TEGETA

# DRIVING EXCELLENCE

ANNUAL REPORT 2024


EXPANDING OUR REACH - EVOLVING MOBILITY - LEADING WITH TRUST

As Tegeta approaches its **30-year** milestone in 2025, we reflect on a journey defined by purposeful progress.

In 2024, we advanced with clarity, consistency, and conviction. Across every business line - from passenger vehicles to heavy industry - we placed the customer at the center, empowered our people, and deepened trust with our partners and investors.

This report captures not only what we accomplished, but how we accomplished it - driven by our values, powered by innovation, and committed to building a resilient, future-ready platform for sustainable growth.

## Brief Portrait

Driving Excellence. Building a Lasting Legacy.

Since 1995, Tegeta has grown from a bold startup vision into a regional powerhouse - redefining Georgia's automotive industry and shaping the future of mobility and service. Our growth story is not just about scale, but about a deeper, enduring commitment: **A relentless pursuit of better.** It's a mindset that drives every product we launch, every service we enhance, and every facility we build. For nearly three decades, we've been powered by trust, pride, and a strong commitment to doing things the right way - creating momentum that lasts.

For us, motion is more than movement - It's progress with purpose. From our first service workshop to pioneering Georgia's EV charging network, our journey has been one of constant evolution.

In 2024, we accelerated that momentum - crossing borders, introducing next-generation vehicles, forging new global partnerships, and setting even higher benchmarks for quality and operational integrity. Behind this progress is a team of nearly 3,000 professionals - skilled, passionate, and forward-thinking - who define what excellence looks like, every day.

Across every touchpoint - behind the wheel, under the hood, in the boardroom - Tegeta serves over 500,000 customers across wide range of industries. From luxury showrooms to industrial fleets, urban boulevards to remote farmland, and in parts, service, finance, and logistics - we listen, adapt, and deliver. We build trust the only way that matters: steadily, client by client, kilometer by kilometer.

This dedication powered the major milestones we achieved in 2024 - across sales, markets, and impact.

**Welcome to Tegeta.**

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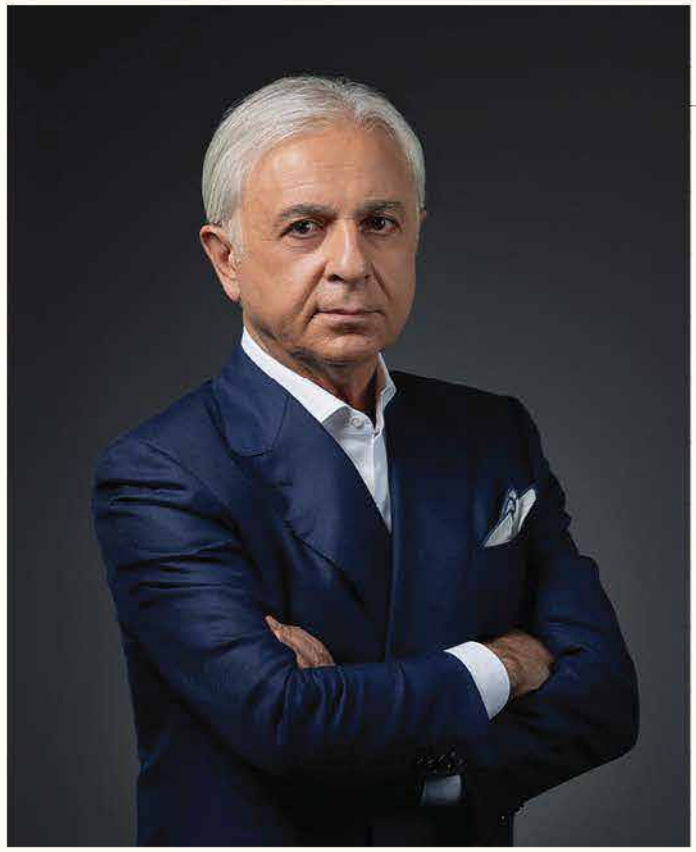
# CHAIRMAN'S STATEMENT



"In 2025, Tegeta marks not only 30 years of achievement, but a new chapter of responsibility - to our customers, our people, and our future. We began with one minivan and built a company that now stands for trust, innovation, and leadership across the region. Tegeta is an idea that unites progress with purpose."

**Dear Partners,**

2025 marks a defining milestone for Tegeta - our 30th anniversary.

This is more than a moment of celebration; it is a time for reflection on a journey that began with a single minivan and has evolved into regional leadership. It is a story of continuous evolution, resilience and transformation, pioneering service excellence, introducing green initiatives, and working every day to shape a stronger, more successful future and shared success.

From our humble beginnings importing bus parts in 1995, Tegeta has grown into a diversified group with nearly 40 business lines, over 300 global brand partnerships, and a team of close to 3,000 professionals. At the heart of this progress are the people of Tegeta - our "Tegetelis" - whose commitment and integrity continue to define our brand.

### 2024 - A Transformational Year

This past year was pivotal - not only in performance, but in the strategic foundations we laid for long-term growth.

We deepened our collaboration with Bridgestone, expanding our footprint across Georgia, Armenia, and Azerbaijan. What began in 1998 has matured into a partnership defined by mutual trust and shared standards of excellence.

### Entering the Ultra-Premium Segment

In 2024, Tegeta Cars took a bold step forward, launching partnerships with Bentley and Lamborghini. The opening of the Bentley Tbilisi showroom and service center, and our upcoming Lamborghini concept showroom, signal our growing presence in the ultra-premium market - a segment where brand trust is paramount.

These partnerships are a testament to Tegeta's reputation and long-term positioning at the high end of the mobility sector.

### Infrastructure and Innovation

We inaugurated a 3,600 m² multibrand showroom - integrating Geely, Mazda, and Auto Gallery - with a seamless customer experience across sales, service, and operations.

We also entered the electric mobility space as the official representative of ZEEKR, a premium EV brand. Our dedicated showroom will open in 2025, reinforcing our commitment to a cleaner, smarter future.

### Redefining Service Standards

We completed the Tegeta Trucks service center in Gezi - built to MAN's global standards and awarded "Brilliant" classification prior to completion.

In parallel, our team supported Tbilisi's public fleet renewal with EURO 6 MAN buses - enhancing safe, modern transport for the city's residents.

### Strengthening Capital Market Confidence

In 2024, we issued seven new bonds, totaling outstanding amount of the bonds GEL 392 million - a strong endorsement of Tegeta's governance, resilience, and investor confidence.

### Investing in Talent

Through our partnership with USAID, Tegeta Academy expanded with two new branches in western Georgia. It continues to grow as a regional educational hub, preparing future professionals and elevating technical education across the region.

### Welcoming New Leadership

This year, we welcomed Ekaterine Kavtaradze as CEO, alongside other key leadership appointments. Their energy, vision, and focus on execution promise an ambitious next chapter. I wish them every success as they carry forward our shared mission.

### A Culture of Enduring Partnerships

Tegeta is built on enduring partnerships with global leaders: Bridgestone, Michelin, Toyota, Porsche, Lamborghini, Bentley, Volvo, Mazda, Geely, ZEEKR, MAN, Renault, Liebherr, JCB, and many more. We are proud to carry not just their products - but their values, quality, and innovation - to our customers.

**Looking Ahead**

Our ambitions for 2025 and beyond are bold. We know that success is not a destination, but a responsibility - to our customers, our people, our communities, and the planet.

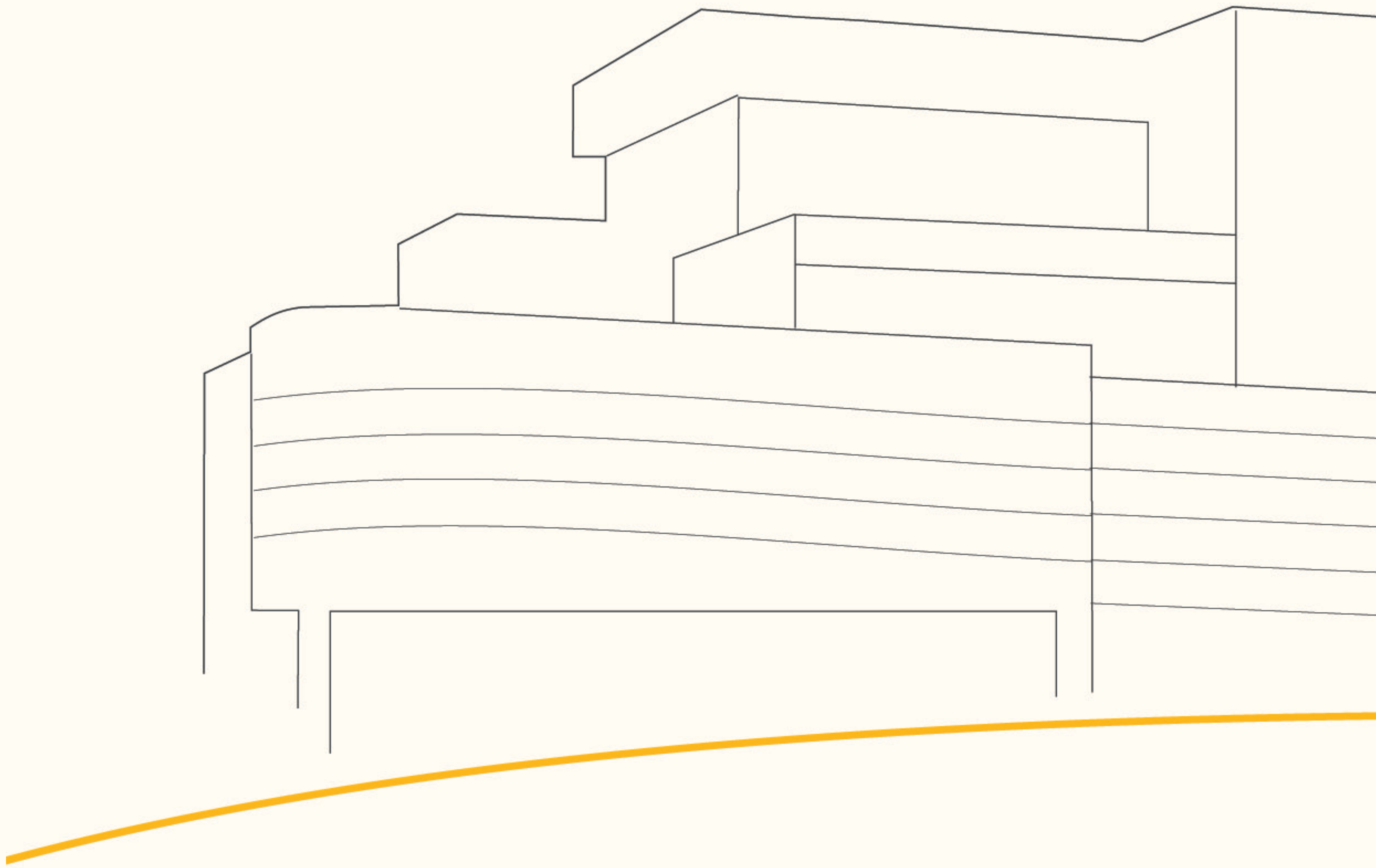
Tegeta is more than a company. It is an idea - of progress, of purpose, of leadership.

With shared values and a clear vision, I am confident we will achieve what lies ahead.

After all, we are not just building a business - we are shaping history.

**Thank you for being part of our journey.**

**Temur Kokhodze**
Founder and Chairman of the Supervisory Board
7 July 2025



# CEO STATEMENT

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Tegeta has been a symbol of the automotive industry in the region for three decades - a company that successfully blends experience, innovation, and a path to long-term partnerships

**Dear Stakeholders,**

For Tegeta, every year marks another step on the path of growth - but 2024 has truly been exceptional. This year not only reinforced our position as the leading automotive holding company in the Caucasus region, but also showcased our readiness to think bigger, act bolder, and continuously invest in innovation, quality, and global partnerships. It was a year that deepened our relationships with partners and unlocked new opportunities for Tegeta's future development.

I joined the incredible team at Tegeta in 2024, and I continue to feel immense pride in the privilege of leading such a remarkable company. It is both an honor and a responsibility to represent a business that stands not only as a regional industry leader, but which is also a benchmark for excellence in quality and innovation.

For me, as the new CEO of the Holding, 2024 was a year not only of delivering results, but also of discovering and strengthening our company's values and organizational culture. My main priority during this period was to mobilize our strong team and further cultivate the development-oriented mindset that has long defined Tegeta's success - one built on innovation, professionalism, and deep collaboration with our partners and customers.



**Key Achievements – 2024**

2024 was an outstanding year in terms of financial sustainability. We are truly proud of our performance, as the Holding's revenue grew by 19% year-on-year, reaching GEL 1,635.7 million. This growth was driven by strengthening our position both in the local market and across the region.

Gross profit increased by 10%, reaching GEL 327.4 million. EBITDA rose by 4.2% to GEL 167.8 million, with an EBITDA margin of 10.3%. Tegeta reaffirmed its capacity for sustainable growth, resilience amid market fluctuations, and strong operational discipline - an essential pillar of our long-term strategy.

2024 was also a year of significant milestones and achievements for Tegeta. We successfully concluded negotiations with several global brands, and today, we are proud to have added automotive icons Bentley and Lamborghini to our representative profile. This is not just a prestigious partnership - it is the result of years of dedication, high standards, and strategic focus, further solidifying our presence in the premium segment.

Our portfolio expanded further with the addition of the rapidly growing Chinese premium brand Zeekr, marking a new era in our electromobility journey.
Among the year's most important projects was the construction of a Truck Service Center in the Gezi (Economic Zone of Clearance) area. Intensive work progressed throughout the year, and today the project is in its final stages. This is one of the most significant infrastructure projects in Tegeta's history, delivering a full range of services for commercial vehicles. I am proud to note that even during construction, it received "A+" certification from MAN - proof that we operate to international standards and are poised to transform this segment into a regional hub.

We also continued to develop our unique automotive infrastructure, exemplified by the opening of our new integrated automotive complex, which brings together Geely, Mazda, and Auto Gallery under the Tegeta Cars umbrella.

A notable highlight of 2024 was the successful implementation of the municipal bus project. Tegeta delivered next-generation 18-meter MAN buses to the capital of Georgia, featuring Euro 6 emissions standards, advanced technical specifications, and enhanced safety. This project significantly renewed the city's fleet with environmentally friendly, premium European vehicles.

Another key milestone was the roll-out of Tegeta Leasing, whose mission it is to adapt the Western experience to the Georgian market by offering innovative, customer - centric solutions that increase access to new vehicles and lower financial barriers.

### International Achievements and Expansion

Our international business also saw significant success in 2024. We completed several major regional projects, including an agreement with our long-standing partner, Bridgestone, making Tegeta the official distributor for the brand in both Armenia and Azerbaijan.

Additionally, we strengthened our regional partnership with Mazda and now represent the brand in the Armenian market - an achievement that reflects our team's professionalism, strategic vision, and consistent focus on quality.

In the commercial vehicle segment, we delivered strong results in Armenia and Azerbaijan, becoming the official dealer for Renault Trucks. We also successfully advanced the waste collection vehicle project in Armenia, delivering 28 Renault Trucks to the Kotayk municipality.

2024 was a record year for special equipment sales. Our portfolio expanded with first-time deliveries to Turkmenistan and Kazakhstan. Moreover, we won our first public sector tender in Azerbaijan with our long-standing partner JCB, and completed initial sales of Liebherr mining equipment in Armenia.

### Strategic Development

Tegeta's strategy focuses not only on managing current challenges but also on shaping an innovative future. We continue to invest in electromobility, sustainable mobility, and smart transport ecosystems.

### Corporate Social Responsibility

As a sustainable business, corporate social responsibility remained integral to Tegeta's operations in 2024. We are proud to be the only automotive company in the region to have developed a CSR strategy aligned with international standards. In 2024, we presented a detailed public report on our goals and achievements. We aim to strengthen our reporting further and to meet the highest global benchmarks each year.

### Employees - Our Core Value

The foundation of Tegeta's success is the professionalism of our team. With nearly 3,000 employees, it is their dedication that shapes the quality, service standards, and innovation that define Tegeta's leadership. Our people don't just drive the business - they reflect the values that built it. That is why we consistently invest in their professional development, motivation, and safe working conditions.
Continuous learning remained a strategic focus in 2024. Through Tegeta Academy, employees accessed state-accredited programs, and we launched Electude, a digital learning platform for technical skills. Starting in 2025, these programs will expand across our network to reach every mechanic on our team.



### Driving Forward

2025 marks Tegeta's 30th anniversary - a milestone that I believe will usher in even greater success. This is a new stage - one where our strategy will focus on:

- Accelerating digital transformation
- Developing customer-centric solutions
- Deepening partnerships with global brands

Our customers will remain at the heart of every strategic and operational decision. With the implementation of a CRM system and enhanced digital communication, we aim to elevate the customer experience to new levels. The refinement of our front-line business processes, launched in 2024, will remain a top priority in 2025.

Our future vision is grounded in continuously improving the customer journey and ensuring Tegeta's leadership in every strategically important area - while establishing the company as the most successful Georgian business on the international stage.

I would like to express my sincere gratitude to each of our employees, partners, and customers who contributed to our success in 2024. Together, we are building a company that not only leads the market, but also sets the benchmark for innovation and growth.

**Ekaterine Kavtaradze**
Chief Executive Officer
7 July 2025

# 01 HISTORY - LEGACY IN MOTION

# HISTORY - LEGACY IN MOTION

A Year-by-Year Journey of Progress

## 1995 - 2005

### Foundations of Leadership

**1995 – Foundation:** Temur Kokhodze establishes a single spare parts shop, planting the seeds of what would become Georgia's leading automotive company.

**1996 – Market Entry Advantage:** Autoexport LLC (formerly Ikarus), is launched, becoming Georgia's first official importer of bus parts.

**1998 – Strategic Brand Alliances:** Exclusive rights to Bridgestone are secured, setting a long-term course of partnering with globally trusted names.

**2001 – Customer-Centric Rebrand:** Autoexport LLC rebrands as Tegeta Motors, anchoring its strategy in superior customer experience and operational excellence.

**2003 – Expanding Capabilities:** Opens its first European-standard service center and becomes Georgia's exclusive distributor of ZF, a global leader in auto parts.

**2005 – Commercial Vehicle Expansion:** Tegeta Truck & Bus is launched as the exclusive partner of MAN in Georgia, entering the commercial and heavy-duty vehicle market.

## 2006 - 2015

### Transformation & Diversification

**2006 – Strengthening the Portfolio:** Adds Shell lubricants and Michelin tires, enhancing its multi-brand proposition and customer value.

**2007 – Infrastructure & Diversification Drive:** The largest multifunctional service center in the Caucasus (co-financed by EBRD) is opened, and Tegeta Construction Equipment is launched with exclusive JCB rights.

**2008 – Governance & Brand Growth:** Governance is enhanced with the Big Four auditor, and exclusive representation is secured for BOSCH and Mobil.

**2009 – Operational Scalability:** Implements SAP ERP, laying the groundwork for scalable, data-driven operations.

**2010 – Luxury Market Entry:** The retail footprint is expanded, and Tegeta Premium Vehicles is launched—officially importing Porsche and Mazda into Georgia.

**2011 – Geographic Expansion:** Branches are opened beyond the capital city, in Poti Free Industrial Zone and Batumi. Porsche Center Tbilisi is established, reinforcing its luxury strategy.

**2012 – Global Network Access:** Tegeta officially introduces Mazda and joins Groupauto International, improving its procurement strength. Operations in Armenia are initiated.

**2013 – Technical Leadership:** The region's first multi-brand diesel service center is opened, showcasing advanced technical capabilities.

**2014 – Strengthening Brand Trust:** Toyota Center Tegeta is launched, furthering its reputation for quality and reliability.

**2015 – Extending Reach:** The Rukhi branch is opened, extending access to communities near the Abkhazia border.

## 2016 - 2024

### Institutionalization & Regional Powerhouse

**2016 – Public Sector Integration:** Renovates key branches in Batumi and Kutaisi and delivers 144 MAN CNG buses under Tbilisi's public transport reform.

**2017 – Education, Expansion & Governance:** Expands into Akhalkalaki, Marneuli, and Telavi. Tegeta Academy is launched to train skilled talent. Enters Azerbaijan with Aztech Tegeta Motors. Begins governance reforms with IFC.

**2019 – Capital Market Breakthrough & Brand Expansion:** Receives a BB- rating from Scope Ratings. Issues first 30 mln GEL public bond. Launches Volvo dealership (Scandinavian Auto Tegeta) and supplies 90 units of MAN Euro 6 buses to Tbilisi. Begins representing the British construction equipment brand JCB in Armenia and strengthens its presence by expanding services in heavy machinery, commercial vehicle maintenance, spare parts, and industrial solutions;

**2020 – Resilience Under Pressure:** Navigates COVID-19 with continuity and innovation - founding subsidiaries, adapting governance, and reaffirming its BB- rating.

**2021 – Vertical Growth & Innovation:** Adds Renault Trucks and Liebherr construction machinery to its heavy-duty portfolio, marking entry into new industrial segments, again reaffirming its BB-rating.

**2022 – International Accolades & ESG Impact:** Wins the largest international municipal tender ever awarded to a Georgian company and the first international tender - delivers 87 MAN CNG buses to Yerevan (EBRD-financed), showcasing international competitiveness. Launches Auto Gallery for premium pre-owned vehicles with technical certification and after-sales support, catering to a growing segment. Establishes Tegeta Green Planet, Georgia's first licensed Extended Producer Responsibility (EPR) operator. Enters exclusive Europcar partnership. Issues a record 150 mln GEL in bonds. Adds Petronas to its oil portfolio.

**2023 – ESG Leadership & Market Expansion:** Opens a 60 mln GEL multifunctional complex powered with solar power. Wins UNGC Sustainability Award. Launches Geely and ZEEKR. Expands into Kazakhstan, Kyrgyzstan, Tajikistan. Launches Tegeta Agri, representing Fendt, Valtra, JCB, and Zetor. Issues Georgia's first GEL-denominated green bonds to fund EV imports and charging infrastructure.

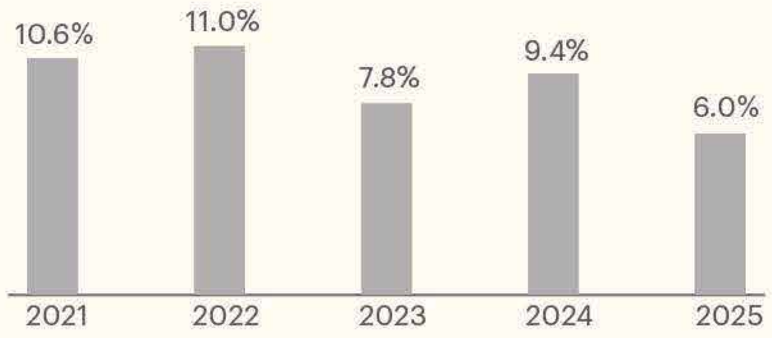
**2024 – Luxury & Regional Dominance:** Becomes Bridgestone distributor in Armenia and Azerbaijan; adds Motul in Azerbaijan. Wins MAN International marketing award and Meliora Green Initiative Award. Opens new flagship showroom for Geely, Mazda, and Auto Gallery. Europcar expands to Kutaisi Airport. Issues multi - currency bonds (GEL, USD, EUR). Enters the ultra - luxury segment, becomes Georgia's official representative for Bentley and Lamborghini, opening a Bentley showroom and launching construction of Lamborghini's future showroom.

# 02 INDUSTRY AND MARKET OVERVIEW

# INDUSTRY AND MARKET OVERVIEW

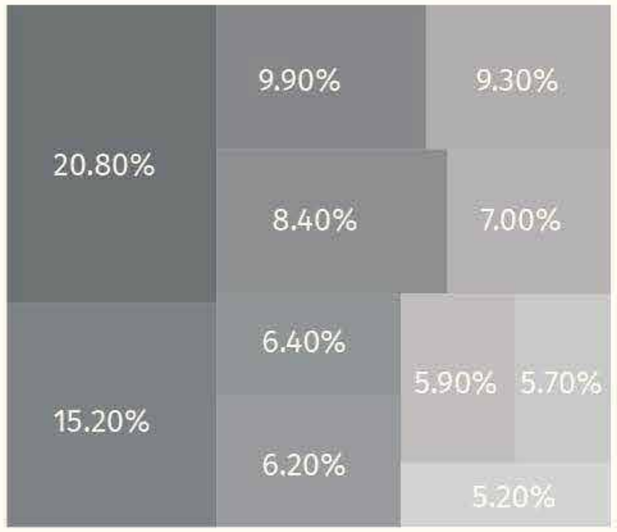
## Macroeconomic Outlook

Georgia continues to demonstrate robust economic momentum, supported by resilient domestic demand and growing investments in infrastructure. Real GDP grew by 9.4% in 2024, following strong growth of 7.8% in 2023. Forecasts for 2025 anticipate steady 6.0% growth, underscoring the country's macroeconomic resilience.




**Real GDP**

Key growth contributors include wholesale and retail trade (15.2% of GDP), alongside real estate, construction, and manufacturing. From an expenditure perspective, household consumption remains the primary growth engine, reinforced by public sector investment and stable export performance—particularly in machinery, vehicles, and logistics-related industries.



