BAKHVI 2 LLC

International Financial Reporting Standard for Small and Medium-Sized Entities (IFRS for SMEs) Financial Statements and Independent Auditor's Report

31 December 2025

Contents

Independent Auditor's Report

To the Owners and the Supervisory Board of Bakhvi 2 LLC

Our opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Bakhvi 2 LLC (the "Company") as at 31 December 2025, and the Company's financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standard for Small and Medium-sized Entities and with the disclosure requirements of the Law of Georgia on Accounting, Reporting and Auditing.

What we have audited

The Company's financial statements comprise:

- the statement of financial position as at 31 December 2025;
- the statement of profit or loss and other comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the ethical requirements of Law of Georgia on Accounting, Reporting and Auditing that are relevant to audits of financial statements in Georgia and the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code). We have also fulfilled our other ethical responsibilities in accordance with the ethical requirements of Law of Georgia on Accounting, Reporting and Auditing and the IESBA Code.

PricewaterhouseCoopers Georgia LLC, I/C 405220611
King David Business Centre, 7th floor,
#12 M. Aleksidze Street, Tbilisi 0160, Georgia
+995 (32) 250 80 50, www.pwc.com/ge

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standard for Small and Medium-sized Entities and with the disclosure requirements of the Law of Georgia on Accounting, Reporting and Auditing, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

PricewaterhouseCoopers Georgia LLC (Reg.# SARAS-F-775813)

Lasha Janelidze (Reg.#SARAS-A-562091)

Tbilisi, Georgia

24 April 2026

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

PricewaterhouseCoopers Georgia LLC (Reg.# SARAS-F-775813)

Lasha Janelidze (Reg.#SARAS-A-562091)

Tbilisi, Georgia

24 April 2026

In thousands of Georgian Lari	Note	31 December 2025	31 December 2024
ASSETS			
Non-current assets			
Property, plant and equipment	5	97,758	63,121
Intangible assets		17	21
Prepayments	5	3,685	7,657
Total non-current assets		**101,460**	**70,799**
Current assets			
Prepayments		297	266
Tax receivable		-	799
Inventories		80	79
Other receivables	7	1,799	1,027
Cash and cash equivalents	6	2,289	3,512
Total current assets		**4,465**	**5,683**
TOTAL ASSETS		**105,925**	**76,482**
EQUITY			
Subscribed capital	8	2,206	2,206
Capital surplus	8	44,367	43,960
Accumulated deficit		(20,094)	(9,663)
TOTAL EQUITY		**26,479**	**36,503**
LIABILITIES			
Non-current liabilities			
Borrowings	9	64,008	31,179
Total non-current liabilities		**64,008**	**31,179**
Current liabilities			
Borrowings	9	13,736	5,591
Provision for liabilities and charges		796	1,356
Other payables		906	1,853
Total current liabilities		**15,438**	**8,800**
TOTAL LIABILITIES		**79,446**	**39,979**
TOTAL LIABILITIES AND EQUITY		**105,925**	**76,482**

Approved for issue and signed on behalf of Management on 24 April 2026 by:

Giorgi Abramishvili
Director

Vakhtang Paresishvili
Chief Financial Officer

BAKHVI 2 LLC
Statement of Financial Position

In thousands of Georgian Lari	Note	31 December 2025	31 December 2024
ASSETS			
Non-current assets			
Property, plant and equipment	5	97,758	63,121
Intangible assets		17	21
Prepayments	5	3,685	7,657
Total non-current assets		**101,460**	**70,799**
Current assets			
Prepayments		297	266
Tax receivable		-	799
Inventories		80	79
Other receivables	7	1,799	1,027
Cash and cash equivalents	6	2,289	3,512
Total current assets		**4,465**	**5,683**
TOTAL ASSETS		**105,925**	**76,482**
EQUITY			
Subscribed capital	8	2,206	2,206
Capital surplus	8	44,367	43,960
Accumulated deficit		(20,094)	(9,663)
TOTAL EQUITY		**26,479**	**36,503**
LIABILITIES			
Non-current liabilities			
Borrowings	9	64,008	31,179
Total non-current liabilities		**64,008**	**31,179**
Current liabilities			
Borrowings	9	13,736	5,591
Provision for liabilities and charges		796	1,356
Other payables		906	1,853
Total current liabilities		**15,438**	**8,800**
TOTAL LIABILITIES		**79,446**	**39,979**
TOTAL LIABILITIES AND EQUITY		**105,925**	**76,482**

