time, including days before and after the auction. In this market, buyers and sellers have the flexibility to determine the price themselves or accept existing bids on the platform. The market operator is responsible for handling settlement and payment between the parties, minimizing contract risk.

The Balancing and Ancillary Services Market will help the system operator in the optimal management of the system. The products of this market will create reserve capacities for use in emergency situations and imbalances. This will help the system operator in balancing the system optimally (cheaply, efficiently, timely) in any situation. The buyer in this market is the system operator, and the sellers are electricity producers. To enter this market, a power plant must meet predetermined requirements and must be verified by the system operator. The requirements mainly concern the technical characteristics of the power plant, for example, the time and amplitude of electricity generation, flexibility, etc. Ancillary services can be purchased in advance under a contract if necessary. The system operator assesses the need for reserve capacities and determines the list of balancing or ancillary services products, the sequence of their purchase and the requirements for market participants.

Figure 3: Target structure of the electricity market after market reform



Source: GNERC

<u>**The Imbalance Settlement Mechanism**</u>. When a market participant fails to meet its contractual obligations in a specific hour, it is liable for the imbalance caused and must pay the corresponding fee. The imbalance cost is calculated based on the cost of the energy activated by the system operator. The rules for calculating the imbalance cost are set out in the market rules. These rules define the system operator as the responsible body for calculating and invoicing the imbalance cost. The imbalance cost invoice is issued monthly for the cumulative amount of imbalances caused in each hour of the previous month. The imbalance settlement mechanism will come into effect from 1 July 2025, together with the launch of the balancing and ancillary services market.

The new market aims to ensure transparency in pricing. The state wants to have a transparent and reliable market for electricity trading so that investors can rely on market prices. Therefore, the state wants to create an environment in the sector that provides investors with reliability and a guarantee of income without a PPA.

Wholesale Public Service Organization - The objectives of the Wholesale Public Service Organization are to support renewable energy and producers participating I n the Guaranteed Purchase Agreement and to facilitate the integration of their electricity into the organized market; to support the universal service provider by ensuring a stable price for purchased electricity and facilitating its integration into the organized market; to ensure the security of supply of consumers in the occupied territory of Georgia (the Autonomous Republic of Abkhazia) by purchasing electricity in the organized market, as well as to support traders (importers) carrying out commercial imports by ensuring a stable price for imported electricity and facilitating its integration into the organized market.

Obligations under the Association Agreement

On 27 June 2014, Georgia signed the Association Agreement with the European Union and became a party to the Deep and Comprehensive Free Trade Agreement with the European Union ("DCFTA").

The DCFTA, in essence, aims to increase freedom in trade in goods and services, covers a wide range of relevant issues and involves the gradual approximation of Georgian legislation to that of the European Union. It enables Georgia to benefit from the following three fundamental freedoms in the EU single market: freedom of goods, freedom of services and freedom of capital.

Antitrust regulations

All companies operating in Georgia are supervised by the Georgian Competition and Consumer Protection Agency, established in April 2014 under the Law on Competition of Georgia ("**Law on Competition**"). The Law on Competition describes and defines those actions that are incompatible with fair competition in the relevant market. The purpose of the law is to ensure fair competition in the relevant market, with the exception of specially regulated sectors (the law does not apply to sectors that have their own regulatory body, e.g. commercial banks). The definition of the concept of competition according to the Law on Competition is as follows: "Competition between existing and potential economic agents on the market to occupy a better position". In this regard, the Law on Competition distinguishes several types of actions that are considered incompatible with free competition, namely: a) abuse of a dominant position; b) restrictive agreements, decisions and concerted practices; c) restrictive concentration (merger or other consolidation leading to a restriction of competition); d) unfair competition; and e) state aid.

In general, the Law on Competition is drafted based on the principles of fair competition defined by the European Union legislation. In addition, the Association Agreement contains a special part (Chapter 10), that is entirely devoted to competition issues. Accordingly, the approach of the Georgian legislator to the Law on Competition is in line with the European approach.

The Competition Agency exercises control over compliance with the Georgian anti-monopoly legislation by private individuals and has various rights to respond in case of its violation, including the imposition of fines. The maximum amount of the fine imposed shall not exceed 5% of the annual turnover of the relevant company, which may be increased to 10% in case of repeated violation. The relevant economic agent is entitled to appeal the decision of the Competition Agency in court.

Employment

As an employer, the Company is obliged to comply with the minimum standards stipulated by local labor legislation in the framework of hiring, terminating contracts with employees and their employment. The main labor issues in the territory of Georgia are regulated by the Labor Code of Georgia. The current Labor Code was adopted on December 17, 2010. However, in June 2013 and September 2020, a whole package of amendments was introduced into it, which were adopted by the Parliament and changed its content. Taking into account the above-mentioned amendments, the current Labor Code no longer acts in favor of the employer, but on the contrary, it includes a number of protective rights of the employee. Basically, such protective mechanisms act in favor of employees in relation to the procedure for terminating the contract - the employer is not authorized to terminate the employment contract without grounds. In addition, any contract that lasts for more than 30 months is considered an indefinite-term contract and, therefore, cannot expire (it can only be terminated). Employers are obliged to compensate for overtime hours. Overtime is considered to be any time that exceeds 40 hours per week (in some specific cases, 48 hours per week is allowed). It is particularly noteworthy that the Labor Code does not differentiate between employees working in the so-called administration and workers, nor does it distinguish between high-ranking officials who hold managerial positions from other employees, which may be problematic in certain cases.

It is important to note that the Labor Code does not oblige employers to provide their employees with any type of insurance package or any other social benefits, with the exception of employees working in hazardous, difficult, harmful and dangerous workplaces, in which case the employer is obliged to provide the employee with accident insurance at his own expense during the period of work.

The Code also does not oblige them to provide employees with compensation during pregnancy and maternity leave, although it is considered best practice for employers to offer both. In other cases, employees must rely on the state's lump-sum compensation for pregnancy and maternity leave and universal state insurance, which offers a limited package to consumers.

According to the September 2020 amendments, the Labor Code regulates issues related to the prohibition of labor discrimination and individual labor relations in a new way. The conditions set for the benefit of employed persons have further increased, including, but not limited to, the obligation to pay equal pay for equal work performed by women and men, the prohibition of discrimination, the definition and regulation of the concept of internship, the obligation to conduct preliminary and periodic medical examinations for persons employed at night, etc.

In parallel with the amendments to the Labor Code, a new Law on Labor Inspection was adopted, according to which the LEPL Labor Inspection was established and put into operation on January 1, 2021. Unlike its predecessor, the Labor Inspection Department of the Ministry of Labor, Health and Social Defense of Georgia, the rights of the LEPL Labor Inspection are practically unlimited and include the right to fully monitor both labor safety and labor rights, including its enforcement mechanisms and the right to apply sanctions.

Labor Safety

In February 2019, the Law on Labor Safety was adopted, which regulates the rights, obligations and responsibilities of state bodies, employers, employees, employee representatives and other persons in the workplace related to the creation of a safe and healthy working environment. The Company has a number of obligations arising from this legislative act. Among them, (a) subsidiaries of the Company that are engaged in the production of food products are required to register as persons performing heavy, harmful and hazardous work involving increased risk; and (b) each enterprise is required to have an labor safety specialist. An employer with 20 or fewer employees may personally perform the professional duties of an labor safety specialist provided that he or she has completed an accredited program provided for in paragraph 6 of this Article. If an employer has 20 to 100 employees, he is obliged to have at least 1 labor safety specialist, and in case of 100 or more employees, the employer is obliged to create an labor safety service with at least 2 labor safety specialists. The Company, as well as its subsidiaries, are obliged to comply with the above-mentioned requirements of the legislation based on the number of employees.

Environmental protection and waste management

The company constantly strives to minimize the wasteful use of natural resources. For this purpose, the facilities involved in the activity are equipped with energy-efficient equipment and devices. New ways are also constantly being sought and practices are being refined.

Hazardous waste is transferred to companies with relevant experience for subsequent disposal.

Environmental protection and waste management are part of the company's strategy. In December 2024, the Issuer's parent company (with 100% participation in the Issuer) developed a Green Financing Framework that is consistent with environmental sustainability goals and promotes clean energy development, climate sustainability, and environmental responsibility.

Termination of a company New legislation

The new Law On Entrepreneurs regulates the process of terminating the existence of an entrepreneurial company and distinguishes three stages of termination of existence:

- Dissolution of the company;
- Liquidation of the company;
- Cancellation of registration.

Dissolution of the company

The law provides for the voluntary dissolution of the company by decision of the shareholders or in cases provided for by the charter and for forced dissolution by court decision. The law allows a shareholder to apply to the court and request the dissolution of the company. The law allows other shareholders to prevent the dissolution of the company by offering to redeem the share at a fair price to the applicant shareholder.

Liquidation of the company

After the dissolution of the company, the liquidation process begins. In addition to the appointment of a liquidator and his/her powers, public notification of the commencement of the liquidation process, protection of creditors, and distribution of property, the obligation to add the phrase "in liquidation process" to the company's name is also envisaged.

Cancellation of registration of the company

Under the law, the settlement of liabilities and the full distribution of the remaining property among the shareholders leads to the completion of liquidation, which is a prerequisite for the deregistration of the company. In the event that after deregistration it turns out that the company has property left, or additional liquidation actions are necessary, the liquidation process is resumed and the court appoints a liquidator to complete the liquidation process.

Insolvency

The procedures provided for by the Law of Georgia on Rehabilitation and the Collective Satisfaction of Creditors' Claims apply to legal entities, including the Company (with the exception of banks, insurance companies, etc., which are subject to a special regulatory regime and whose insolvency procedure is regulated by the relevant regulatory body).

The assessment of the insolvency of a company is carried out based on the extent to which the legal entity is able to pay its obligations when they fall due. Insolvency proceedings may be initiated if the debtor becomes insolvent or is likely to become insolvent in the near future, unless adequate measures have been taken to prevent possible insolvency. Insolvency proceedings may be initiated by the company itself or by its creditors, provided that the prerequisites for their initiation are met by law.

After the initiation of insolvency proceedings, depending on the factual situation, there are several scenarios according to which the insolvency proceedings may proceed: a) bankruptcy, followed by liquidation (deregistration of the company from the public register); b) rehabilitation (which in other jurisdictions is equated with reorganization/restructuring); or c) termination of the insolvency proceedings. The option referred to in paragraph "c" may be used if there are no grounds for insolvency or such grounds have been eliminated after the commencement of insolvency or the debtor has the opportunity to pay off current debts without infringing on the interests of other creditors.

Debts arising against the debtor after the declaration of insolvency and the issuance of a court ruling on the opening of the bankruptcy regime, including tax liabilities arising after the commencement of bankruptcy proceedings:

i. Preferential claims;
ii. Preferential tax claims;
iii. Non-secured claims, including the amounts of payables arising before the declaring of an application for insolvency admissible, which are not covered by other sub-paragraphs;
iv. claims arising as interest and fines accrued on the liabilities existing before the declaring of an application for insolvency admissible, administrative fines and other monetary liabilities deriving from administrative offences, and fines and penalties charged in accordance with the Tax Code of Georgia;
v. Non-preferential claims; and
vi. Obligations arising from corporate relations (the payment of dividends, the redemption of shares, the return of contributions).

The amount of the proceeds, which is not sufficient to fully satisfy claims of the same rank, will be distributed among the creditors with equal priority in proportion to the amounts of the respective claims. The above-mentioned order does not apply to financially secured claims, which will be satisfied with priority precisely by means of this security, in accordance with the legislation of Georgia.

Finally, it should be noted that in the event that the company files for the initiation of insolvency proceedings and plans rehabilitation/reorganization, then the company must take into account that it will have to fully satisfy the company's existing creditors.

Requirements related to the status of a reporting entity

The company is a reporting entity and is obliged to comply with the requirements listed below.

Production of reports and disclosure of information

According to the Law of Georgia On Securities Market ("Securities Law"), a company that issues debt securities through a public offering or has its debt securities listed on a stock exchange is considered a reporting entity. The National Bank of Georgia imposes certain obligations and requirements on reporting entity, which include the preparation, submission, and publication of periodic reports and statements.

In view of the above, the reporting entity shall prepare, submit to the National Bank of Georgia and publish an annual and a semi-annual report: The annual report shall include (i) the audited financial statements, (ii) the management report, and (iii) the statement of the responsible persons of the reporting entity (indicating their identities and responsibilities/authorities) in accordance with the requirements of the Securities Act and Order №181/04 of the President of the National Bank of Georgia.

In the first half of 2024, the National Bank identified a technical deficiency in the company's financial reporting - specifically, insufficient disclosure of required information in the notes to the financial statements. As a result, the company was fined. The deficiency did not affect the accuracy or integrity of the financial data. Necessary changes are implemented by the company in order to comply with the regulator's requirements.

The semi-annual report should include (i) the interim financial statements (unaudited), (ii) the interim management report, and (iii) the statement of the responsible persons of the reporting entity (indicating their identities and responsibilities/authorities) in accordance with the requirements of the Securities Act and Order №181/04 of the President of the National Bank of Georgia. For avoidance of any doubt, the publication of the mentioned reports implies the posting of the reports on the website (www.reportal.ge) provided by the Law of Georgia on Accounting, Reporting and Auditing. Furthermore, using the web-site of the issuer, the Stock Exchange or the National Bank of Georgia, LEPL - the Legislative Herald of Georgia or other means that provide access to information for investors.

In addition, the reporting entity is obliged to disclose the following:

1. Any changes pertaining to the rights of the holder of a public security, including modifications to the terms of the security that may indirectly impact the holder's rights or arise from alterations in loan terms and interest rates, should be promptly disclosed.
2. Information regarding the interest rate, periodic payments, conversion/exchange options, redemption or cancellation rights, and maturity of the debt security must be provided.

Furthermore, the reporting entity must create all the conditions and access to the information necessary for the proper implementation of the rights of the holders of public securities, as well as to ensure the integrity and consistency of the data provided to them.