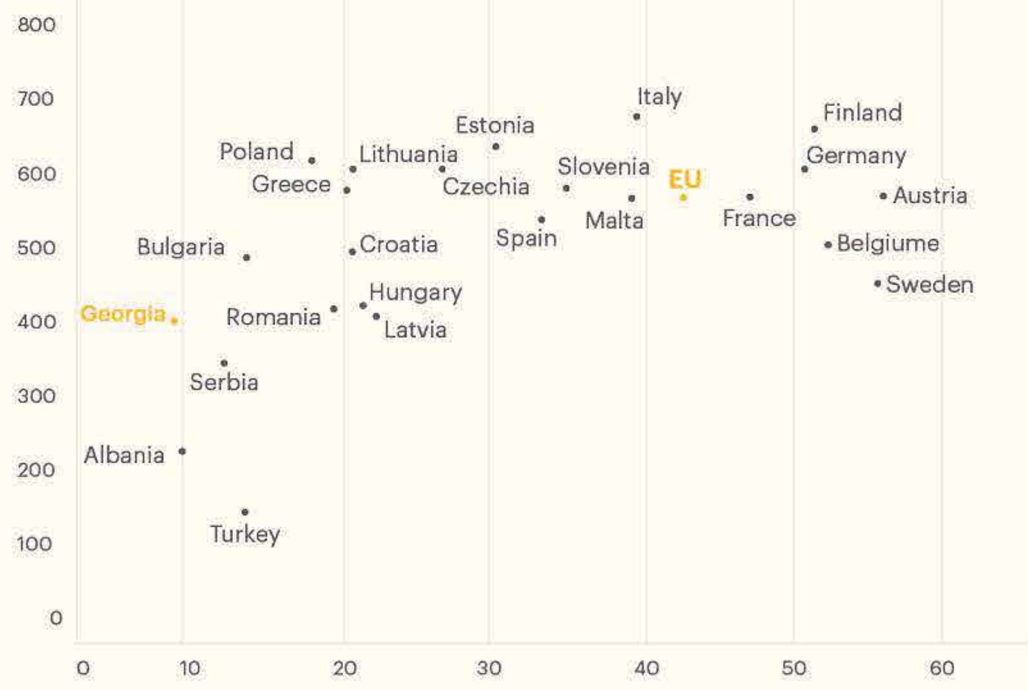

**GDP Structure in 2024**

- Trade
- Real Estate Activities
- Manufacturing
- Construction
- Public Administration Activites
- Information and Communication
- Agriculture, Forestry and Fishing
- Transportation and Storage
- Education
- Financial and Insurance Activities
- Other Sectors

## Global Automotive Trends

The global automotive industry is being reshaped by four structural megatrends: electrification, autonomous driving, shared mobility, and digital connectivity. EV adoption continues to accelerate, with 2024 global sales surpassing 17 million units—22% of new vehicle sales—driven by regulatory pressure, shifting consumer preferences, and OEM innovation.

Original Equipment Manufacturers (OEMs) are increasingly evolving from pure manufacturers into mobility service providers. Fleet based sales, subscription models, and platform integration are becoming core business models. Meanwhile, supply chain digitalization—particularly in predictive diagnostics and CRM integration—is transforming after sales and customer engagement. The rise of connected and premium vehicles is also driving margin diversification across markets.




**Passenger cars per 1,000 people and GDP per capita, USD**

## Regional Automotive Trends: Caucasus & Central Asia

The Caucasus and Central Asia region is experiencing steady vehicle fleet expansion, fueled by economic development, urbanization, and infrastructure investments. From 2018 to 2023, the vehicle fleet in Kazakhstan, Uzbekistan, and Azerbaijan grew at an average of 6.5% annually. As of 2024:

**registered vehicles**

| Kazakhstan | Uzbekistan | Azerbaijan | Georgia |
|---|---|---|---|
| **5.1 Million** | **4.0 Million** | **1.6 Million** | **2.0 Million** |

Demand is especially strong for commercial vehicles, construction machinery, and mid-size SUVs, supported by public investment, logistics growth, and industrial diversification Given the relatively lower passenger car density compared to European averages, the region presents significant opportunities for long-term market expansion.

Though used cars still dominate in volume, the shift toward new vehicle sales is accelerating - driven by emissions regulations, dealership expansion, and OEM-backed financing. Kazakhstan saw 153,000 new vehicle sales in 2024 (+9% YoY), while Uzbekistan reached 132,000 new registrations. Local assembly, backed by state policy, is growing, with over 10 OEM assembly plants in Uzbekistan and continued foreign investment in Kazakhstan from players like Hyundai and Chery.

The region's underdeveloped service and parts infrastructure presents an opportunity for full-service players like Tegeta to deliver integrated solutions across sales, servicing, and fleet support.

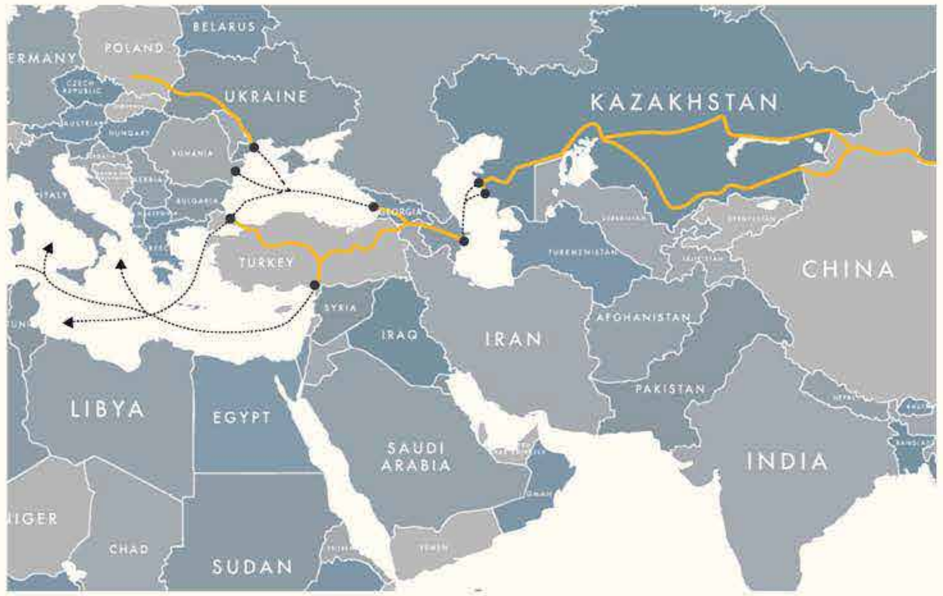
## Georgia's Strategic Role in the Region

Georgia plays a pivotal role as a transit and logistics hub between Europe and Asia. Its geographic positioning, Black Sea access, and free trade agreements with the EU, China, and EFTA countries enhance its regional leverage - particularly through the **Middle Corridor,** connecting Central Asia and China with Europe via the Caspian and Black seas.

Major infrastructure projects are accelerating this role:

- East-West Highway modernization
- Anaklia deep-sea port development
- Expansion of Poti and Batumi ports
- Baku-Tbilisi-Kars railway enhancements
- Tbilisi International Logistics Hub and new customs terminals

These projects position Georgia as a multimodal gateway for regional trade and logistics.




## Credit Standing and Investment Climate

Despite global uncertainty, Georgia's prudent fiscal management and diversified trade profile continue to earn investor confidence. In 2024, S&P Ratings reaffirmed the country's BB rating, underpinned by macroeconomic stability and growing regional significance.

## Logistics and Cargo Sector Developments

In 2024, Georgia's cargo turnover reached 21.8 million tons, with Poti Port handling nearly 60% of maritime volume. Air cargo at Tbilisi International Airport increased by 8% YoY to 17,000 tons.

The Baku–Tbilisi–Kars railway transported 1.1 million tons of freight in 2024, further solidifying Georgia's East-West corridor status. Integration with TRACECA and the Belt and Road Initiative reinforces the country's logistics competitiveness.



## Automotive Market Landscape

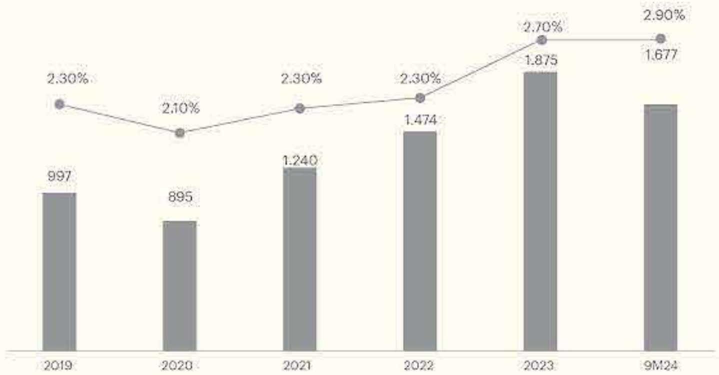
Georgia's automotive market has stabilized post-pandemic. Imports reached USD 3.1 billion in 2024, primarily from the USA, Germany, and Japan. While the used vehicle segment still dominates, the shift toward new vehicles is gaining traction, supported by:

- **State tenders**
- **Corporate leasing**
- **Dealership-backed financing**

## Sector Contributions and Growth Indicators

New car sales by official dealers grew 15%–20% in 2024. Regulatory upgrades - including Euro 5 standards and a ban on vehicles manufactured before 2013 - are reinforcing this trend.

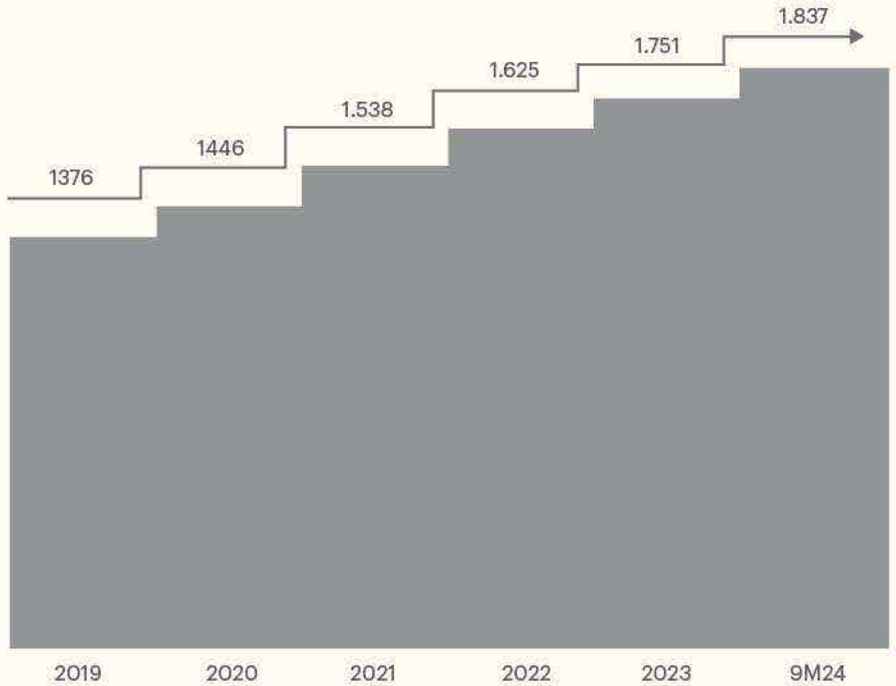
Car density in Georgia stands at 385 vehicles per 1,000 people - well below EU averages - highlighting untapped market potential. With an average fleet age of 20+ years, modernization opportunities remain significant.




Automotive trade and repair activities contributed GEL 1.9 billion in value-added in 2023, with a 31.1% increase in the first nine months of 2024. The sector's share of GDP rose from 2.3% to 2.9% over five years.

With 1.8 million vehicles on Georgian roads - growing at 7% annually - Toyota remains the most registered brand, driven by customer trust and national service coverage.

## Vehicle fleet in Georgia



### Urbanization, Mobility, and Infrastructure Demand

Urbanization is reshaping mobility patterns across Georgia and the wider region.

**Urban population**

| Georgia | Kazakhstan | Uzbekistan |
|---|---|---|
| >60% | >58% | >51% |

Cities like Tbilisi, Almaty, Tashkent, and Baku are prioritizing clean, efficient transport systems. Investments include:

- **Tbilisi:** GEL 600 million Sustainable Urban Mobility Plan (e-buses, metro upgrades, Bus Repid Transit (BRT) )
- **Almaty:** Real-time traffic control and EV corridors
- **Tashkent:** New BRT system to reduce congestion and improve connectivity

These public investments are creating private-sector opportunities for service providers like Tegeta - especially in fleet services, leasing, maintenance, and EV infrastructure.

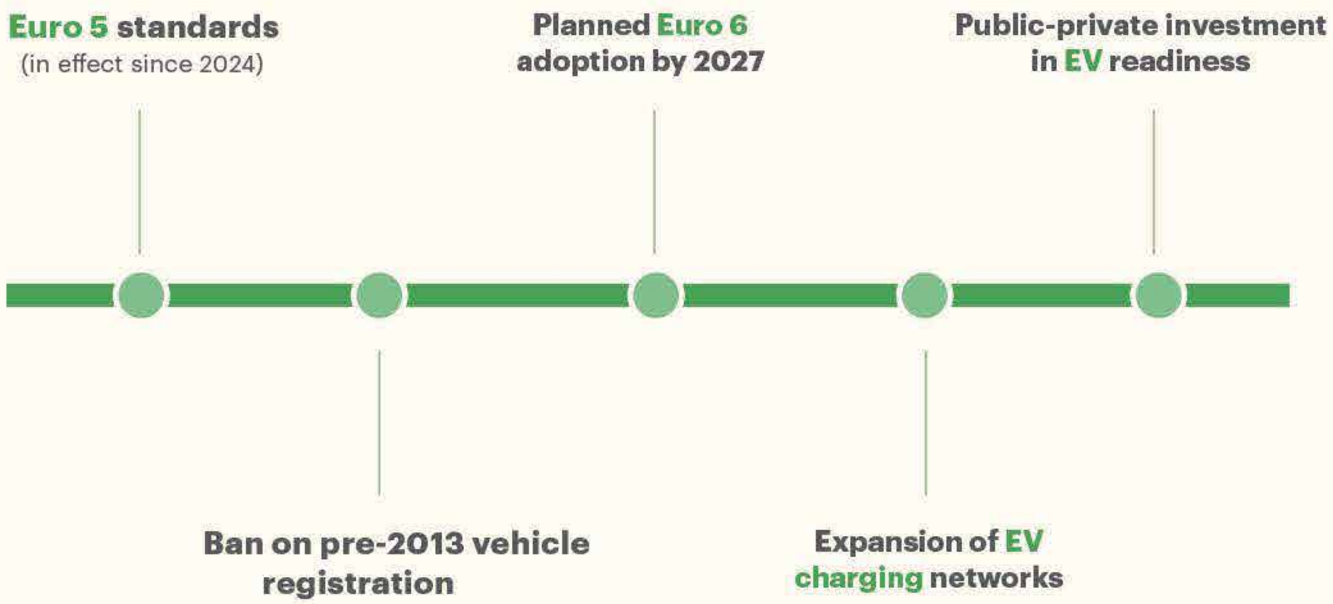
### Financing and Fleet Modernization

Georgia's car financing penetration remains low (<25%), compared to 60%+ in Western Europe. Expanding installment plans, trade - ins, bundled insurance, and lease models can unlock significant latent demand.

Fleet modernization - critical for air quality, safety, and economic efficiency - relies on improved access to finance. Public-private initiatives targeting municipalities, logistics firms, and fleet operators are key enablers. Newer fleets mean lower emissions, better reliability, and scalable infrastructure.

### EV Transition and Regulatory Outlook

EV adoption in Georgia is still emerging, but is growing rapidly. In 2024, 24% of Tegeta's passenger vehicle sales were EV or hybrid. Key enablers include:




With over 35% of the fleet older than 20 years, modernization through EVs is both an economic and environmental imperative.



### Tegeta's Strategic Position

Tegeta operates across the full automotive value chain - from vehicle sales and servicing to leasing and parts logistics. As an exclusive partner for **20+ global OEMs**, Tegeta serves diverse markets across five countries.

The Group is a market leader in:

- Premium and EV segments
- Aftersales innovation
- Digitally integrated services
- Financial services (63% financing penetration in light vehicles)

With a multi-brand, multi-market strategy and deep operational infrastructure, Tegeta is positioned to capitalize on emerging trends and unmet demand across the region.

### Outlook and Growth Levers

Tegeta's growth will be powered by:

- Expanding regional market entry across the Caucasus and Central Asia
- Scaling new vehicle sales through fleet partnerships and showroom expansion
- Adopting leasing and fleet management for B2B
- Boosting certified used car sales
- Accelerating EV adoption with supporting infrastructure
- Unlocking fleet modernization through leasing and trade-in programs
- Strengthening digital platforms and embedded finance offerings

### Conclusion: Positioned for Regional Impact

As Georgia's role as a **regional hub** deepens, Tegeta stands uniquely positioned to lead mobility transformation across the **Caucasus and Central Asia**. With a trusted brand, broad platform, and integrated capabilities, the Group is ready to capture value across the full **lifecycle of automotive demand** - from ownership and servicing to electrification and financing.

# 03 BUSINESS MODEL

# BUSINESS MODEL

### Engineered for Resilience. Positioned for Growth.

At the core of Tegeta's business model lies a singular commitment: **to place the customer at the heart** of everything we do - while embedding **quality, sustainability, and operational excellence** into every level of the organization.

Since our founding in 1995, Tegeta has evolved into a diversified regional holding with a proven track record of forward-thinking and disciplined growth. Anchored in Georgia and expanding across key markets in **Central Asia and the Caucasus**, we are strategically positioned to shape the future of mobility, industrial efficiency, and sustainable infrastructure across the region.

In 2024, our integrated business model delivered resilient, high-quality growth - reinforcing a scalable platform for continued **leadership and long-term value creation**.

### Integrated by Design, Customer-Centric by Nature

Tegeta Holding operates through diversified business lines serving a broad and growing base of **500,000+ clients** - including public institutions, large-scale enterprises, infrastructure developers, and individual consumers. Our comprehensive model spans the full automotive and industrial value chain, enabling us to deliver end-to-end solutions through a unified strategy.

### Key Business Lines

**Tegeta Cars - Passenger Vehicles**

Distribution - sales, and after-sales service of leading global passenger vehicle brands.

**Tegeta Heavy - Commercial Transport & Buses**

End-to-end solutions for freight, passenger transport, and industrial applications.

**Tegeta Heavy - Special Purpose Equipment**

Supplying critical equipment for infrastructure and agribusiness sectors.

**Retail and After Market**

Vehicle Servicing & Diagnostics and Parts, Tires, Lubricants & Accessories - A wide portfolio of premium components and consumables accompanied by high-tech repair and maintenance services that maximize performance and lifespan.

**Fleet Management**

Integrated solutions that improve efficiency, reduce cost, and enhance mobility through

**Leasing and own Logistics.**

This integrated architecture empowers Tegeta to operate as a single, agile platform - anticipating market trends, adapting rapidly to client needs, and delivering consistent value across all channels.

### Scalable Governance, Synchronized Growth

Our centralized holding structure ensures **strong governance, strategic discipline, and group-wide synergy**. Tegeta's Executive and Financial Divisions oversee capital allocation, risk management, and performance monitoring - ensuring alignment across all operations and geographies.

This model enables **scalable growth** without compromising control - extending from metropolitan service hubs to rural equipment distribution, and from emerging ventures to legacy partnerships.

Each Business Line - from Toyota Center Tegeta to Tegeta Energy - is aligned with our core priorities: **operational excellence, innovation, customer focus, and sustainable profitability.**

### A Platform for Long-Term Value

Tegeta is more than a provider - we are a builder of ecosystems that power sustainable, inclusive, and innovation-driven growth. Our platform strategy enables us to generate long-term impact across industries and borders.

Supporting national-scale public and private projects with equipment, service, and logistics.

Developing the next generation of technical professionals through hands-on education at Tegeta Academy, accredited vocational education facility.


Representing and scaling premium automotive and machinery brands across new markets.

Leading environmental and social responsibility initiatives, including EV Chain, EPR operator (Tegeta Green Planet) and strategic investments in renewable energy.

In 2024, we further expanded into Azerbaijan, launched Tegeta Agri, opened multiple flagship showrooms, and extended our Bridgestone partnership across the Caucasus - further strengthening our multi-market platform. We also laid the groundwork for entry into the ultra-luxury segment with Bentley and Lamborghini, including the development of a dedicated service center - positioning Tegeta for future growth in high-end mobility. In parallel, we launched construction of the Gezi service hub - a landmark infrastructure project set to transform our regional service capabilities.

## 2024: Driving Efficiency, Delivering Results

Operational efficiency remained a strategic focus in 2024. We implemented a cross-group transformation initiative to streamline processes, optimize cost structures, and reinforce financial discipline.

### Key Efficiency Initiatives:

- Process standardization and automation across business units
- SAP S/4HANA initiation for real-time data access, ensuring process standardization and operational transparency across the group
- Lean procurement and inventory flow optimization
- Centralized CAPEX control and operating expense management
- Focused investment on infrastructure with measurable ROI
- Multi-currency debt optimization via refinancing

These measures enabled us to maintain strong profitability during a year of ongoing expansion.

### Looking Ahead: Built for What's Next

As regional economies continue to evolve, Tegeta is positioned at the forefront. Our business model is designed not only to sustain today's performance, but to fuel tomorrow's **innovation**. With each new market, partnership, and investment in talent or infrastructure, **we reinforce our role as a platform for progress** - shaping the next era of mobility and industrial advancement.


**Tegeta headquarters** - on Agmashenebeli Alley since 2008, strategically located on Tbilisi's vital transport and commercial arteries, represents more than just a central office and reflects the foundation of a growing ecosystem that includes the region's largest multifunctional service center for light and heavy vehicles, as well as the pioneering Tegeta Academy. Over the years, this site has become a symbol of our progress, professionalism, and regional leadership.
Alongside the headquarters, the location now hosts showrooms for globally renowned brands such as Bentley, Lamborghini, and Porsche - each marking a new chapter in Tegeta's journey.

# 04 TEGETA CARS - PASSENGER VEHICLES

# TEGETA CARS – PASSENGER VEHICLES

### Premium Mobility at Scale

Tegeta's Passenger Vehicles division continues to lead Georgia's passenger vehicle market in both volume and value. With a curated portfolio of **globally respected automotive brands**, a growing **physical and digital footprint**, and an integrated **customer experience** model, this division plays a central role in advancing our vision for **future-ready mobility**.

### 2024 Performance Highlights

In 2024, the Passenger Vehicles division was a key growth driver - benefiting from robust retail demand, expanded premium offerings, and accelerating interest in hybrid and electric models.

### Key Metrics

**Revenue Contribution**
**715** Million GEL (+15% YoY)

**Certified Pre-Owned / Approved Sales**
**1.093** units

**Units Sold** (New & Used)
**4.825** (+16% YoY)

**Customer Satisfaction** (NPS)
**84** across major showrooms

**EV/Hybrid Share**
**24%** of total volume (up from 10% in 2023)

**Financing Penetration**
**63%**

Performance was supported by a diversified brand mix, seamless integration of new brands, and enhancements across the customer journey. Top-selling models were Geely Coolray, Toyota Corolla Hybrid, Mazda CX-5.


### Strategic Brand Portfolio

We are proud to represent a lineup of **world-class brands**, with exclusive distribution rights across Georgia and several regional markets. These long-standing partnerships reflect both operational excellence and deep market insight.

### Core Brand Highlights

- PORSCHE – Exclusive partner since 2010
- mazda – Georgia (active since 2012), expanded to Armenia 2024
- Toyota – Official partner in Tbilisi (since 2014); expanded to Batumi in 2019
- AUTO GALLERY – Auto Gallery leading name since 2018
- VOLVO – Georgia, Azerbaijan (since 2019), Armenia & Uzbekistan 2020
- POLARIS, Indian MOTORCYCLE, NIU – Multi-brand mobility since 2020
- GEELY – Added in 2023
- ZEEKR – Next-generation EV partnership launched in 2024
- BENTLEY – Ultra-luxury partnerships established in 2024
- Lamborghini – Ultra-luxury partnerships established in 2024

This strategic **portfolio expansion** positions Tegeta as Georgia's most diversified and future-ready mobility provider, combining **trusted legacy brands** with cutting-edge electric and luxury offerings across regional markets. Our brands span the full consumer spectrum - from first-time buyers to luxury collectors, enabling us to optimize both volume and margin performance.

### 2024 Milestones

The division made strategic advancements in infrastructure, visibility, and customer access:

**Opened**

Toyota Center Tegeta and a new flagship showroom on Aghmashenebeli Highway, a key transport artery in Tbilisi


**Scaled**

Auto Gallery into the region's leading certified pre-owned brand

**Prepared**

the Launch of Georgia's first Lamborghini showroom (opening 2025)


**Opened**

Opened Bentley showroom and service center

Each location is designed to reflect the identity of its global partner while delivering Tegeta's signature customer-centric service ethos.



### Leadership in EV Adoption

Tegeta's Light Vehicles division is at the forefront of Georgia's transition to sustainable mobility - offering eco-friendly solutions without compromising performance or customer choice.

### Key 2024 Achievements

**24%**

of all light vehicles sold were hybrid or fully electric

**+12**

EV charging stations developed across highways and service centers reaching 56 units in total

**Technician training**

Technician training and certification programs delivered via Porsche

**Green Bond**

proceeds deployed to expand EV sales and Charging infrastructure

We continue to align our **EV strategy** with consumer demand, regulatory shifts, and Tegeta's broader ESG agenda.

### Integrated Ownership Experience

Beyond vehicle sales, we offer a seamless end-to-end ownership experience - combining diagnostics, financing, servicing, and leasing, within a unified operating model.