Approved for issue and signed on behalf of Management on 24 April 2026 by:

Giorgi Abramishvili
Director

Vakhtang Parasishvili
Chief Financial Officer

In thousands of Georgian Lari	Note	2025	2024
Other income		212	74
Employee benefits expense		(1,492)	(1,148)
Other operating expenses	11	(2,640)	(2,089)
Foreign exchange gain/(loss), net		(492)	85
EBITDA		**(4,412)**	**(3,078)**
Depreciation and amortisation		(455)	(281)
Operating loss		**(4,867)**	**(3,359)**
Finance costs	9	(6,470)	(1,885)
Finance income		14	13
Foreign exchange gain/(loss), net		892	(809)
Loss before income tax		**(10,431)**	**(6,040)**
Income tax		-	-
LOSS FOR THE YEAR		**(10,431)**	**(6,040)**
Other comprehensive income		-	-
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		**(10,431)**	**(6,040)**

In thousands of Georgian Lari	Note	Subscribed capital	Capital surplus	Accumulated deficit	Total
Balance at 1 January 2024		**2,206**	**35,298**	**(3,624)**	**33,880**
Capital contribution	8	-	8,662	-	8,662
Loss for the year		-	-	(6,040)	(6,040)
Other comprehensive income		-	-	-	-
Total comprehensive loss for the year		**-**	**-**	**(6,040)**	**(6,040)**
Balance at 31 December 2024		**2,206**	**43,960**	**(9,663)**	**36,503**
Capital contribution	8	-	407	-	407
Loss for the year		-	-	(10,431)	(10,431)
Other comprehensive income		-	-	-	-
Total comprehensive loss for the year		**-**	**-**	**(10,431)**	**(10,431)**
Balance at 31 December 2025		**2,206**	**44,367**	**(20,094)**	**26,479**

In thousands of Georgian Lari	Note	2025	2024
Cash flows from operating activities			
Loss before income tax		(10,431)	(6,040)
Adjustments for non-cash income and expenses:			
Depreciation of property, plant and equipment	5	576	388
Finance income		(14)	(13)
Finance costs	9	6,470	1,885
Foreign exchange loss/(gain), net		(400)	724
Operating cash flows before working capital changes		**(3,799)**	**(3,056)**
Decrease/(increase) in prepayments		792	(1,126)
Increase in inventories		(1)	(42)
Increase in other tax balances		(794)	(799)
(Decrease)/increase in other payables		(1,553)	823
Changes in working capital		**(1,556)**	**(1,144)**
Net cash used in operating activities		**(5,355)**	**(4,200)**
Cash flows from investing activities			
Purchase of property, plant and equipment		(31,238)	(44,090)
Proceeds from restricted cash		-	9,418
Repayment of restricted cash		(25)	-
Net cash used in investing activities		**(31,263)**	**(34,672)**
Cash flows from financing activities			
Proceeds from capital contribution	8	407	8,662
Proceeds from borrowings	9	44,762	35,353
Repayment of borrowings		(4,816)	(1,225)
Interest received		14	12
Interest paid		(4,549)	(859)
Net cash from financing activities		**35,818**	**41,943**
Effect of exchange rate changes on cash and cash equivalents, net		(423)	(164)
Net (decrease)/increase in cash and cash equivalents		**(1,223)**	**2,907**
Cash and cash equivalents at the beginning of the year	**6**	**3,512**	**605**
Cash and cash equivalents at the end of the year	**6**	**2,289**	**3,512**

1 General Information

These financial statements for Bakhvi 2 LLC (the “Company” or “Bakhvi 2”) for the year ended 31 December 2025 are prepared in accordance with International Financial Reporting Standard for Small and Medium-sized Entities (IFRS for SMEs) and with the disclosure requirements of the Law of Georgia on Accounting, Reporting and Auditing.