In addition, the National Bank of Georgia is authorized to request publishing additional information about the public securities from the reporting enterprise at any time.

According to Order No. 172/04 issued by the President of the National Bank of Georgia, the Corporate Governance Code for Issuers of Public Securities has been approved. In compliance with this Code, information specified in Article 7, Paragraph 7 of the Law of Georgia on Accounting, Reporting, and Auditing must be presented within the management report of the enterprise's annual report, prepared in accordance with Subparagraph "b" of Paragraph 3, Article 11 of the Law of Georgia on Securities Market, and Paragraphs 4 and 5, Article 3 of the Rule of Transparency Of Information About Issuer and the Appointment of a Securities Registrar for the Issuer, approved by Order No. 181/04 of the President of the National Bank of Georgia on

October 7, 2020. Alongside this management report, the Company is also required to complete and submit to the National Bank of Georgia a compliance report with the Corporate Governance Code, in accordance with Annexes N1-3 of the aforementioned Code.

Issues related to insider dealing, unlawful disclosure of insider information and market manipulation

According to Order No. 180/04 issued by the President of the National Bank of Georgia, a public securities reporting entity assumes certain obligations and restrictions regarding insider dealing, unlawful disclosure of insider information, and market manipulation. Additionally, this order establishes: (i) requirements for the publication of insider information by the reporting entity and the obligation to maintain a record of persons holding insider information, and (ii) the obligation to submit information to the reporting entity and the National Bank of Georgia regarding transactions conducted by persons with managerial functions within the reporting entity.

The above-mentioned order also regulates the terms, forms and procedure of notification of information related to insider trade and market manipulation to the National Bank of Georgia and establishes a list of actions that are not considered as insider trade, illegal disclosure of insider information and / or marketing.

Governing Body and Management

Brief description of the corporate governance standard in the company

The highest governing body of the Company is the Meeting of Shareholders, which adopts the Company's charter and elects and dismisses the members of the Supervisory Board. The Meeting of Shareholders makes decisions on the implementation of investments, assumption of obligations and distribution of dividends.

The Director carries out the daily management of the Company within the limits of the powers granted by the charter, the general meeting and, in certain cases, by the decision of the Supervisory Board, and approves the staffing schedule in accordance with the Company's structure, hires and dismisses the company's employees, decides on their incentives and disciplinary liability.

The functions of the Supervisory Board mainly include approving risk management and internal control systems and supervising their effective functioning; approving common standards for financial planning and reporting; making decisions on the issue of debt securities; Making decisions on the establishment/cancellation of the Audit Committee, as well as the appointment/dismissal of the members/chairman of the Audit Committee, determining the number of members of the Audit Committee, assigning relevant tasks to the Audit Committee and controlling its activities.

The functions of the Supervisory Board include implementing all relevant measures in the organization to comply with the Corporate Governance Code for Issuers of Public Securities (hereinafter referred to as the "Corporate Governance Code") approved by the Order of the President of the National Bank of Georgia No. 172/04 and ensuring its compliance, including the implementation of the provisions specified in this Article. In addition, the Supervisory Board ensures the compliance of the internal governance structure of the enterprise with the requirements of the legislation regulating corporate governance issues and the internal rules/documents of the organization;

The Audit Committee established with the Supervisory Board, which is currently represented by the Audit Committee consisting of 3 (three) members, must control the accuracy of the Company's financial statements, ensure the effectiveness of internal control systems, the independence of internal audit (if any) and Manage the relationship with the external audit.

General Meeting (Meeting of Shareholders)

The highest governing body of the company is the General Meeting of Shareholders, which is held at least once a year, no later than 6 months after the annual balance sheet is drawn up. The General Meeting of Shareholders is convened by the governing body or the supervisory board. The body convening this meeting is responsible for the proper convening and holding of the General Meeting of Shareholders. The place and time of the general meeting must not unreasonably restrict the Shareholder's right to participate in the General Meeting of Shareholders. The notice/invitation of the convening of the General Meeting of Shareholders must include the agenda of the General Meeting of Shareholders. The Shareholder has the right to request the governing body to provide clarifications on each issue of the meeting agenda and to present his/her request/opinion. Refusal to provide clarifications on an issue on the agenda of the general meeting or to include an issue on the agenda is permissible only in order to protect the essential interests of the limited liability company, which must be substantiated in writing.

Extraordinary meeting:

The right to convene an extraordinary General Meeting of Shareholders is vested in the management body or the supervisory board, and in the absence of management persons (death, resignation, termination of their powers in another way, etc.), the Shareholder(s) who own(s) at least 5 percent of the shares or voting shares of the limited liability company.

The request of the initiating Shareholder(s) to convene an extraordinary General Meeting of Shareholders must be submitted in writing and must include the issues on its agenda.

The body convening the General Meeting of Shareholders is responsible for the proper convening and holding of the general meeting. In case of violation of the rules established by the charter of the General Meeting of Shareholders, a decision shall be made if all Shareholders attend the meeting and they agree to hold the meeting and make a decision.

It is not necessary to convene a General Meeting of Shareholders to make a decision if all Shareholders agree in writing to the issue under consideration. When making a decision of the Shareholders without holding a General Meeting of Shareholders, the decision shall be made by 95% of the votes of the Shareholders, calculated from the total number of votes of all Shareholders.
The General Meeting of Shareholders shall be quorate if 95% of the Shareholders with voting rights are present. The decision of the General Meeting of Shareholders shall be made by 95% of the votes of the participants. If the General Meeting of Shareholders does not have a quorate convening, a second meeting shall be convened within two weeks with the same agenda. This meeting shall be quorate if 51% of the Shareholders with voting rights have appeared. The decision of the General Meeting of Shareholders is made by 51% of the votes of the participants.
The work of the General Meeting of Shareholders is led by the chairman of the supervisory board, in his absence - by the deputy, and in the absence of the deputy - by one of the directors. In their absence, the chairman of the meeting is elected by the General Meeting of Shareholders by a majority of votes. All members of the governing body, the chairmen of the internal audit and other committees, as well as external auditors must attend the General Meeting of Shareholders.
If the decision concerns a dispute between the company and one of the Shareholders, then this Shareholder does not have the right to vote.

The meeting of Shareholders makes decisions on the following issues:

- Commencement and termination of economic activity;
- Reorganization and liquidation of the company;
- Creation and liquidation of branches;
- Adoption of amendments to the data of the company registration application and the charter;
- Creation of the supervisory board, election and dismissal of its members;
- Approval of the structure and amount of remuneration of the supervisory board and management bodies;
- Implementation of investments and assumption of obligations (loans, credits, sureties) and securing them;
- Alienation, encumbrance and pledge of assets;
- Issuance and cancellation of power of attorney;
- Appointment of an external auditor and approval of the results of the annual audit;
- Decision-making on increasing the capital of the enterprise through new/additional contributions and request for corresponding contributions;
- Making decisions on the distribution of dividends (based on recommendations from the Supervisory Board and the Director)

Decisions at the General Meeting of Shareholders are made based on the principle of proportional distribution of votes.

In addition to those provided for by charter and the law, each Shareholder of the Company has the following rights:

- Participate in the management of the Company;
- Control the management of the Company;
- Receive a share of the Company's profits in proportion to its share in the Company's capital.

The Company's shareholder/Shareholders as of the date of this Prospectus:
As of the date of this Prospectus, the only direct partner of the company is Green-Energy Holding LLC (ID 405734022), which owns 100% of the company's shares.
The Shareholders of Green-Energy Holding LLC are the following individuals:

Shareholder	ID	Share
Mindia Sabanadze	01023002458	95%

Giorgi Shukakidze	01003005878	3%
David Khachidze	01024024429	2%

Mr. Mindia Sabanadze is considered the ultimate beneficial owner of the Company through an indirect shareholding of 95% and at the same time holds the position of Chairman of the Supervisory Board of the company. Mr. Giorgi Shukakidze is the Director of the company, and Mr. David Khachidze is a member of the Supervisory Board. *Additional information about the shareholders is presented below, in Supervisory Board section.*

Supervisory Board

The decision on the establishment/dissolution of the Supervisory Board, as well as the appointment/dismissal of the members of the Supervisory Board and the determination of the volume of the annual fund for the purpose of remuneration for their activities is made by the General Meeting. The Supervisory Board elects the Chairman of the Supervisory Board and his Deputy from among its members. It is preferable that the Chairman of the Supervisory Board be an independent member. If the Chairman of the Supervisory Board is not an independent member, all decisions attributed to the Chairman that may have a negative impact on the interests of the company's investors (bondholders) shall be made by the Chairman with the consent of the independent member.

Supervisory Board consists 5 (five) members and their term of office shall be determined for no more than 5 (five) years;

The term of office of a member of the Supervisory Board shall be extended after the expiration of the term until the convening of the next General Meeting of Shareholders. A member of the Supervisory Board may be reappointed to the same position without restrictions, however, the requirements established by the criteria of the Corporate Governance Code shall be taken into account in relation to independent members.

Any person may be a member of the Supervisory Board, however, a member of the Supervisory Board may not be a member of the Company's governing body at the same time. At least two members of the Supervisory Board must be "independent members". One third, but not less than two members of the Supervisory Board must be independent members as defined in Article 16 of the Corporate Governance Code approved by Order No. 172/04 of the President of the National Bank of Georgia of December 7, 2021.

<u>The functions of the Supervisory Board are set out in the Charter and are also regulated by the Corporate Governance Code. The functions of the Supervisory Board are:</u>

- Approval and supervision of risk management and internal control systems;
- Determination of information disclosure policy;
- Determination of general principles of the organization's economic policy;
- Control of financial planning, reporting and accounting activities;
- Monitoring of financial documentation and organization's assets;
- Submission of recommendations on the organization's budget and dividend distribution to the general meeting;
- Making decisions on admission of securities to the stock exchange and issuance of debt securities;
- Creation of an audit committee, appointment of members and control of its activities;
- Appointment and dismissal of the Director.

The functions of the Supervisory Board include the implementation of all relevant measures in the organization to comply with the "Corporate Governance Code for Issuers of Public Securities" (hereinafter referred to as the "Corporate Governance Code") approved by the Order of the President of the National Bank of Georgia No. 172/04 and ensuring its compliance, including the implementation of the provisions specified in this Article. In addition, the Supervisory Board ensures the compliance of the internal governance structure of the enterprise with the requirements of the legislation regulating corporate governance issues and the internal rules/documents of the organization;

The Supervisory Board ensures the approval of the internal corporate governance guidelines of the organization, including the Code of Ethics, the Risk Management Framework Document, and the provisions of the Audit Committee.

In addition to performing other functions stipulated by the legislation and the Company's Charter, the members of the Company's Supervisory Board are individually and collectively responsible for:

- Defining the company's values, ethical principles and organizational structure;
- Defining and monitoring the company's strategy, annual budget and risk management framework;
- Controlling the activities of the board of directors and evaluating its decisions to ensure their compliance with the company's strategy and risk management framework;
- Developing, approving and monitoring the effective implementation of the remuneration policy;
- Monitoring the remuneration and human resources management policy, including ensuring an effective system for replacing the management team.

Decision making by the Supervisory Board:

1. The Supervisory Board shall hold meetings at least once a quarter, and in cases of necessity, increase the frequency of meetings. Meetings shall be convened by sending a written notice to each member of the Supervisory Board at least 7 (seven) days prior to the meeting. The notice shall include the agenda of the meeting;
2. Members of the Supervisory Board may be represented by other members. One member may be represented by only one member;
3. The Supervisory Board shall have a quorum if at least 1/3 of the members are present, including the Chairman of the Supervisory Board;
4. Decisions at the meetings of the Supervisory Board shall be made by a simple majority of the votes of the members present or represented. In the event of an equal division of votes, the vote of the Chairman of the Supervisory Board shall be decisive;
5. Taking into account the organizational structure of the Company, the corporate secretary, or in their absence - a person designated by the Supervisory Board, shall be responsible for keeping the minutes of the Supervisory Board meetings.

As of the date of this Prospectus, the Supervisory Board composes of:

Name	**Age**	**Position**	Term
Mindia Sabanadze (P/N 01023002458)	51	Chairman of the Supervisory Board	Until October 1, 2027
David Khachidze (P/N 01024024429)	41	Member of the Supervisory Board	Until October 1, 2027
Levan Meskhel (P/N 01008030756)	37	Member of the Supervisory Board	Until October 1, 2027
Beka Abutidze (P/N 01024078750)	24	Member of the Supervisory Board	Until October 1, 2027
Giorgi Mtibelashvili (P/N 01017013930)	42	Deputy Chairman of the Supervisory Board and Independent Member	Until October 1, 2027
Irakli Chiladze (P/N 01008021270)	43	Independent Member of the Supervisory Board	Until April 1, 2025, [term extended until further meeting]

Mr. Mindia Sabanadze – Chairman of the Supervisory Board

Mr. Mindia Sabanadze was born on 03.10.1971, graduated from secondary school No. 14, received higher education at the Georgian Technical University - Faculty of Transport and Mechanical Engineering. Since 2014, he has been appointed as a member of the Supervisory Board of one of the largest importers of frozen meat products - West Invest LLC (ID 202311104) and has been exercising this authority to this day. On September 18, 2019, he founded IG Invest LLC (ID 404584400), of which he is the director. Since November 10, 2020, he has been the Director of Samoseli LLC (ID 404604380). He was elected as the Chairman of the Supervisory Board of IG Development Georgia LLC (ID 404851503) in November 2021, and since October 26, 2022, he has been elected as the Chairman of the Supervisory Board of Energy Development Georgia LLC (the "Issuer").

Companies where Mr. Giorgi was or is a member of the management, board of directors or supervisory board for the last 5 years: West Invest LLC (ID 202311104); IG Invest LLC (ID 404584400); Samoseli LLC (ID 404604380); Tanadgoma Fund for Assistance to Families of Servicemen and Victims of Military Operations (ID 204559245); IG Development Georgia LLC (ID 404851503); Green – Energy Holding LLC (busin ID 405734022); Energy Development Georgia LLC (ID 404485188); JSC Expo Georgia (ID 201990104).