### 2024 Enhancements

**Certified-used:** Certified pre-owned program with transparent vehicle history, inspection reports, and 12-month warranties

**Premium Customer Lounges:** Personalized experiences aligned with global luxury brand standards

**Integrated Cross-Selling:** Insurance, leasing, and trade-in services offered by trained consultants

### 2025 Outlook and Strategic Priorities

Looking ahead, our vision is to remain Georgia's most trusted, diversified, and future-ready light vehicles provider. Our growth will be guided by a continued focus on operational excellence, digitalization, and customer experience.

- Launch Georgia's first **Lamborghini showroom** with full aftersales integration
- Expand **certified used cars** into regional cities in Georgia
- Grow **EV portfolio** and leasing options for corporate clients
- Advance **digital sales tools** and CRM-driven customer engagement
- Strengthen **aftersales**, parts availability, and service personalization

These touchpoints contributed to an NPS of 84 - on par with leading global automotive retailers.

## Recognition & Awards

Our Passenger Vehicles Division continues to earn industry accolades:



### Mazda Center Tegeta

Named Best Distributor by Mazda (2020 & 2024), with record sales of 542 units in 2024, nearly five times higher than in 2021

### Porsche

Winner of the Porsche Marketing Award for the all-electric Macan presentation


### Volvo Car Caucasus

- Excellence Club Award winner
- Completion of Azerbaijan showroom
- Won major fleet tenders in Armenia (120 units) and Azerbaijan (50-unit police fleet)
- Implemented VPS standards across Georgia
- Winner of the 2024 Vista Competition (Volvo global service excellence)

### Toyota

- Batumi and Tbilisi centers implemented the Kaizen KPI system, ranking 1st across the Caucasus region with a record 90% quarterly evaluation score
- KPIs span every core function - from new car sales to aftersales and CSR

Toyota centers in Batumi and Tbilisi implement **Kaizen KPI** system in their workflow. Kaizen is Japanese word and means ,,continuous improvement'' or ,,constant movement towards development and evolution''. Our supplier, Toyota Caucasus, implements this system for among all dealership in Caucasus region. According to last full quarter evaluation Toyota Center Batumi received a historic high quarter evaluation of 90%, and took 3rd place among - all dealerships in Caucasus region, while surpassing average score by 5%. Kaizen includes KPI for all working processes: new & used car sales, marketing, CSR, administrative tasks, after sales relationship, financial & insurance products and many other KPIs which provide continuous improvements to Toyota Center Batumi.

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Tegeta's Passenger Vehicles Division is more than a commercial success - it's a reflection of our values in motion: quality, customer centricity, and innovation. As mobility evolves, we are proud to lead the way.

# 05 TEGETA HEAVY - COMMERCIAL TRANSPORT AND BUSES

# TEGETA HEAVY - COMMERCIAL TRANSPORT AND BUSES

## Powering the Region's Heavy Mobility Transformation

Tegeta's Heavy-Duty Vehicles Division is the region's leading commercial transport partner - providing end-to-end solutions across freight, public mobility, infrastructure, and industrial fleets. Backed by world-class OEMs and an unrivaled service network, this division anchors Tegeta's role as a systems integrator for modern transport ecosystems across the South Caucasus and Central Asia.

In 2024, the division scaled new heights - advancing electrification, expanding cross-border operations, and playing a pivotal role in public mobility upgrades across the region.

### 2024 Highlights

**Market Leadership**

**MAN** maintained its dominant c.**40%** share in Georgia's premium heavy-duty vehicle segment

**XCMG** reached **10%** market share among Chinese heavy-duty brands

**Major Deliveries**

**160+ MAN 18-meter** buses delivered to **Tbilisi** as part of Georgia's largest-ever municipal fleet upgrade

**First electric bus** introduced to **Tbilisi** and **Yerevan** in pilot collaboration with city

**Infrastructure Milestone**

Opened the first phase of the **Gezi Service Facility** - the Caucasus region's largest and only MAN-authorized service hub

### Key Metrics*

**Revenue Contributio**
**112** Million GEL (+7% YoY)

**Units Sold**
**316** (-2% YoY)

**Customer Effort Score** (CES)
**95%**

**Customer Satisfaction** (NPS)
**88**

**Customer Satisfaction Index** (CSI)
**96%**

### Units Sold*

| TRACTOR HEAD | TIPPER TRUCK | MIXER | GARBAGE TRUCK | DISTRIBUTION TRUCK | BUS | CUTOMIZED/OTHER |
|---|---|---|---|---|---|---|
| 46 Units | 128 Units | 24 Units | 28 Units | 35 Units | 3 Units | 52 Units |

*Figures reflect ordinary operations and exclude project-related components



### Strategic Partnerships & Brand Portfolio

Tegeta's commercial vehicle strategy is built on long-term alliances with global OEMs, ensuring performance, compliance, and scalability for clients across sectors.

### Flagship Partnerships

Tegeta's commercial vehicle strategy is built on long-term alliances with global OEMs, ensuring performance, compliance, and scalability for clients across sectors.

**MAN** (since 2005) – Full range of buses and trucks with OEM-backed service

**RENAULT TRUCKS** Regional expansion across **Georgia, Azerbaijan and Armenia**

### Diversified Portfolio Includes

- **TEMSA** – Urban buses
- **CENNTRO** – Electric mobility solutions
- **XCMG** – Infrastructure-grade construction vehicles (Geo, Arm)
- **BMC** – Bus and logistics vehicles
- **MAN** – city buses in Yerevan

This mix enables Tegeta to serve clients ranging from city governments and utility fleets to logistics operators and construction firms.

### Service Infrastructure & Technical Excellence

Our heavy-duty network is anchored by flagship service centers delivering speed, precision, and OEM compliance.

- **Nationwide Coverage** - Regional service points ensure uptime across Georgia through 13 centers
- **Renault Service Center** - ensuring optimal performance and longevity of commercial vehicles since 2021
- **Mobile Services** - reaching customers in any part of Georgia. Designed to reduce vehicle downtime by providing on-site diagnostics, emergency repairs, and scheduled maintenance. These facilities reflect our strategic focus on quality, lifecycle efficiency, and customer trust

**Gezi Facility (Tbilisi) -** 42,000 m² flagship regional hub - Largest in the region

- Strategic Location - Situated near the Customs Clearance Zone, it serves as a key transit point for vehicles heading to Turkey, Azerbaijan and Central Asia, with over 500,000 transit vehicles passing annually
- First level "A+" MAN-authorized, largest full-format service center in the Caucasus
- Supports MAN, and all other truck brands
- Includes certified C-type inspection, diagnostics, and Tegeta Academy training
- Equipped with 31 service bays (22 currently operational), the center can service over 30 large vehicles simultaneously
- Featuring modern lift platforms, inspection pits and environmentally friendly washing areas. Exclusive Services - authorized representative of Thermo King, the center offers maintenance services for refrigeration systems, with experienced technicians and specialized tools


These facilities reflect our strategic focus on quality, lifecycle efficiency, and customer trust.



### Partnering in Public Sector Modernization

Tegeta brings proven expertise in implementing fleet upgrade projects funded by international donors and regional governments

**Yerevan**

Supplied **87 MAN Lion's City CNG** buses through EBRD/E5P-financed international tender. Delivered ahead of schedule; servicing aligned with **German OEM standards.**

**Tbilisi**

Delivered over **200 Euro 6, 18-meter** low-floor buses to Tbilisi Transport Company - supporting accessibility and emissions goals.

**Armenia Municipal Fleets**

Renault Trucks deployed in sanitation and food waste management operations in Kotayk and Yerevan.

### Driving Electrification & Green Transport

Tegeta is taking bold steps toward ESG-aligned mobility:

**EV Introduction:**
Rolled out Tbilisi's and Yerevan's first electric bus in partnership with city officials Delivered Centro EVs to Georgia's distributor market

**Product Line Expansion:**
Scaling EV and CNG commercial offerings across multiple fleet categories

These initiatives position Tegeta as a first-mover in sustainable transport transformation.

### End-to-End Fleet Solutions

We offer more than vehicles - we deliver comprehensive fleet lifecycle management:

- Vehicle procurement and configuration
- OEM-backed warranty maintenance, diagnostics, and inspection
- Leasing through Tegeta Leasing
- Rapid parts delivery and aftersales support

### Expanding Value with MAN TopUsed

As clients seek cost-effective fleet options, Tegeta is expanding its certified pre-owned program.

In 2024, we continued a **targeted strategic focus** to refresh our pre-owned inventory with low-mileage, **Euro 6-compliant models** - tailored to the evolving needs of corporate and mid-sized fleet operators. The renewed MAN TopUsed program offers compelling value through 6-month warranty coverage, flexible repair and maintenance (RMC) contracts, and trade-in options - making premium pre-owned vehicles more accessible and cost-effective.

### MAN TopUsed Highlights:

- **Euro 6,** low-mileage inventory
- **6-month** warranties and RMC options
- **Trade-in** and financing solutions
- 2025 sales target is: **50+ units, while 2024 marks 10 units**

This initiative improves vehicle lifecycle utilization while expanding access to premium fleet ownership.

### Looking Ahead: 2025 Strategic Priorities

- **Optimize Inventory & Brand Mix:** Blend premium and value offerings to serve more segments
- **Scale EV and CNG Fleets:** Deepen commitment to sustainable transport
- **Expand Regional Network:** New service nodes across underserved areas
- **Secure More Donor-Funded Projects:** Leverage proven performance in public tenders
- **Digitize Fleet Services: Deploy more data-driven maintenance and management tools**
- **Customer-oriented solutions:** Trade-in, buy-back, leasing

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Tegeta's Heavy-Duty Division is not just moving cargo - it's moving cities, industries, and national transport systems forward: Fleet by fleet, partner by partner.

**Gezi Service Center** - Located just outside Tbilisi, the Gezi site lies along the Tbilisi Bypass Road - a key infrastructure axis connecting Georgia's East-West corridor. Designed as a future regional hub, the Gezi facility spans nearly 40,000 m² of land and will host one of Tegeta's most advanced service and logistics complexes. The center will integrate service zones for all vehicle categories, high-capacity warehousing, and digital platforms — reflecting Tegeta's vision for scalable, innovation-driven growth.

# 06

# TEGETA HEAVY - SPECIAL MACHINERY

# TEGETA HEAVY - SPECIAL MACHINERY

## Building Tomorrow's Industries

Tegeta's Special Machinery Division is a **catalyst for regional progress** - serving as a trusted partner across construction, mining, logistics, and agriculture. In 2024, we expanded our leadership by moving beyond machinery sales to deliver integrated ecosystems of value - combining global technology, local insight, and long-term service partnerships.

Backed by operational discipline and strategic foresight, we remain committed to transforming capital equipment into business-enabling platforms that fuel productivity, resilience, and sustainable growth.

## 2024 Performance Highlights

Tegeta's success in the special machinery space reflects our ability to align global innovation with regional industrial needs - building trusted partnerships and future-ready solutions.

## Key Metrics

**Revenue Contribution**
189 **Million GEL** (+15% YoY)

**Customer Satisfaction** (NPS)
90

**Units Sold**
755 (+29% YoY)

**Units Sold**
45% Region

**Customer Satisfaction Index** (CSI)
Maintained at a consistent 97% across the year

**Customer Effort Score** (CES)
96% indicating ease of interaction and service use

## Units Sold

| | |
|---|---|
| Excavation Machinery | 429 Units |
| Loading Equipment | 58 Units |
| Road Machinery | 58 Units |
| Crane | 46 Units |
| Forklift | 20 Units |
| Agricultural Machinery | 11 Units |
| Other | 133 Units |

## Strategic Brand Partnerships

### Rooted in Shared Vision and Operational Excellence

Our division proudly represents a portfolio of global OEMs who share Tegeta's values of innovation, reliability, and customer impact. These alliances anchor our leadership across the region's most critical sectors.

### Core Partners

Expanding a multi  brand footprint across construction, logistics, and infrastructure

- JCB — Georgia (2007), Armenia (2019), Azerbaijan (2022)
- XCMG — Georgia (2012)
- HELI — Georgia (2014)
- AMMANN — Georgia (2015)
- BOMAG (FAYAT GROUP) — Georgia (2021)
- LIEBHERR — Official partner in Georgia since 2022, Armenia 2022

Our partners view Tegeta as more than a distributor: we are a strategic platform for regional deployment, service excellence, and market share growth.

## Expansion Milestones in 2024

We delivered key initiatives that extended our impact and reinforced our partner credibility:

| Liebherr Mining Deployment in Armenia | JCB Market Leadership | Predictive Maintenance Rollout | OEM Talent Development |
|---|---|---|---|
| Delivered and supported full fleets with predictive maintenance and operator training. | Strengthened market share across the Caucasus through proactive sales and client service excellence | Introduced intelligent uptime tools across brands, improving client fleet utilization | Certified 100+ technicians to OEM standards via Tegeta Academy's in-house |

”

The Liebherr machines delivered by Tegeta made our mining operations not only faster, but smarter - with fewer breakdowns and more uptime." - Mining Company, Armenia

TEGETA
AGRI

## Empowering Agricultural Progress

Launched in 2024, **Tegeta Agri** is reimagining agriculture, with compact, precision-based, and fuel-efficient solutions tailored to Georgia's diverse landscapes and smaller-scale farm structures.

### Our Portfolio Includes:

- **Goldoni Tractors** - Ideal for vineyards and orchards; precision-engineered for hilly terrain
- **Fendt** - Premium tractors known for their advanced technology, high efficiency, and precision farming capabilities
- **Valtra** - Premium tractors known for their advanced technology, high efficiency, and precision farming capabilities
- **Zetor** - Reliable and cost-effective tractors trusted by farmers worldwide for their durability and ease of maintenance

### Tegeta Agri 2024 Highlights:

- **Labor Efficiency** - Mechanization designed for hard-to-reach plots, reducing physical strain
- **Fuel Economy** - Prioritizing low-emission, cost-effective machinery
- **Training & Support** - On-site training and technical assistance to maximize productivity

"Switching to Goldoni tractors supplied by Tegeta Agri helped us achieve higher fuel efficiency and more precise harvesting, improving both yields and quality."
- Winery Cooperative, Georgia

Through Tegeta Agri, we are delivering not just machines, but knowledge, access, and productivity that transform communities.

## Digital Transformation & Smart Operations

Digitalization is central to our operating model, ensuring speed, reliability, and measurable impact:

- **Predictive Maintenance** - Reduces downtime and prolongs asset life
- **CRM & Logistics Automation** - Speed up service delivery and resolution times
- **Real-Time Diagnostics** - Accessible via customer portals for transparent fleet management
- **Customer Satisfaction Tracking** - NPS and post-service feedback embedded across workflows

Thanks to Tegeta and JCB, we've reduced downtime by 40% across our municipal fleet."
- Infrastructure Contractor, Georgia

## Connected Client Ecosystem

Client results are the clearest indicator of our performance:



**City Infrastructure Partners**
Enhanced fleet efficiency, uptime, and budgeting through Tegeta's integrated lifecycle support

These examples reflect the trust earned through quality, responsiveness, and deep alignment with operational goals.

## Global Recognition

**Tegeta Construction Equipment,** the Holding's business line and JCB's official dealer, achieved milestone recognition

- 70% YoY hardware sales growth across Georgia and neighboring markets
- At the JCB Dealers' Conference, we were honored with an award in the "Best Sales Growth" category, reflecting our disciplined growth model and world-class execution at JCB's Global 75 Top Dealer Conference.


This accolade reflects our disciplined growth model and world-class execution.

## Outlook: 2025 and Beyond

**Scaling Productivity. Deepening Value.**

Tegeta's long-term strategy focuses on building intelligent, sustainable, and resilient ecosystems across industry sectors.

### Strategic Priorities

- Scale predictive technologies and connected diagnostics
- Expand Tegeta Agri footprint with bundled solutions and advisory services
- Secure donor-backed infrastructure projects in rural and urban zones
- Embed ESG metrics across procurement and service delivery
- Strengthen regional technician capacity through OEM-aligned education

**We don't just serve industries - we co-create their future.**

At Tegeta, machinery becomes a force multiplier: powering economies, empowering people, and unlocking sustainable growth.

# 07

# TEGETA RETAIL AND AFTERMARKET SOLUTIONS

# TEGETA RETAIL AND AFTERMARKET SOLUTIONS

## The Pulse of Our Brand, the Power Behind Our Reach

Retail and aftersales solutions are the heartbeat of Tegeta - our most powerful customer touchpoint, the foundation of our **brand promise**, and the engine of our **reputation for trust, reliability, and quality**. With nearly 30 years of experience and the largest service network in the region, Tegeta's aftersales division is the gold standard in Georgia's automotive landscape - serving over **500,000 clients**, from private drivers to commercial fleets and public institutions.

"Retail is more than just a sales channel - it's the heartbeat of our brand and the most visible expression of our promise to customers. In 2024, we deepened our service offerings, scaled premium experiences, and aligned every touchpoint with our uncompromising commitment to quality. We continue our evolution into a true one-stop mobility partner - trusted, responsive, and future-ready."

Irina Kitiashvili
Cheaf Operation Officer

## Strategic Role and Market Leadership

Aftersales is not a supporting function, it is a **strategic pillar**. It sustains **vehicle value**, strengthens **client relationships**, and generates **recurring revenue**. Through consistent investment in infrastructure, talent, and technology, Tegeta has transformed a fragmented, informal market into a professionally managed ecosystem built on structured service models, standardized operating procedures, and OEM-certified repairs.

Today, Tegeta stands unmatched in scale, technical capacity, and brand coverage - **a regional reference point** for modern automotive service.

### Key Metrics

**Revenue Contribution Local**
**415** Million GEL (+7% YoY)

**Revenue Contribution International**
**39** Million GEL (+12% YoY)

**Customer Effort Score (CES)**
**93%**

**Customer Satisfaction Index (CSI)**
**95%**

**Net Promoter Score (NPS)**
**83**



## Number of Consumers Served by Channel

We delivered key initiatives that extended our impact and reinforced our partner credibility.

| 500.000 | 55.000 | 7.000 | 1.500 |
|---|---|---|---|
| Retail Channel | Corporate Channel | Wholesale Clients | Government Institutions |

## Regional Expansion Highlights (2024)

- **Bridgestone:** Expanded from Georgia to full Caucasus representation, including Armenia and Azerbaijan, underscoring Tegeta's commitment to delivering premium products and services to a broader customer base
- **Mobil:** Became official distributor in Uzbekistan - serving passenger, commercial, and industrial sectors, highlighting Tegeta's dedication to providing top-tier automotive solutions beyond its home market

## Full-Spectrum Services across Segments

Tegeta offers a full spectrum of aftersales services tailored to different vehicle categories, ensuring specialized care for each type. With a network of **20+ branches** across Georgia, Tegeta provides services for passenger vehicles, commercial vehicles, and specialized machinery.

### Passenger Vehicles

Tegeta services light vehicles at all branches, offering comprehensive maintenance and repair solutions:

- Tire fitting and seasonal storage
- Chassis maintenance and repair
- Diagnostics and repair of electrical systems
- Engine diagnostics and repair
- Wheel alignment and disc repair
- Oil and transmission fluid changes
- Headlight correction
- Gearbox repair
- Fuel system diagnostics and repair
- Car wash services
- Body & Paint Services

### Commercial Vehicles (Trucks & Buses)

Services for commercial vehicles are available at **16 specialized branches,** each of them equipped to handle the - complex needs of trucks and buses:

- Warranty servicing and engine diagnostics
- Gearbox and drivetrain repair
- Fleet inspections and certification
- Custom contracts for public/private fleets
- Repair of air management systems (brakes and suspension)
- Wheel alignment and benchmarking of brakes
- Tire fitting
- Mobile service for on-field assistance
- Repair of refrigerator units - Thermo King,
- Carrier Maintenance of air conditioners
- Repair of independent heating systems (Eberspacher, Webasto)
- Repair of hydraulic systems
- Car wash services
- Body & Paint Services

### Specialized-Machinery

Tegeta offers services for specialized machinery at dedicated branches, each of them equipped to handle - agricultural, construction, and industrial equipment.

— Diagnostics and repair of electrical systems
— Engine repair
— Diagnostics and repair of fuel systems
— Repair of gearboxes and trans axles
— Chassis repair

### Maintenance services

— Repair of hydraulic systems
— Production of high-pressure hydraulic hoses
— Body & Paint Services

### From Fragmentation to Industry Leadership

Tegeta has fundamentally **reshaped Georgia's aftersales sector** - transforming a fragmented, informal market into a fully integrated and professionally managed ecosystem. We introduced **structured service models, standardized SOPs, digital tracking systems, and OEM-certified repairs under a single brand.** Through sustained investments in infrastructure, talent, and technology, we built the country's first organized aftersales network - setting the benchmark for operational excellence and scale in the Caucasus.

Today, Tegeta stands **unmatched in reach, quality, and brand coverage** - recognized as the regional reference point for modern automotive service.

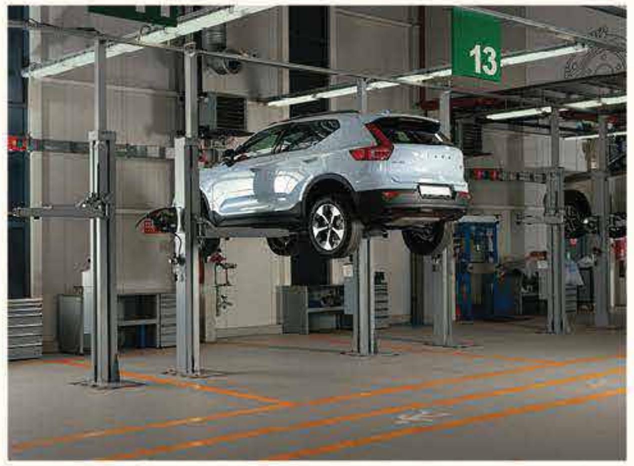
### Unmatched Network Coverage and Technical Capacity

Our aftersales network is designed for scale, precision, and customer convenience.

**20+**
service centers

**1.200+**
operational bays

**1.000+**
vehicles serviced daily




All facilities are ISO-certified and equipped with cutting-edge tools from Bosch, Hunter, Nusbaum, and Teco - ensuring fast, accurate diagnostics and high-quality repair across all vehicle types.

### Branch Typology and Functional Scope

Tegeta currently operates over **20 core service branches**, as an official aftersales partner for a wide range of world-class automotive brands. All services are delivered under strict OEM protocols, brand-specific training, certified tooling, and digital platforms - guaranteeing **manufacturer-grade care**, with - local access supported by ongoing network expansion and redevelopment. The **branch network** is composed of the following primary formats:

### Multi-brand Flagship Centers

- Large-scale, full-service facilities serving passenger vehicles, trucks, and machinery
- Integrated diagnostics, tires, mechanical repair, parts counter, and body work services
- Ideal for complex jobs, fleet accounts, and B2B customers
- On-site parts warehousing and high bay capacity

### Compact Urban Branches

- Smaller-format centers located in high-density urban areas
- Designed for rapid turnaround services (e.g. oil change, diagnostics, tire swaps)
- Integrated with online booking and MyCarHistory
- Preferred by private clients prioritizing speed and location

### Authorized Dealer Branches

- Brand-specific locations operating under OEM certification
- Warranty servicing, software updates, and protocol-driven repairs
- Staff trained and re-certified by OEM representatives
- Used for brands including Toyota, Porsche, Mazda, Geely, and others

### Specialized Technical Centers

- Branches focused on heavy-duty vehicles and special machinery
- Equipped for hydraulic, powertrain, drivetrain, and system-level repairs
- Supports agricultural, construction, and logistics fleets
- Offers both in-house and on-site maintenance

### Mobile Service Units

- Field teams serving corporate clients and remote site operators
- Fleet servicing, inspections, and technical support on demand
- Linked to Tegeta's central planning system and parts supply chain

## Branch Network Development and Strategic Expansion

In 2024, Tegeta continued strengthening its **nationwide service footprint**, guided by a structured and scalable branch classification model. This model ensures **clarity and consistency** across locations, enabling performance benchmarking and strategic decision-making. Branches are categorized into four types, reflecting their scale, service complexity, and infrastructure. Further stratification into quality classes (A+, A, B, C) allows Tegeta to align its facilities with service expectations and customer demographics. Each branch also carries a **directional service focus** - light vehicles, trucks, or construction equipment - tailored to local demand and operational efficiency.

## Redefining City Service - High-Throughput, Low Footprint Excellence

***Elevating Urban Aftersales with a Smart, Sustainable Edge***

In 2024, Tegeta launched its newest **premium-format service center** in the high-traffic, densely populated Vake district of Tbilisi. More than a geographic expansion, the Vake branch represents a **strategic shift** in how Tegeta brings quality aftersales service into the heart of urban life. It decentralizes our service delivery model, blending global standards with local accessibility - while embedding sustainability and customer comfort into every touchpoint. Positioned as a **Type II, Class A+ branch** with a focus on light vehicles, it sets a new benchmark for service quality in urban Georgia.

***Urban Mobility Meets Premium Convenience***

The Vake center is purpose-built for modern city drivers - those who prioritize speed, quality, and proximity. Located within walking distance of residential towers and business districts, it offers rapid diagnostics and express maintenance for on-the-go lifestyles.

***Key Features***

- Compact, high-throughput layout tailored for passenger vehicle servicing
- State-of-the-art equipment and premium customer lounges
- Fully integrated with Tegeta's digital ecosystem and online booking platform
- Staffed by brand-certified technicians trained at Tegeta Academy

***Purpose-Built for Efficiency***

From concept to completion, the Vake branch was designed and delivered in-house by Tegeta's infrastructure and operations team. Every detail - from spatial layout to workflow optimization - was engineered for **high-frequency, fast-turnaround services** such as diagnostics, oil changes, seasonal tire swaps, and express maintenance.