The Company was set up by National Agency of Public Registry as a limited liability company in accordance with Georgian regulations on 22 October 2015. The Company’s identification number is 405121595.

From 19 July 2022, the Company has aligned its capital structure with new requirements of the amended legislation of Georgia and issued A and B class shares. The details on each class of shareholders and their ownership is as follows:

	31 December 2025		31 December 2024	
	Number of Shares	**Percentage of Shares**	**Number of Shares**	**Percentage of Shares**
A Class Shareholders				
CCEH Hydro VII LLC	1,250,000	56.67%	1,250,000	56.67%
Industrieliegenschaftenverwaltung AG	823,407	37.33%	823,407	37.33%
Mr. Taras Nizharadze	44,115	2%	44,115	2%
Hans Holding LLC	44,115	2%	44,115	2%
Mr. Werner Panhauser	44,115	2%	44,115	2%
B Class Shareholders				
Mr. Giorgi Abramishvili	46,194	44.45%	46,194	44.45%
Mr. Archil Dzneladze	46,194	44.45%	46,194	44.45%
Mr. Andro Bregvadze	11,548	11.10%	11,548	11.10%

CCEH Hydro VII LLC is an affiliated company of Caucasus Clean Energy Fund I, L.P. (“CCEF”, the “Fund”, or the “Partnership). CCEF is a partnership which focuses on providing equity capital to small and medium hydropower plants (“HPP”) in Georgia. The Fund comprises of leading development finance institutions, family offices, and institutional investors. Schulze Global Georgia GP, L.P. is the General Partner of the Fund. The Fund’s investment, and thus ownership, into its hydropower plants is bundled through holding Company, Caucasus Clean Energy Holding Pte Limited (“CCEH”), which is registered in Singapore and wholly owned by the Partnership.

In 2021, CCEH Hydro VII LLC has acquired the Company’s 95% and 5% ownerships from Georgian Renewable Power Company JSC and Georgian hydro Power LLC, respectively. The transactions were formally registered in the public registry in September 2021.

Shareholder and Investment agreements were signed on 30 June 2022 between the Fund and Industrieliegenschaftenverwaltung AG (ILAG). Industrieliegenschaftenverwaltung AG, is a stock corporation (Aktiengesellschaft) duly incorporated and validly existing under the Laws of Austria, with its corporate seat in Vienna and its business address at Opernring 17, 1010 Wien, Austria, registered with the Commercial Court of Vienna (Handelsgericht Wien) under registration number FN 73589w.

Principal activity. The principal business activity of the Company is construction, ownership and operation of Bakhvi 2 hydro power plant in Georgia, Guria region. For that purpose, the Company signed the Memorandum of Understanding (“MoU”) with the Government of Georgia (“GoG”) on 26 October 2016, which was amended several times later on. For the MoU related commitments please refer to Note 11.

As of 31 December 2025, the construction works on the hydropower plants are at the advance stage. The Company plans to commence electricity generation in the first half of 2026.

1 General Information (Continued)

According to the technical studies the Company decided to split Bakhvi 2 project with an installed capacity of 36 MW, into two projects Bakhvi 2A and Bakhvi 2B with an installed capacity 11.4 MW and 23.8 MW, respectively. The relevant agreements to amend the MoU and reflect the aforementioned changes was reapproved by the GoG on 21 June 2022. The updated MoU was signed by the Company and relevant governmental bodies / stakeholders on 28 June 2022. The updated MoU assumes an updated offtake arrangement as follows: the project can sell electricity produced for 8 winter months (September through April) at US$ cent 6.0 per KWh during the first 10 years of the operations.

Presentation currency. These financial statements are presented in Georgian Lari ("GEL"), unless otherwise stated.

Registered address and place of business. The Company's legal address # 2a Giorgi Leonidze Street, Floor 3, Area #5, Mtatsminda District, Tbilisi, Georgia.

2 Operating Environment of the Company

The Company's principal business activities are within Georgia. Emerging markets such as Georgia are exposed to different risks than more developed markets; The partial list of the risks include economic, political and social, and legal and legislative risks. Environment, laws and regulations affecting businesses in Georgia continue to change rapidly that are with tax and regulatory frameworks subject to varying interpretations. The future development of Georgia's economy is primarily influenced by the fiscal and monetary policies as well as legal, regulatory, and political environment.