Mr. David Khachidze - Member of the Supervisory Board

Mr. David Khachidze was born on July 20, 1981. In 1998-2002, he received his higher education at the Georgian Technical University, Faculty of Hydroengineering. In 2004, he received his Master's degree, and since 2008, he has been the holder of a PhD degree. From 2003 to 2011, he worked in various positions at the Ministry of Energy of Georgia, from 2011 to 2014, he held the position of Project Manager at Gross Energy Group LLC, from 2014 to 2017, he worked at Stucky Caucasus Company, from 2017 to present, he has been employed as an Engineering Consultant at Block Invest Georgia LLC, and from 2018 to present, he holds the position of Project Manager at Energy Development Georgia Company (the "Issuer").

Companies where Mr. Giorgi was or is a member of the management, board of directors or supervisory board for the last 5 years: Kutaisi Energy Group LLC (ID 405670055); International Youth Network for Peace and Cooperation Yuvenko (ID 236035027); Green – Energy Holding LLC (ID 405734022); Energy Development Georgia LLC (ID 404485188).

Mr. Levan Meskheli - Member of the Supervisory Board

Mr. Levan Meskheli was born in 1988, graduated from Tbilisi State University, and holds a Master's degree in Law from the Illinois Institute of Technology, Chicago-Kent College of Law. Mr. Levan has been the Director of IG Development Georgia LLC since October 2016. He has 8 years of experience in this company, of which 2 years were spent as the Head of the Company's Legal Department (2013-2015), 1 year as Deputy Director (2015-2016), and the remaining 5 years as the Director. His professional career also includes companies - West Invest LLC (2013-2016) and West Cold LLC (2013-2016), where he worked as a legal consultant and head of the legal department.

Companies where Mr. Giorgi was or is a member of the management, board of directors or supervisory board for the last 5 years: IG Development Georgia LLC (ID 404851503); Energy Development Georgia LLC (ID 404485188)

Mr. Beka Abutidze - Member of the Supervisory Board

Mr. Beka was born on July 1, 2000. In 2018-2022, he received higher education at Caucasus University, Faculty of Business Administration. Since 2023, he has held the position of Financial Analyst at IG Development Georgia LLC, and since 2024, he has been employed at Energy Development Georgia LLC, where he holds the position of Financial Analyst.

Companies where Mr. Giorgi was or is a member of the management, board of directors or supervisory board for the last 5 years: Energy Development Georgia LLC (ID 404485188)

Mr. Giorgi Mtibelashvili - Deputy Chairman of the Supervisory Board and Independent Member

Mr. Giorgi was born in 1981. Mr. Giorgi has many years of experience in the field of tax and financial consulting - he began his career in 2005 as the Chief Inspector of the Desk Inspection Department of the Taxpayer Inspection Department of the Tbilisi Tax Inspectorate. In 2008-2009, he was an auditor of the Main Inspection Department of the Audit Department of the LEPL Revenue Service, then until 2010 he worked as the Head of the Desk Inspection Department of the Control Department of the Tbilisi Regional Center of the LEPL Revenue Service, was promoted to the position of Deputy Head of the Main Inspection Department of the Audit Department of the LEPL Revenue Service, in this position he worked until 2012. In 2012-2015, he was a partner and director of DP Group LLC. In 2013-2015, Mr. Giorgi was also a member of the Supervisory Board of the National Statistics Service of Georgia. In 2015-2019, Mr. Giorgi worked at Ablex LLC as a partner/tax and financial consultant, and since 2019, he has been working at A.G.F LLC in the same position.

Companies where Mr. Giorgi was or is a member of the management, board of directors or supervisory board for the last 5 years: Tax and Financial Management Group LLC (ID 404418377); DP Group LLC (ID 404424217); Consulting and Audit of the Georgian Chamber of Commerce and Industry LLC (ID 404444810); Audit LLC (ID 404460597); Alfa Property LLC (ID 404605094); IG Development Georgia LLC (ID 404851503); Energy Development Georgia LLC (ID 404485188)

Mr. Irakli Chiladze - Independent Member of the Supervisory Board

Mr. Irakli was born in 1983. Mr. Giorgi has been the Managing Partner of Inox LLC since 2017 and the Managing Partner of Financial Services Agency LLC since 2012. In 2004, he received a Bachelor's degree in Economics from Tbilisi State University. In 2006, he received a Master's degree in Finance from the University of Georgia.

Companies where Mr. Irakli was or is a member of the management, board of directors or supervisory board for the last 5 years: Tex Audit Group LLC (ID 404906580); Financial Services Agency LLC (ID 406057136); Tex-Audit LLC (ID 205245297); Didberi LLC (ID 405481802); Inox LLC (ID 404539674); Energy Development Georgia LLC (ID 404485188)

Governing body

The governing body of the Company consists of the director. The Director has the right to manage and represent the company, representing the company alone:

- Act on behalf of the Company and in relations with third parties;
- Manage the Company's activities in good faith, make decisions based on the best interests of the Company, and in case of violation, take full personal responsibility;
- The right to make decisions on behalf of the enterprise within the scope of authority;
- Observe the restrictions set by the Supervisory Board when exercising representative authority;
- Restrict participation in sectors similar to the company's activities without the consent of the partners;
- Ensure changes to registration data, which can also be carried out by Shareholders, members of the Supervisory Board or other interested persons

In addition, the Director is authorized to:

- Draw up the structure of the company and submit it to the Supervisory Board for approval;
- Hire and dismiss employees of the company, encourage and impose disciplinary liability;
- Issue powers of attorney;
- Open, manage, dispose of and close the company's bank accounts without a decision of the General Meeting of Shareholders;
- Issue documents of an organizational and management nature;

- Resolve other issues stipulated by the legislation and the Company's Charter.

The composition of the management body as of the date of this Prospectus:

Name	Age	Position	Term
Giorgi Shukakidze	44	Director	Unlimited

Mr. Giorgi Shukakidze – Director

Mr. Giorgi was born in 1981. He received his higher education at the Georgian Technical University – Faculty of Hydro Engineering. He also graduated from the Law Faculty of the University of Quality Management. Since 2004, he started working at the Ministry of Energy of Georgia, as a specialist in the Energy Department. From 2004 to 2017, he had constant career advancement in the same ministry (Leader, Chief Specialist, Advisor, Chief Advisor and finally Head of the Energy Department). In 2017-2018, he worked as the Deputy Director of the Energy Department of the Ministry of Economic Development of Georgia, in 2018 he was an invited consultant in the field of energy project development at the Energy Development Fund of Georgia, and since 2018 he has been the Managing Director of Energy Development Georgia LLC.

Companies where Mr. Giorgi was or is a member of the management, board of directors or supervisory board for the last 5 years: Energy Trading Group LLC (ID 405558524); Wind Energy Group LLC (ID 405664482); Kutaisi Energy Group LLC (ID 405670055); Green Energy Holding LLC (ID 405734022); Energy Development Georgia (ID 404485188).

Audit Committee

The Company is obliged to establish an audit committee from among the members of the Supervisory Board; The Audit Committee shall, in performing its functions, be guided by the Committee's charter approved by the Supervisory Board;

The Committee shall consist of at least 3 members. A member of the Supervisory Board shall not be a member of more than two committees at the same time.

The Audit Committee shall meet four times a year and shall submit reports to the Supervisory Board in accordance with the period for approving the annual and semi-annual reports; if necessary, it may require the attendance of Directors, internal and external auditors and other employees at the meeting. The Audit Committee shall, at least once a year, assess the effectiveness of the Company's internal control and risk management systems and report thereon to the general meeting of shareholders/partners.

The Audit Committee is responsible for, among other functions:

- Monitoring financial and non-financial reporting processes and determining internal audit policies;
- Cooperating with internal and external auditors and assessing their independence and effectiveness;
- Reviewing and monitoring external auditor nominations;
- Monitoring the accounting policies, internal control systems and risk management processes of the enterprise;
- Reviewing audit reports and recommending appropriate measures to the Board of Directors.

The Chairman of the Audit Committee must be an independent member of the Supervisory Board, but at the same time, they must not be the Chairman of the Supervisory Board and/or any other committee. Members of the Audit Committee, including the Chairman of the Committee, must have the ability to analyze financial statements and have financial education or relevant financial experience;

Name	Position	Term
Giorgi Mtibelashvili (P/N 01017013930)	Chairman of the Audit Committee and Independent Member of the Supervisory Board	01.10.2027
Irakli Chiladze (P/N 01008021270)	Member of the Audit Committee and Independent Member of the Supervisory Board	01.10.2027
Beka Abutidze (P/N 01024078750)	Member of the Audit Committee	01.10.2027

Corporate Secretary

The Supervisory Board shall appoint a person to act as the Corporate Secretary. The person to act as the Corporate Secretary shall not be a member of the management body of the Company, shall not be vested with decision-making authority, or shall not otherwise be connected with the Company in a manner that may prevent him from performing his duties impartially and independently;

The main functions of the Corporate Secretary are:

- Assisting the Supervisory Board and the Board of Directors in organizational and procedural matters, including planning and organizing meetings;
- Maintaining, storing and controlling compliance with corporate documentation;
- Acting as a liaison between shareholders, the Supervisory Board and the Board of Directors;
- Organizing general meetings of shareholders and ensuring their compliance with the legislation;
- Ensuring compliance with the principles of the Corporate Governance Code and compliance with regulatory requirements.

Name	Position	Term
Lida Oniani (პ/ნ 01012017901)	Corporate Secretary	Unlimited

Lida Oniani - born on November 20, 1981, graduated from the Georgian Technical University, Faculty of International Law, with a lawyer's qualification, holds a master's degree in state law. In 2013–2016, she was employed at the Georgian Oil and Gas Company, holding the position of lawyer. Before that, she worked in the Office of the State Minister for Coordination of Reforms, and also held the position of Advisor to the Prime Minister, in 2016–2018 she was employed at the Georgian International Energy Corporation. Since 2021, he has been employed as a lawyer at Energy Development Georgia LLC.

Employees

As of December 31, 2024 and 2023, the Company had 41 and 39 employees, respectively.

Compensation and Benefits

The compensation of executive management and the Supervisory Board in the form of salaries and other benefits amounted to GEL 267,858 and GEL 287,115 in 2024 and 2023, respectively.

Conflict of Interest Statement

There is no conflict of interest between the personal interests and/or other duties of the Shareholders, members of the Supervisory Board and/or members of the executive management holding more than 5% of the Issuer's direct or indirect shares. Also, there are no family ties between the partners, members of the Supervisory Board and/or members of the executive management holding more than 5% of the Issuer's direct or indirect shares.

Litigation Statement

As of the date of the Prospectus, the Company was not involved in any significant or material litigation as of December 31, 2024 and December 31, 2023. Management believes that no material uncollected losses will arise and, accordingly, no provision will be made in the financial statements.

As of the date of this Prospectus, no member of the Issuer's Supervisory Board or governing body, or of the Shareholders with a direct or indirect stake of more than 5% - for at least five years:

- has any convictions in relation to fraudulent offences, economic offences or money laundering;
- has held an executive function in the form of a member of the management or supervisory bodies, of any company at the time of or preceding any bankruptcy or liquidation (other than voluntary liquidation); or
- has been subject to any official public incrimination and/or sanction by any statutory or regulatory authority (including any designated professional body) nor has ever been disqualified by a court from acting as a member of the management or supervisory bodies of a company.

Corporate Governance

On December 7, 2021, the President of the National Bank of Georgia approved the Corporate Governance Code for Issuers of Public Securities, which came into effect from January 1, 2022, however, issuers were required to submit the first report under the Code by the date of submission of the annual report for 2023. The Code is based on the approach: "Apply or Explain an Alternative", which aims to promote the widespread use of best corporate governance practices.

For a description of the corporate governance standard, see "*Governing Body and Management*".

In order to comply with the Corporate Governance Code, Energy Development Georgia LLC has approved an internal corporate governance guidance document – the Code. **In addition**, the Corporate Governance Code Compliance Statement, along with detailed compliance information, is part of the financial statements prepared as of December 31, 2024. The documents are uploaded to the portal and are available on the official website of the issuer. The Supervisory Board supervises the implementation of the Code. Its functions are set out in detail in the Company's Rules of December 27, 2024.

The company complies with the core requirements of the Corporate Governance Code of the National Bank of Georgia. The Supervisory Board consists of six members, including two independent members. The Audit Committee operates under the chairmanship of an independent member. While the Chair of the Supervisory Board is not an independent member, decisions related to bondholders' interests are made with the consent of an independent member.

Dividend Policy

The Company does not have a declared and written dividend policy. According to the Company's Charter, the decision to issue dividends is made by the General Meeting. The Company has limited the amount of dividends based on the recommendations of the Supervisory Board. Issuance of bank loans with covenants and Bonds Terms and Conditions.

During 2024 and 2023, the Company declared and issued dividends of 1,294,014 GEL and 848,617 GEL, respectively.

Related Party Transactions

In accordance with the definition of "Related Parties" in IAS 24, parties are considered to be related if the parties are under common control or when one party has the ability to control the other party or to exercise significant influence or joint control over the other party in making financial and operating decisions. In considering each possible related party relationship, attention is paid to the substance of the relationship and not merely its legal form.

During the reporting periods of 2024 and 2023, the Company had the following transactions with related parties:

Transactions (GEL):	**2024**	**2023**
With other related parties:		
Interest expense	746,656	700,303
Lease expense	67,577	-

Balance (GEL):	**31 December 2024**	**31 December 2023**
With other related parties:		
Loan received	12,719,102	11,391,301

GEL	**2024**	**2023**
Management and executives compensation	267,858	287,115

In 2025, the company issued a surety at JSC TBC Bank in favor of a related party - Kutaisi Energy Group LLC (ID No. 405670055) - covering loan obligations in the amount of USD 900,000. Kutaisi Energy Group is considered a related party, as its ultimate beneficial owner is Mindia Sabanadze, the founder of the Issuer. See the terms of this surety below:

Lender	**Type of debt**	**Date of issue**	**Date of repayment**	**Currenc y**	**Remaining principal, eqv.**	**Interes t**	**Accrued interest, eqv.**	**Schedule type**
JSC TBC Bank	Surety	3/6/2025	12/17/2027	USD	2,490,570	2.20%	3,753	Monthly interest
Total Surety					**2,490,570**		**3,753**	

Events After The Reporting Period

After the reporting period, as of the date of issue of these statements, the Company has paid a dividend to the owner in the amount of GEL 106,245.
No other significant events have occurred that may be reflected in the financial statements.