Despite its compact footprint, the facility maintains the same level of quality, professionalism, and care as Tegeta's largest flagship locations.

***Solar-Powered Sustainability***

In partnership with **USAID's Energy Program,** the Vake branch became Tegeta's first aftersales facility to partially operate on renewable energy. This milestone reflects our broader commitment to sustainability and aligns with Tbilisi's green infrastructure agenda.



***Key Green Features***

- Rooftop solar power system to reduce grid dependency
- Energy-efficient lighting and ventilation systems
- Future-ready infrastructure for EV charger installation

***Customer-Centric Impact***

Since its launch, the Vake branch has quickly gained popularity among:

- Busy professionals and families in central Tbilisi
- Users of **Tegeta Comfort** who value seamless drop-off/pick-up
- Clients requesting fast-turnaround services such as oil changes and tire replacements
- Female drivers, thanks to an inclusive design, high service transparency, and comfort-first amenities

The location's proximity to residential and business hubs allows clients to drop off their vehicles and return later - either on foot or via app notification - offering unparalleled convenience.

***On-Site Amenities***

- Comfortable, modern lounge with workspace zones
- Integrated **Tegeta Café** for refreshments and relaxed waiting
- Online booking and **MyCarHistory** integration for real-time service tracking

The Vake branch is a blueprint for Tegeta's urban-format strategy - delivering high-frequency services in compact, strategically located centers.

***Strategic Outcomes***

- High-turnover, low-footprint service model for capital city neighborhoods
- Increased retention through convenience, comfort, and digital access
- Scalable format for future replication across other urban districts

The Vake Branch proves that even in a mature market, innovation in **format, location,** and **service delivery** can elevate brand trust, deepen client engagement, and expand reach - reinforcing Tegeta's role as Georgia's most accessible, customer-centric, and future-ready service provider.

### Strategic Product Groups and Brand Positioning

Tegeta Aftersales offers over **150,000 active product items,** supplied by a portfolio of more than **300 global brands,** many of which are exclusive regional partnerships. These product lines are organized into strategic groups that reflect both operational priorities and market demand.

### Strategic Product Categories and Core Brands

#### Tires: Passenger and Commercial Vehicles

BRIDGESTONE · MICHELIN · Continental · PIRELLI · YOKOHAMA · petlas · RIKEN · WEST LAKE

#### Engine Oils and Fluids

Shell HELIX Motor oils · Mobil · MOTUL · PETRONAS

#### Filters and Engine Components

MANN+HUMMEL · Hengst · BOSCH · FILTRON

#### Braking Systems and Suspension

ATE · TRW · ZF · BOSCH · SACHS · brembo

#### Electrical & Electronics

BOSCH · VARTA · NGK · Energizer · EXIDE · FIAMM · DENSO

#### Diagnostics and Control Systems

BOSCH · DELPHI · TEXA · LAUNCH

#### Body Parts and Exterior Components

van wezel autoparts · Valeo

#### HVAC and Cooling Systems

Nissens · NRF · DENSO

#### Accessories and Consumables

OSRAM · BOSCH · PHILIPS · SONAX

#### Power Tools and Equipment

Milwaukee · TOTAL TOOLS

#### Industrial Equipment and Workshop Machinery

KOCH · REMA TIP TOP · ALUTECH · HARDOX · HUNTER Engineering Company



### Digital Aftersales: Integrated, Intelligent, Intuitive

Tegeta is redefining service convenience through digital innovation:

- **MyCarHistory** - Real-time service logs, cost tracking, and maintenance alerts
- **Online Booking & Queuing** - Transparent, paperless appointment management
- **Tegeta Comfort** - Home/office pickup and drop-off services
- **e-WAC & Tech Efficiency Monitoring** - Digital walk-around checks and productivity tracking

### Value-Added Services - Tire Hotel

Tegeta's Tire Hotel service offers convenient, secure seasonal storage - removing the hassle of tire transport and optimizing workshop workflows. Available across the national network for both private and fleet customers.

### Scaling Excellence: Georgia and Beyond

Aftersales is Tegeta's most established and **trusted division, driving retention, brand equity, and recurring revenue.** In 2025 and beyond, we will scale this success across borders through three core strategies:


***Regional Expansion***

- Pilot multi-brand service hubs in Caucasus and Central Asia
- Technical franchising and management services
- Market-customized portfolios built to Tegeta standards

***Exporting Operational Know-How***

- Deploy Tegeta Academy abroad
- Offer turnkey service model consulting
- Enable remote diagnostics and digital system access

***Local Optimization & ESG Investment***

- Launch the Gezi Mega Hub as the region's most advanced facility
- Expand EV readiness through technician upskilling and tooling
- Invest in solar energy, predictive diagnostics, and paperless systems

### The Heartbeat of Tegeta

Aftersales is where Tegeta comes to life - where promises are delivered, relationships are built, and value is reinforced with every visit. It is our most powerful engine of **trust**, and the foundation for **long-term customer and partner loyalty**.

In 2024, we didn't just meet expectations - we redefined them. And in doing so, we set the standard for what **modern automotive service** should look like, not just in Georgia, but across the region.

# 08 TEGETA FLEET MANAGEMENT

## TEGETA FLEET MANAGEMENT

### Expanding Mobility through Tailored Solutions

Fleet Management is a **strategic enabler** of Tegeta's mission to deliver **sustainable mobility**, **customer-centric leasing and efficient corporate operations**. Through our expanding **ecosystem of services**, we now provide end-to-end fleet solutions - tailored to short-term, long-term, and specialized mobility needs for private, corporate, and public sector clients.

### 2025 Launch: Tegeta's Full-Circle Fleet Management - A New Way to Think About Fleets

In 2025, we are launching a new business line - Tegeta Fleet Management - a fully **outsourced, data-driven and efficiency-focused fleet solution** - a mindset shift for the market.

Today, most companies own and operate their fleets without full visibility of total costs - often neglecting critical metrics like cost-per-kilometer, vehicle downtime, or optimal replacement cycles. Tegeta aims to change this by offering a **360-degree fleet model**, including:

- IoT-based tracking and analytics
- Maintenance and uptime guarantee
- Operational leasing and replacement planning
- Fuel management and procurement
- Driver outsourcing and logistics support

### Benefits:

- Customized fleet performance dashboards
- Regular price-per-kilometer (PPK) and total cost of ownership (TCO) reporting
- Strategic recommendations for replacements, maintenance cycles, and fleet composition

This **capital-light model** leverages client-owned fleets, while offering replacements through Tegeta's **exclusive portfolio** of trucks, equipment, and light vehicles - ensuring **premium reliability and long-term value**.

In a market where access to capital is constrained and operational efficiency is critical, Tegeta Fleet Management provides a **smarter alternative** to **traditional ownership**. This is not just a new service - it's a new mindset.

### Machinery & Equipment Rentals: Powering Georgia's Growth Sectors

Tegeta Rentals provides a robust fleet of heavy machinery, trucks, and specialized vehicles - serving Georgia's rapidly growing construction, logistics, and infrastructure sectors. Whether for short-term jobs or multi-year infrastructure projects, clients benefit from flexible rental terms, fully maintained fleets, and certified operator support.

### 2024 Highlights

- Expanded operational fleet to **200+ units**
- Secured long-term contracts in **energy and infrastructure**
- Introduced fleet tracking tools to optimize **utilization, fuel efficiency,** and **servicing cycles**

This model enables companies to remain asset-light while gaining access to high-quality, ready-to-deploy machinery - maximizing capital efficiency and uptime.


### Global Standards for Local Mobility: Europcar & Goldcar

Through exclusive partnerships with **Europcar** and **Goldcar,** Tegeta brings world-class car rental standards to Georgia and Uzbekistan - serving both corporate clients and the fast-growing tourism sector.

Our short-term rental service is built for flexibility, convenience, and customer confidence - offering airport pick-ups, cross-border travel, and digital booking experiences.

### 2024 Milestones:

- Expanded **airport presence,** with further growth planned
- Launched **fully contactless rental services,** enabling seamless booking, pick-up, and return via mobile
- Fleet optimized with **modern, fuel-efficient vehicles,** aligning with ESG principles and client expectations

This business line enhances Tegeta's footprint in personal and business mobility while aligning with global trends in digital-first, low-emission transportation.

### Integrated Corporate Fleet Management

Tegeta's strategic strength lies in our ability to provide **end-to-end fleet lifecycle management** - spanning multiple brands, usage types, and geographies. We serve as a single-source partner across the entire value chain, helping clients simplify operations, reduce cost, and extend asset life.

**Our offering includes:**

- Vehicle selection across **10+ leading global brands**
- Bundled packages combining **leasing, maintenance, warranty, and insurance**
- Lifecycle tracking through **MyCarHistory** and custom fleet dashboards
- Priority servicing through Tegeta's **certified national service network**

We currently serve over **1,500 public institutions** and **60,000+ corporate clients,** with rising demand in fleet outsourcing, operational leasing, and sustainable vehicle programs.

### Tegeta Leasing: Completing the Automotive Value Chain

Launched in 2024, **Tegeta Leasing** marks a pivotal step in our transformation - from a product and service provider to a fully integrated mobility partner. With this launch, we placed the final piece in our value chain - enabling clients to access, operate, and finance their vehicles under one trusted brand.

**Key achievements in year one:**

- **Our Leasing portfolio** exceeded GEL 20 million, driven by strong demand from passenger and commercial clients
- **60%+ of customers** opted for bundled packages, combining insurance, maintenance, and certified Tegeta Approved vehicles
- Tailored leasing solutions for individuals and SMEs, with flexible terms and transparent pricing structures

Tegeta Leasing strengthens our commitment to customer-centricity - bridging the gap between product access and long-term operational ease, while supporting asset-light business models and sustainable vehicle use.

### Tegeta Logistics: Accelerating Supply Chain Efficiency with European Reach

Tegeta Logistics, the logistics arm of Tegeta Holding, continues to scale as a high-impact enabler of integrated fleet and mobility services. In 2024, the company recorded **GEL 25 million in revenue,** marking a remarkable **+65% year-over-year growth.** This growth was fueled by an expanded international footprint, fleet modernization, and increased client demand for forwarder and transport solutions.

Tegeta Logistics offers a comprehensive suite of services including **freight forwarding, international and domestic transportation, customs handling, and on-wheels cargo distribution.** With a firm commitment to reliability, visibility, and modern infrastructure, the company plays a key role in supporting Tegeta's B2B and import operations.




### Geographic Reach

Tegeta Logistics transports cargo from **35 countries,** along all major European corridors, supporting Tegeta's growing needs in trade, OEM supply, and vehicle imports.

### Operational Highlights

- Our fleet includes **19 new MAN and Renault trucks,** with **container carrier specialization**
- Average truck occupancy:

  **FCL:** 90% daily load rate; 120% average kilometer coverage
  **FTL:** 92% daily; 80% per kilometer
- **Our exclusive warehouse hub in Frankfurt (FULGA)** serves as an EU consolidation point - enabling full control over west-east cargo flows using Tegeta-owned vehicles
- We secured an **unprecedented 4-year fleet leasing agreement from Renault,** the first of its kind in the Caucasus - executed in two phases for a total of 15 units, demonstrating Tegeta's strong brand credibility and international trust

### Fleet Composition

- 19 owned Euro 6 modern trucks
- 5 container carriers
- 2 outsourced MAN units generating recurring revenue through rentals

### 2025 Outlook: Expanding Our Footprint, Unlocking New Profit Pools

Looking ahead, Tegeta Logistics is executing a strategic expansion of both fleet size and service offering:

**Car Carrier Line Launch**

Introducing a dedicated line for vehicle transportation from Europe, supporting Tegeta's **Porsche and premium brand strategy**

**LTL Warehouse Launch in Germany**

A new Less-than-Truckload consolidation center will enable **cost-effective EU-wide cargo collection,** with pilot programs underway to optimize shipment cycles

**Fleet Growth**

Expanding the container carrier fleet to **5 units,** tapping into a market with **45%+ margin potential** in Georgia's logistics space

### Expanding Impact with Every Mile

As we look to 2025 and beyond, our focus is on **scaling responsibly** - expanding fleet capacity, deepening service personalization, and accelerating the transition to **EV-based mobility.**

With the addition of Tegeta Leasing, we now offer a **360-degree mobility solution** - empowering clients across every vehicle category, service tier, and financial profile.

# 09 OUR CORE VALUES

## OUR CORE VALUES

### Driving Performance with Principles

At Tegeta, our success is grounded in more than financial results - it's built on a clear set of values that define who we are and how we lead. These core principles shape every decision, from customer relationships and talent development to strategic partnerships and market expansion.

Our business model - applied consistently across diversified business lines - rests on five strategic pillars. These are not slogans; they are operational anchors guiding our culture, growth, and stakeholder alignment.

| Core Value | What It Means | How It Shows |
|---|---|---|
| **Client-First Thinking** | Service designed around client journeys | 500,000+ active clients; tailored B2B and B2C offerings; 30+ optimized service hubs |
| **Quality as Standard** | Consistency, precision, and reliability | Exclusive brand partnerships; ISO processes; Kaizen and SAP integration |
| **Empowering Our People** | Developing the people behind our performance | 2,900+ employees; Tegeta Academy; structured career and leadership development |
| **Growth through Partnerships** | Growth through trusted alliances | 500+ international partners; regional market access; strong capital markets record |
| **sustainability in action** | A long-term view that balances profit and purpose | Solar-powered facilities; EPR leadership; ESG-aligned reporting and green financing |

## CLIENT-FIRST THINKING

At Tegeta, customer centricity is more than a principle - it's a business philosophy. Every service model, retail experience, and digital platform is designed around evolving client needs. Whether serving individual consumers or public-sector institutions, we earn trust through transparency, accessibility, and tailored service delivery.

**500,000+**
active customers across the region

**BESPOKE**
solutions for retail, corporate, and institutional clients

**22**
service centers designed for convenience and efficiency

## QUALITY AS STANDARD

For us, quality is non-negotiable. It means more than offering premium brands - it's about embedding operational discipline and excellence at every level. From ISO-certified workflows to continuous improvement via Kaizen, we ensure that every interaction reflects the highest standards.

Strategic alliances with Core brands

Integrated SAP systems and process automation

ISO-certified service excellence and performance benchmarking

## EMPOWERING OUR PEOPLE

Our people drive our performance. Tegeta invests deeply in building a skilled, ethical, and growth-oriented workforce. Through Tegeta Academy and internal leadership programs, we nurture talent that not only meets but sets industry standards.

- Around 3,000 team members across the Group
- In-house vocational college and technical training hub
- Structured career pathing, mentorship, and leadership tracks

## GROWTH THROUGH PARTNERSHIPS

We believe in the power of partnership to accelerate scale and unlock opportunity. Our trusted alliances with global automotive brands and leading financial institutions enable us to enter new markets, raise capital efficiently, and enhance our operational credibility.

**500+**
exclusive brand and distribution agreements

**REGIONAL EXPANSION INTO**
Armenia, Azerbaijan, Kazakhstan, Kyrgyzstan, Tajikistan

**2022-2024**
Successful multi-currency bond issuances (GEL, USD, EUR) across 2022–2024, reaching ~1,000 investors

## SUSTAINABILITY IN ACTION

We operate with a clear sense of responsibility - to our stakeholders, to our communities, and to the planet. Sustainability is embedded across the Group through clean energy adoption, circular economy practices, and transparent ESG governance.

- Flagship solar-powered Tbilisi complex
- Tegeta Green Planet - Georgia's first licensed EPR operator
- ESG reporting aligned with global frameworks (EU taxonomy, ADB green finance, others)

These values are not static - they evolve as we grow. What remains constant is our commitment to building a company that delivers not only strong returns, but also shared value for our people, partners, and society as a whole.

# 10 STRATEGY

## STRATEGY

### Charting Tegeta's Path for the Next Decade

Over the past **three decades**, Tegeta has demonstrated that growth anchored in **structure, trust, and long-term vision builds lasting resilience**. From a single-location parts shop to a diversified, multi-country platform, our journey has always been guided by **discipline, purpose, and a customer-first mindset**.

In 2024, management aligned around a bold ambition: to build the **region's most trusted,** integrated, and forward-looking mobility ecosystem.

As Tegeta enters its next strategic cycle, we do so with clarity of purpose and the confidence of proven execution. Our consistent growth, deeply integrated value chain, and operational excellence form a strong foundation for our next chapter.

Grounded in our renewed vision - **"Shaping Mobility for a Safer Tomorrow, Worldwide"** - and driven by our mission to make mobility safer and more comfortable through customer care, uncompromising quality, and complex, innovative solutions, this strategy articulates our sharpened focus on performance, innovation, and international relevance.

**Our Strategic Focus**

- **Mobility Leadership**
- **International Expansion**
- **Operational Efficiency**

### Honoring What Works. Improving What Can.

As we grow, we remain firmly anchored in the values that have brought us here: long-term thinking, brand stewardship, and customer trust. Our strategy is not about reinvention - it's about reinforcing what works, while sharpening it for an increasingly dynamic and competitive environment.

We advance not by discarding the past, but by building upon it - with stronger tools, sharper execution, and greater ambition.

### Short-Term Strategic Priorities (2025–2026)

**Strengthening Foundations for Scalable Growth in the Local Market**

#### Elevating the Customer Experience

Our top priority is to further enhance the quality, convenience, and personalization of our services. Tegeta is committed to delivering a best-in-class mobility experience through:

- Loyalty programs, digital customer engagement, and predictive service models
- Expansion of fleet management, Price Per Kilometer (PPK) solutions, and digital platforms
- A standardized Certified Pre-Owned (CPO) program, offering trust and warranty-backed used vehicles

We recognize that today's customers expect more than service - they demand value, flexibility, and personalized insight. Our digital platforms, powered by advanced CRM systems and behavioral analytics, are transforming the way we anticipate and exceed expectations.

#### Improving Operational Agility and Cost Efficiency

Tegeta is systematically unlocking operational excellence across the enterprise by:

- Migrating to SAP S/4HANA to build a unified, high-performance operational backbone
- Implementing lean inventory and logistics strategies to reduce waste and improve lead times
- Launching a strategic framework to ensure alignment between corporate objectives and divisional execution

These investments are not optional - they are mission-critical to scale efficiently, minimize risk, and sustain Tegeta's reputation for reliability.

#### Structured, Disciplined Market Entry in International Markets

Tegeta is entering a new phase of expansion across select regional markets, where our integrated ecosystem model can deliver rapid value.

Key initiatives include:

- Launching dealership operations in existing markets
- Finalizing agreements with global partners, building on a legacy of brand stewardship
- Establishing localized operating structures to maintain brand consistency and operational autonomy

We pursue expansion with discipline - ensuring every market entry is backed by the right governance, partners, and unit economics.

### Long-Term Strategic Vision (2027 and Beyond)

**From Industry Leader to Ecosystem Anchor**

#### Electrification and Sustainable Leadership

Tegeta is committed to leading the transition to sustainable mobility. Our roadmap includes:

- Becoming the region's first certified green bond issuer in mobility, while scaling EV service infrastructure and expertise
- Electrifying our internal fleet - including leasing and rental vehicles
- Advancing green logistics, smart maintenance systems, and paperless workflows

Our ambition is not just to comply with ESG standards, but to define them, establishing Tegeta as a leader in sustainable mobility across the region.

#### Service Diversification and Lifecycle Ownership

We are expanding our value proposition across the entire lifecycle of vehicle ownership:

- Offering full-service leasing models tailored to B2B and retail clients
- Scaling fleet management capabilities through digital monitoring and predictive diagnostics
- Elevating aftersales as a core profit center and strategic differentiator, targeting an 80%+ absorption rate

This reflects our long-term commitment to evolving from transactional relationships toward trusted, ongoing partnerships

### International Outlook: Becoming a Regional Mobility Powerhouse

Over the next 5-7 years, Tegeta will evolve into a recognized regional mobility brand. Our long-term focus includes:

- Expanding our multi-brand retail and leasing ecosystem across the Caucasus and Central Asia via wholly owned subsidiaries, joint ventures, and asset-light partnerships
- Leveraging footholds in Uzbekistan, Azerbaijan, and Armenia to develop distribution, service, and fleet channels with localized leadership
- Establishing operational hubs along key logistics corridors, aligned with growing trade and transport infrastructure

This is a smart, controlled expansion - focused on scalable replication of our proven model, with strong governance, disciplined capital deployment, and cross-border talent development.

### Strategic Strengths and Market Opportunities

Tegeta's strategy is designed to amplify our core strengths while proactively capturing emerging market opportunities.

We are leveraging:

- A 30-year legacy of brand credibility, operational discipline, and customer trust
- Exclusive partnerships with world-class global brands
- Financial strength and access to diversified capital markets
- Advanced digital capabilities across platforms

We are responding to:

- A regional push for fleet modernization, particularly in corporate and public sectors
- Growing demand for EV infrastructure and leasing-based mobility models
- A significant opportunity to lead underdeveloped aftersales markets beyond Georgia
- Shifting consumer expectations toward experience, speed, and convenience

By combining these forces, Tegeta is not just adapting to market change - we are shaping the future of regional mobility.

### In Closing

Tegeta's upcoming decade will be defined not only by where we grow, but by how we grow: with precision, discipline, and purpose.

As we move into new frontiers - from EVs and leasing to **premium brands, international markets**, and **digital innovation** - we remain grounded in the values that have earned us 30 years of credibility, operational strength, and trust.

This journey is about more than just expanding mobility - it is about advancing resilience, safety, and progress for the customers and communities we serve.
**And that is why, above all, we keep the country moving.**




**Batumi Service Center** - Located on Georgia's Black Sea coast, Batumi is a fast-growing city and a key regional tourism and logistics hub. The Batumi Center, opened in 2011 and expanded in 2019, delivers a full-scale service offering across light vehicles, commercial trucks, specialized machinery as well as dealership operations and full body & paint services. Covering 13,000 m² of functional space, the facility is outfitted with the latest equipment and fully stocked warehouse supporting both retail and corporate demand.


**Poti Service Center** - Situated within Georgia's western industrial corridor, Poti is home to one of the country's largest ports and free industrial zones. Operational since 2011, Tegeta's Poti branch is strategically located to serve regional logistics, and infrastructure clients. The 3,500 m² facility offers high-standard services for light vehicles, trucks, and special equipment, supported by modern equipment an on-site warehouse that ensures fast parts availability for the surrounding industrial sectors and retail clients.

# 11 PEOPLE OF TEGETA

# PEOPLE OF TEGETA

## Empowering People. Building Purpose.

At Tegeta, we believe that people are not just part of the business - they are the business. Every **service delivered**, every **innovation launched**, and every **partnership earned** is powered by our nearly 3,000 professionals, who embody the values of excellence, commitment, and care.
Our human capital strategy is built around inclusion, empowerment, and continuous development - ensuring our workforce remains agile, future-ready, and aligned with our vision for long-term growth.

| Metric | Value |
|---|---|
| Total Employees | 2.729 |
| Female Representation | 24% (656) |
| Female Leaders | 18% (7 of 39) |
| Based in Regions | 28.5% |
| New Hires in 2024 | 1,011 |

## Growing Talent, Driving Performance

In 2024, we significantly expanded our investment in employee development through hands-on learning, leadership acceleration, and international exposure.

- **Tegeta Academy:** Delivered 5,201 training hours through 123 groups, reaching over 2,300 employees; expanded to Poti and Batumi
- **Porsche Regional Training Host:** Became the official regional training center
- **International Upskilling:** 36 global training programs delivered to 400+ employees; secured GEL 1.8 mln in external funding
- **Coursera Access:** Offered to all employees; 7 completions in 2024

## A Workplace Rooted in Equity and Safety

We continue to foster a respectful, inclusive, and safe environment that reflects our values and international best practices.