War between Russia and Ukraine*.* The Russian-Ukrainian military conflict, started in February 2022, has had a negative impact on global economy; The partial list of the consequential externalities includes: refugee crisis, destruction of supply chain, inflation hikes, food and commodity price increases and other adverse effects for the global economy.

The Company has no direct exposure to Ukraine, Russia and Belarus. Although management is unable to predict all developments which could have an impact on the Georgian economy and consequently on the future financial position of the Company, the management is prudently taking all the necessary measures to support the sustainability and development of the Company's business.

3 Summary of Significant Accounting Policies

Basis of preparation. The principal accounting policies applied in the preparation of the financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated. The preparation of these financial statements in conformity with IFRS for SMEs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

Foreign currency translation. Functional currency of the Company is the currency of the primary economic environment in which the Company operates. The Company's functional and presentation currency is the national currency of Georgia, Georgian Lari ("GEL"). All values are rounded to the nearest thousand GEL, except when otherwise indicated.

Translation and balances. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated into Georgian Lari at the exchange rate prevailing at that date. Foreign currency transactions are accounted for at the exchange rate prevailing at the date of the transaction.

3 Summary of Significant Accounting Policies (Continued)

Gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currency are recognised in the statement of comprehensive income. At present, Georgian Lari is not a freely convertible currency outside of Georgia.

	31 December 2025	31 December 2024
GEL/USD	2.6951	2.8068
GEL/EUR	3.1737	2.9306

Property, plant and equipment. Property, plant and equipment ("PPE") is stated at cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. The Company adds to the carrying amount of an item of PPE the cost of replacing parts of such an item when that cost is incurred if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation. Land and construction in progress is not depreciated. Depreciation on other assets is charged to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method. The estimated useful lives range as follows:

	Useful life
Vehicles	10 years
Machinery and equipment	5 years
Office equipment, fixtures and fittings	5 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, if there is an indication of a significant change since the last reporting date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 5). Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'gain less losses on disposal of property, plant and equipment' in the statement of profit or loss and other comprehensive income.

Cash and cash equivalents. Cash and cash equivalents include cash in hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less. Cash and cash equivalents are carried at amortised cost using the effective interest method.

Other financial assets. Other financial assets are initially recorded at fair value. After the initial recognition, an ECL allowance is recognised for financial assets measured at AC.

Prepayments. Prepayments are carried at cost less provision for impairment. A prepayment is classified as non-current when the goods or services relating to the prepayment are expected to be obtained after one year, or when the prepayment relates to an asset which will itself be classified as non-current upon initial recognition. Prepayments to acquire assets are transferred to the carrying amount of the asset once the Company has obtained control of the asset and it is probable that future economic benefits associated with the asset will flow to the Company. Other prepayments are written off to profit or loss when the services relating to the prepayments are received. If there is an indication that the assets, goods or services relating to a prepayment will not be received, the carrying value of the prepayment is written down accordingly and a corresponding impairment loss is recognised in profit or loss for the year.

Impairment of non-financial assets other than inventories. Assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

3 Summary of Significant Accounting Policies (Continued)

The recoverable amount is the higher of an assets or Cash Generated Units (CGUs) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs'. Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

Trade payables. Trade payables are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Provisions for liabilities and charges. Provisions for liabilities and charges are non-financial liabilities of uncertain timing or amount. They are accrued when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Borrowings. Borrowings are recognised initially at fair value; net of transaction costs incurred and are subsequently carried at amortised cost using the effective interest method.

Contingent liabilities and assets. A contingent asset represents a potential economic benefit that is dependent on future events out of a Company's control. Due to the fact that there are uncertainties whether these gains will materialize, or being able to determine their precise economic value, means these assets are not be recorded on the balance sheet. Instead, they are reported in the accompanying notes of financial statements. A contingent liability is a liability that may occur depending on the outcome of an uncertain future event. A contingent liability is recorded if the contingency is likely and the amount of the liability can be reasonably estimated. The liability may be disclosed in relevant notes on the financial statements unless both conditions are not met.