The list of documents that are referred to / indicated in the registration document

The following documents are referred to in the registration document (except the references made in the Prospectus):

- The Company Charter (NAPR system application number: B24166902);
- Agreement between Placement Agent and the Issuer;
- Agreement between the Calculation and Paying Agent and the Issuer;
- The Company's financial statements are available on the official reporting portal (reportal.ge);
- [Loan Subordination] Agreement.

The above-listed documents, except for the Company's Charter and financial statements, are confidential documents that the Issuer does not plan to publish, however, the said documents may be made available to existing and potential investors in physical form at the address of the Issuer and/or the Placement Agent specified in the Prospectus, as well as in electronic form upon request from the e-mail address specified in the Prospectus. The latest available version of the said documents shall be provided to existing investors in electronic form no later than 10 business days after the request is made.

Overview of securities

Important Information
Statement about working capital

The Company's working capital (current assets minus current liabilities) as of December 31, 2024 was -27,873 thousand GEL. As of December 31, 2023, working capital amounted to 573 thousand GEL. The current and quick ratios for 2024 were 6.0% and 4.0%. As of December 31, 2023, the current ratio was 125.7%, and the quick ratio was 81.4%.
The funds raised from the Bonds issuance will be fully used to repay the $10 million debt securities issued in June 2023 (ISIN: GE 2700604459). As a result, after the repayment of the maturing bonds, the Company's current liabilities will decrease from 29,653 thousand GEL to 1,585 thousand GEL, which will increase the Company's working capital to 195 thousand GEL. In addition, the Company's current and quick ratios will increase to 112.3% and 73.9%, respectively. The Company estimates that future financing (including proceeds from the bonds) and the Company's profitability will be sufficient to finance its operations for the next one year.

Table 40: Working Capital (Thousands of GEL)

	31 December 2024	31 December 2023
Current assets	1,780	2,808
Current liabilities	29,653	2,235
Working capital	**(27,873)**	**573**

Description of Interest of the Parties involved in the Offering

Person involved in the offering	Role in the offering	Description of interest	Description of conflict of interest
TBC Capital LLC	Placement Agent	For the purposes of the offering, TBC Capital LLC is the Placement Agent, which will also act as the Calculation and Paying Agent. Accordingly, it has an interest in placing the securities and receiving the fee agreed with the Company in return.	There is a possibility that the portion of the Bonds will be purchased by one of the largest commercial banks, which is affiliated with Placement Agent (Placement Agent is a direct subsidiary of JSC TBC Bank). At the same time, the Placement Agent and JSC TBC Bank's corporate lending division (responsible for issuing corporate loans and investing in bonds) share the same management team. The listed circumstances may give rise to a conflict of interests between Placement Agent and the Issuer, between Placement Agent and JSC TBC Bank, and between Placement Agent and Investors. However, the Issuer believes the potential conflict of interest is minimized considering the following circumstances: (a) Placement Agent represents and acknowledges that it will treat

			JSC TBC Bank as one of the investors based on principles of equality and fairness; (b) In the event that, during the determination of the final interest rate (book-building process), potential investors express an interest in purchasing a quantity of bonds exceeding what is available under this prospectus, and applications are only partially fulfilled, in proportion to the amounts specified in the submitted applications or otherwise, the decision regarding this will be made by the Issuer itself and not by the Placement Agent.

Information about the changes in the capital structure of securities and case of insolvency/bankruptcy:

Bonds represent direct unsecured obligations of the Company that rank *pari passu* with all other unsecured and unsubordinated obligations of the Company. According to Article 104 of the Law of Georgia On Rehabilitation and the Collective Satisfaction of Creditors' Claims, the insolvency estate shall be distributed in accordance with the principle of proportionality. The claims of creditors of each subsequent rank shall be satisfied after the claims of creditors of the previous rank have been fully satisfied, unless another change is provided for by agreement of all creditors affected by this change. The said Bonds shall be considered as unsecured claims under Article 104, paragraph 1, subparagraph c.c.

Considering abovementioned, in the event of the bankruptcy of the Issuer, the insolvency estate shall be distributed in the following order:

1) The expenses of the bankruptcy regime (which include: (i) the costs of the proceedings provided for in Chapter V of the Civil Procedure Code of Georgia; (ii) remuneration of the bankruptcy trustee; (iii) expenses related to the proceedings, including expenses arising from labor relations during the bankruptcy proceedings, expenses for property management, as well as expenses for various professional services purchased at the discretion of the trustee);
2) Debts incurred by the Issuer after declaring the insolvency application as admissible and issuing an order on opening the bankruptcy regime by the court, including tax liabilities that arose after the initiation of bankruptcy proceedings;
3) A group of creditors – in the following order:
    a. Preferential claims - amounts to cover the expenses of 3 months' salaries and leave (except for the expenses of salaries and leave of the directors of a debtor and members of a supervisory board, as well as their family members), payable before a court declares an application for insolvency admissible, and amounts payable due to occupational injury (in the amount of not more than GEL 1 000 per each creditor);
    b. Preferential tax claims - amounts of indirect taxes, as provided for by the Tax code of Georgia, arising in the last 3 years' relevant tax periods, prior to the declaration of the insolvency application as admissible by court;
    c. Non-secured claims, including the amounts of payables arising before the declaring of an application for insolvency admissible, which are not covered by other sub-paragraphs of the paragraph 1 of Article 104 of the Law of Georgia on Rehabilitation and the Collective Satisfaction

of Creditors' Claims;

d. claims arising as interest and fines accrued on the liabilities existing before the declaring of an application for insolvency admissible, administrative fines and other monetary liabilities deriving from administrative offences, and fines and penalties charged in accordance with the Tax Code of Georgia;
e. Non-preferential claims; and
f. Obligations arising from corporate relations (the payment of dividends, the redemption of shares, the return of contributions).

Other Features of Bonds

The circulation of Bonds is not limited.

The Offering will be carried out in accordance with the terms and conditions set forth in this Prospectus and within the period established by law. The Offering will commence upon approval of the Prospectus and will end upon the first of the following three events:

a. upon the expiry of the validity period of the Prospectus;
b. upon the full placement of the publicly offered Bonds;
c. upon termination of the public Offering.

The Bonds will be placed at a price of 100% of the nominal value. The expenses related to the placement of the bonds will be reimbursed in full by the Issuer and the investor will not be charged any additional expenses related to the placement of the Bonds within the scope of the offering.

Placement, Calculation and Paying Agent: TBC Capital LLC, (ID 204929961); Actual address: Tbilisi 0102, Marjanishvili Street N7; Legal address: Georgia, Tbilisi, Vake district, Ilia Chavchavadze Avenue, N11; e-mail: info@tbccapital.ge; Tel.: (+995 32) 2 27 27 33; Website: tbccapital.ge; registration country: Georgia; applicable legislation: Georgian legislation.

TBC Capital LLC (the "**Placement Agent**"), pursuant to the relevant Service Agreement, has agreed with the Company to assist it in placing the Bonds on a **non-guaranteed (Best Effort) basis**, using its best efforts.

Other fees related to the placement and Offering will not exceed 1.5% of the Bonds placed. The placement fee is fully covered by the Issuer and no placement costs will be charged to investors.

Terms and Conditions

1. The following represent Terms and Conditions of the Bonds

On June 3, 2025, the Supervisory Board of the Issuer decided to issue and offer to the public unsubordinated and unsecured Bonds with a total nominal value of USD 10,000,000. The interest rate and Maturity Date of the Bonds, including the Terms and Conditions and the rights of the Bondholders, are determined by this Prospectus, the Terms and Conditions (hereinafter the "Terms and Conditions" or the "Terms") and the Final Term Sheet (hereinafter the "Term Sheet"). The coupon payment frequency of the Bonds is determined as one of the following: a) monthly; b) quarterly; c) semi-annually; The term of the Bonds may be determined as one of the following: 1) 1 year; 2) 2 years; 3) 3 years.

The principal and interest payments in respect of the Bonds shall be made on [●] in accordance with the terms of the Calculation and Paying Agent Services Agreement entered into between the Company and TBC Capital LLC as the Payment and Calculation Agent ("**Calculation and Paying Agent**"). Each Bondholder is entitled to (i) inspect a copy of the Calculation and Paying Agent Services Agreement, which will be available at the specified address of the Issuer or the Calculation and Paying Agent, or (ii) request the Issuer or the Calculation and Paying Agent to provide the aforementioned agreement to them in electronic form, within 10 (ten) Business Days from such request.

2. Information related to securities being offered

2.1. The type and class of Bonds to be offered/allowed for trading;

The Bonds represent direct unsecured obligations of the Company that rank equally among themselves and rank equally with all other unsecured and unsubordinated obligations of the Company. Bonds will not be an obligation of any government.

2.2. Legislation according to which the Bonds are issued:

The Bonds are issued in accordance with the legislation of Georgia.

2.3. Information on Depository:

Georgian Central Securities Depository JSC (ID 204935400), address: Tbilisi, Vazha-Pshavela Avenue 71. Block 10, Tel.: (+995 32) 2 50 02 11. Website: gcsd.ge (the Issuer will ensure signing the agreement prior to the Bond issuance).

2.4. Information on in which currency the Bonds are denominated:

The Bonds is denominated in USD. The nominal value of each bond is USD 1,000 (one thousand).

2.5. Ranking of offered Bonds in the capital structure of the Issuer in case of insolvency:

The Bonds represent direct unsecured obligations of the Company that rank equally among themselves (pari passu) and rank equally with all other unsecured and unsubordinated obligations of the Company. Under Article 104 of the Law of Georgia on Rehabilitation and Collective Satisfaction of Creditors, the insolvency mass must be distributed in accordance with the principle of proportionality. The claims of creditors of each following rank shall be satisfied after the claims of creditors of a preceding rank are fully satisfied, unless other changes are provided by an agreement among all the creditors, who will be affected by the said changes. Present Bonds shall be deemed as non-secured claims under Article 104(1)(c.c).

2.6. Description of the rights and restrictions attached to the securities and the procedure for exercising said rights:

2.6.1. Covenants

(a) Financial Obligations:

i The Issuer shall not undertake the Financial Obligation if:

A. Such Financial Obligation will result in the Event of Default; or

B. Prior to the Redemption Date, for any audited calendar year ended December 31 and unaudited calendar year ended June 30, the amount of the Financial Obligations of the Issuer (after taking into account new obligations) exceeds the maximum of 7.0 times the EBITDA[11] of the last calendar year calculated based on the data of the Issuer. This requirement shall be met for any date during the term of the Bonds. For the avoidance of doubt, the Issuer is not obligated to automatically provide the specified information to bondholders.

ii. Financial Obligations entail:

- Non-subordinated financial obligation undertaken by the Issuer from financial institutions;
- Non-subordinated debt obligations owed to any person;
- Financial lease liabilities recognized in accordance with IFRS;
- Issued non-subordinated guarantees;
- Obligations arising from letters of credit, bank guarantees, guarantees or similar instruments, except for letter of credit(s) and/or bank guarantee(s) issued within the framework of the electricity purchase agreement, the total amount of which does not exceed 1,000,000 (one million) USD;
- Obligation undertaken by the Issuer on the basis of a non-subordinated financial instrument[12];

(b) Limitation on creating Collaterals:

As long as any Bond is outstanding, the Issuer and its Material Subsidiaries shall not create or permit the creation of any Collateral Facility (or other legal restriction) on the existing or subsequently acquired assets of the Issuer for the purpose of securing any Indebtedness only if the aggregate of the Indebtedness secured by the Issuer (and/or the Material Subsidiary of the Issuer, as the context requires) does not exceed 40% of the total consolidated assets of the Issuer (and/or the Material Subsidiary of the Issuer, as the context requires).

(c) Continuance of Business, Maintenance of Authorizations and Legal Validity:

The Issuer and any of its Material Subsidiaries shall, to the extent possible, take all necessary actions essential to continue their corporate existence and operations and to use all material intellectual property in connection with their operations, including obtaining all necessary consents, licenses, approvals and authorizations.

The Issuer shall, to the extent possible, take any action necessary to maintain the validity of all authorizations, confirmations, licenses and consents and take all measures required by the laws and regulations of Georgia to lawfully fulfill their obligations arising out of the Bonds and to ensure the legality, validity, enforceability and admissibility as evidence in Georgia of the Bonds.

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[11] EBITDA is calculated as the company's last 12 months' revenues minus cost, administrative and operating expenses excluding depreciation and amortization expenses for the relevant period.

[12] For the avoidance of doubt, the obligation based on the financial instrument does not include commercial, tax and other similar obligations

(d) Mergers:

The Issuer shall not, without the prior consent of the Bondholders, and shall ensure that its Material Subsidiary does not:

i. carry out any kind of reorganization (through merger, division or transformation into another organizational legal form of a legal entity) (this does not include establishment of a new legal entity with full or partial equity participation or equity participation in another legal entity by the Issuer); or

ii. Within the framework of one or more related transactions, directly or indirectly, combine or merge several companies:

iii. Sell, alienate, transfer by any other form of ownership, all or a significant portion of the Issuer's consolidated property or assets, unless:

a. Upon the end of transactions listed in subparagraphs (i.), (ii.) or (iii) above:

A. The created or remaining entity or transferee ("Successor") shall be the Issuer, or an entity in which the Issuer is the majority partner/shareholder and/or owns at least 50% or more, or such Successor unless it is the Issuer, fully assumes the rights and obligations of the Issuer arising from the Bonds; and
B. Upon the end of transactions listed in subparagraphs (i.), (ii.) or (iii) above, the Successor (if it is not the Issuer) will retain or assume all rights and obligations of the Issuer arising from all material governmental permits, licenses, consents and authorizations, and will comply with all material regulatory requirements in each jurisdiction in which it operates. No Event of Default will occur and will not continue thereof; and
C. The relevant transaction referred to in subparagraphs (i.), (ii.) or (iii) above will not have a material adverse effect on the ability of the Issuer or the Successor to pay its obligations under such Bonds or any other Financial Obligations in a timely manner, or on the prospects of the Company and its financial standing.