**Diversity, Equity & Inclusion (DE&I)**
Policy formalized with UN Women & ADB

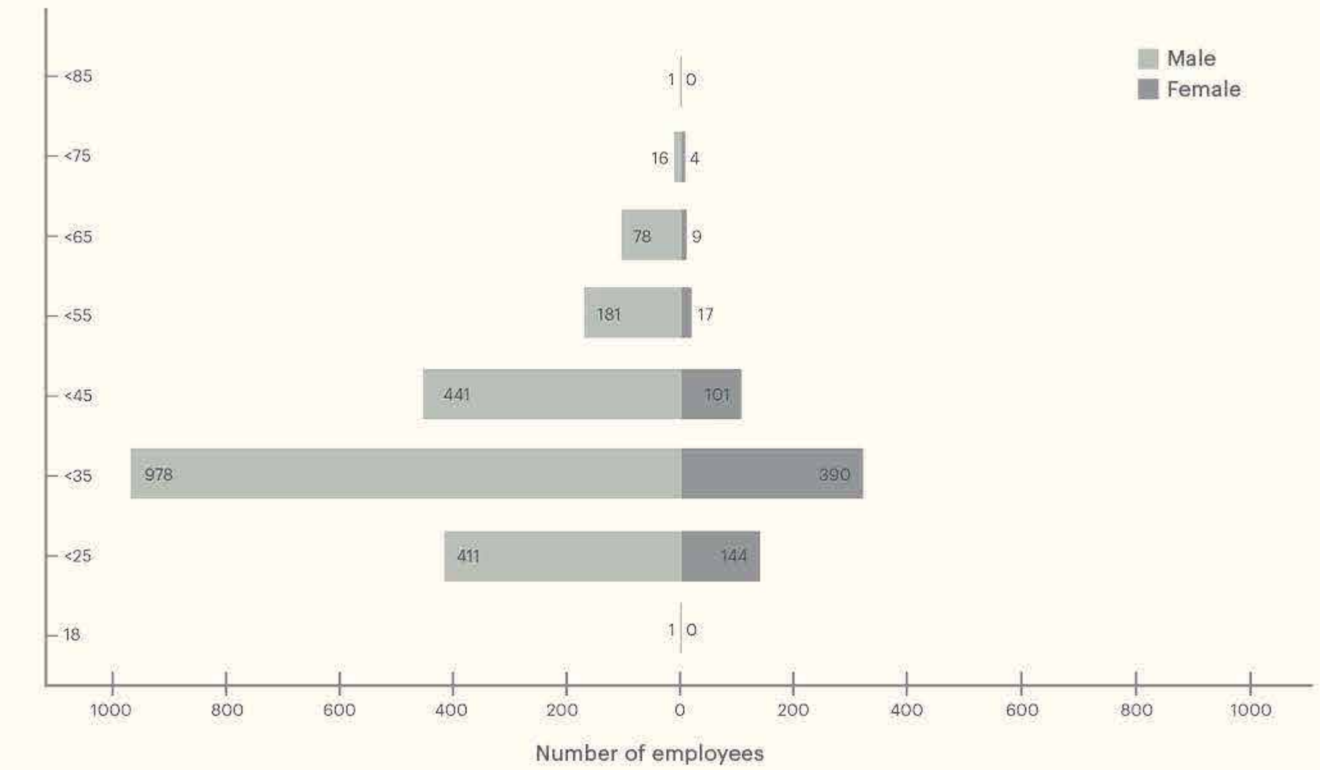
**Gender in Leadership**
Targeted promotion tracks and mentorship for women

**Sexual Harassment Prevention**
Policy implemented with Public Defender's Office; 80+ managers trained

**Human Rights Policy**
In development for 2025

**Workplace Safety**
ISO 45001-certified; daily risk assessments aligned with ILO

## Workforce by Age Group




## Inclusive Talent Development

We continue to expand opportunities for underrepresented groups through signature programs:

- **Tegeta for Students:** 800 applicants | 40 interns | 10 full-time hires
- **Tegeta for Women:** 117 applicants; 8 trained and 5 employed in mechanic roles across the regions

"I've loved cars since childhood, but I never imagined I'd fix them. Thanks to Tegeta's training program, I turned a passion into a profession. Now, I am developing by the day, supported by an incredible team."

Sophio Gabunia

Mechanic, Tegeta For Women Program Graduate

”

Tegeta for Students was the perfect start to my career. With real challenges, mentorship, and an uplifting environment, I grew in ways I hadn't imagined.''

Nino Barbakadze

Environmental Projects Specialist

”

Tegeta taught me not to shy away from challenges. It's a place where you can grow, innovate, and push the boundaries of success.''

Nino Sikharulidze

Junior Financial Analyst

### Fostering Loyalty and Long-Term Growth

We're proud of the career journeys that begin - and thrive - at Tegeta.

### Employee Retention by Years of Service:

| Tenure | Employees |
|---|---|
| < 5 years | 1.773 |
| 5-10 years | 563 |
| 10-20 years | 411 |
| 20-25 years | 14 |

We are proud of our track record of employee retention, with **37%** of our workforce having over **10 years** of service. We honor their loyalty through dedicated recognition ceremonies, gift programs and storytelling campaigns. In 2024, we proudly recognized **73 team members** for reaching major career milestones - celebrating 10, 15, 20, and 25 years of dedication to Tegeta.

Notably, 25 of our current branch directors and managers began their careers at Tegeta from entry-level positions, exemplifying the strength of our internal growth culture and long-term commitment to our people.



”

I started as a loader at 21. After 20+ years, today I manage one of our largest branches. Tegeta gave me every opportunity to grow.''

David Nergadze

Service Center Manager

### Family-Friendly and Health-Focused

Our people perform best when they feel supported - personally and professionally.

- **Family-Friendly Policy:** Developed with UNFPA Georgia
- **Paid Parental Leave:** Four months, in addition to state benefits
- **Tegeta Care Fund:** Financial support for employees in exceptional circumstances
- **Health Coverage:** Co-financed insurance for 2,095 employees and 1,104 family members
- **Tegeta.care:** Internal health, wellness, and volunteer engagement platform

### Voice, Belonging, and Engagement

In 2024, we deepened employee engagement through structured listening and inclusive onboarding.

- **Surveys:** Onboarding, offboarding, and pulse surveys reached 1,400+ employees
- **Onboarding Redesign:** Includes CSR orientation, facility tours, and storytelling from peers
- **Policy Improvements:** Insights led to updated flexibility practices and communication structures

”

From intern to sector manager, Tegeta taught me that with support and accountability, anything is possible.”

Lasha Bekauri

Program Graduate

## Employee Experience and Onboarding

At Tegeta, we view employee integration and growth as a long-term investment. In 2022, we established the Employee Experience and Development Unit to create a supportive, engaging environment across the holding. The unit coordinates onboarding, tracks employee needs, and leads professional development and recognition efforts.

In 2024, we began localizing the EX function to branches and subsidiaries, ensuring programs reflect regional needs and feedback.

A new onboarding model will launch in 2025, including:

- A standardized welcome kit and guide for all new hires
- Quarterly welcome sessions with management across the regions
- A structured adaptation program including mentor support and early feedback

We support our people from day one - many of our most skilled professionals started with no prior experience. Through Tegeta Academy and retraining programs, we offer growth pathways throughout their careers. In 2024, we also launched a pilot program to train women in entry-level automotive skills, advancing our commitment to inclusivity.

## Designing Workspaces that Empower

At Tegeta, we believe that the environment people work in directly shapes how they perform, collaborate, and grow. That's why we've committed to creating **modern, purpose-driven spaces** across the organization - starting with our own teams.

The transformation began at Tegeta Headquarters, where open-space meeting zones, collaborative pods, and informal corners replaced traditional layouts. These **flexible environments** support spontaneous teamwork, faster communication, and a culture of agility and innovation.

Following this successful model, in 2024 we unveiled the Vake branch - an employee-centered, **award-winning office** recognized by Design Milk for its ergonomic and future-forward design. Created by Teona Kokhodze and Liza Khazaradze, the space features height-adjustable desks, quiet zones, biophilic elements, and adaptive furniture - merging well-being with productivity in every detail.

The design philosophy then extended to Tegeta's Heavy Vehicle Mega Hub, where operational scale meets people-first planning. In one of the **region's largest service centers**, we introduced structured workspaces, dedicated rest zones, and intuitive layouts that enhance both safety and efficiency for technical staff.

Across all formats - corporate, retail, and industrial - Tegeta is redefining the workplace as a space where people are supported, inspired, and empowered to do their best work.

## Looking Ahead

Tegeta's commitment to human capital remains steadfast. In 2025, we will:

- Launch our Human Rights Policy
- Scale DE&I leadership pathways
- Expand regional training capacity
- Standardize global HR practices across business lines
- Deepen partnerships with educational institutions and employment programs

## Our People, Our Power

Behind every showroom, service center, and strategy is a person committed to excellence. Their stories reflect who we are: ambitious, inclusive, and resilient.

Together, we are building not only a workforce - but a movement - shaping the future of mobility with care, boldness, and purpose.

## Tegeta Academy

### Investing in Skills, Shaping the Future

At Tegeta, we recognize that our greatest asset is our people. Founded in 2013, dedicated platform for building employee capabilities and ensuring a skilled, future-ready workforce. As a state-authorized vocational institution since 2019, the Academy plays a central role in supporting Tegeta's long-term strategic goals by aligning talent development with business needs.

The Academy delivers comprehensive theoretical and practical training across both automotive and business disciplines - nurturing well-rounded professionals who embody Tegeta's values of care, quality, and continuous progress. Our training model is built on the European dual education system and implemented through a nationwide footprint with centers in Tbilisi and urban cities in Zugdidi, Kutaisi and Batumi. In partnership with global OEMs, we offer over 80 training programs annually, receiving close to 700 applications per year.

Regular upskilling and certification programs are delivered in collaboration with renowned partners MAN, ZF, BOSCH, SCHAEFFLER, SHELL, DENSO, FEBI, MOTUL and VARTA. These programs are supported by modern, high-tech training environments which - include simulators and diagnostic tools that mirror real workshop conditions.

### 2024 Highlights

Tegeta Academy remained a strategic pillar in driving technical excellence and institutional knowledge:

**5,201.5**
Total Training Hours

**2,312**
Total Participants

**23 sessions with 647 participants**
Technical Trainings Conducted

### OEM Trainings

- MAN - 74 sessions
- Porsche - 15 sessions
- Other brand & partner-led trainings - 414 sessions



### Additional Milestones

- State Authorization renewed for the next six years
- Six new educational standards developed jointly with the Ministry of Education
- Acquisition of a heavy machinery simulator to support the upskilling of construction equipment operators
- Recognition for introducing Georgia's first female truck mechanics

These outcomes reflect Tegeta's commitment to embedding learning into daily operations, and positioning training as an ongoing, continuous process, not a one-time event.

### 2025 Strategic Priorities

Looking ahead, Tegeta Academy will scale its impact through digitalization, international cooperation and enhanced program design.

**Digital Training Platform & LMS Launch**
Rollout of a new Learning Management System to enable digital-first, on-demand learning access for all employees

**Structured Development for Sales & Service Teams**
Introduction of mandatory and elective modules tailored to Tegeta's workforce, linked to a transparent ranking and motivation system

**Deepening OEM Collaboration**
Expanded technical training programs and trainer development with global partners including Porsche, Bridgestone, Electude, JCB, and MAN

**International TVET Integration (Technical and Vocational Education and Training)**
Actively participating in global vocational education networks to align with international standards and foster cross-border knowledge exchange

**Donor-Supported Projects**
New initiatives with international donors to modernize vocational content and increase accessibility for underserved talent pools

### A Platform for Empowerment

Tegeta Academy goes beyond traditional training - it is a strategic enabler of growth, ensuring, that the Group's expansion is matched by internal capability. The Academy equips every team member with the tools to deliver service excellence, adopt new technologies, and uphold Tegeta's customer promise in every interaction.

# 12 CUSTOMER CARE

# CUSTOMER CARE

## Putting the Customer at the Center of Every Journey

At Tegeta, **customer centricity** is not just a principle - it's a **strategic foundation.** Every **product innovation, service touchpoint, and infrastructure investment** is guided by a single objective: to build trusted, long-term relationships through consistent, personalized, and seamless experiences.

To deliver on this promise, we rely on a robust **internal quality** management system - built on continuous monitoring, audits, and data-driven improvement. This ensures that **high standards** are not just maintained, but felt by the customer at every touchpoint.

We see **service excellence** as a two-way commitment: **internally,** by strengthening processes and team capabilities; **externally,** by actively listening to customer feedback and adapting our services to meet evolving needs.

With clear performance metrics, we track satisfaction in real time - ensuring our care is not only consistent, but continuously improving.

> "Exceptional service doesn't happen by chance - it's the result of deliberate systems, empowered people, and a culture that listens. Our customer care philosophy in 2024 centered on proactive engagement, data - driven improvements, and making every interaction meaningful. At Tegeta we build relationships that last."
>
> Natia Nasrashvili
>
> Deputy Chief Operating Officer

To measure and continuously refine our performance, we track key customer care metrics

**Net Emotional Score (NES)**
**86**

**Net Promoter Score (NPS)**
**85**

**Customer Effort Score (CES)**
**94%**

**Customer Satisfaction Index (CSI)**
**96%**

**First Interaction Resolution (FIR)**
**79%**

These results reflect not only our operational effectiveness, but also the trust, ease, and emotional connection our customers feel throughout their journey with us.



Customers choose and recommend Tegeta because of two things we never compromise on:

- Top-tier product quality, backed by global brands
- Consistently exceptional service, delivered with precision and care

As Tegeta continues to **grow and diversify**, our ability to retain and inspire loyalty - from individual drivers to large-scale fleets - remains one of our **strongest assets and a key engine to sustainable value.**

We also place strong emphasis on capturing customer sentiment across every touchpoint - online and offline. Through continuous **Customer Satisfaction (CSAT)** surveys, we evaluate real-time impressions and refine our approach accordingly.

Our **Contact Center,** which integrates both voice support and online service booking, plays a central role in this ecosystem. Here, we adhere to international benchmarks to ensure speed and quality of service:

- **SLA:** 80% of calls answered within 30 seconds
- **CSAT:** Targeted satisfaction rate of 85%+

Looking ahead, we are implementing AI-powered solutions to further enhance responsiveness, personalize support, and continuously elevate service quality.

At the heart of our approach lies the **Voice of Customer (VOC)** process - a structured system for gathering and analyzing feedback across all channels. This enables us to:

- Collect insights from every customer interaction
- Analyze and identify patterns in expectations and concerns
- Translate findings into actionable improvements in products, services, and processes

By actively listening and adapting, we ensure that our service offering remains not only relevant, but deeply aligned with the evolving needs of our customers.

### A Philosophy Rooted in Mobility and Trust

Our customer care strategy is tailored to meet the diverse needs of retail, SME, and large institutional clients. Whether via digital platforms or in-person service, each interaction is designed to be fast, consistent, and increasingly personalized.

### Our Strategic Pillars of Customer Experience

- **Ease of Access:** 20+ branches and a growing regional footprint
- **Certified Quality:** Standardized diagnostics and OEM-certified technicians
- **After-Sales Engagement:** Proactive follow-up and satisfaction monitoring
- **Omnichannel Support:** Hotline, mobile, web, in-person, and B2B platforms
- **Data-Driven Service:** CRM-backed personalization, continuous Voice of Customer (VoC) research, and KPI-based feedback loops
- **Fleet Management Solutions:** Ensuring business continuity and contributing to financial and operational efficiency

### 2024 Highlights: Advancing Service through Innovation

Tegeta continuously evolves its customer care model based on real-time feedback and operational learning. Key 2024 initiatives include:

- **Flagship Showroom Launch:** A new hospitality-driven showroom on Aghmashenebeli Highway - integrating Geely, Mazda, and Auto Gallery, Bentley, and Gezi
- **EV Readiness Expansion:** Technician certification and EV-compatible equipment upgrades
- **Digital Enhancements:**
    - Online booking for diagnostics and maintenance
    - Customer portal with real-time service updates and parts tracking
- **Mobility Solutions:**
    - Tegeta Rent expanded to Kutaisi Airport, Georgia's second-largest airport and a gateway to the western regions
    - Tegeta Leasing scaled across brands to offer flexible ownership options
    - Fleet Management - a step further to relieve clients of operational burdens, ensuring uninterrupted mobility, and driving long-term efficiency across their business operations

These initiatives reflect our commitment to convenience, control, and continuous support.

### One-Window Principle: Simplifying the Journey

In a world where time and simplicity are currency, Tegeta has implemented the One-Window Principle— a fully integrated model that eliminates fragmentation across the ownership cycle.

From diagnostics and parts to leasing and rentals, customers access a unified platform that ensures efficiency, clarity, and accountability, through one trusted partner.



### Differentiating through Service Excellence

In competitive markets where products and prices are comparable, customer experience becomes the defining advantage. Tegeta delivers service excellence through:

- Multi-brand, multi-service convenience under one roof
- Unified service standards across locations and brands
- Integrated support based on individual service history
- Faster turnaround through centralized systems
- Inclusive, bilingual customer support
- Loyalty programs and extended warranty options
- Predictive maintenance and personalized service records (in development)

Our commitment to continuous improvement has been recognized with a **Kaizen Award** for service innovation, while **Volvo** named Tegeta among its top service partners in the region - validating our pursuit of excellence across every customer interaction.

### Listening, Learning, Improving

Feedback is the foundation of our improvement loop. We blend qualitative insights with measurable KPIs to sharpen our offering.

- Cross-branch customer satisfaction surveys
- CRM-integrated complaint resolution and feedback monitoring
- SLA-based escalation protocols
- Standardized NPS tracking across business lines
- "First-time resolution" rates monitored as a key quality metric

### Personalization at Scale: From Everyday Journeys to Exceptional Relationships

At Tegeta, every customer matters - whether it's their first visit or their fiftieth. While we proudly serve thousands of everyday drivers, fleet operators, and institutional partners, we also recognize the importance of building deeper relationships with our most engaged and high-impact clients.

Our **VIP experience model** is a blueprint for how we aim to serve every customer: with attention to detail, proactive support, and meaningful value. The same tools and approaches we use for VIP clients - personalized care, integrated service journeys, and thoughtful touchpoints - are being expanded and adapted to benefit our entire customer base.

### Key components of our personalization strategy include:

- **Proactive engagement** based on service history and client preferences
- **Loyalty incentives** that reward repeat visits and long-term relationships:

  — Advance access to promotions, special pricing, and seasonal offers
  — Bonus point systems and family discounts

- **Dedicated support** for complex service needs or time-sensitive issues:

  — Dedicated personal managers
  — Priority diagnostics and fast-track service
  — Booking assistance, status updates, and service reminders

- **Curated experiences** that foster community and deepen brand affinity

  — Corporate engagement touchpoints
  — Personalized birthday gifting and dinners with decision-makers
  — Executive retreats with top-tier partners
  — International incentives and sports hospitality (e.g., UEFA, rugby, golf)

We also pilot many of our innovations - such as real-time diagnostics, mobile service updates, or seasonal check-up campaigns - within VIP groups before rolling them out more broadly. This agile approach helps us refine new offerings with real user feedback.

By learning from and investing in high-touch relationships, we're improving the experience for every customer - building a more responsive, intuitive, and human-centered service model.

In 2024, we invested over **GEL 1.5 million** in VIP and corporate relationship building - proving that service excellence is not a cost center, but a growth strategy.



### Flagship Engagement: Porsche Center Tbilisi

Porsche Center Tbilisi has become Georgia's leading luxury automotive hub, building a thriving community of Porsche owners through exclusive events, innovation, and an unwavering focus on customer satisfaction. It stands as a model for how premium service and community engagement fuel brand loyalty and growth.

### Looking Ahead: Customer Experience 2.0

Our 2025+ roadmap focuses on innovation, scale, and cross-border alignment:

- Launch of a **unified digital service app** for scheduling, tracking, and payments
- Deployment of **AI-powered analytics** to predict and personalize driver satisfaction
- Expansion of **remote diagnostics and pickup/drop-off services**
- Launch of a **tiered loyalty program** across Tegeta business lines
- Cross-border alignment of **customer experience KPIs** in international markets

### Our Commitment: Trust Earned, Value Sustained

Customer care is where our values come to life - in every interaction, resolution, and return visit. As we scale, the strength of our relationships remains our most meaningful KPI.

Every satisfied customer reinforces our brand, accelerates our progress, and proves one simple truth: trust, once earned, is our most valuable asset.

# 13 DIGITALLY DRIVEN

# DIGITALLY DRIVEN

### Engineering the Infrastructure of Intelligent Mobility

At Tegeta, our purpose goes beyond delivering automotive services - we are building the **digital infrastructure** that powers **modern mobility**. Whether serving a private driver, corporate fleet, or strategic partner, we are committed to creating **seamless, intelligent, and personalized experiences** that empower movement, convenience, and business continuity.

### Digital Foundation: Building Intelligence at the Core

Tegeta's transformation is anchored in a **robust digital backbone.** The implementation of SAP ERP ensures centralized control across inventory, finance, logistics, and customer operations - driving **transparency and operational precision** at scale.

Our integrated CRM platform connects front-line teams with daily sales and operational reporting, enabling data-informed decision-making across all levels of the organization.

By combining public data sources, such as Georgia's active car park registry, with internally generated servicing and sales data, we unlock rich insights - operationalized through Power BI dashboards to forecast demand, optimize performance, and streamline workflows.

In parallel, our workshop clocking systems track technician productivity and bay utilization in real time, increasing throughput and turnaround efficiency. Applied across all dealership workshops, this system also monitors service KPIs and retention rates - critical to elevating **post-sale engagement and operational effectiveness**.

### Tegeta App: Simplifying Car Ownership

Launched in 2025, the **Tegeta App** empowers customers to take control of their vehicle experience. With over 10,000 downloads, the app enables users to:


- Register and manage their vehicle
- Seamlessly book services at any Tegeta workshop
- Pay government fines
- Access a full vehicle service history

The app addresses the most common friction points in car ownership, making users efficient caretakers of their vehicles.

- Remote auto assistance
- Real-time service progress tracking
- Hyper-personalized suggestions powered by VIN code intelligence

This platform reflects our long-term shift from traditional service provider to always-on, digital mobility companion.



### Fleet Clients: Business-Class Digital Services

Tegeta is expanding its **B2B capabilities** to meet the complex needs of fleet operators and corporate clients. In 2025, we will launch customized dashboards that allow business customers to:

- Track fleet-wide service history and product usage
- Analyze performance with pay-per-kilometer metrics
- Integrate GPS tracking and telematics data
- Centralize invoicing, contracts, and communication

Whether fleets are leased through Tegeta or serviced under strategic agreements, our digital tools provide **transparency, operational visibility, and actionable insights** - empowering **smarter decisions** for every kilometer traveled.

### Omnichannel Experience: Where Digital Meets Physical

Our ecommerce platform, **Tegetashop.ge**, is a fully integrated sales engine, linked to SAP for real-time inventory, live availability, and VIN-based product compatibility. Key features include:

- Online service booking synced with workshop calendars
- Nationwide delivery
- Seamless shopping experience across multiple product categories

Tegeta was the **first company** in Georgia to offer **online car purchasing**, complete with a local-language configurator that enables users to digitally personalize their future vehicle - setting a **new benchmark** in the country's automotive retail space.

This forms the foundation of our omnichannel strategy, where digital and physical channels converge to deliver consistent, convenient experiences - anytime, anywhere.

### Future Vision: Operational Excellence at Scale

In 2025, we will partner with **QMATIC**, a global leader in customer journey management, to synchronize digital and in-person experiences. This system will:

- Standardize queue and appointment management
- Optimize resource allocation
- Make operations more scalable and replicable

Customer experience remains at the heart of this evolution. Whether serving a single driver or a large fleet operator, our approach remains consistent: tailored, human, and digitally empowered.

At Tegeta, we are not just reacting to the future - we are actively engineering it.

### Digital Customer Care: Always-On, Personalized, and Insight-Driven

Customer care at Tegeta has moved beyond hotlines and service desks—it is embedded in our digital DNA.

- **Always-on:** Customers can book services, track appointments, and review vehicle history 24/7.
- **Personalized:** CRM and app data equip our teams with full context, enabling proactive and empathetic support.
- **Insight-driven:** Digital behavior and service data enable proactive outreach and targeted problem-solving - especially for high-value or fleet clients.

These tools help resolve issues faster, reduce reliance on physical branches, and build trust through transparency and efficiency.

From first click to final kilometer, digital customer care ensures every interaction is intuitive, responsive, and tailored.


### Measuring Experience in the Age of Platforms

At Tegeta, feedback is no longer limited to surveys - it is embedded in every digital and physical touchpoint.

We measure and analyze customer satisfaction using:

- **Net Promoter Score (NPS)**
- **Customer Satisfaction Score (CSAT)**
- **Google Reviews**

These real-time insights inform continuous improvements, allowing us to respond quickly to concerns, reinforce strengths, and benchmark performance internally and against industry standards.

### Personalized Loyalty at Scale

Our loyalty program is a strategic pillar of digital engagement, designed to deepen long-term relationships and reward meaningful interaction.

Customers are grouped into **Classic, Gold, and Platinum** tiers based on behavior and purchases. Each tier unlocks:

- Exclusive discounts
- Premium service benefits
- Early access to offers
- Personalized communication across strategic business units

By analyzing customer loyalty data, we tailor engagement strategies, deepen value, and elevate satisfaction across our multichannel ecosystem.

### In Closing

Tegeta's **digital transformation** is more than a technology upgrade - it is a **strategic shift** toward a future where intelligence, automation, and personalization redefine the customer journey.

We're not just adapting to the digital age - we're designing it.
**One vehicle, One customer, One platform at a time.**

# 14 SUSTAINABILITY AND SOCIAL RESPONSIBILITY

## SUSTAINABILITY AND SOCIAL RESPONSIBILITY

### Driving Long-Term Value through Responsibility and Impact

As Georgia's **leading mobility company**, Tegeta integrates Corporate Social Responsibility (CSR) and Environmental, Social, and Governance (ESG) principles across its entire business. Since 2022, our CSR strategy has been aligned with **global sustainability frameworks** and action plans through 2030.

For Tegeta, ESG is not a compliance exercise - it is embedded in **our value system and core business model**. These principles drive competitive advantage, investor confidence, and long-term impact.

### Recognition and Awards in 2024

Recognition from leading national and international platforms validates our commitment to measurable ESG performance and our alignment with best practices:





### Frameworks and Memberships

To benchmark performance and shape regional leadership, Tegeta is an active member of:

Global Compact Network Georgia

Member of Pro Bono Network Georgia

UN WOMEN

### Our First Sustainability Report

In 2024, we published our inaugural **Sustainability Report**, covering 2022-2023, aligned with **GRI standards and UN SDGs**. The report outlines our governance, stakeholder engagement, policies, and impacts. It is publicly available on [tegeta.ge](tegeta.ge), with key 2024 updates reflected in this Annual Report.

### Strategic CSR Pillars

Tegeta's CSR strategy aligns local impact with international frameworks, positioning us as a trusted and, future-ready enterprise.

### Employee Welfare

Our people are the foundation of our growth. By fostering equality, well-being, and development, we build a loyal, high-performing workforce.