Subscribed capital. The amount of Company's Subscribed capital is subscribed capital of the Company with the nominal value determined by the Company's owners. The changes in the Company's subscribed capital shall be made only based on the decision of the Company's owners.

Capital surplus represents the difference between the Subscribed capital (nominal value of Subscribed capital defined based on the Company's Charter) and actual capital contributed to the Company.

Income taxes. Income taxes have been provided for in these financial statements in accordance with legislation enacted or substantively enacted by the end of the reporting period. On 13 May 2016, the Government of Georgia enacted the changes in the Tax Code of Georgia whereby companies (other than banks, credit unions, insurance companies, microfinance organizations and pawn shops) do not have to pay income tax on their profit earned since 1 January 2017, until that profit is distributed or deemed distributed in a form of dividend. Income tax at 15% is payable on gross up value (i.e. net dividends shall be grossed up by withholding tax 5%, if applicable, and divided by 0.85) when the dividend payments to individuals or to non-resident legal entities is made. Dividends paid to resident legal entities from the profits earned since 1 January 2017 are tax exempted. Income tax arising from distribution of dividends is accounted for as an income tax expense in the period in which dividends are declared, regardless of the actual payment date or the period for which the dividends are paid. In addition to the distribution of dividends, the tax is still payable on expenses or other payments incurred not related to economic activities, free delivery of assets or services and representation costs that exceed the maximum amount determined by the Tax Code of Georgia. All advances paid to entities registered in jurisdictions having preferential tax regime and other certain transactions with such entities as well as loans granted to individuals or non-residents are immediately taxable.

Such taxes along with other taxes, net of tax credits claimed on assets or services received in exchange for the advances paid to entities registered in jurisdictions having preferential tax regime or recovery of loans granted to individuals or non-residents, are recorded under Taxes other than on income within operating expenses.

3 Summary of Significant Accounting Policies (Continued)

Uncertain tax positions. The Company's uncertain tax positions are reassessed by the Management at the end of each reporting period. Liabilities are recorded for income tax positions that are determined by management as more likely than not to result in additional taxes being levied if the positions were to be challenged by the tax authorities. The assessment is based on the interpretation of tax laws that have been enacted or substantively enacted by the end of the reporting period, and any known court or other rulings on such issues. Liabilities for penalties, interest and taxes other than on income are recognised based on management's best estimate of the expenditure required to settle the obligations at the end of the reporting period. Adjustments for uncertain income tax positions are recorded within the income tax charge.

***Value added tax**.* Output Value Added Tax ("VAT") related to sales is payable to the tax authorities at the earlier of (a) collection of receivables from customers, or, (b) delivery of goods or services to customers. Input VAT is generally recoverable against output VAT upon receipt of the VAT invoice. The tax authorities permit the settlement of VAT on a net basis. Electricity supply is exempted from VAT, unless the electricity is delivered to the final customer.

EBITDA. EBITDA is defined as earnings before interest, income tax, depreciation, and amortization, and foreign exchange (loss)/gain on financing activities. EBITDA is presented as a subtotal on the face of Statement of Profit or Loss and Other Comprehensive Income.

Management believes that the presentation of EBITDA provides reliable and more relevant information. EBITDA focuses on the financial outcome of operating decisions by eliminating the impact of non-operating management decisions, i.e. tax rates, interest expenses. EBITDA is an important financial measure that is used by the stakeholders for business evaluation, management performance evaluation and covenant calculation.

By the definition, EBITDA (Note 3) excludes foreign exchange (loss) / gain on financing activities. Accordingly, the line item of net foreign exchange (loss)/gain, is disaggregated into two separate line items foreign exchange (loss)/gain, net (excluding financing activities) and foreign exchange (loss)/gain, net on financing activities.

Amendment of these financial statements after issue. Any changes to these financial statements after issue require approval of the Company's Management who authorised these financial statements for issue.

4 Information about Key Sources of Estimation, Uncertainty and Judgements

The Company makes estimates and assumptions that affect the amounts recognised in the financial statements and the carrying amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Management also makes certain judgements, apart from those involving estimations, in the process of applying the accounting policies. Judgements that have the most significant effect on the amounts recognised in these financial statements and estimates that can cause a significant adjustment to the carrying amount of assets and liabilities within the next financial year include:

Going concern. Management prepared financial statements on a going concern basis. In making this judgement management considered the Company's financial position, current intentions, future profitability of operations and access to financial resources, and analysed the impact of the macro-economic developments on the operations of the Company. Management believes that the necessary financing will be available for the Company to continue the business in the foreseeable future.