(e) Disposals:

i. Unless otherwise determined in these Terms and Conditions, without limiting the provisions of Condition 2.7.1 (d) (*Merger*), the Issuer and its Material Subsidiaries, in one or more transactions (despite whether these transactions are related to one another), will not sell, transfer, lease or otherwise dispose of all or part of its income or material assets (meaning property and equipment) to any Person, unless less that 20% of consolidated assets of the Company or its Material Subsidiaries are disposed which shall be determined by the reference to the consolidated balance sheet of the Company/Material Subsidiary prepared in accordance with IFRS in the most recent IFRS Financial Period.
ii. Subparagraph 2.7.1.(e).i (*Disposals*) shall not be applicable in the following instances:
   a. In relation to any transaction between the Issuer and any of its 100% Subsidiaries; or
   b. In relation to the lease, sale, creation, purchase or disposal of assets, if it is carried out within the Issuer's the normal course of business and operations; or
   c. In relation to any existing or future assets or income or their portion that is the subject of any debt securities issue or cash indebtedness, asset-backed financing or similar financing, and where all payment obligations are to be met solely out of such assets or income, provided that value of such assets or income that are the subject of the relevant financing, together with the value of all assets or income that constitute Permitted Collateral under the definition of Permitted Collateral does not at any time exceed 25% of the assets of the Issuer which is determined by reference to the Company's consolidated balance sheet prepared in accordance with IFRS for the most recent IFRS Financial Period.

iii. Additionally, for the purposes of this Subparagraph 2.7.1. (e), each transaction shall be effected at Fair Market Value and

a. With respect of any transaction involving the disposal of more than 20% (twenty percent) of the Total Consolidated Assets of the Issuer as measured by the balance sheet prepared in accordance with IFRS for the most recent IFRS Financial Period, the Issuer shall, prior to the disposal, provide the Bondholders with a written opinion from an Independent Appraiser stating that the transaction was effected at Fair Market Value.

(f) Payment of taxes and other claims:

The Issuer and its Material Subsidiaries shall pay in due time any taxes imposed on respective income, profits or property of the Issuer or its Material Subsidiaries. The Issuer and its Material Subsidiaries shall not be liable for non-payment of taxes for the purposes of this Prospectus if:

i. Their amount, applicability or validity is disputed in good faith within the framework of relevant proceedings and respective reserves are created for their covering under IFRS; or
ii. Amount of which, together with all other such Taxes or similar requirements, does not in the aggregate exceed 5% of total consolidated assets (calculated in accordance with IFRS).

(g) Financial information:

i. The Issuer undertakes an obligation to publish, no later than May 15 after the end of each financial year, copies of the consolidated and audited financial statements of the Issuer prepared in accordance with IFRS for such financial year, along with the corresponding report of the Auditors.
ii. The Issuer undertakes to publish, from the end of the second quarter of each financial year until August 30, as required by law, copies of the Issuer's consolidated and unaudited financial statements (balance sheet, profits and losses, cash flow) for six months prepared in accordance with IFRS.
iii. If the Bondholders, owning (directly or through Account keeper), individually or in the aggregate, more than 25% of the outstanding Bonds, reasonably believe that an Event of Default has occurred, the Bondholders are entitled to request in writing and the Issuer is obliged to provide them with information directly related to the anticipated Event of Default. In such case, the Issuer is obliged to provide the requested information in a timely manner to those Bondholders and Account keeper who have submitted relevant written request. Such written request may be contained in one or more documents of the same form, each of which is signed by or on behalf of one or more Bondholders and/or Account Keeper. Such request may also be implemented in the form of another decision of the Meeting of Bondholders with justification.

(h) Insurance maintenance:

The Issuer and its Material Subsidiaries shall insure the real estate under their ownership with the insurance companies that, in the opinion of the Issuer or its Subsidiaries, are in good financial standing. Insurance shall be provided against the risk of loss or damage to the extent that insurance of a similar type of property is carried out in Georgia by companies having a similar situation and owning similar property. In addition, in each case, the insurance contract must be concluded within a reasonable time period after the purchase of the property.

(i) Change of control:

The Issuer shall ensure that no Change of Control takes place. For the purposes of this clause, Change of Control takes place if the partners who, as of the date of this Prospectus, hold shares in the capital of the

Company, directly or indirectly, cease to hold more than 50% of the capital of the Issuer or otherwise directly or indirectly cease to Control the Issuer.

(j) Restricted payments:

The Issuer shall not permit, and shall ensure that its Material Subsidiary shall permit, the following (for the avoidance of doubt, this restriction shall also apply to the Issuer itself):

(j.1.) declare or pay dividends in cash or otherwise, or make any similar distribution (including by way of redemption, purchase or otherwise) of its capital, other than the payment of dividends to the Issuer or its Material Subsidiary (and, if the Subsidiary is not a wholly-owned Subsidiary of the Issuer, to the other partners in proportion to their shares); or

(j.3.) issue loans;

(j.4.) cover any Subordinated Obligations.

Any action under (j.1.) (j.2.) (j.3.) or (j.4.) shall constitute the Restricted Payment, if

- At the time of making such payment, an Event of Default or potential Event of Default occurred or may occur in the event of making such payment; and/or
- Financial Obligation/EBITDA ratio is less than 7.0; and
  Debt Service Coverage Ratio (DSCR) is greater than 1.1;

This requirement must be respected for any date during the term of the Bonds and the calculation should be carried out twice a year by December 31 and June 30, In accordance with IFRS. For the avoidance of doubt, the Issuer is not obligated to automatically provide the specified information to bondholders.

For the purposes of this clause:

- EBITDA is calculated as the operating profit of the company for the last 12 months plus the depreciation and amortization expense of the relevant period;
- Financial Obligations entail:
  - Non-subordinated financial obligation undertaken by the Issuer from financial institutions;
  - Non-subordinated debt obligations owed to any person;
  - Financial lease liabilities recognized in accordance with IFRS;
  - Issued non-subordinated guarantees;
  - Obligations arising from letters of credit, bank guarantees, guarantees or similar instruments, except for letter of credit(s) and/or bank guarantee(s) issued within the framework of the electricity purchase agreement, the total amount of which does not exceed 1,000,000 (one million) USD;
  - Obligation undertaken by the Issuer on the basis of a non-subordinated financial instrument;
- DSCR = (Operational Cash - Company Tax - Dividends Paid - Capital Expenditures + Raised Long-Term Resources (Equity and/or Debt Financing)) /(Loan/Bond/Guarantee Principal Amount and Interest + Coupon). Bank loan payments do not take into account prepayments of bank loans.

(k) Related party transactions:

Transactions concluded between the Issuer and its Related Parties, as well as with any other Person, shall comply with the so-called "arm's length principle" (a frequently used evaluation method in financial and commercial transactions obliging the parties to determine the transaction price as it would be between independent parties, taking into account the best interests of each of them); additionally,

i. In the case of a transaction with a Related Party where the aggregate value of the transaction or related transactions in any 12-month period exceeds 15% (fifteen percent) of the Consolidated Total Assets of the Issuer based on the consolidated balance sheet prepared in accordance with International Financial Reporting Standards for the most recent financial period, the Issuer must, prior to the transaction with such Related Party, provide the Bondholders with a written opinion from an Independent Appraiser stating that the transaction (or series of transactions) with the Related Parties was carried out at Fair Market Value and is fair from the financial perspective of the Issuer or its Material Subsidiary, taking into account the circumstances. For the avoidance of doubt, the Issuer is also not obligated to obtain the consent of the Bondholders for any transaction with a Related Party that does not adversely affect the Issuer and places it in a more favorable position.

(l) Compliance with applicable legislation:

The Issuer and its Material Subsidiaries will at all times make every effort to comply fully with all applicable laws, including directives and regulations of governmental authorities, violation of which could have material adverse effect on Company's operations, or which could materially harm the interests of the Bondholders;

(m) Change of activities:

The Issuer shall ensure that the basic nature of the business of the Company which it carries out on the Date of Issue does not change materially.

(n) Subordination

Subordinated Obligations are in right and in payment subordinated to this Prospectus and obligations/claims undertaken before the Bondholders under this Prospectus.

As long as the Bonds are outstanding, the Issuer shall not allow partial or full satisfaction of the Subordinated Obligations. Satisfaction of Subordinated Obligations may only be made in accordance with Subparagraph 2.6.1.(j) (Restricted Payments).

i. Subordination Agreement

The Subordination Agreement provides that until the obligation related to the Bonds is duly performed, the Issuer will not be serviced, and the Subordinated Creditors will not demand the performance of the Subordinated Obligations of the Issuer.

Pursuant to the terms of the Subordination Agreement, the Issuer will be obliged to perform first its obligations towards the Bondholders and, in case of their proper performance, will have the right to perform the obligations arising from the Subordinated Loans (as such term is defined below). This does not prohibit the Issuer from making payments in accordance with Subparagraph 2.6.1. (j) (Restricted Payments) of these Terms and Conditions.

In the event of a breach of the terms of the Subordination Agreement, the Bondholders shall have rights only against the Issuer and the Bondholders shall not have the right to require the Subordinated Creditor to return to the Issuer any benefit that the Subordinated Creditor received in breach of the relevant contractual restrictions.

Pursuant to the Subordination Agreement, the Subordinated Creditor shall be obliged to return to the Issuer any benefit that the Subordinated Credit received in breach of the relevant contractual restrictions.

ii. Conclusion of the Subordination Agreement

The Subordination Agreement shall be concluded between the Issuer and the Subordinated Creditors. The Subordination Agreement shall be signed no later than 1 (one) business day after the approval of the final Prospectus of the Bonds.

The Issuer and the Subordinated Creditors shall ensure the signing of the Subordination Agreement.

The Subordination Agreement may be signed either in simple written form or by means of a qualified electronic signature. In the event that the Subordination Agreement is signed in simple written form, the latter may be carried out without notarization. If the Subordination Agreement is signed with a qualified electronic signature, including using the Signify platform, the Issuer and the Subordinated Creditors agree and confirm that the qualified electronic signature executed by the Issuer and/or the Subordinated Creditors on the Subordination Agreement has the same legal force as a written/material document and a personal signature. The Issuer and the Subordinated Creditors are obliged to ensure the signature of the Subordination Agreement (by duly verifying the identity and/or authority of the signatory).

In case of additional questions regarding the above procedure, the Bondholders may directly contact the Placement Agent and the Issuer. The Issuee shall provide one copy of the Subordination Agreement in the original to the Placement Agent.

Upon request by the Bondholders, the Issuer shall promptly, but not later than within 5 (five) business days, send copies of the Subordination Agreement to the Bondholders.

In the event of any conflict between the provisions of the Prospectus and the Subordination Agreement, the provisions of the Prospectus shall prevail.

2.6.2. Redemption and purchase

The Bonds will be redeemed at their principal amount on the Redemption Date, including accrued and unpaid interest (if any), unless redeemed or canceled earlier. Bonds cannot be redeemed prior to the Redemption Date. The Company is authorized to purchase the Bonds at any time in the open market or otherwise, at any price. Bonds purchased by the Company may be cancelled. Voting rights do not apply to Bonds purchased by the Company.

2.6.3. Ownership right

Since the transfer of title of the Bonds credited to the relevant individual segregated account with the Depository or the Account keeper is effected by the crediting of the dematerialized Bonds to the Securities

Account opened for the Investor, the Company and the Paying and Calculation Agent shall treat only the Bondholders as the beneficial owners for payment and other purposes (notwithstanding any notice of title), whether or not the Bond or, in the case of interest, payment is overdue, and all payments made to such Bondholders shall be deemed to be truly and sufficiently in payment of the Company and the Paying and Calculation Agent's obligations in respect of such Bonds, to the extent of the amount(s) paid.

The crediting of dematerialized securities to the securities account opened by the Bondholder shall give rise to the Bondholder’s right of co-ownership in proportion to the number of securities credited to this securities account, over the set of identical dematerialized securities credited to the omnibus segregated account with the Central Depository or the Account keeper to which the dematerialized securities of the relevant investors are credited.

The crediting of dematerialized securities to the securities account opened by the Bondholder shall give rise to the investor’s right of ownership over the dematerialized securities credited to the relevant individual segregated account with the Central Depository or the Account keeper.

Ownership of dematerialized securities is evidenced by the credit balance in the securities account, which is confirmed by an account statement issued by the relevant Account keeper. The Accounts keeper shall, upon request, issue to the account holder a document confirming the ownership of the dematerialized securities.

2.6.4. Taxation

Payment of principal and interest amounts with respect to the Bonds shall be made by or on behalf of the Issuer net of all applicable taxes withheld at source, if any, after taxation. If under the applicable law the Issuer determines that interest payments are exempt from withholding tax, the Issuer shall not withhold the relevant tax and the Bondholder shall be entitled to take advantage of such exemption and receive the amount in full without withholding tax.

2.6.5. Event of Default

If any of the following events occur and continue, it shall be considered as default (each of them **Event of Default**):

(a) Non-payment:

The Issuer does not make any payment of principal amount and due interest in full with respect to any Bond on the date of payment and for a period of 15 calendar days after such date. or

(b) Breach of other obligation:

(b.a) The Issuer does not fulfill/breaches any other obligations related to the Bonds, including the financial restrictions and other obligations/conditions provided under this Prospectus, which in the justified and reasonable opinion of the Bondholders:

i. Cannot be subject to correction and also, is of a substantial or recurring nature; or
ii. Can be subject to correction, but it has not been eliminated within 30 (thirty) calendar days from receiving the notification sent by the Bondholders to the Issuer regarding such violation.