- **Gender Equality and Diversity:** Inclusive and equitable workplace and women empowerment
- **Positive Work Environment:** Family-friendly and health-focused
- **Employee Development:** Skills training and educational support

### Environmental Responsibility

Our people are the foundation of our growth. By fostering equality, well-being, and development, we build a loyal, high-performing workforce.

- **Energy Efficiency:** Reducing consumption across branches
- **Waste Management:** Tire, oil, and battery recycling
- **Water Stewardship:** Efficient reuse systems
- **Partner Engagement:** Spreading environmental values across our ecosystem

### Safety

A safe workplace builds trust and resilience. We apply global standards to ensure our people and customers are protected.

- **Customer Safety:** Safe environments across all service touchpoints
- **Workplace Safety:** ISO 45001 implementation and PPE provision
- **Road Safety:** National campaigns and adherence to vehicle safety standards

### Community Engagement

As a responsible corporate citizen, Tegeta invests in the communities we serve - through education, empowerment, and shared value creation.

- **Partnerships:** Public-private projects and regional outreach
- **Empowerment:** Women's participation and stereotype reduction

## 2024 Highlights

### Employee Welfare

Our people-first culture is core to sustainable growth.

- **30** engagement projects, **1,000+** participants
- **11%** growth in women in top management (now 18%)
- **8** women trained via Student Mechanics Program
- **6** women trained in heavy machinery with USAID support
- Campaigns showcased the development of **20** women in the auto industry
- **400+** employees trained on our sexual harassment prevention policy
- **2,000+** employees covered by health insurance
- **500+** employees joined outreach initiatives
- **76%** of top managers began careers at Tegeta; **16%** with **10+** years of service

### Gender Equality Programs

With a predominantly male workforce (75%), Tegeta promotes **gender balance** through policies that empower women and engage men as allies in fostering equality. As the automotive industry evolves, Tegeta leads in advancing inclusion:

***Tegeta for Women***

Heavy Machinery & Apprentice Mechanics Programs 14 enrolled

Tegeta for Women program offers fully funded training and stipends for **aspiring female mechanics**; 8 of 117 applicants were admitted, with 1 employed. In partnership with USAID, a short course trained 6 women in excavator-loader operations.


***FemmeAuto Campaign***

20 profiles, 270K+ engagements

As part of its **FemmeAuto** campaign, Tegeta partnered with the online platform at.ge to launch a special column highlighting the achievements of women in the auto industry and showcasing Tegeta's female professionals who break gender stereotypes.



***SH prevention***

**400+** employees trained on our sexual harassment prevention policy

Since 2023, Tegeta's Sexual Harassment Prevention Policy has reached 400 employees through trainings and campaigns on gender violence with UN Women and the Public Defender's Office.

***Men to Men Conversations***

Tegeta, with UNFPA and Care Together, launched Men to Men Conversations to engage men on gender equality, receiving **97%** positive feedback.

***Father's Day Campaign***

100K+ views

Since 2022, Tegeta's Father's Day Campaign has engaged over 100 men and garnered 100K+ video views.

### Sports & Events

A vibrant internal culture supports motivation and cohesion:

- **Annual Football Championship "Tegeta Cup"** *(8th edition):* 400+ participants, 36 teams
- **EURO 2024 Fan Club:** 500 employees, united in support of the Georgian national team at the European Championship
- **4 Employee Clubs** (football, basketball, hiking, intellectual games): 100+ employees
- 500+ employees engaged in **sports activities** and a healthy lifestyle;


## Community Support

### *Pro Bono Activities*

Tegeta fosters a culture of giving through volunteerism and pro bono work. Tegeta, as a member of **Pro Bono Network**, shares its expertise to support other organizations free of charge and has actively contributed to community service for three years. In 2024, Tegeta was recognized as a leader among 29 member companies, with 8 employees donating 150 pro bono consulting hours. The year also saw the launch of the Pro Bono Volunteers Club, uniting nearly 30 employees.

### *"Gift a Book" campaign*

200 employees, 1,500+ books for 500+ children
Together with Mountainous Books, nearly 200 employees collected and delivered 1,500+ books to over 500 children in 30+ villages.

### *Charity Exhibition with Babale*

GEL 5,000 raised by 80 employees
Tegeta annually celebrates Down Syndrome Day, with over 80 employees actively supporting children with Down syndrome.



### *Blood Donation Campaign*

150 donors from Tegeta

## Employee Development

Tegeta promotes continuous learning through "Experience Guides," regular technical trainings, and personalized development plans based on **Training Needs Analysis**. In partnership with **Coursera**, employees also access fully funded courses to support their personal and professional growth.

We prepare our people for the future through continuous learning:

- "Guest at Tegeta" Tegeta hosts guest speakers on motivation and success - **7** sessions, **600+** participants
- Coursera access and Tegeta Academy training
- "Start Your Career at Tegeta" - fast-track training, stipends, and employment opportunities; **14** people were selected and **10** people were hired at the new Gezi branch
- "Tegeta for Students" - cooperating with **10+** universities, **40** interns, **10** full-time hires

### Internal Communications, Benefits & Transparency

We foster transparency, recognition, and shared value:

- Leader's Paper: Communicated with **200** new Tegeta leaders about their career paths and future plans
- One Day in the Department: A video series where teams share their daily work to boost employee loyalty and highlight team contributions
- Project Celebration: An event to honor and recognize all contributors upon successful project completion
- Internal Communication channels: Intranet, internal social pages, E-mail, direct communication
- **30** updates on Tegeta News platform sharing the information about the Company's achivements
- Top Management accountability with **400+** attendees at online town halls
- CEO Dinners: Promoting open communication and strengthening employer-employee connections **2** sessions, **20** staff per session
- **2,095** insured employees
- **50+** corporate discounts and **GEL 1.9mln** in internal benefits
- **50+** Corporate offers specially for Tegeta's employees

### Environmental Responsibility

2024 Results

***Recycling***

3.9mln kg **Tires**

1.88mln kg **Batteries**

854k kg **Oils**

- **Clean-Up Campaigns:** 86,500L waste collected, 400+ volunteers
- **Forest Protection:** 1,000 trees planted; 50 saved
- **EV Infrastructure:** 127 electric vehicles, 20 electric trucks, 70 charging stations
- **Warehouse Fleet:** 10 electric trucks deployed





### Infrastructure & Energy Efficiency

Smart infrastructure drives sustainable transformation. In 2024, we accelerated eco-construction, solar energy, and efficiency upgrades. Tegeta undertakes construction projects of all sizes, prioritizing energy efficiency through modern standards such as high-quality insulation, solar power installation, and eco-friendly materials.

- Energy-efficient branches: **5** (2022), **10** (2023), **11** (2024)
- 500kW solar panels at Volvo complex: **765** solar panels, **465,500** kWh/year
- Solar panels at parking slots: **16%** increase in new solar panel installation in two branches, saving **100%** energy
- Smart lighting and automation at three branches
- Gas insulation upgrades in Central Branch: **1.5M+ kWh** saved only in two months

### Water Management

- Through investments in technology and circular systems, we minimize impact and support green operations. Four artesian wells were installed at our branches: 50 m³/day, GEL 182,880 saved, 17% water reduction vs 2023
- Closed-loop water reuse in car washes
- Artesian wells were installed for technical water supply at Tegeta's four largest branches, including Batumi

| | Water use |
|---|---|
| 2022 | 37,560 m³/year |
| 2023 | 36,699 m³/year |
| 2024 | 30,467 m³/year |

### Waste Management

**Tegeta Green Planet** leads in circular economy practices:
Tegeta transforms automotive waste into valuable resources through **recycling, storage, and lifecycle management**. Since 2022, its subsidiary EPR Tegeta Green Planet has led national circular economy efforts.

- 45 national collection points across Georgia
- Recycled: 3.9mln kg tires, 1.88mln kg batteries, 854k kg oils
- 2030 tire targets: 65% collection, 32% energy recovery, 33% recycling
- Battery coverage: 99%

| | Used Tires | Used Batteries | Used Oils |
|---|---|---|---|
| 2023 | 2,886 | 1,158 | 780 |
| 2024 | 3,906 | 1,880 | 854 |

*In tons*

### Paper & Plastic Reduction

- 8,432 kg paper recycled (145 trees saved) via Makuliteratura, +180% YoY

| | Amount (kg) | Trees saved |
|---|---|---|
| 2022 | 1,800 | 35 |
| 2023 | 3,000 | 50 |
| 2024 | 8,432 | 145 |

- 162 kg plastic recycled

| | Amount (kg) |
|---|---|
| 2022 | 83 |
| 2023 | 49 |
| 2024 | 30 |
| Total | 162 |

**Result**

- 3,221 kWh of energy saved
- 3,565 liters of landfill waste reduced
- 232.5 kg of CO2 emissions reduced

### Fleet

- Green Bond's commitments for developing Tegeta's electric fleet: **127 EVs, 20 EV trucks, 70 charging stations**
- Warehouse transport: **10 electric trucks**
- 14% of Tegeta's fleet are hybrid vehicles and 17% are pure electric vehicles

### Raising Environmental consciousness:

- Environmental projects: Up to 1,500 volunteers in 10 projects.
- Clean-up efforts: 86,500L of waste collected, 400+ volunteers
- Forest protection: 1,000 trees planted, 40 tons of carbon dioxide sequestration in 4 years.

## Safety

***Workplace Safety***

Health and safety underpin organizational resilience. Tegeta adheres to ISO 45001, ensuring world-class protocols.

- ISO 45001 certified
- Occupational safety and health issues: 93 trainings, 1,473 employees trained directly or through 19 video tutorials
- 106 trained via video
- 70 first aid trained
- 10 additional paid leave days for high-risk roles
- 78% of employees use the corporate health insurance

***Road Safety***

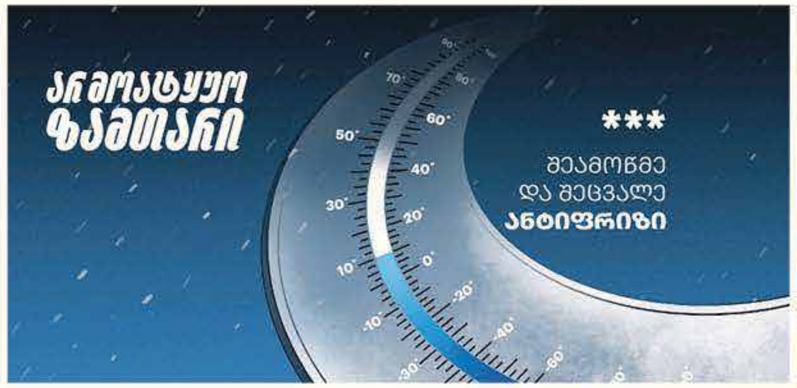
As a mobility leader, we advocate for road safety. Public campaigns and internal standards promote safe behaviors aligned with UN Global Road Safety goals.

- All fleet vehicles are GPS-tracked, insured, inspected every 10,000 km, and equipped with first aid kits and fire extinguishers
- Awareness campaigns focused on promoting a safe driving culture remain a core part of our marketing efforts



✓ Our "Don't Fool Winter" campaign, encouraging responsible vehicle maintenance during the cold season, reached over 880,000 views and 9 million impressions
✓ Our Child Safety campaign, emphasizing proper car seat use and parental responsibility, garnered over 200,000 views

- Annual supporter of UN Global Safety Week since 2022



## Community Care

***Tegeta.care Platform***

Launched in 2022, the Tegeta.care platform enables individuals to support social and environmental initiatives by connecting them with charities and projects driving positive change.

Our digital CSR platform aligns with SDG 17 (Partnerships) and enables targeted social investments.

- 15 new partners in 2024, in total 63 organizations
- 16 new projects (education, health, gender, environment, safety, animal welfare)
- Support through the platform:

✓ 3 years
✓ 400 donors
✓ 4,000+ beneficiaries
✓ GEL 365k raised
✓ 80+ projects since 2022

### Projects with Tegeta.Care partners

***Women's Empowerment***

We believe in equal opportunity and digital inclusion. Our programs are designed to advance women in tech and entrepreneurship

- Partnership with UN Women Georgia: 145 women entrepreneurs supported through exhibitions; 47.4% formed B2B links
- Support for women's football club "KvartaliFC": scholarships for girls and the club for 2 years
- Rally Adventure Georgia: 4 years support for women in off-road racing

### Education

For Tegeta, education remains a key sustainability focus. Through Tegeta Academy and ongoing support of diverse educational initiatives, the company actively promotes professional development and lifelong learning.

- Empowering Girls in Tech: Through partnerships with Neo-University, Skillwill, and Charte.ge, Tegeta awarded 7-month scholarships to 10 young women in digital fields - several ranked in the top 10 among 100 students
- Bringing Knowledge Closer to Youth: Tegeta donated 1,500+ books to 500+ children across 30 villages with Mountainous Books, and helped modernize Ontofo Library into a multifunctional youth space
- Empowering Education through Giving: In partnership with IWAG, Tegeta raised GEL 34,814.7 to support civil society organizations implementing educational initiatives for vulnerable groups



### Health & Animal Welfare

Health and compassion are core to our identity. We support pediatric care, elder welfare, and animal protection through impactful partnerships.

- GEL 30k+ raised for pediatric oncology
- Support to 450 elderly and 100+ children
- Animal campaigns with Zakaria's kind car & Ringovet: 200+ animals helped, giving a NIU e-scouter as a gift for developing a mobile vet services for strays

### Contribution to the achievement of SDGs


### Looking Ahead

Tegeta's **ESG commitment** is embedded, strategic, and expanding. Through transparency, gender equity, environmental leadership, and local empowerment, we aim to lead by example in Georgia's private sector. We will continue to scale impact, deepen trust, and lead with purpose.

# 15

# RESILIENT FINANCIAL ENGINE POWERING GROWTH

# RESILIENT FINANCIAL ENGINE POWERING GROWTH

In the capital-intensive and constantly evolving mobility sector, **resilience** is not a byproduct - it's a **core strategy**. At Tegeta, **financial strength** is the foundation of our **regional leadership, global partnerships, diversified service model, and sustainable impact**. For nearly three decades, we have built a resilient financial engine that is capable of powering growth, absorbing economic shocks, and unlocking long-term value for stakeholders.

In 2024, this strength was once again evident: **consistent earnings, record infrastructure investments, active capital market engagement, and continued geographic and product expansion** underscored our ability to grow through cycles and deliver sustainable performance.

This chapter outlines how Tegeta has forged a **unique growth trajectory** - anchored in disciplined financial management, infrastructure development, and investor confidence, even amid global volatility.

### Sustained Growth through Economic Cycles

Tegeta's **decade-long track** record of consistent top- and bottom-line growth reflects the strength of our diversified model - spanning light vehicles, commercial machinery, parts, service, leasing, and logistics. This breadth allows us to navigate fluctuations in individual sectors while maintaining financial momentum.

Our focus on profitability, capital discipline, and operational efficiency continues to deliver measurable results.

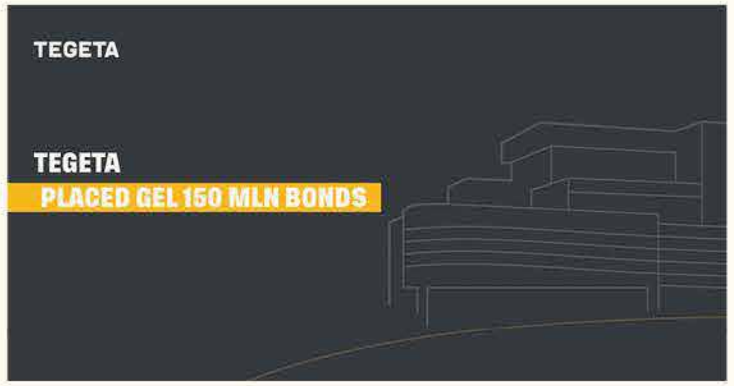
### 2024 Key Financials

| Revenue | EBITDA | Net Profit | EBITDA Margin |
|---|---|---|---|
| GEL 1.6 mln | GEL 168 mln | GEL 87 mln | 10% |

Backed by a **strong balance sheet**, we have continued to invest in technology, renewable energy, and human capital - without compromising liquidity or solvency. Our revenue mix - spanning retail, fleet, B2B, and public sector clients - creates **built-in resilience, balancing recurring and transactional income streams** across multiple regions.

### Trusted Issuer, a Disciplined Capital Markets Strategy

Tegeta is a leading corporate issuer in Georgia's capital markets. Since our debut in 2019, we have consistently accessed institutional and retail capital through multi-currency bond programs - reflecting **investor trust and the credibility** of our financial governance.




**Bond Issuances (2022–2024):**

- **2022**: GEL 150mln secured bond - the largest corporate issuance in Georgia to date
- **2023**: GEL 40mln | USD 20mln | EUR 16mln
- **2024**: GEL 25mln | USD 18mln | EUR 8mln



- **Milestone:** First Georgian company to issue a certified Green Bond in local currency (GEL 20mln), aligned with an externally verified Green Bond Framework, first Georgian company to issue local currency bond in fixed rate.

These capital flows are being reinvested into infrastructure, clean energy, and EV ecosystem development - driving sustainable, long-term growth.

### Infrastructure Investment as a Strategic Advantage

Tegeta's physical footprint is one of the most extensive and modern in the region. Our service centers, showrooms, and logistics hubs are not just facilities - they are **operational platforms** that integrate diagnostics, aftersales, training, and customer experience.


**Key Highlights:**

- A nationwide infrastructure network with 35 locations and growing
- Flagship GEL 60mln Tbilisi complex (opened 2023) – solar-powered, award-winning facility
- EV charging network: 70+ stations across Georgia, supported by ADB
- Specialized showrooms: Toyota, Volvo, Geely, Mazda, Bentley, Lamborghini, Auto Gallery


### Recent Milestones

- UNGC Georgia Sustainable Cities Award for flagship Tbilisi center
- Regional expansion into Uzbekistan, Armenia, and Azerbaijan

This infrastructure enhances our brand trust, deepens customer engagement, and creates long-term value through high-efficiency, high-impact platforms.

### Financial Lever for Resilience - Use of Internal Credit Limits

An Important enabler of Tegeta's **financial flexibility and resilience lies in its strategic use** of internal credit lines from leading global partners. We maintain extended credit terms with over 20 OEM and Tier 1 suppliers - including **Toyota, MAN, Porsche, Bridgestone, Volvo, Mazda, Michelin, Renault**, and others - across our portfolio. These terms are not only preferential, but are also tailored to support working capital optimization and business continuity across cycles.

Credit sales from our vendors are insured by leading international credit insurers—including Atradius, Euler Hermes, Coface, Credendo, and Sinosure—providing strong protection against counterparty risk, and enhancing financial stability across markets.

Our vendor relationships allow us to operate with terms such as:

- **Extended settlement windows** - offers of 360 days from invoice issuance, giving us significant room to manage payments without affecting cash flow
- **Post-shipment flexibility** - we benefit from around 150 days of deferred payment after the Bill of Landing is issued, allowing goods to be sold or positioned before funds are due
- **Phased financing models** - With Letter of Credit structures, we finance orders in stages
- **Grace periods** - Arrangements offering a 3-month interest-free period, reducing cost of capital during product turnover
- **Performance-based settlements** - Agreements may allow payment 30 days after the sale or up to 1 year after the Bill of Landing date, tying payments to actual revenue generation

These structured terms function as built-in credit facilities - granting Tegeta **internal liquidity** and reducing reliance on external short-term financing. This approach enhances our cash conversion cycle and shields us from volatile interest rate cycles.
For instance, we utilize post-shipment credit terms that allow up to 1 year of deferred settlement, while other partners offer flexible payment schemes based on commercial invoice cycles. This financial structure gives Tegeta the agility to scale operations and invest ahead of revenue without liquidity strain.
Disciplined management of these credit limits also supports our risk and treasury strategy - ensuring alignment between procurement cycles, customer receivables, and supplier settlements. This practice reinforces Tegeta's **strong credit standing** and underpins our **long-term financial sustainability.**

### Governance & Risk Resilience

Our centralized holding structure provides strategic oversight, while business lines maintain operational agility. This balance ensures effective capital allocation, risk management, and financial control across geographies.
Governance reforms - designed in partnership with the **International Finance Corporation (IFC)** - have strengthened transparency, compliance, and stakeholder alignment.

### Margin Protection through Diversification

Tegeta's multi-vertical model creates natural hedges and protects margin integrity. This structure provides flexibility and durability in both high-growth and low-demand cycles. Unlike monoline automotive retailers, our ecosystem strategy balances different product and service profiles:

- **High-volume, low-margin:** Parts, tires, rentals
- **High-margin, high-touch:** Premium vehicles, B2B fleet servicing
- **Counter-cyclical sectors:** Construction and agricultural machinery (via Tegeta Agri)
- **Recurring revenue:** Leasing, rentals, logistics, Retail, Fleet Management
- **Infrastructure-driven value:** Physical network as a durable competitive advantage

### Green Finance & Future - Proofing

Tegeta is at the forefront of environmental finance in Georgia. Our certified Green Bond Framework and growing ESG ecosystem are aligned with evolving global capital standards.

### Sustainability Milestones

- **Tegeta Green Planet:** Georgia's first licensed Extended Producer Responsibility (EPR) operator
- **EV ecosystem:** Imports and national charging network development
- **Solar-powered infrastructure:** Tbilisi complex co-financed by USAID
- **Meliora Green Initiative Award:** Multi-year winner for environmental leadership

These initiatives ensure long-term capital alignment and strengthen Tegeta's credibility with sustainability-focused investors.

### Looking Ahead: Financial Strength as a Strategic Platform

Tegeta's financial engine is designed not just to support growth - but to accelerate it. In 2025 and beyond, we will continue to:

- Expand across Central Asia and Eastern Europe
- Invest in automation, digitization, and talent development
- Deepen our platform model across new verticals
- Engage capital markets with innovation and transparency

We are not simply delivering financial performance - we are building a modern, regionally scalable ecosystem that defines the future of automotive and industrial mobility.

# 16 FINANCIAL RESULTS AND PERFORMANCE

# FINANCIAL RESULTS AND PERFORMANCE

## Solid Fundamentals, Sustainable Momentum

### Executive Summary

In the financial year ending 31 December 2024, Tegeta demonstrated **strong operational resilience** amidst a more normalized macroeconomic environment following a landmark year in 2023. Despite a modest revenue contraction in the first half, the Company sustained **healthy margins,** maintained **disciplined cost control,** and **continued investing** in strategic infrastructure and growth enablers.

"In 2024, we shifted focus toward building long-term, recurring revenue streams and driving operational efficiency, marking a strategic evolution from the exceptional, one-off high-margin contracts that defined 2023."

Nikoloz Khidureli
Chief Financial Officer

### Revenue Performance

| FY 2024 Revenue | YoY Growth | FY 2023 | FY 2022 |
|---|---|---|---|
| **GEL 1.635.7 million** | **18.7%** | **GEL 1.378.2 million (+45.0% YoY)** | **GEL 950.2 million (+19.2% YoY)** |

### Key Insights

- Revenue from the sale of goods remained the company's primary income source, increasing by 17% year-on-year to reach GEL 1,550.1 million
- Service revenue continued to grow steadily, supporting business model diversification
- 2024 revenue growth was driven by organic expansion, and major contracts

### Gross Profit and Margin Trends

| FY 2024 Gross Profit | FY 2023 | FY 2022 |
|---|---|---|
| **GEL 327.4 million (10.4% YoY), GP Margin: 20.0%** | **GEL 296.6 million (50.3% YoY), GP Margin: 21.5%** | **GEL 197.4 million (15.4% YoY), GP Margin: 20.8%** |



### Commentary

- Margin discipline remains intact, underpinned by procurement optimization and product mix balancing
- As anticipated, gross margin slightly contracted in the first half of 2024, primarily due to the increased cost of goods sold, higher costs of purchased services, and rising staff expenses, reflecting a normalization following the one-off supplier discounts and high-margin projects that benefited the 2023 performance

### Operating Profit and Expense Management

| FY 2024 Operating Profit | FY 2023 | FY 2022 |
|---|---|---|
| **GEL 141.0 million 1.5% YoY (OP Margin: 8.6%)** | **GEL 138.9 million (OP Margin: 10.1%)** | **GEL79.4 million (OP Margin: 8.4%)** |

### Observations:

- Operating expenses remained well-managed in 2024, following elevated cost levels related to 2023's expansion
- G&A increased by 11.4% YoY in 2024, offset by topline stabilization
- G&A expenses as a percentage of revenue improved over a two-year period and showed a declininig trend (from 10.5% in 2022 to 9.1% in 2023, and to 8.6% in 2024)

### EBITDA and Operating Leverage

| FY 2024 EBITDA | FY 2023 | FY 2022 |
|---|---|---|
| **GEL 167.8 million 4.2% YoY (Margin: 10.3%)** | **GEL 161.0 million (Margin: 11.7%)** | **GEL96.8 million (Margin: 10.2%)** |

### Drivers:

- In 2024, EBITDA remained solid, posting slight growth and underscoring the company's ability to maintain strong operational performance following the exceptional 66.3% YoY increase recorded in 2023, driven by scale efficiencies and margin expansion

### Profitability and Finance Costs

| FY 2024 Finance Costs | FY 2023 | FY 2022 |
|---|---|---|
| **GEL 56.6 million (-17.3% YoY)** | **GEL 68.4 million (47.7% YoY)** | **GEL46.3 million (51.7% YoY)** |

**Total Comprehensive Income**

| FY 2024 | FY 2023 | FY 2022 |
|---|---|---|
| **GEL 87.3 million (7.9% YoY)** | **GEL 80.9 million (99.7% YoY)** | **GEL40.5 million (-10.5% YoY)** |

**Key Notes**

- The reduction in finance costs was driven by improved debt management, lower interest expenses, and stabilized exchange rates
- ROE remained robust at 35.1% in 2024, albeit down from 41.0% in 2023

## Cash Flow Highlights

**Operating Cash Flow**

| FY 2024 | FY 2023 | FY 2022 |
|---|---|---|
| **GEL 111.8 million (91.1% YoY)** | **GEL 58.5 million (-54.4% YoY)** | **GEL 128.3 million (102.5% YoY)** |

**Investing Cash Flow**

- Continued strategic investment in PP&E; 2024 totalled GEL 105.4 million
- 2024 outflows reflect capital deployed into infrastructure and inventory buildup

**Financing Cash Flow**

- Net inflows of GEL 10.8 million in 2024, amid scheduled repayments.
- Net borrowings in 2024: GEL 17.3 million.