Useful lives of property, plant, equipment and intangible assets. The estimation of the useful life of an item of property, plant and equipment is a matter of management judgement based upon experience with similar assets. In determining the useful life of an asset, management considers the expected usage, estimated technical obsolescence, physical wear and tear and the physical environment in which the asset is operated. Changes in any of these conditions or estimates may result in adjustments for future depreciation rates.

5 Property, Plant and Equipment

Movements in the carrying amounts of property, plant and equipment were as follows:

In thousands of Georgian Lari	Construction in progress	Land	Machinery and equipment	Office equipment, fixtures and fittings	Vehicles	Total
Cost						
Balance at 1 January 2024	**21,148**	**-**	**1,333**	**165**	**345**	**22,991**
Additions	39,189	-	463	842	255	40,749
Balance at 31 December 2024	**60,337**	**-**	**1,796**	**1,007**	**600**	**63,740**
Additions	34,894	96	159	49	353	35,551
Disposal	-	-	(342)	(1)	(64)	(407)
Balance at 31 December 2025	**95,231**	**96**	**1,613**	**1,055**	**889**	**98,884**
Accumulated depreciation		-				
Balance at 1 January 2024	**-**	**-**	**163**	**13**	**55**	**231**
Charge for the year	-	-	193	111	84	388
Balance at 31 December 2024	**-**	**-**	**356**	**124**	**139**	**619**
Charge for the year	-	-	232	205	139	576
Eliminated on Disposal	-	-	(42)	-	(27)	(69)
Balance at 31 December 2025	**-**	**-**	**546**	**329**	**251**	**1,126**
Carrying values						
At 31 December 2023	21,148	-	1,170	152	290	22,760
At t 31 December 2024	60,337	-	1,440	883	461	63,121
At t 31 December 2025	**95,231**	**96**	**1,067**	**726**	**638**	**97,758**

Prepayments for property, plant and equipment amounted to GEL 3,685 thousand (2024: GEL 7,657 thousand).

Payables for property, plant and equipment amounted to GEL 878 thousand (31 December 2024: GEL 1,830 thousand).

Depreciation amounting to GEL 122 thousand (2024: GEL 107 thousand) for machinery was capitalised as part of the ongoing construction project.

6 Cash and Cash Equivalents

In thousands of Georgian Lari	31 December 2025	31 December 2024
Cash at bank	2,289	3,512
Total cash and cash equivalents	**2,289**	**3,512**

7 Other Receivables

In thousands of Georgian Lari	31 December 2025	31 December 2024
Other receivables	1,799	1,027
Total other receivables	**1,799**	**1,027**

Other receivables include GEL 1,698 thousand from a related party for HPP construction works (heavy equipment rent, staff costs and transmission line construction).

8 Subscribed and Surplus Capital

During 2021 CCEH Hydro VII LLC contributed GEL 346 thousand into the Subscribed capital of the Company. As of 31 December 2021, the charter of the Company equalled to GEL 561 thousand.

During 2022, the Company issued 1,570 shares based on the board decision with nominal value GEL 1,500. Total contributions during 2022 from the Fund amounted to USD 695 thousand (GEL 2,038 thousand) and from minority shareholders USD 1,389 thousand (GEL 3,914 thousand). The difference between the total capital contribution and nominal value of the issued shares of GEL 5,085 thousand was recognised as a capital surplus for the yead ended 31 December 2022.

During 2023, based on the board decision the Company issued 739 shares with nominal value GEL 706 thousand. Total contributions during 2023 from the Fund amounted to USD 5,844 thousand (GEL 15,052 thousand) and from minority shareholders USD 5,993 thousand (GEL 15,671 thousand). The difference between the total capital contribution and nominal value of the issued shares of GEL 35,298 thousand was recognised as a capital surplus for the yead ended 31 December 2023.