(c) Insolvency:

a. The occurrence of any of the following events:

i. The Issuer or any Material Subsidiary commences liquidation or insolvency proceedings, except in the event that the liquidation of the Material Subsidiary is effected by a merger with the Issuer or another Material Subsidiary; or

ii. Any person files a petition against the Issuer or any Material Subsidiary for the commencement of insolvency proceedings, unless such person has filed a petition within 90 (ninety) calendar days after the filing of the petition; or

iii. Any negotiation between the Issuer and its creditors for the purpose of settling all or substantially all of the debts of the Issuer out of court; or

iv. The commencement of liquidation proceedings against the Issuer or any of its Material Subsidiaries based on a court decision in a criminal case; or

b. the Issuer or any of its Material Subsidiaries fails or is unable to pay its obligations as they fall due; or

c. the Issuer's shareholders approve any plan for the liquidation or dissolution of the Issuer.

(d) Cross-Default

a. Any current or future Indebtedness of the Issuer for or in respect of any borrowed or raised funds becomes (or may become) due and payable before the specified due date in the following cases:

i. before any person in case of any Event of Default (according to its definition); or
ii. Any such Indebtedness will not be paid on time or in certain case, during additional period.

b. It will not be possible to declare the Event of Default on any of the grounds provided under subparagraph 2.7.5.(d)(a) if any of the following prerequisites are met: the total amount of the corresponding Debt which is complied by one or more terms under subparagraph 2.7.5.(d) or equals or does not exceed USD 1,000,000 or its equivalent in any other currency; or

(e) Unsatisfied judgements, governmental or court actions:

A final decision, judgment, decree, order issued and not enforced by a court or other relevant executive/government authority against the Issuer or any Material Subsidiary for the imposition or payment of a sum of money:

i. Which exceeds 5% of the total consolidated assets of the Issuer (calculated in accordance with IFRS) or its equivalent amount in any other currency or currencies, or
ii. Any such final decision, judgment, decree, order after which the following events took place:
    a. two-thirds or complete change of the supervisory board of the Issuer or any Material Subsidiary or full or partial limitation of the authority of the Issuer or any Material Subsidiary to carry out its activities; or
    b. Confiscation or seizure, nationalization, expropriation or compulsory disposal of all or part of the income and assets of the Issuer or Material Subsidiary (the book value of which equals to or is more than 10 percent of the book value of the total income or assets).

***(f) Enforcement**:*

Any enforcement proceedings of any kind are instituted against the whole or a substantial part of the property, income or assets of the Issuer or any Material Subsidiary, and the security holder/executor (creditor) obtains possession of or sells the whole or a substantial part of the property, income or assets of the Issuer or any Material Subsidiary. or

(g) Licenses and consents:

The Issuer has undertaken any act or breached any material condition (including presenting approval, decree, consent, authority, application, obtaining or exercising any license, order, record, registration or other authority) required to be obtained, exercised or performed at any time in order for the Issuer to:

i. Be able to lawfully enter into agreements, exercise its substantial rights and fulfill and comply with its payment obligations under the Bonds, as well as fulfill its obligations in accordance with paragraph 2.7.1 of these Terms and Conditions (Covenants) and other material obligations arising from its Bonds;
ii. Ensure that such obligations are legally binding upon it, and they are enforceable; and
iii. Ensure that Bonds Prospectus is admissible as evidence in the courts of Georgia. or

(h) Validity and illegality:

The Issuer challenges the authenticity of the Bonds or Prospectus or the Issuer denies the existence and performance of any obligations under the Bonds or Prospectus or performance of any obligation under the Bonds or Prospectus by the Issuer is or will be against the law or unenforceable or cease to be valid and binding.

The Issuer undertakes the obligation to immediately notify the Bondholders of the occurrence of any Event of Default. Also, the Issuer is obliged to provide the Account keeper of the Bonds with the publication of the financial data provided for in subparagraph 2.7.1.(g) of these Terms and Conditions (Financial Information) (in accordance with paragraph 2.7.6 of these Terms and Conditions (Notifications)) in addition to a written confirmation signed by the director of the Issuer to the effect that, after reasonable investigation, to the best of their knowledge and belief, as of the date of the written confirmation (hereinafter referred to as the Confirmation Date) or during the period subsequent to the previous Confirmation Date, no Event of Default has occurred.

2.6.6. Notices

The notice of the Issuer to the Bondholders shall be sent to the Account keeper of the Bonds at its e-mail and/or address specified in this Prospectus, unless the Account keeper notifies the Issuer otherwise in writing.

The Bondholders shall send a notice (including notice regarding convening the meeting of the Bondholders) to the Account keeper at their e-mail address or address specified in this Prospectus, unless the Account keeper notifies the Bondholders otherwise in writing.

For the avoidance of doubt, if the notice provided for in this clause is sent in physical form to the relevant address, the notice shall be deemed to have been properly sent and it does not require to be sent additionally by e-mail. The Issuer will provide the Account keeper with information about convening the meeting of the Bondholders and/or will publish the notice through the LEPL Legislative Herald of Georgia.

For the purposes of publicizing regulated information, the following websites will be used: www.reportal.ge, https://gse.ge/, regulated information will be published on the mentioned website, including the fulfillment of obligations established by Article 9 of the NBG Transparency Rules (181/04) :

- Any change in the rights of the holder of a public security, including changes in the terms of the security that may indirectly affect the rights of the holder of the security or that results from changes in loan terms and interest rates;
- Information about the debt security's interest rate, periodic payments, conversion/exchange, right of redemption or cancellation, or covering.
- Information necessary for the proper exercise of the rights of the holders of public securities;

- Information about the place, time, agenda and right to participate in the general meeting.

2.6.7. Meeting of Bondholders

This Prospectus establishes the rules for convening, holding and making decisions at the meeting of the Bondholders.

(a) Meeting of Bondholders:

(i) With respect to matters affecting the interests of the Bondholders, including any amendment to these Terms and Conditions, a decision must be made by a majority of no less than 75% of the votes present at a duly called and held meeting (**Special Decision**).

(ii) Any other decision passed by the Bondholders that does not qualify as a Special Decision shall be passed by a majority of no less than 51% of the votes cast at a duly called and held meeting (**Ordinary Decision**) and shall be valid and binding only if made in the form of Ordinary Decision.

(iii) At the meeting of Bondholders only those issues that are considered by the agenda established by the Issuer in accordance with clause 2.7.7.c.(i) of these Terms and Conditions are discussed.

(b) Authority to convene the meeting of Bondholders:

Only the Issuer has the right to initiate the Bondholders meeting. For avoidance of any doubt, the said power shall extend to both Special Decision and Ordinary Decision in relation to the matters in question.

(i) Only in case of declaring the Event of Default only, the holder(s) of at least 51% of the total principal amount of the Bonds shall have the right to initiate, with appropriate justification, and convene a meeting of the Bondholders and raise the issue of declaring the Event of Default and initiating enforcement proceedings against the Issuer.

For avoidance of any doubt, (1) the initiation of enforcement proceedings against the Issuer, as well as the enforcement of rights arising from the Subordination Agreement, will be possible only after the declaration of an Event of Default; (2) each Bondholder acknowledges that the declaration of the Event of Default constitutes the sole authority of the Bondholders' meeting and they are not individually authorized to take any enforcement measures provided for in this Prospectus and/or the Subordination Agreement; and (3) any Special Decision adopted by the Bondholders to declare Event of Default and initiate the relevant enforcement proceedings shall be adopted in the manner specified in this Prospectus. Such resolution shall also include (a) decision as to which enforcement proceedings the Bondholders shall apply to and in what order; (b) indication of the person authorized and/or responsible for the execution of the relevant resolution; and (c) regulation of any other matter that the Bondholders deem necessary for the administration of matters related to the declaration of the Event of Default.

(c) Convening the meeting of the Bondholders:

(i) Bondholders must be notified of the convening of the meeting of Bondholders at least 14 (fourteen) calendar days in advance (excluding the day of sending the notice and the day of holding the meeting) in accordance with the paragraph 2.7.6 of these Terms and Conditions (Notices). Such notice must indicate the date, time, place and agenda of the meeting of Bondholders (for the avoidance of any doubt, the agenda of the issues to be discussed at the meeting of Bondholders called by the Issuer can only be changed by the Issuer, and the agenda of the issues to be discussed at the meeting of Bondholders called by the Bondholders can only be changed by the Bondholders). Such notice shall also include an indication of the relevant time limits and information as to how the Bondholders are to appoint their representatives.

(ii) The meeting can be held both physically and remotely (electronically). The Issuer has the right to use the possibility of holding the meeting remotely (by electronic means), if the decision to do so is accepted by the general meeting of the Issuer and the following requirements are met:

a. The use of electronic means does not depend on the citizenship or place of residence of the Bondholder or their Representative;

b. In order to timely and efficiently provide information to the Bondholder or their Representative on the use/disposal of voting rights, appropriate identification measures are implemented; and

(iii) Upon appropriate communication with the Issuer, the Bondholders shall have the opportunity at any time to request the provision of information in writing.

(d) Appointment of representative of the Bondholder

(i) The Bondholder is authorized to provide the Issuer with a written document in Georgian (or, in case of drafting in another language, a bilingual document, one of which languages shall be Georgian) to the Issuer at least 48 (forty-eight) hours before the relevant meeting (**Power of Attorney**), which in the case of a natural person is signed by the Bondholder and notarized, and in the case of a legal entity, the seal of such legal entity is placed and it is signed by the authorized director or other authorized person, and on the basis of this document appoint a representative (**Representative**) who will act on behalf of the Bondholder in connection with any meeting of the Bondholders (including the **Adjourned Meeting**).

(ii) Any Representative appointed in accordance with the paragraph above shall, during the term of their appointment, for the purposes of a meeting of Bondholders or an Adjourned Meeting be deemed to be a Bondholder in respect of which their appointment is made.

(iii) Any vote cast by the Representative in accordance with the terms of the relevant Power of Attorney shall be deemed valid, provided that written notice of the revocation, cancellation and/or change of the Power of Attorney has not been given to the Issuer at least 24 (twenty-four) hours prior to the time of the relevant meeting.

(e) Chairman of the meeting of Bondholders:

(i) The chairman of the meeting of Bondholders convened by the Issuer shall be appointed in writing by the Issuer, and the chairman of the meeting convened by the Bondholders shall be appointed by the Bondholders before the meeting, by a majority of no less than 50% of the votes present at such meeting. If the Issuer or the Bondholders do not appoint the chairman of the meeting or the appointed chairman does not appear at the meeting within 15 (fifteen) minutes from the time of its start, then an Adjourned Meeting shall be called.

(ii) It is not mandatory that the chairman of the Adjourned Meeting be the person who chaired the original meeting.

(f) Attending the meeting of Bondholders:

(i) The following are entitled to attend and speak at the meeting:

a. Bondholders and their Representatives;

b. Chairman; and

c. Issuer as well as its financial, legal or other advisors;

(ii) Other persons are not entitled to attend and speak at the meeting.

(g) Quorum for the meeting of the Bondholders:

(i) **Special Decision:**

A quorum at any meeting called to consider a Special Decision shall be (i) two or more persons who at the time of the meeting of Bondholders own or represent more than 51% of the aggregate principal amount of the Bonds, or (ii) at any Adjourned Meeting, two or more Bondholders, regardless of the principal amount of Bonds they hold or represent, unless the activity of such meeting includes the consideration of proposals for the following Special Decision:

a. With respect to Bonds, any change in the date of payment of any principal amount or interest;

b. With respect to Bonds, any change in the method of calculation of the due amount;

c. Changes in the amount of principal or interest payable with respect to Bonds;

d. Conversion of Bonds into shares or other securities of the Issuer;

e. Change in the payment currency corresponding to the Bonds (except for changes caused by regulatory legislation);
f. Changes in quorum requirements or the amount of majority required for making a Special Decision in relation to meetings of Bondholders;
g. Changes in the definition of the Event of Default in accordance with these Terms and Conditions; or
h. To declare Events of Default in accordance with these Terms and Conditions.

In such cases, the necessary amount of the quorum of the meeting called to make such Special Decision shall be two or more persons, who at the time in question own or represent at least two-thirds of the principal amount of the Bonds, or at an Adjourned Meeting - at least one-third.

(ii) **Ordinary Decision:** A quorum of a meeting convened for consideration of an Ordinary Decision shall be two or more persons who, at the time of consideration of the meeting of Bondholders, own or represent more than half of the total principal amount of the Bonds at the time in question, or in the case of any such Adjourned Meeting - two or more persons present or representing Bondholders, regardless of the principal amount of the Bonds owned or represented.

(h) Resolution and Adjournment of meeting of the Bondholders:

(i) No issue (other than the election of the chairman) shall be decided at a meeting unless a quorum is present at the meeting for the consideration of such issue. If a quorum is not present within 15 (fifteen) minutes from the start of the meeting, such meeting shall be adjourned and re-held not earlier than the 7^{th} and not later than the 30^{th} calendar day from the date of the original meeting. If a quorum is not present at such an Adjourned Meeting within 30 (thirty) minutes from the start of the meeting, the meeting shall be dissolved.

(ii) The time and place of the Adjourned Meeting shall be determined by the Issuer. At the Adjourned Meeting, it is allowed to resolve only those issues that were allowed to be resolved at the initial meeting.

(iii) Notice of the Adjourned Meeting shall be given in the same form as the notice of the original meeting.

(i) Voting:

(i) All matters before a meeting of Bondholders shall be decided by a show of hands, unless the chairman, the Issuer or one or more persons representing in the aggregate 10% of the Bonds require (prior to the show of hands procedure or before the announcement of the results of the show of hands procedure) to hold a secret voting. In case of secret voting, the decision will be announced by the chairman.