## Balance Sheet Strength

**Total Assets**

- **31 Dec 2024:** GEL 1,180.4 million (+23.1% YTD)
- **31 Dec 2023:** GEL 958.8 million
- **31 Dec 2022:** GEL 802.0 million

**Key Growth Areas**

- **Inventories:** GEL 405.7 million (+11.3% YTD)
- **PP&E:** GEL 311.9 million (+28.1% YTD)
- **Trade & Other Receivables:** GEL 194.9 million (+199.3% YTD)
- **Equity:** GEL 272.2 million (+21.0% YTD, inclusive of GEL 40.0 million dividend payout)

**Key Ratios (2024)**

Debt/Equity: 2.0x (vs. 1.9x in 2023)
Net Debt/EBITDA: 3.0x (vs. 2.4x)
ROA: 8.2%
ROE: 35.1%
EBIT Margin: 8.6%

Current Ratio: 1.0x
Operating Cash Flow Ratio: 20.0%
Cash Conversion Cycle: 75.7 days
Asset Turnover Ratio: 1.5x
Inventory Turnover Ratio: 3.40



## Risk Management and Financial Governance

Tegeta maintains a prudent risk management framework, including:

- Actively managing currency exposure by converting foreign currency liabilities to ensuring alignment with revenue streams and mitigating exchange rate risk
- Credit vetting and bank guarantees to mitigate counterparty risk

In 2024, financial governance was further strengthened through:

- Centralized control over budgeting, procurement, and KPI tracking
- Refinancing via multi-currency bond issuances
- Smart CAPEX allocation focused on digital and infrastructure ROI
- Use of BI tools for real-time efficiency and performance monitoring

These efforts helped offset inflationary pressures and protected profitability, while allowing for continued investment.

## Conclusion and Outlook

Tegeta enters 2025 with a **solid foundation, healthy liquidity, and flexible capital resources**. Ongoing investment in infrastructure and recurring revenue streams - particularly services - positions the company for continued profitable growth.

While 2024 reflected a natural normalization following an exceptional 2023, we remain focused on capturing **new growth opportunities** across our diversified platform.

Full-year revenues were broadly in line with 2023, driven by easing supply constraints and stronger seasonal demand. Margin stability has been preserved through cost optimization and a rising share of high-quality service income.

Looking ahead, our capital strategy remains disciplined - focused on **long-term value creation through infrastructure, digitization, and working capital efficiency**. We continue to balance reinvestment and deleveraging with shareholder returns via dividends.

Tegeta is **well-positioned** to navigate macroeconomic volatility and deliver on its long-term roadmap - anchored in **resilience, strategic growth, and sustained stakeholder value.**

# 17

# CORPORATE GOVERNANCE AND LEADERSHIP OVERSIGHT

# CORPORATE GOVERNANCE AND LEADERSHIP OVERSIGHT

## Governance with Purpose

At Tegeta, governance is a cornerstone of our long-term strategy. Built on the foundational principles of **accountability, transparency, fairness,** and **responsibility,** our governance model reinforces our commitment to sustainable growth, ethical conduct, and stakeholder trust.
This chapter outlines our corporate governance framework, the structure and roles of our governing bodies, and the leadership responsible for steering the company with both regulatory compliance and strategic oversight.

## Accountability at Every Level

*Three-Tier Governance System*

Tegeta employs a **three-tier corporate governance model** that ensures clear accountability, transparent decision-making, and effective operational control:

- **General Meeting of Partners** - The highest governing body, composed of the company's partners. It operates in accordance with Georgian legislation and Tegeta's charter, ensuring the protection of shareholder rights and equitable treatment.
- **Supervisory Board** - A collegial body overseeing the activities of executive officers. Accountable to the General Meeting of Partners, the Board operates within the framework of Georgian law, the Company's charter, and its own bylaws.
- **Executive Leadership** - Responsible for day-to-day management and representation of the Company. Executives are appointed by the Supervisory Board and exercise their powers as defined by law, the Company's charter, and directives of the General Meeting and the Supervisory Board.


This structured model provides a balanced distribution of authority, fostering both agility and strong governance.



## Partner-Led Governance

*A Transparent and Inclusive Shareholder Platform*

The **General Meeting of Partners** serves as the cornerstone of Tegeta's governance structure - providing a formal, transparent platform for strategic decision-making and shareholder engagement.

Convened at least once annually by the **Chief Executive Officer** or **Supervisory Board,** the General Meeting must occur no later than six months after the completion of the Company's annual balance sheet. Extraordinary meetings may be initiated by the Supervisory Board or CEO, or by partners holding at least 5% of shares or voting rights.

At Tegeta, all partners hold equal voting rights - one vote per share - ensuring inclusive participation in strategic matters.

By design, the General Meeting empowers shareholders to shape Tegeta's long-term growth trajectory while safeguarding their collective interests.

## Supervisory Board

*Strategic Oversight and Leadership*

Tegeta recognizes that a **professional, independent, and effective Supervisory Board** is essential to strong corporate governance. Since its establishment in 2019, the Board has served as a cornerstone of Tegeta's oversight structure - providing leadership, strategic guidance, and independent supervision.

Functioning as a collegial body, the Supervisory Board is appointed by the - **General Meeting of Partners** and operates under Georgian legislation, the Company's charter, and its own governance charter. The number of board members is determined by the Meeting of Partners, with each member appointed individually.

The Board ensures that Tegeta's executive leadership remains aligned with corporate values, strategic goals, and regulatory obligations.

## Board Composition

*Integrity, Independence, and Sector Expertise*

Tegeta's Supervisory Board consists of **six members,** including **two independent members.** The composition is intentionally designed to balance operational knowledge with external perspective, ensuring effective oversight and informed decision-making.

Board members bring deep experience in law, finance, business management, and Tegeta's core sectors - contributing to the Company's strategic agility and institutional strength. Independent members play a vital role in upholding impartiality, enhancing objectivity, and reinforcing governance credibility.

**The Corporate Governance Committee** is responsible for assessing board composition and recommending new appointments based on strategic needs and required qualifications.

## MR.TEMUR KOKHODZE

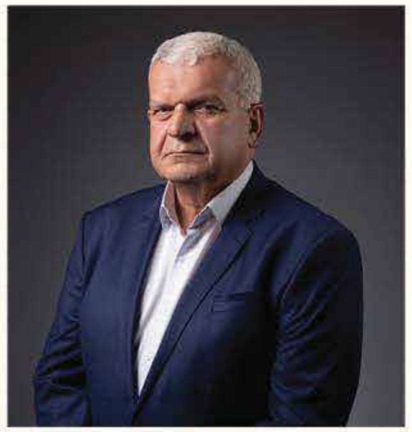
Chairman of the Supervisory Board

Mr. Temur Kokhodze is the founder of TGM Group and Tegeta Motors, and a key architect of the company's strategic foundation. He served as General Director of Tegeta from its inception through 2007, leading its transformation into a market leader. From 2008 to 2012, he was a Member of Parliament, before refocusing on Tegeta's long-term growth. Since 2012, Mr. Kokhodze has remained fully dedicated to the development of the Group, bringing a visionary approach to governance, business strategy, and industry leadership. He holds a degree in Road and Transport Operations from the Georgian Technical University.

## MR.GIORGI MSHVILDADZE

Deputy Chairman of the Supervisory Board (AR & SB)

Mr. Giorgi Mshvildadze is a co-founder of TGM Group and Tegeta Motors, bringing over 25 years of leadership in the automotive industry. Since joining Tegeta in 1995, he has held several senior positions, including Executive Director (2007–2019) and General Director of Toyota Center Tegeta (2019–2020). In 2019, he was appointed Deputy Chairman of the Supervisory Board, where he plays a critical role in shaping Tegeta's strategic direction and governance. His deep industry expertise, long-standing commitment, and leadership acumen make him an essential figure in driving the company's continued success. Mr. Mshvildadze holds an engineering degree from the Georgian Technical University.



## MR. ZURAB SAKVARELIDZE

Member of the Supervisory Board (AR)

Mr. Zurab Sakvarelidze began his career in 1987 at the Supreme Court of Georgia, where he held various positions, including Session Secretary, Assistant to a Judge, and Deputy Head of the Citizens' Complaints and Reception Department. From 1999 to 2005, he was a partner and practicing attorney at Verdict Legal Company LLC. He joined Tegeta in 2005, and served as Legal Counsel, Head of the Legal Department (2005–2018), and Advisor to the General Director on Legal Affairs (2018–2019). Since 2019, he has served as a Member of the Supervisory Board. Mr. Sakvarelidze's deep legal expertise and extensive company experience make him a key contributor on governance, legal, and regulatory matters. He holds a Law degree from Ivane Javakhishvili Tbilisi State University.

## MR. DIMITRI GOZALISHVILI

Member of the Supervisory Board (AR & SB)

Mr. Dimitri Gozalishvili brings a wealth of international business and management experience, having worked with global audit firms such as EY and Deloitte. His leadership roles have included Deputy Commercial Director at Silknet, Deputy Director at Elit Electronics, and Director at Vendoo. He first joined Tegeta in 2011 as Head of the Product Department, and rejoined in 2016 as Commercial Director, a role he held until 2020. Mr. Gozalishvili's expertise in business strategy, commercial operations, and corporate leadership continues to support Tegeta's sustainable growth. He holds a Bachelor's degree in Business Administration from the European School of Management.

## MR. PER GUSTAV RAGNAR NILSSON

Member of the Supervisory Board (SB)

Mr. Per Gustav Ragnar Nilsson is a seasoned international executive with extensive leadership experience in the automotive and industrial sectors. He has held senior roles such as Executive Director at Ashok Leyland and Vice President at Lohr Industries, and was previously Managing Director at Scania Russia and CIS, Mammut Trailer (UAE), and Mancare Consultancy (Sweden). In addition to his corporate career, he has served as Assistant Professor at the Institute for Soviet and East European Studies in Sweden, and worked as a Senior Consultant at The Swedish Management Group. Since 2019, Mr. Nilsson has contributed his global expertise as a Member of the Supervisory Board at Tegeta, where his strategic perspective and international insight continue to add significant value. He holds a Bachelor's degree in Sociology and a Master's degree in Business Administration and Politics from Stockholm University.

## MR. PAATA ZHGHENTI

Member of the Supervisory Board (SB)

Mr. Paata Zhghenti has been part of Tegeta since its inception, holding a wide range of leadership roles across the organization. He served as General Director (2001) and later led key operational areas, including as Head of the Auto Service Equipment, Tools and Industrial Goods Department (2003), Deputy Head of Logistics and Procurement (2008), and Deputy General Director (2015). He has been instrumental in developing the company's physical infrastructure - overseeing the outfitting of branches and subsidiaries with construction materials and industrial equipment. Since 2020, Mr. Zhghenti has brought his operational expertise and strategic vision to the Supervisory Board. He holds a degree in Automotive Mechanics from the Georgian Technical University, specializing in Automobiles and Automotive Operations.

## Committees for Strategic Oversight

To reinforce oversight capabilities, the Supervisory Board has established two key committees:

- **Audit and Risk Management Committee**
  Responsible for overseeing financial reporting integrity, internal control systems, risk management, and the independence of internal and external audit processes. The Committee comprises three members and is chaired by an independent board member. It operates under its own charter.
- **Strategic Development and Budgeting Committee**
  Composed of four members, this committee supports strategic decision-making, budget formulation and review, and performance monitoring across the Group.

Both committees meet monthly and submit reports in line with Tegeta's annual and semi-annual reporting cycles.

## Commitment to Governance and Compliance

### *Oversight Grounded in Integrity*

The Supervisory Board ensures that Tegeta's operations - including those of its business lines - comply with Georgian legislation, international regulations, and the highest standards of corporate governance. Its mandate is rooted in integrity and guided by Georgian law, the Company's charter, and the Supervisory Board's internal regulations.

The Board is entrusted with upholding the interests of Tegeta's partners, bondholders, and broader stakeholders. To fulfill this mandate, it maintains open communication channels and ensures that all decisions are aligned with the Company's long-term strategy and enterprise risk management framework.

### *Meetings and Decision-Making*

The Supervisory Board meets on a quarterly basis, with flexibility to convene additional meetings as needed to address urgent matters. All decisions are formally recorded in meeting minutes and are binding upon the Company's directors and business lines. Directors are responsible for the timely communication and execution of these decisions across the organization.

## Enabling Governance Excellence

### *Corporate Secretary*

Reporting directly to the Supervisory Board, the **Corporate Secretary** ensures procedural integrity, regulatory compliance, and effective communication across governance bodies.



## Internal Control

Tegeta's internal control systems are designed to proactively detect anomalies, mitigate risks, and ensure operational consistency. Oversight is maintained through both internal structures and independent external audits.

The **Internal Audit Department** operates under the direct authority of the Supervisory Board. Its mission is to enhance and protect corporate value through objective, risk-based evaluations and actionable recommendations. The Department monitors compliance, assesses internal control effectiveness, and supports continuous business improvement.

The Supervisory Board is responsible for appointing, evaluating, and determining the compensation of the Head of Internal Audit. Executive directors are not involved in the remuneration decisions for internal audit personnel, preserving independence.

## Principles That Govern Us

### *Corporate Governance Code*

The Supervisory Board approved Tegeta's **Corporate Governance Code,** aligned with the Corporate Governance Code issued by the **National Bank of Georgia**

The Code establishes an internal regulatory framework that outlines Tegeta's governance principles, clarifies the distribution of authority across governing bodies, and defines procedures for decision-making and performance monitoring.

This Code strengthens governance consistency across the Group and reinforces Tegeta's leadership in transparency, ethical conduct, and institutional discipline.

### Core Principles:

- **Accountability** - Clear delineation of responsibilities between strategic leadership and operational execution
- **Fairness** - Equal treatment of all partners, including minority shareholders
- **Transparency** - Timely and accurate disclosures on financial performance, ownership, and management structures
- **Responsibility** - Full respect for the rights of shareholders under Georgian law

The Code's ongoing implementation and periodic review demonstrate Tegeta's dedication to good governance and stakeholder trust.

All members of the Company - management, employees, and business lines - are expected to understand and apply the Code in their daily operations. As an issuer of public securities, Tegeta remains fully compliant with Georgian legislative requirements and committed to transparency, performance, and investor confidence.

### *Compliance with the Corporate Governance Code Approved by the National Bank of Georgia*

Compliance with the Corporate Governance Code approved by the National Bank of Georgia is not only a regulatory expectation for public bond issuers like Tegeta, but also a core requirement to ensure continued access to local capital markets, maintain institutional investor confidence, and meet the transparency standards expected by IFIs and rating agencies.

Tegeta's **Corporate Governance Code,** is aligned with the requirements of Georgian legislation, including the **Law on Entrepreneurs,** the **Law on the Securities Market,** and the **Law on Accounting, Reporting, and Auditing.**

Our governance framework is tailored to Tegeta's scale, complexity, and strategic objectives. It includes:

- A **charter** that clearly defines the functions and responsibilities of the Supervisory Board and executive officers, ensuring effective authority execution and efficient decision-making
- A **Code of Conduct and Ethics** that sets high standards for integrity and professional behavior across all employees and governing bodies
- A commitment to **sustainable development,** incorporating environmental, social, and governance (ESG) principles into corporate operations
- A **clearly defined corporate strategy,** supported by the resources necessary to meet both business and sustainability targets
- **Committee regulations** for the Audit and Risk Management Committee and the Strategic Development and Budgeting Committee - detailing mandates, responsibilities, reporting lines, membership criteria, and procedures
- An **organizational and governance structure** that avoids concentration of power, supports effective risk identification and mitigation, ensures robust internal controls, and upholds sound administrative, accounting, and remuneration policies

The Code further empowers all members of governing bodies to address the Supervisory Board directly on matters concerning the corporate governance system.

Tegeta regularly reviews and updates key governance documents, including the **Charter, Code of Conduct and Ethics, Corporate Governance Code, Supervisory Board regulations,** and **committee provisions**, to reflect evolving best practices. The latest versions are publicly available at [tegeta.ge](tegeta.ge).



## Governing Body

### *Executive Leadership and Operational Oversight*

Tegeta's operations are managed by the **Chief Executive Officer (CEO)** and executive officers appointed by the **Supervisory Board.** Each officer leads a strategic business division and exercises managerial authority as delegated by the Board. They represent Tegeta in designated business lines and operate within the bounds of Georgian legislation and the Company's charters.

The **CEO** holds full legal authority to represent the Company before third parties and is appointed for a **term of up to three years,** with the possibility of reappointment.

Through the effective leadership of the CEO and the executive officers, Tegeta ensures seamless operations, organizational efficiency, and alignment with the principles of responsible corporate governance.

## MS. EKATERINE KAVTARADZE

Chief Executive Officer

Appointed in August 2024, Ms. Ekaterine Kavtaradze brings over 20 years of leadership experience across the public sector, private enterprises, and international institutions. She leads Tegeta's strategic transformation, operational excellence, and long-term value creation.

Before joining Tegeta, she held executive roles at Georgia Healthcare Group, London Stock Exchange-listed company, including Chief Executive, COO, and Chief Strategy Officer of EVEX Hospitals, where she led complex restructurings, M&A, and governance modernization.

Earlier, she served as CEO and Deputy CEO of the National Center for Disease Control and Public Health, and prior to that, as CEO and Deputy CEO at Medalpha. Also serving a Governing Council Board Member of the International Hospital Federation.

Ms. Kavtaradze holds an MBA from Caucasus Business School and Grenoble École de Management, along with degrees in Medicine, Pharmacy, and Law.

## MS. TEA CHANTURIA

Executive Officer

Overseeing the implementation of holding-level support functions Ms. Tea Chanturia joining Tegeta in 2024, brings over a decade of leadership experience in marketing, brand strategy, and customer experience. At Bank of Georgia, she held key positions including Head of Express Pawn Service, Retail Marketing, Marketing Communications, Retail Communications, and Brand Management - leading initiatives that drove customer engagement, revenue growth, and market expansion.

Ms. Chanturia's expertise extends into creative industries through her role as Project Manager at Studio Metro, and into academia as a Lecturer at the Georgian Institute of Public Affairs (GIPA).

She holds an MBA from Grenoble École de Management, a master's degree in Social Sciences, and a bachelor's in Public Administration and Psychology. Multiple international certifications further reflect her commitment to excellence and innovation.

Her combination of strategic acumen, creative leadership, and academic rigor plays a vital role in shaping Tegeta's customer-centric and future-ready approach.

## MR. NIKOLOZ KHIDURELI

Chief Financial Officer

Appointed in October 2024, Mr. Nikoloz Khidureli brings over 12 years of experience in financial strategy, investment management, and operational leadership across corporate, fintech, and entrepreneurial settings.

He began his career at Bank Republic (Société Générale Group), rising to CFO and demonstrating a strong track record in financial governance and business growth.

He co-founded Xplicit Computing, a Silicon Valley startup specializing in advanced simulation technologies, where he served as COO from 2016 to 2018.

Mr. Khidureli has also worked on international investment and fintech projects at CCS Investors, Grossegg, and Palo Capital Partners in Vienna, and held senior roles at Georgian Capital JSC and NGT Partners. He earned a Master's in Management from Stanford Graduate School of Business (Sloan Fellow) and a Bachelor's in Finance from Caucasus University.

Mr. Khidureli's global perspective and analytical strength make him a key driver of Tegeta's financial performance and value creation strategy.



## MR. PETRE TSAKADZE

Chief Officer of Light Vehicles

Since joining Tegeta in 2009, Mr. Petre Tsakadze has been a key contributor to the company's expansion in the light vehicle segment. His career trajectory includes leadership roles such as Head of Sales and Marketing, and later Director of Tegeta Premium Vehicles LLC (2017–2023).

Since 2023, he has led Light Vehicle Sales across the Group, aligning strategy and execution across business lines. Known for his results-oriented leadership, Mr. Tsakadze focuses on operational excellence, customer satisfaction, and brand performance.

He holds a Master's in Business Administration from Ivane Javakhishvili Tbilisi State University. His deep industry knowledge, commercial expertise, and long-standing commitment position him as a central figure in Tegeta's automotive growth strategy.

## MR. GIORGI BERIDZE

Chief Officer of Special Equipment Vehicles

A key pillar of Tegeta's commercial and construction machinery business since 2007, Mr. Giorgi Beridze has played a pivotal role in scaling the company's heavy-duty operations. His early roles included Brand Manager for Tegeta Construction Equipment and Tegeta Truck & Bus, followed by Sales Director and Commercial Director (2007–2020).

Since 2020, he has led Tegeta Construction Equipment as Director, driving strategic partnerships and operational efficiency. In 2024, he was appointed Acting Director of Construction Machinery Georgia, and named Chief Officer for Trucks and Special-Purpose Machinery.

He holds a degree in Economic Informatics from Georgian Technical University. Mr. Beridze's sector knowledge and leadership continuity are instrumental in strengthening Tegeta's capabilities in the specialized vehicle and equipment markets.

## MR. BEKA BERIDZE

Chief Officer of Trucks, Commercial Vehicles and Buses

Since joining Tegeta in 2020, Mr. Beka Beridze has rapidly advanced within the organization, initially as Commercial Director of Toyota Center Batumi, and later as Director of Tegeta Truck & Bus (2021–2024). In 2024, he was appointed Chief Officer of Trucks, Commercial Vehicles and Buses, leading one of the Group's most dynamic verticals.

Mr. Beridze's prior experience includes roles in auditing (2013–2015), Financial Reporting at Europebet (2015–2016), and governance and infrastructure leadership at Georgian Water & Power (2017–2019). He also served as Executive Manager at Global Utility Solutions in Nigeria (2019–2020), gaining cross-border expertise in complex operating environments.

He holds a Bachelor's in Business Administration from Free University of Tbilisi and an MBA from Ilia State University.

Mr. Beridze's commercial insight, operational rigor, and international experience make him a key architect of Tegeta's sustained growth in commercial mobility.

IRINA KITIASHVILI

Chief Operation Officer

Appointed in March 2025, bringing over 20 years of leadership experience in operations, supply chain, and transformation across Georgian and international markets. She has led high-impact roles at Diplomat Georgia, IDS Borjomi, and CBS Consulting International, and currently serves as Vice-Chair of the ICC Global Commission on Trade Facilitation.

Irina specializes in operations strategy, ERP systems, and large-scale change management. She has extensive experience working with global trade and supply networks, ESG practices, and international institutions. She is also a long-standing Executive Board member of ICC Georgia.

She holds a Master's Certificate in Project Management from George Washington University, an MBA from Georgian State Agricultural University, and an MSc in Biology from Tbilisi State University and currently completing her Doctorate in Management at Caucasus University.

### Evolving Leadership for Growth

In 2024, Tegeta welcomed **several new leaders** into its executive team - marking a pivotal chapter in the company's development. These appointments bring **fresh perspective, diverse experience, and enhanced strategic capabilities**. With leaders who share Tegeta's values and long-term vision, the company is well-positioned to accelerate innovation, reinforce operational excellence, and deliver long-term value to its customers, partners, and investors.

This renewal reflects Tegeta's commitment to **adaptability, performance, and sustainable leadership** in a rapidly evolving market.

### Governance in Action: Building Value for the Future

At Tegeta, we view governance as an **evolving discipline** - central to **value creation and trust**. We are committed to maintaining a robust and transparent governance framework that fosters **ethical conduct, operational accountability, and strategic clarity**. Through continuous improvement, strong leadership, and alignment with international best practices, we remain confident in our ability to **drive sustainable growth and deliver long-term impact** for all our stakeholders.

# 18 FINANCIAL STATEMENTS

# Tegeta Motors Group

Consolidated Financial Statements
For the year ended 31 December 2024 together with Independent Auditor's report.



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## TEGETA MOTORS GROUP

## STATEMENT OF MANAGEMENT'S RESPONSIBILITIES FOR THE PREPARATION AND APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

Management is responsible for the preparation of the consolidated financial statements that present fairly the financial position of Tegeta Motors LLC and its subsidiaries (the "Group") as of 31 December 2024 and the results of its operations, changes in equity and cash flows for the year ended 31 December 2024, in compliance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB).

In preparing the consolidated financial statements, management is responsible for:

- Properly selecting and applying accounting policies;
- Presenting information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- Providing additional disclosures when compliance with the specific requirements in IFRS Accounting Standards are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group's consolidated financial position and financial performance;
- Making an assessment of the Group's ability to continue as a going concern.
- Disclosing the information in the management report as required by the Law of Georgia on Accounting, Reporting and Auditing;
- Preparing the management report consistent with the consolidated financial statements.

Management is also responsible for:

- Designing, implementing and maintaining an effective and sound system of internal controls, throughout the Group;
- Maintaining adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the consolidated financial position of the Group, and which enable them to ensure that the consolidated financial statements of the Group comply with IFRS Accounting Standards.;
- Maintaining statutory accounting records in compliance with Georgian legislation and IFRS Accounting Standards;
- Taking such steps as are reasonably available to them to safeguard the assets of the Group; and
- Detecting and preventing fraud and other irregularities.