During 2024, the Company did not change the Subscribed capital. However, an additional capital contribution of USD 3,238 thousand (GEL 8,662 thousand) was made by owners, resulting in an increase of capital surplus up to USD 17,369 thousand (GEL 43,960 thousand).

As of 31 December 2025 and 31 December 2024, the Company had into share-based payment arrangements with its employees. Shares were granted to selected employees under the employment agreements. The Company has no legal or constructive obligation to repurchase or settle the shares in cash.

During 2025, the Company did not change the Subscribed capital. However, an additional capital contribution of USD 151 thousand (GEL 407 thousand) was made by owners, resulting in an increase of capital surplus up to USD 17,520 thousand (GEL 44,368 thousand).

9 Borrowings

In thousands of Georgian Lari	31 December 2025	31 December 2024
Principal of loan	62,512	29,553
Principal of letter of credit	1,496	1,626
Borrowings non-current	**64,008**	**31,179**
Principal of letter of credit	10,735	4,493
Accrual interest on loan	2,811	858
Accrual interest on letter of credit	190	240
Borrowings current	**13,736**	**5,591**
Liabilities from financing activities at 31 December	**77,744**	**36,770**

During 2024, the Company signed the loan agreement with JSC TBC Bank and JSC Bank of Georgia to finance the acquisition of fixed assets and the construction of a hydropower plant. The total loan facility amounted to USD 40,000 thousand, maturing on 26 July 2041. In 2025, the loan facility amount was decreased to USD 35,000 thousand. The loan agreements consider a grace period of 30 months, after which the principal is repayable on a semi-annual basis. As at 31 December 2025, the Company had utilized USD 23,567 (GEL 63,515 thousand) thousand under this facility, issued in multiple tranches during 2025.

During 2024, the Company signed the letter of credit agreements with JSC TBC Bank and JSC Bank of Georgia for the purchase of electro-mechanical equipment. As at 31 December 2025, the following letter of credits were outstanding:

Letter of credit #1 – Total facility of EUR 2,281 thousand. As of 31 December 2025, EUR 1,467 thousand (GEL 4,654 thousand) was utilized, with maturities as follows:

- EUR 326 thousand (GEL 1,034 thousand) maturing on 18 August 2026;
- EUR 489 thousand (GEL 1,551 thousand) maturing on 2 October 2026;
- EUR 23 thousand (GEL 73 thousand) maturing on 12 November 2026.
- EUR 142 thousand (GEL 451 thousand) maturing on 30 November 2026.
- EUR 223 thousand (GEL 707 thousand) maturing on 7 December 2026.
- EUR 101 thousand (GEL 320 thousand) maturing on 10 December 2026.
- EUR 163 thousand (GEL 517 thousand) maturing on 9 June 2027.

Letter of credit #2 – Total facility of EUR 3,084 thousand. As of 31 December 2025 with EUR 2,071 thousand (GEL 6,574 thousand) utilized, with maturities as follows:

- EUR 114 thousand (GEL 363 thousand) maturing on 15 April 2026;
- EUR 220 thousand (GEL 699 thousand) maturing on 13 May 2026;
- EUR 220 thousand (GEL 699 thousand) maturing on 21 May 2026;
- EUR 661 thousand (GEL 2,098 thousand) maturing on 18 August 2026.
- EUR 547 thousand (GEL 1,735 thousand) maturing on 15 September 2026.
- EUR 308 thousand (GEL 979 thousand) maturing on 9 June 2027.

8 Borrowings (Continued)

The table below sets out an analysis of liabilities from financing activities and the movements in the Company's liabilities from financing activities for each of the periods presented. The items of these liabilities are those that are reported as financing in the statement of cash flows:

In thousands of Georgian Lari	**2025**	**2024**
Liabilities from financing activities at 1 January	**36,770**	**807**
Loan drawdowns	44,762	35,353
Repayments of principal	(4,816)	(1,225)
Interest accrual	6,470	1,885
Interest payments	(4,549)	(859)
Foreign exchange (gain)/loss, net	(893)	809
Liabilities from financing activities at 31 December	**77,744**	**36,770**