(ii) If secret voting is requested, a statement by the chairman that a decision has or has not been made shall be sufficient evidence of the decision being made or not, without proof of the number of votes cast for or against the decision.

(iii) If secret voting is requested, the decision shall be made in that form and the secret voting shall be taken at the same time or at such Adjourned Meeting as the chairman may decide. The result of a secret voting shall be deemed to be the decision of the meeting at which it was requested and the decision of the date on which it was made. The request for a secret voting does not prevent the meeting from deciding on other matters for which secret voting is not required.

(iv) A secret voting called for in relation to the election of a chairman or the adjournment of a meeting shall be taken at the same time.

(v) In making a decision by a show of hands, each person present at the meeting who is a Bondholder or their Representative shall have one vote for every 1,000 (thousand) EUR/USD/GEL of the principal amount of the Bonds they represent or in respect to which they designated as a Representative. A person entitled to more than one vote is not required to cast all votes or to cast all of them equally.

(j) Decision-making form of the meeting of Bondholders:

(i) **Special Decision:** Special Resolution must be made in writing and signed by Bondholders with a majority of not less than 75% of the votes present at the meeting or the respective authorized person acting on their behalf. Such written decision may be made into one or several documents of the same form and content, each of which is signed by or on behalf of one or more Bondholders.

(ii) **Ordinary Decision**: Ordinary Resolution must be made in writing and signed by Bondholders with a majority of not less than 51% of the votes present at the meeting or the respective authorized person acting on their behalf. Such written decision may be made into one or several documents of the same form and content, each of which is signed by or on behalf of one or more Bondholders.

(k) Entry into force of the decision of the meeting of Bondholders:

(i) Any decision made at the meeting of Bondholders, whether a Special Decision or Ordinary Decision, shall be binding on the Issuer and all Bondholders, whether or not they were present at the meeting.

(ii) Any decision made at the meeting of Bondholders shall be immediately published on the website of the Issuer and shall become effective after its public posting on the website of the Issuer.

(l) Minutes of the meeting:

Minutes shall be made at each meeting, relating to all decisions and proceedings, and shall be signed by the chairman of the same meeting. Such minutes is sufficient proof of the resolution of the issues provided in it. Unless proven otherwise, all meetings for which the minutes have been held and signed are deemed to have been duly called and conducted, and all decisions made and proceedings carried out thereon shall be deemed to have been duly passed and carried out.

2.6.8. Future offerings

The Issuer is entitled, without agreement with the Bondholders and provided that the financial restrictions, reservations and obligations provided under this Prospectus are respected, from time to time issue other securities on the same or different terms, as determined by the Issuer, considering the current situation in the securities market at the moment of issuing.

2.6.9. Applicable law and jurisdiction

(a) Applicable law:

This Prospectus and Bonds and all related non-contractual obligations shall be governed and construed in accordance with the laws of Georgia.

(b) Jurisdiction:

The courts of Georgia shall have exclusive jurisdiction over any dispute arising out of any matter related to this Prospectus and/or the Bonds (including any dispute or disagreement related to the issuance, validity, existence, termination of this Prospectus or the Bonds or any related non-contractual obligation).

2.6.10. Invalidity

The avoidance or invalidity of any provision of these Terms and Conditions shall not affect other provisions of the Terms and Conditions. If any provision of these Terms and Conditions is so broad that its enforceability is not allowed, that provision will be enforced to the fullest quality and extent permitted by law.

2.6.11. Definitions

Unless the context shall require otherwise, the expressions used in these Terms and Conditions shall have the following meanings:

“Related Party“ with respect to any specified Person means (a) any other Person who, directly or indirectly, controls such specified Person, or which is controlled by such specified Person, or which is directly or indirectly under common management under such specified Person, or (b) any other Person who is a director or manager of such specified Person, its Subsidiary or any other Person referred to in subsection (a).

"**Adjourned Meeting**" means the meeting of Bondholders which continues the previous meeting with an identical agenda, at which the necessary quorum for conducting activities was not met.

"**Bondholder**" or "**Investor**" means the holder of the Bonds (as defined in the Legislation Governing the Securities);

"**Business Day**" means any day (except for weekends and holidays stipulated by the legislation of Georgia) when commercial banks and securities market participants in Tbilisi carry out transfers and transactions and carry out normal activities (including foreign currency exchange);

"**Subordinated Obligations**" mean the following agreements signed between the Issuer and IG Development Georgia LLC (ID 404851503):

(i)

(a) Loan Agreement No. N01/170815 dated August 17, 2015; Validity Period: February 1, 2030; Initial Loan Amount 54,361 GEL and Loan Limit: GEL 2,500,000;

(b) Loan Agreement No. N01/090318 dated March 9, 2018; Validity Period: March 3, 2030; Initial Loan Amount 300,000 USD and Loan Limit: USD 1,360,000;

(c) Loan Agreement No. N01/040821 dated August 4, 2021; Validity Period: August 4, 2026; Initial Loan Amount 240,000 USD and Loan Limit: USD 1,000,000;

(d) Loan Agreement dated November 2, 2022, with Loan Number N01/021122; Validity Period: November 2, 2027; with an initial loan amount of USD 30,000 and Loan Limit: USD 100,000.

; and

(ii) any transaction, amendment and/or other agreement related to or relating to the agreements set forth in paragraph (i) above.

“**Subordinated Creditors**” mean IG Development Georgia LLC (ID 404851503);

“**Control**", in accordance with the present definition, means the authority to direct the management and policies of the Issuer through the ownership of capital, on the basis of a contract or otherwise;

"**International Financial Reporting Standards**" (**IFRS**) mean the International Financial Reporting Standards issued by the International Accounting Standards Board (**IASB**) (formerly International Accounting Standards) and the interpretations issued by the International Financial Reporting Interpretations Committee of the **IASB** (from time to time as amended, supplemented or revised with the issued amendments);

"**IFRS Financial Period**" means any financial period in respect of which the Issuer prepared consolidated financial statements in accordance with IFRS that have been audited or reviewed by the Auditors;

“**Debt**” means, with respect to any Person at any specified time (without repetition):

(a) All dues as a result of money borrowed by such Person;

(b) All obligations of such Person, evidenced by bonds, promissory notes and other similar documents;

(c) All obligations of such Person in respect of letters of credit or other similar documents (including obligations to reimbursement thereunder), except for any letters of credit, guarantees or other similar documents issued in the ordinary course of its business;

(d) All deferred or unpaid purchase price payment obligations of such Person for property, assets or services;

(e) Sums owed to all other Persons secured by Collateral that such Person has secured against any of its own assets (the value of which, for the purposes hereof, is determined by reference to the relevant value of such asset in the balance sheet in the relevant latest annual financial statements (calculated in accordance with IFRS)) regardless of whether such debt is recognized or not by the said Person;

(f) All debts of other Persons guaranteed or indemnified by such Person to the extent guaranteed or indemnified by respective Person;

(g) Any sums raised pursuant to the issuance of securities that are clearly subject to repayment;

(h) Net liabilities under any currency or interest rate insurance contract; and

(i) Any amounts raised pursuant to any other transaction (including, without limitation, any installment purchase agreement or purchase agreement) that has an economic or commercial effect equivalent to a loan;

and the amount owed by any Person on any date shall be the balance due on such date of all unconditional obligations described above, and with respect to all contingent obligations described above, the maximum liability that would have arisen upon the occurrence of the condition underlying the obligation;

“**Total Consolidated Assets**” or “**Consolidated Assets**” means, with respect to any Person and as of the determination date, the consolidated total assets of such Person and its consolidated Subsidiaries as set forth in the most recent available consolidated financial statements prepared and disclosed by such Person in accordance with International Financial Reporting Standards.

“**Material Subsidiary**" means any subsidiary of the Issuer:

(a) That, for the most recent IFRS Financial Period, accounted for more than 5 percent of the Company's consolidated revenue, or that, at the end of the most recent IFRS Financial Period, owned more than 5 percent of the Company's consolidated revenue as defined in the Issuer's consolidated financial statements by reference to an account prepared in accordance with IFRS for the most recent IFRS Financial Period; or

(b) To which is transferred more than 25% of the assets and/or liabilities of a Subsidiary of the Issuer which immediately prior to such transfer was a Material Subsidiary (as of the date of such transaction).

"**Permitted Collateral**" is defined as:

(a) Collateral related to existing and future assets arising under and pursuant to the contracts entered into prior to the Issue Date;

(b) Collateral granted by any Subsidiary in favor of the Issuer or any of its 100% owned Subsidiaries;

(c) Collateral that secures the debs of a Person and exists for the period when such Person merges or combines with the Issuer or its Subsidiary or becomes a Subsidiary of the Issuer, provided that such Collateral (i) is not created for the purposes of such merger, combination or event; and (ii) does not apply to any assets or property of the Issuer or its Subsidiaries (other than those owned by the acquired Person and its Subsidiaries (if any));

(d) Collateral over assets or property purchased or to be purchased by the Issuer or its Subsidiary, provided that such Collateral is not created for the purposes of such purchase and does not extend to any other assets or property (other than such on income received from purchased assets or property);

(e) Collateral granted in respect of any property subsequently acquired by the Company to secure the purchase price of such property or to secure Debt incurred solely for the purpose of financing the purchase price of such property and related transaction costs, provided that maximum amount of the relevant Debt secured by such Collateral does not exceed the purchase price of such property, transaction costs and/or the Debt incurred solely as a result of financing such purchase;

(f) Any Collateral, provided that the aggregate value of the assets or income subject to such Collateral added to the aggregate amount of such assets and income subject to any receivable security, asset-backed financing or similar financing structure at any such time does not exceed 10 percent of the assets of the Issuer as determined by reference to the consolidated balance sheet of the Company prepared in accordance with IFRS at the end of the most recent IFRS Financial Period;

(g) Collateral related to any existing or future assets or income or any portion thereof created pursuant to any Repo transaction;

(h) Collateral arising pursuant to any contract (or other regulatory terms) that is standard or customary in the relevant market for interest rate and foreign exchange rate insurance transactions;

(i) Any Collateral arising by operation of law and in the ordinary course of business, including tax and other non-voluntary Collaterals; and

(j) Any Collateral that is not covered by clauses (a) through (i) inclusive, provided that the aggregate principal amount of the Debt secured by such Collateral does not in any event exceed 10 percent of Company's consolidated assets, which is determined by reference to the consolidated balance sheet of the Company" prepared in accordance with IFRS at the end of the last IFRS Financial Period;

"**Person**" means any individual, company, corporation, firm, partnership, joint venture, association, trust, institution, organization, government or any other enterprise, whether or not the latter constitutes an independent legal entity;

"**Terms and Conditions**" means the Terms and Conditions of the Bonds set out in this Prospectus".

"**Repo**" means an agreement on repurchase or resale of securities or reverse repurchase or resale agreement, agreement on borrowing or leasing the securities or any agreement having similar effect and purpose relating to securities;

"**Law on Securities Market**" means the Law of Georgia On Securities Market adopted on December 24, 1998, as amended.

"**Legislation Governing the Securities**" means as defined under the Law on Securities Market;

"**Collateral**" means any lien, mortgage, suretyship or other security permitted under the laws of Georgia securing a creditor's claim, seizure, restriction, obligation or interest in a security (including, without limitation, any analogous provision under any law);

“Subsidiary" with respect to any Person (First Person) means, at any given time, any other Person (Second Person) (a) whose activities and policies are directly or indirectly controlled by the First Party or (b) whose more than 50 percent of the capital, voting shares or other ownership rights are owned, directly or indirectly, by a First Person;

"**Tax**" means any tax, levy, duty, obligation or other charge or similar deduction, regardless of origin (including accrued interest and penalties and applicable surcharges), basis and form of assessment and imposition.

“**Prospectus**”, unless the text of the Prospectus indicates otherwise, reference to this Prospectus means a reference to the prospectus duly approved by the NBG.

“**Depository**” means JSC Georgian Central Securities Depository (ID: 204935400).

“**Account keeper**” means TBC Capital LLC and any other financial institution authorized to open and maintain a securities account for a client under the legislation of Georgia.

“**Independent Appraiser**” means Auditor or a third party expert selected by the Issuer in relation to a specific issue and (a) that represents an audit firm that has the authority to audit the financial statements of a public interest entity and has passed the relevant quality management system monitoring in accordance with the procedure established by law.

“**Fair Market Value**” in relation to a transaction is the value that would be obtained in an arm’s length transaction between a knowledgeable and willing seller (who is not under any duress or pressure to sell) and a knowledgeable and willing buyer (who is not under any duress or pressure to buy). The Bondholders are entitled to rely on the Independent Appraiser’s report of the Fair Market Value of the transaction, without further investigation or evidence.

“**Interest Payment Date**” means the interest payment dates set out in these Terms and Conditions.

2.7. Interest

a) Interest payment dates

All payments will be made on the specified Interest Payment Date or Redemption Date, as the case may be, according to the records made by the Account keeper and/or Depository four (4) Business Days prior to the Interest Payment Date or the Redemption Date (“**Accounting Date**”) unless the Interest Payment Date or Redemption Date falls on a non-business day in Georgia, in which case payment will be made on the first Business Day following the Interest Payment Date or Redemption Date. For the purposes of these Terms and Conditions, the date of payment by the Calculation and Paying Agent shall be deemed to be the date of payment and, accordingly, the obligation of the Issuer shall be deemed fulfilled, regardless of when the amount is credited to the account of the holder of the Bonds.

b) Interest accrual

Interest will be calculated based on calculations and actual calendar days available to the Calculation and Paying Agent in the relevant Interest Accrual Period based on 365 days using the following formula:

OD*(RR*N/365), where:

OD represents the principal amount of the bonds;

RR represents coupon benefit;

N represents the actual number of days in the relevant Interest Accrual Period.