10 Other Operating Expenses

In thousands of Georgian Lari	**2025**	**2024**
Taxes expense other than on income	934	550
Professional service fees	401	402
Insurance expense	359	264
Repair and maintenance expenses	248	192
Rent expenses	225	244
Village infrastructure and social expenses	197	159
Utility expenses	98	78
Office supplies	89	93
Representative expenses	44	60
Communication expenses	16	21
Other technical works/surveys related expenses	-	5
Other	29	21
Total other operating expenses	**2,640**	**2,089**

11 Contingencies and Commitments

Tax legislation. The taxation system in Georgia is relatively new and is characterised by frequent changes in legislation, official pronouncements and court decisions, which are often unclear, contradictory and subject to varying interpretation by different tax authorities. Taxes are subject to review and investigation by a number of government bodies, which have the authority to impose severe fines, penalties and interest charges.

A tax year remains open for review by the tax authorities during the three subsequent calendar years, however, under certain circumstances a tax year may remain open longer. These circumstances may create tax risks in Georgia that are substantially more significant than in many other countries. Management believes that it has provided adequately for tax liabilities based on its interpretations of applicable Georgian tax legislation, official pronouncements and court decisions. However, the interpretations of the relevant authorities could differ and the effect on these financial statements, if the authorities were successful in enforcing their own interpretations, could be significant.

Environmental matters. Environmental, Social and Governance (ESG) aspects are of utmost importance for the Company and the full process of project development is in line with the world recognised ESG standards (EIB, IFC). SLR Consulting was engaged by the Company to compete biodiversity assessment and develop Biodiversity Action Plan.

Social matters. Alongside with the project development activities the Company is in continuous negotiation with the different stakeholders (including local communities) regarding the social programs which would have a long-term impact on the local community. Advisory Council was established to unite NGO representatives, private and governmental sector for continuous and transparent dialogue on the development process for Bakhvi 2 project. Memorandum was signed with USAID to support the Tea Value Chain and develop various infrastructural projects.

Compliance with covenants. The Company is subjected to certain financial and non-financial covenants related primarily to its loan and letter of credits from JSC TBC Bank and JSC Bank of Georgia. Non-compliance with such covenants may result in negative consequences for the Company including growth in the cost of borrowings and declaration of default. The Company was not fully compliant with some non-financial covenants during the years ended and as of 31 December 2025 and 31 December 2024, however, the waiver letters from JSC TBC bank and JSC Bank of Georgia were obtained on 31 December 2025 and 31 December 2024, respectively, according to which JSC TBC Bank and JSC Bank of Georgia relinquished the legal rights and claims related to the breach of covenants. The covenants will be tested again in the next reporting period.

Assets pledged and restricted. According to the letter of credit and borrowing agreements with JSC TBC Bank and JSC Bank of Georgia, all movable and immovable properties, all future movable and immovable properties, as well as shareholding of the Company are pledged with the banks.

12 Balances and Transactions with Related Parties

In thousands of Georgian Lari	**31 December 2025**	**31 December 2024**
Other receivables from the entity under common control		
CCEH Hydro VI LLC	1,698	781
Other payables from the entity under common control		
CCEH Hydro VI LLC	152	119

11 Balances and Transactions with Related Parties (Continued)

Key management includes directors of the Company. Compensation paid to key management for the services in full time executive management positions is made up of a contractual salary.

Total key management compensation includes the following:

In thousands of Georgian Lari	2025	2024
Salaries and benefits capitalized on Construction in progress	1,441	1,422
Salaries and benefits expenses	494	539
Total key management compensation	**1,935**	**1,961**

13 Financial Instruments

In thousands of Georgian Lari	31 December 2025	31 December 2024
Financial assets		
Financial assets measured at amortised cost less impairment	**4,088**	**4,539**
Cash and cash equivalents	*2,289*	*3,512*
Other receivables	*1,799*	*1,027*
Financial liabilities		
Financial liabilities measured at amortised cost	**78,646**	**38,623**
Borrowings	*77,744*	*36,770*
Other payables	*902*	*1,853*

14 Subsequent Events

In January 2026, the Company utilized the additional USD 2,300 thousand (GEL 6,199 thousand) under the loan facilities from JSC TBC Bank and JSC Bank of Georgia (Note 9).