Interest will accrue from the preceding Interest Payment Date or Settlement Date (for the purposes of these Terms and Conditions, **Settlement Date** means the date on which each holder of the Bond pays the relevant amounts in exchange for receiving the Bonds) to the next Interest Payment Date or before the Redemption Date (excluding those dates). For the avoidance of any doubt, if the Interest Payment Date is advanced to a next Business Day, the interest will accrue up to (excluding) that date and therefore the actual number of days in that period will be greater than 91 days. Since the subsequent period is calculated from the last (deferred) Interest Payment Date to the next Interest Payment Date (excluding such date), the actual number of days in this period will be less than 91 days if the subsequent Interest Payment Date falls on a business day.

If the amount of interest payable in connection with the Bonds calculated in accordance with these Terms and Conditions is not a multiple of 0.01 USD, such figure will be rounded up to the nearest multiple of 0.01 USD (0.005-0.009 USD will be rounded up).

The accrual of fixed interest on the Bonds shall cease from their Redemption Date, unless it is proved on the basis of the submission of appropriate evidence that there has been an unjustified withholding of the principal amount or refusal to pay it, in which case the accrual of interest shall continue until the redemption of the Bonds or before sending the notification to the Bondholders about the payment of the redemption funds to the Calculation and Paying Agent.

"**Interest Accrual Period**" means the period commencing on the Interest Payment Date and ending on the day preceding the next Interest Payment Date, except for the first period when the Interest Accrual Period begins on the Settlement Date and ends on the day before the next Interest Payment Date and also except for the last period, where Interest Accrual Period means the period beginning on the day before the end of the Interest Payment Date and ending on the Redemption Date (excluding such date).

2.8. Settlement and Payments

a) Payment of the principal and interest of the Bonds shall be made in accordance with the following conditions:

i. Payment of principal and interest on the Bonds shall be made to the Bondholders and Account keeper(s) of record on the 4 Business Days prior to such payment date at the close of business on the 18:00 (Record Date) ("**Record Date**"). Payments shall be made in United States Dollars ("USD") to the bank account of record on the Record Date. Bondholders and Account keepers shall provide the Depository with up-to-date, complete and correct information regarding their bank accounts to which any payment in connection with the Bonds shall be made. Neither the Issuer, the Central Depository nor the Calculation and Paying Agent shall be liable for any failure to make a payment if the Bondholder and/or the Account keeper fails to provide the Central Depository with information on its bank accounts in a timely manner or fails to update such information by the Record Date, despite the request of the Issuer or the Central Depository.

ii. If the brokerage account specified in the above subparagraph of the Bondholder or the Account keeper is not opened with the Calculation and Paying Agent, bank service fees may be deducted from the payments made. If the Bondholder's or the Account keeper's bank account is not in USD, the settlement will be made net of the relevant currency conversion costs.
iii. If any principal or interest paid on the Payment Date is less than the amount due on such date, then the Issuer shall pay to all Noteholders pro rata the amounts available on such date. This shall not limit the right of the Noteholders to receive in full the principal and interest due hereunder.
iv. The processes and restrictions related to settlement are further established by law, as well as by the rules and procedures developed by the Depository and other relevant securities participants on the basis thereof and in accordance with the agreement concluded with the Calculation and Paying Agent.

b) Appointment of Agents:

The Calculation and Paying Agent, the Placement Agents and the [Central Depository], and their respective contact details, are set out in the Terms and Conditions. The Calculation and Paying Agent, the Placement Agents and the [Central Depository] are acting only as agents of the Issuer and for the purposes of this Prospectus and the Offering, do not assume any obligation or perform any agent or fiduciary function or relationship to or for the benefit of the Bondholder and/or the Account keepers. The Issuer reserves the right, at any time and with the consent of the Bondholders' Representative, to amend or terminate the agreement/their tenure with the Calculation and Paying Agent, the Placement Agents and/or the Central Depository and to appoint an additional or different Calculation and Paying Agent, Placement Agents or Central Depository, provided that the Issuer shall have (i) the Calculation and Paying Agent and (ii) the Central Depository at all times, which in each case shall be approved by the Bondholders. Any such change or any change in the contact information of the agents shall be promptly notified to the Bondholders by posting a notice on the Issuer's website

c) Late Payment/Non-Business Days:

The Bondholder shall not be entitled to claim interest, penalty or similar charges for late payment of any payment if the due date for such payment does not fall on a Business Day. Payment of the due payment shall be made on the next Business Day.

d) Payments Subject to tax legislation:

Any payment shall, in all cases, be made in accordance with the applicable fiscal/tax legislation and/or other laws, regulations and other by-laws of Georgia.

2.9. Information on taxation of income from Bonds. Information regarding the taxation of Bonds:

Taxation of Bonds in Georgia

The information below is a general description of the principal tax issues related to the Bonds. Accordingly, it is not intended to be an exhaustive assessment of the tax issues related to the Bonds. ***Prospective purchasers of the Bonds should consult their own tax advisors regarding the acquisition, holding and disposal of the Bonds, as well as the receipt of interest, principal and/or other income from the Bonds, and the tax consequences of such actions.*** *The review is based on the legislation in force as of the date of this Prospectus, which may change after such date. The information and analysis presented in this section relate only to tax issues and potential investors should not rely on such information or analysis in any other areas, including in relation to the validity of transactions related to the Bonds.*

Taxation of interest at source of payment

Interest paid on Bonds to resident individuals, non-resident legal entities and individuals (if the interest does not belong to a permanent establishment of this non-resident in Georgia) is exempt from income and profit tax, taking into account that the Bond is a debt security issued by a resident legal entity through a public offering in Georgia until January 1, 2026 and admitted to trading on an organized market recognized by the National Bank of Georgia.

As of the date of approval of this Prospectus, JSC Georgian Stock Exchange is considered a recognized organized market.

Interest received by a resident legal entity (except for a commercial bank, credit union, microfinance organization, lending entity and insurance organization) on Bonds shall be included in the profit of the resident legal entity and shall be taxed at a 15% profit tax rate, only upon distribution of the relevant profit.

Interest received by a commercial bank, credit union, microfinance organization and lending entity shall be included in the combined income of these enterprises and shall be taxed at a 20% profit tax rate after deductions.

Taxation of sale of Bonds

Income received by a resident individual, non-resident individual and legal entity from the delivery of Bonds (generally the positive difference between the sale and purchase prices, excluding interest accrued and unpaid on this security until the moment of delivery in cases provided for by tax legislation) is exempt from income and profit tax (unless this income is attributable to a permanent establishment of this non-resident in Georgia), taking into account that Bonds are debt securities issued by a resident legal entity in Georgia through a public offering and admitted to trading on an organized market recognized by the National Bank of Georgia.

A legal entity resident in Georgia (except for a commercial bank, credit union, microfinance organization, lending entity and insurance organization) is obliged to pay profit tax at a rate of 15% on the profit received from the sale of Bonds after distributing the profit.

The income received from the sale of Bonds by a commercial bank, credit union, microfinance organization and lending entity shall be included in the joint income of these enterprises and, after deductions, shall be taxed at a profit tax rate of 20%.

Taxation of principal amount payment

The principal amount received by the holders of the Bonds upon redemption of the Bonds is not considered taxable income and therefore, is not subject to taxation in Georgia, provided that the redemption price does not exceed the original issue price of the Bond.

Value Added Tax

The Tax Code of Georgia considers the sale of Bonds as a financial transaction that is exempt from value added tax.

3. Terms and Conditions of public offering

The bond offering will commence upon the approval of the preliminary prospectus and will conclude upon either the full placement of the bonds or the expiration of the prospectus term, whichever occurs first. The validity period of the prospectus is defined as 12 months from the date of approval of the preliminary prospectus. The offering process will be conducted in accordance with the procedure outlined below:

(a) Process of offering the Bonds

The Placement Agent will offer Bonds on behalf of the Issuer based on the agreement signed with the Issuer. Prior to the commencement of the Offering, in order to secure interest in the Bonds, the Placement Agent and/or its authorized intermediary(ies) are authorized to send an approved preliminary Prospectus to potential Qualified Investors.

Potential investors may express their interest in purchasing the Bonds by submitting an application/notice to the Placement Agent. Such expression of interest may be made by electronic communication or by any other means recognized by the Placement Agent. The final date of receipt of application(s) for the purchase of Bonds shall be determined by the agreement of the Issuer and the Placement Agent, which shall not be less than 4 Business Days after the receipt of the relevant application/notice. If such closing date is not a Business Day, the preceding Business Day shall be deemed to be the closing date for receipt of application(s).

The interest rate accrued on the Bonds will be determined by the Issuer during the process of offering the Bonds to potential investors. Such final interest rate shall be reflected in the final Prospectus.

If, in the process of offering the Bonds to potential investors, they express an interest in purchasing more Bonds than offered in the preliminary or final Prospectus, such request will be partially satisfied, in proportion to the amounts indicated in the applications submitted by the investors, or otherwise, per Issuer's sole discretion. Additionally, if the potential investor's application is partially approved, such potential investor has the right to refuse or continue to participate in the process of purchasing Bonds. The investor shall immediately notify the Placement Agent of such decision in writing, electronically or otherwise (no later than 2:00 p.m. (Tbilisi time) on the Business Day following the day on which the Investor was notified of the adjustment of its application (with respect to amount of Bonds). Failure to notify the Placement Agent of such a decision entitles the Placement Agent, at its discretion and in agreement with the Issuer, to consider the initial application of the investor (with respect to the full amount of Bonds requested) or refuse the application.

Upon completion of the process of offering the Bonds to potential investors, the Placement Agent will make an announcement regarding the completion of the offering and notify investors (individually or in groups) whose applications (including applications adjusted for the amount of Bonds) have been accepted. Such notification shall include an indication of the interest rate to be accrued on the Bonds and the amount of Bonds for which the purchase requirements of potential investors have been met. Upon the announcement of the completion of the Offering, those applications from potential investors that have been accepted will be irrevocable and binding on such investors (**Purchasing Investors**).

The Purchasing Investor shall fully deposit funds required to purchase the appropriate amount of Bonds into their brokerage account no later than 2 Business Days prior to the Issue Date. Purchasing Investors must open such brokerage accounts with the Placement Agent. The Issuer will deliver the purchased Bonds on the Issue Day to the same brokerage account. In exceptional cases, the Placement Agent may, at its own discretion, authorize the Purchasing Investor to deposit the funds necessary for the purchase of Bonds into the nominal account of the Issuer opened with the Placement Agent (instead of the brokerage account of the Purchasing Investor opened with the Placement Agent). In such case, the delivery of the Bonds will be made to the account of the Purchasing Investor opened with the Depository or other Account keeper.

In the event that during the period of the initial issuing, the investor purchases Bonds after the date of their issuing date, they will be obliged to pay the coupon calculated on the date of their purchase along with the nominal value of the Bond.

As an exception, the Issuer and/or the Placement Agent may, with the prior consent of the Issuer, make certain concessions regarding terms or conditions to potential investors (including, but not limited to, Purchasing Investors).

Once the Bonds are placed, the Bondholders are entitled to hold the Bonds in the form of a record in an account with the Depository or other Account keeper in accordance with the Legislation Governing the Securities.

(b) Making changes during the Offering

If during the process of offering (the period from the start of the Offering to the Issue Date), the Issuer decides to change important information regarding the Bonds (the changes will be subject to initial approval by the National Bank, which does not mean that they will be necessarily approved), for example, the number of Bonds, price, interest rate, offer period, etc., the Issuer must give investors at least 14 days to cancel their request. After the expiration of such term, the Issuer has the right to continue the offering with the modified conditions.

If information regarding any material event changes, investors who have purchased the Bonds have the right to cancel such purchase and request immediate redemption of the Bonds for their principal amount and any accrued interest. Investors (Bondholders) who do not cancel their purchase of the Bonds will be subject to the amended terms of the offering.

If any non-material information changes during the offering process, the Issuer, before making the relevant change in the Prospectus, must notify the Bondholders and provide them with a document reflecting changed information. In addition, the Issuer shall set a deadline of at least 5 Business Days for the investors to cancel their request.

If the Bonds or their part cannot be sold or placed to the respective holders, the Bonds or their part will first be returned to the Company and then canceled.

The same rules and procedure will apply to any material changes to the terms of the Subordination Agreement that occur between the commencement of the Offering and the date on which the relevant Subordination is fully and unrestrictedly extended in favor of each Bondholder.

(c) Purchase of Bonds by Persons Holding Management Functions

Persons holding management functions, as well as persons related to them, must notify the Issuer and the National Bank of Georgia of transactions by them/for their benefit involving the Issuer’s Bonds and/or transactions related to the Issuer’s Bonds. The person has this obligation if the total (aggregate) value of all transactions (including other financial instruments of the Issuer) carried out by this person during a calendar year reaches the limit of 20,000 GEL or its equivalent in foreign currency. The specified notification must be submitted immediately, but no later than 3 (three) business days after the conclusion of the transaction.

Upon receipt of such notification by persons with managerial functions and/or related persons, but no later than 3 (three) business days after the transaction, the Issuer will publish such notifications.

The purchase of Bonds by persons with managerial functions is subject to the Order of the President of the National Bank of Georgia dated October 7, 2020 N180/04 On Approval of the Rules on Insider Trading, Unlawful Disclosure of Insider Information and Market Manipulation, therefore, in order to obtain complete information on the specified issue, a person with managerial functions is obliged to familiarize himself/herself with this Order. Accordingly, the definitions of the terms of the specified Order will apply to the purchase of Bonds by persons with managerial functions.

3.1.1. Description of possibility of refund of excess amount paid by applicants:

If the applicant transfers more money than the amount of Bonds transferred to them at the stage of the offering, they are entitled to apply to the Placement Agent and the latter ensures the return of the money within 10 (ten) Business Days.

3.1.2. Indication of price of the securities offering, specifying any costs or charges imposed on the investor:

The Bonds will be placed exclusively at the price of 100% of the nominal value. The Issuer does not consider any other valuation of the securities. However, if the final price is different from the stated price, the investor may cancel the purchase or subscription application within at least 2 (two) business days from the publication of the final price.

3.1.3. Different categories of potential investors to whom the securities are being offered;

The bonds are intended to be offered to both knowledgeable and unknowing investors.