The consolidated financial statements of the Group as of and for the year ended 31 December 2024 were approved by management on 15 May 2025.

**On behalf of management:**

Ekaterine Kavtaradze
Chief Executive Officer

Maka Guruli
Chief Accountant



TEGETA MOTORS GROUP

STATEMENT OF MANAGEMENT'S RESPONSIBILITIES FOR THE PREPARATION AND APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

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**On behalf of management:**

**Ekaterine Kavtaradze**
**Chief Executive Officer**

**Maka Guruli**
**Chief Accountant**

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## INDEPENDENT AUDITOR'S REPORT

To the Shareholders and Supervisory Board of Tegeta Motors LLC

### Opinion

We have audited the consolidated financial statements of Tegeta Motors LLC and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB)

### 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 Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants* (including International Independence Standards) (the "IESBA Code") and we have fulfilled our ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



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| Why the matter was determined to be a key audit matter | How the matter was addressed in the audit |
|---|---|
| **Revenue Recognition**<br><br>As disclosed in Note 17 to the consolidated financial statements, the revenue from contract with customers amounted to GEL 1,635,684 thousand, including GEL 1,550,115 thousand of revenue from goods sold and GEL 85,569 thousand of revenue from rendered services.<br><br>We identified revenue recognition as a key audit matter due to high volume of low value transactions, involving sales to more than 300,000 customers, as well as judgmental nature of estimation process when calculating the provision for returns. Moreover, revenue is one of the key indicator based on which management performance is assessed. This could lead to an increased audit risk relating to sales cut-off and revenues not being recorded in the proper accounting period.<br><br>The accounting policies and disclosures related to the recognition of revenue are presented in Notes 2 and 17 to the consolidated financial statements, respectively. | We obtained an understanding of the revenue recognition process for significant revenue streams, including the evaluating the design and implementation of controls over revenue recognition.<br><br>On a sample basis, we analysed contract terms against revenue recognition requirements set out in IFRS 15 Revenue from Contracts with Customers.<br><br>We inspected, on a sample basis, sales agreements, invoices and other supporting documents and compared to the amounts recognized in the accounting systems.<br><br>Using data extracted from the accounting system, we analyzed unusual journal entries such as those posted outside of expected hours or by unexpected individuals, large or unusual amounts impacting revenue, as well as other adjustments made in the preparation of the consolidated financial statements.<br><br>We performed cut-off testing over the revenue transactions at the end of the financial year and at the beginning of the next financial year and checked that they were recognized in the proper accounting period. We compared the date of transfer of control in supporting documents to the date of revenue recognition in the accounting records for selected transactions.<br><br>We analysed the disclosures in the consolidated financial statements related to revenue recognition. |
| **Impairment of Goodwill**<br><br>We identified the impairment of goodwill as a key audit matter due to the significance of this balance in the Group's consolidated statement of financial position and due to judgements, estimates and assumptions used in determining recoverable amounts.<br><br>The Group is required to, at least annually, perform impairment assessment of goodwill.<br><br>Value in use calculations require management to make an estimate of the amount and timing of the expected future cash flows based on assumptions affected by future market and economic conditions. Judgement is also applied in determining the appropriate discount rate to calculate the present value of those cash flows.<br><br>Refer to Note 6 for further disclosures. | We have gained an understanding of the management process related to the impairment of goodwill and determination of recoverable amount.<br><br>We ensured consistency of the methodology used (value-in-use calculations based on future discounted cash flows) by the Group.<br><br>We assessed the reasonableness of key assumptions, focusing on forecasted revenue, profit margins and long-term growth rate, taking into consideration the current and expected future economic conditions affecting the respective cash flows. When assessing these key assumptions, we discussed them with management to understand and evaluate management's basis for determining the assumptions, and compared them to external information and economic growth forecasts from a number of independent sources. We also compared historical actual results to those budgeted to assess the quality of management's forecasts.<br><br>We obtained and evaluated management's sensitivity analysis around the key assumptions, to ascertain that selected adverse changes to key assumptions, both individually and in the aggregate, would not cause the carrying amount of goodwill to exceed the recoverable amount. |

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**Other Information**

Other information consists of the information included in the Management Report of the Group, other than the consolidated financial statements and our auditor's report thereon. Management is responsible for the other information. The Management Report of the Group is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon in our report on the audit of the consolidated financial statements.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

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

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

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

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

**Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated 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.



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- 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 Group'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 Group'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 consolidated 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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period, and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Shota Nanitashvili.

Shota Nanitashvili (Reg# SARAS–A–957146)
on behalf of Deloitte and Touche LLC (Reg# SARAS–F–107265)

Deloitte & Touche

15 May 2025
Tbilisi, Georgia

Deloitte.

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**INDEPENDENT AUDITOR'S REPORT**

To the Shareholders and Supervisory Board of Tegeta Motors LLC

**Opinion**

We have audited the consolidated financial statements of Tegeta Motors LLC and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

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- 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
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Shota Nanitashvili (Reg# SARAS–A–957146)
on behalf of Deloitte and Touche LLC (Reg# SARAS–F–107265)

15 May 2025
Tbilisi, Georgia

**Consolidated statement of financial position**
**As at 31 December 2024**
*(Amounts in thousands of Georgian Lari)*

| | Note | 31 December 2024 | 31 December 2023 |
|---|---|---|---|
| **ASSETS** | | | |
| **Non–current assets** | | | |
| Property, plant and equipment | 8 | 311,902 | 243,511 |
| Intangible assets | 9 | 10,836 | 8,637 |
| Right–of–use assets | 10 | 51,725 | 42,947 |
| Prepayments for fixed assets | | 13,694 | 11,264 |
| Warranty related assets | | 7,954 | 4,644 |
| Investments in associates | | 725 | 673 |
| Goodwill | 6 | 82,593 | 82,593 |
| **Total non–current assets** | | **479,429** | **394,269** |
| **Current assets** | | | |
| Warranty related asset | | 3,548 | 2,310 |
| Inventories | 11 | 405,676 | 364,432 |
| Trade and other receivables | 13 | 194,863 | 65,103 |
| Prepayments to suppliers | | 17,383 | 29,851 |
| Tax assets | | 5,217 | 12,391 |
| Prepaid income tax | | 5,326 | 5,891 |
| Loans issued | 12 | 28,139 | 14,153 |
| Cash and bank balances | 14 | 40,849 | 70,445 |
| **Total current assets** | | **701,001** | **564,576** |
| **TOTAL ASSETS** | | **1,180,430** | **958,845** |
| **EQUITY** | | | |
| Charter capital | | 44,733 | 44,733 |
| Retained earnings | | 233,881 | 185,428 |
| Other components of equity | | (6,030) | (5,613) |
| **Equity attributable to the Company's owners** | | **272,584** | **224,548** |
| Non-controlling interest | | (382) | 329 |
| **TOTAL EQUITY** | | **272,202** | **224,877** |
| **LIABILITIES** | | | |
| **Non–current liabilities** | | | |
| Borrowings | 15 | 116,167 | 301,608 |
| Lease liabilities | 10 | 47,068 | 37,002 |
| Warranty provision | | 8,178 | 4,950 |
| Contract liabilities | 17 | 6,032 | 3,422 |
| **Total non–current liabilities** | | **177,445** | **346,982** |
| **Current liabilities** | | | |
| Borrowings | 15 | 375,751 | 118,144 |
| Lease liabilities | 10 | 6,465 | 6,182 |
| Trade and other payables | 16 | 250,509 | 184,496 |
| Warranty provision | | 4,125 | 2,808 |
| Tax payables, other than income tax | | 16,802 | 8,979 |
| Contract liabilities | 17 | 77,131 | 66,377 |
| **Total current liabilities** | | **730,783** | **386,986** |
| **TOTAL LIABILITIES** | | **908,228** | **733,968** |
| **TOTAL EQUITY AND LIABILITIES** | | **1,180,430** | **958,845** |

Approved for issue and signed on 15 May 2025

Ekaterine Kavtaradze
Chief Executive Officer

Maka Guruli
Chief Accountant





**Consolidated statement of profit or loss and other comprehensive income**
**For the year ended 31 December 2024**
*(Amounts in thousands of Georgian Lari)*

| | Note | 2024 | 2023 |
|---|---|---|---|
| Revenue from contract with customers | 17 | 1,635,684 | 1,378,159 |
| Cost of sales | 18 | (1,308,261) | (1,081,579) |
| **Gross profit** | | **327,423** | **296,580** |
| General and administrative expenses | 19 | (139,921) | (125,556) |
| Selling and distribution expenses | 20 | (39,928) | (33,868) |
| Other operating income | 21 | 11,301 | 10,015 |
| Other operating expenses | 22 | (17,882) | (8,270) |
| **Operating profit** | | **140,993** | **138,901** |
| Finance income | | 3,343 | 10,600 |
| Finance costs | 23 | (56,569) | (68,442) |
| Share of results of associates | | 61 | 69 |
| **Profit before income tax** | | **87,828** | **81,128** |
| Income tax expense | 24 | (86) | (104) |
| **Profit for the year** | | **87,742** | **81,024** |
| Exchange differences on translation of foreign operations | | (417) | (94) |
| **Total comprehensive income** | | **87,325** | **80,930** |
| **Profit for the year attributable to:** | | | |
| - Owners of the Group | | 88,453 | 82,016 |
| - Non-controlling interest | | (711) | (992) |
| **Profit for the year** | | **87,742** | **81,024** |
| **Total comprehensive income attributable to:** | | | |
| - Owners of the Group | | 88,036 | 81,922 |
| - Non-controlling interest | | (711) | (992) |
| **Total comprehensive income for the year** | | **87,325** | **80,930** |

Approved for issue and signed on 15 May 2025

Ekaterine Kavtaradze
Chief Executive Officer

Maka Guruli
Chief Accountant

**TEGETA MOTORS GROUP**
**Consolidated statement of changes in equity**
**For the year ended 31 December 2024**
*(Amounts in thousands of Georgian Lari)*

| | Charter capital | Other reserves | Retained earnings | Other components of equity | Attributable to owners of the Group | Non-controlling interest | Total equity |
|---|---|---|---|---|---|---|---|
| **Balance at 1 January 2023** | **44,733** | **(28,351)** | **151,748** | **(451)** | **167,679** | **2,179** | **169,858** |
| Profit for the year | – | – | 82,016 | – | **82,016** | (992) | **81,024** |
| Translation differences | – | – | – | (94) | (94) | – | **(94)** |
| **Total comprehensive income for the year** | – | – | **82,016** | **(94)** | **81,922** | **(992)** | **80,930** |
| Acquisition of non-controlling interests (Note 6) | – | – | – | – | – | (858) | **(858)** |
| Acquisition of additional shares (Note 6) | – | – | – | (5,068) | (5,068) | – | **(5,068)** |
| Dividends declared (Note 25) | – | – | (48,336) | – | (48,336) | – | **(48,336)** |
| Financial guarantees to the shareholder (Note 25) | – | 28,351 | – | – | 28,351 | – | **28,351** |
| **Balance at 31 December 2023** | **44,733** | **–** | **185,428** | **(5,613)** | **224,548** | **329** | **224,877** |
| Profit for the year | – | – | 88,453 | – | 88,453 | (711) | **87,742** |
| Translation differences | – | – | – | (417) | (417) | – | **(417)** |
| **Total comprehensive income for the year** | – | – | **88,453** | **(417)** | **88,036** | **(711)** | **87,325** |
| Dividends declared (Note 25) | – | – | (40,000) | – | (40,000) | – | **(40,000)** |
| **Balance at 31 December 2024** | **44,733** | **–** | **233,881** | **(6,030)** | **272,584** | **(382)** | **272,202** |

Approved for issue and signed on 15 May 2025

Ekaterine Kavtaradze
Chief Executive Officer

Maka Guruli
Chief Accountant



**TEGETA MOTORS GROUP**
**Consolidated statement of cash flows**
**For the year ended 31 December 2024**
*(Amounts in thousands of Georgian Lari)*

| | Note | 2024 | 2023 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Profit before income tax | | 87,828 | 81,128 |
| Adjustments for: | | | |
| Depreciation of property, plant and equipment and right–of–use assets | 8, 10 | 25,350 | 20,724 |
| Amortization of intangible assets | 9 | 1,460 | 1,388 |
| Gain from remeasurement of financial guaranties | 26 | – | (4,484) |
| (Reversal of provision) / Provision for warranties | | (3) | 349 |
| Provision for expected credit losses for trade and other receivables and write-off of doubtful trade and other receivables | 22 | 452 | 921 |
| Provision / (Reversal of) for expected credit losses for issued loans | 13 | 597 | (705) |
| Loss on disposal of property, plant and equipment | | 214 | 39 |
| Rent concession income and income from rent termination | 10 | (440) | 42 |
| Interest income | 12,14 | (3,343) | (6,114) |
| Interest expense | | 54,981 | 53,536 |
| Foreign exchange losses | | 378 | 8,538 |
| Trade payables derecognized | 21 | (36) | (243) |
| Write–down of inventories to net realizable value | 11,22 | 10,954 | 3,515 |
| Write-off of intangible assets | | 197 | – |
| Share of results of associates | | (61) | (69) |
| **Operating cash flows before working capital changes** | | **178,528** | **158,565** |
| Changes in trade and other receivables | | (129,050) | 6,421 |
| Changes in prepayments | | 12,468 | (2,376) |
| Changes in inventories | | (52,198) | (91,616) |
| Changes in trade and other payables | | 73,183 | 25,499 |
| Changes in tax assets | | 7,174 | (13,120) |
| Changes in contract liabilities | | 13,364 | (24,031) |
| Changes in tax payables | | 8,981 | 774 |
| **Changes in working capital** | | **(66,078)** | **(98,449)** |
| Income tax paid | | (651) | (1,602) |
| **Net cash from operating activities** | | **111,799** | **58,514** |
| **Cash flows from investing activities** | | | |
| Purchase of property, plant and equipment | | (105,373) | (93,638) |
| Proceeds from sale of property, plant and equipment | | 14,556 | 13,729 |
| Acquisition of intangible assets | 9 | (3,856) | (1,416) |
| Cash contribution into the capital of subsidiaries and associates | | – | (164) |
| Acquisition of subsidiaries | | – | (32,764) |
| Acquisition of additional shares in subsidiaries | | – | (5,926) |
| Loans issued | 12 | (22,034) | (22,764) |
| Repayment of loans issued | 12 | 9,478 | 29,401 |
| Interest received | | 1,172 | 4,914 |
| Dividends received | | 14 | 32 |
| **Net cash used in investing activities** | | **(106,043)** | **(108,596)** |
| **Cash flows from financing activities** | | | |
| Payment of principal portion of lease liabilities | 10 | (6,787) | (4,991) |
| Repayment of interest on lease liabilities | 10 | (3,974) | (2,970) |
| Proceeds from borrowings | 15 | 765,550 | 539,239 |
| Repayment of borrowings | 15 | (696,468) | (408,394) |
| Interest paid on borrowings | 15 | (51,739) | (48,504) |
| Dividends paid | 29 | (39,535) | (30,855) |
| Release of cash on restricted account | 14 | 36,783 | 34,749 |
| Placement of cash on restricted account | 14 | – | (6,292) |
| **Net cash from financing activities** | | **3,830** | **71,982** |
| Effect of exchange rate changes on cash and cash equivalents | | (2,399) | (1,902) |
| **Net increase in cash and cash equivalents** | | **7,187** | **19,998** |
| Cash and cash equivalents at the beginning of the year | 14 | 33,662 | 13,664 |
| **Cash and cash equivalents at the end of the year** | **14** | **40,849** | **33,662** |

Non–cash transactions are presented in Note 30

Approved for issue and signed on 15 May 2025

Ekaterine Kavtaradze
Chief Executive Officer

Maka Guruli
Chief Accountant

**TEGETA MOTORS GROUP**
**Consolidated statement of financial position**
**As at 31 December 2024**
*(Amounts in thousands of Georgian Lari)*

| | Note | 31 December 2024 | 31 December 2023 |
|---|---|---|---|
| **ASSETS** | | | |
| **Non–current assets** | | | |
| Property, plant and equipment | 8 | 311,902 | 243,511 |
| Intangible assets | 9 | 10,836 | 8,637 |
| Right–of–use assets | 10 | 51,725 | 42,947 |
| Prepayments for fixed assets | | 13,694 | 11,264 |
| Warranty related assets | | 7,954 | 4,644 |
| Investments in associates | | 725 | 673 |
| Goodwill | 6 | 82,593 | 82,593 |
| **Total non–current assets** | | **479,429** | **394,269** |
| **Current assets** | | | |
| Warranty related asset | | 3,548 | 2,310 |
| Inventories | 11 | 405,676 | 364,432 |
| Trade and other receivables | 13 | 194,863 | 65,103 |
| Prepayments to suppliers | | 17,383 | 29,851 |
| Tax assets | | 5,217 | 12,391 |
| Prepaid income tax | | 5,326 | 5,891 |
| Loans issued | 12 | 28,139 | 14,153 |
| Cash and bank balances | 14 | 40,849 | 70,445 |
| **Total current assets** | | **701,001** | **564,576** |
| **TOTAL ASSETS** | | **1,180,430** | **958,845** |
| **EQUITY** | | | |
| Charter capital | | 44,733 | 44,733 |
| Retained earnings | | 233,881 | 185,428 |
| Other components of equity | | (6,030) | (5,613) |
| **Equity attributable to the Company's owners** | | **272,584** | **224,548** |
| Non-controlling interest | | (382) | 329 |
| **TOTAL EQUITY** | | **272,202** | **224,877** |
| **LIABILITIES** | | | |
| **Non–current liabilities** | | | |
| Borrowings | 15 | 116,167 | 301,608 |
| Lease liabilities | 10 | 47,068 | 37,002 |
| Warranty provision | | 8,178 | 4,950 |
| Contract liabilities | 17 | 6,032 | 3,422 |
| **Total non–current liabilities** | | **177,445** | **346,982** |
| **Current liabilities** | | | |
| Borrowings | 15 | 375,751 | 118,144 |
| Lease liabilities | 10 | 6,465 | 6,182 |
| Trade and other payables | 16 | 250,509 | 184,496 |
| Warranty provision | | 4,125 | 2,808 |
| Tax payables, other than income tax | | 16,802 | 8,979 |
| Contract liabilities | 17 | 77,131 | 66,377 |
| **Total current liabilities** | | **730,783** | **386,986** |
| **TOTAL LIABILITIES** | | **908,228** | **733,968** |
| **TOTAL EQUITY AND LIABILITIES** | | **1,180,430** | **958,845** |

Approved for issue and signed on 15 May 2025

Ekaterine Kavtaradze
Chief Executive Officer

Maka Guruli
Chief Accountant

The accompanying notes on pages 10 to 41 are an integral part of these consolidated financial statement.



**TEGETA MOTORS GROUP**
**Consolidated statement of profit or loss and other comprehensive income**
**For the year ended 31 December 2024**
*(Amounts in thousands of Georgian Lari)*

| | Note | 2024 | 2023 |
|---|---|---|---|
| Revenue from contract with customers | 17 | 1,635,684 | 1,378,159 |
| Cost of sales | 18 | (1,308,261) | (1,081,579) |
| **Gross profit** | | **327,423** | **296,580** |
| General and administrative expenses | 19 | (139,921) | (125,556) |
| Selling and distribution expenses | 20 | (39,928) | (33,868) |
| Other operating income | 21 | 11,301 | 10,015 |
| Other operating expenses | 22 | (17,882) | (8,270) |
| **Operating profit** | | **140,993** | **138,901** |
| Finance income | | 3,343 | 10,600 |
| Finance costs | 23 | (56,569) | (68,442) |
| Share of results of associates | | 61 | 69 |
| **Profit before income tax** | | **87,828** | **81,128** |
| Income tax expense | 24 | (86) | (104) |
| **Profit for the year** | | **87,742** | **81,024** |
| Exchange differences on translation of foreign operations | | (417) | (94) |
| **Total comprehensive income** | | **87,325** | **80,930** |
| **Profit for the year attributable to:** | | | |
| - Owners of the Group | | 88,453 | 82,016 |
| - Non-controlling interest | | (711) | (992) |
| **Profit for the year** | | **87,742** | **81,024** |
| **Total comprehensive income attributable to:** | | | |
| - Owners of the Group | | 88,036 | 81,922 |
| - Non-controlling interest | | (711) | (992) |
| **Total comprehensive income for the year** | | **87,325** | **80,930** |

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Ekaterine Kavtaradze
Chief Executive Officer

Maka Guruli
Chief Accountant

The accompanying notes on pages 10 to 41 are an integral part of these consolidated financial statement.

**TEGETA MOTORS GROUP**
**Consolidated statement of changes in equity**
**For the year ended 31 December 2024**
*(Amounts in thousands of Georgian Lari)*

| | Charter capital | Other reserves | Retained earnings | Other components of equity | Attributable to owners of the Group | Non-controlling interest | Total equity |
|---|---|---|---|---|---|---|---|
| **Balance at 1 January 2023** | **44,733** | **(28,351)** | **151,748** | **(451)** | **167,679** | **2,179** | **169,858** |
| Profit for the year | – | – | 82,016 | – | **82,016** | (992) | **81,024** |
| Translation differences | – | – | – | (94) | (94) | – | **(94)** |
| **Total comprehensive income for the year** | – | – | **82,016** | **(94)** | **81,922** | **(992)** | **80,930** |
| Acquisition of non-controlling interests (Note 6) | – | – | – | – | – | (858) | **(858)** |
| Acquisition of additional shares (Note 6) | – | – | – | (5,068) | (5,068) | – | **(5,068)** |
| Dividends declared (Note 25) | – | – | (48,336) | – | (48,336) | – | **(48,336)** |
| Financial guarantees to the shareholder (Note 25) | – | 28,351 | – | – | 28,351 | – | **28,351** |
| **Balance at 31 December 2023** | **44,733** | – | **185,428** | **(5,613)** | **224,548** | **329** | **224,877** |
| Profit for the year | – | – | 88,453 | – | 88,453 | (711) | **87,742** |
| Translation differences | – | – | – | (417) | (417) | – | **(417)** |
| **Total comprehensive income for the year** | – | – | **88,453** | **(417)** | **88,036** | **(711)** | **87,325** |
| Dividends declared (Note 25) | – | – | (40,000) | – | (40,000) | – | **(40,000)** |
| **Balance at 31 December 2024** | **44,733** | – | **233,881** | **(6,030)** | **272,584** | **(382)** | **272,202** |

Approved for issue and signed on 15 May 2025

Ekaterine Kavtaradze
Chief Executive Officer

Maka Guruli
Chief Accountant

The accompanying notes on pages 10 to 41 are an integral part of these consolidated financial statement.



**TEGETA MOTORS GROUP**
**Consolidated statement of cash flows**
**For the year ended 31 December 2024**
*(Amounts in thousands of Georgian Lari)*

| | Note | 2024 | 2023 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Profit before income tax | | 87,828 | 81,128 |
| Adjustments for: | | | |
| Depreciation of property, plant and equipment and right–of–use assets | 8, 10 | 25,350 | 20,724 |
| Amortization of intangible assets | 9 | 1,460 | 1,388 |
| Gain from remeasurement of financial guaranties | 26 | – | (4,484) |
| (Reversal of provision) / Provision for warranties | | (3) | 349 |
| Provision for expected credit losses for trade and other receivables and write-off of doubtful trade and other receivables | 22 | 452 | 921 |
| Provision / (Reversal of) for expected credit losses for issued loans | 13 | 597 | (705) |
| Loss on disposal of property, plant and equipment | | 214 | 39 |
| Rent concession income and income from rent termination | 10 | (440) | 42 |
| Interest income | 12,14 | (3,343) | (6,114) |
| Interest expense | | 54,981 | 53,536 |
| Foreign exchange losses | | 378 | 8,538 |
| Trade payables derecognized | 21 | (36) | (243) |
| Write–down of inventories to net realizable value | 11,22 | 10,954 | 3,515 |
| Write-off of intangible assets | | 197 | – |
| Share of results of associates | | (61) | (69) |
| **Operating cash flows before working capital changes** | | **178,528** | **158,565** |
| Changes in trade and other receivables | | (129,050) | 6,421 |
| Changes in prepayments | | 12,468 | (2,376) |
| Changes in inventories | | (52,198) | (91,616) |
| Changes in trade and other payables | | 73,183 | 25,499 |
| Changes in tax assets | | 7,174 | (13,120) |
| Changes in contract liabilities | | 13,364 | (24,031) |
| Changes in tax payables | | 8,981 | 774 |
| **Changes in working capital** | | **(66,078)** | **(98,449)** |
| Income tax paid | | (651) | (1,602) |
| **Net cash from operating activities** | | **111,799** | **58,514** |
| **Cash flows from investing activities** | | | |
| Purchase of property, plant and equipment | | (105,373) | (93,638) |
| Proceeds from sale of property, plant and equipment | | 14,556 | 13,729 |
| Acquisition of intangible assets | 9 | (3,856) | (1,416) |
| Cash contribution into the capital of subsidiaries and associates | | – | (164) |
| Acquisition of subsidiaries | | – | (32,764) |
| Acquisition of additional shares in subsidiaries | | – | (5,926) |
| Loans issued | 12 | (22,034) | (22,764) |
| Repayment of loans issued | 12 | 9,478 | 29,401 |
| Interest received | | 1,172 | 4,914 |
| Dividends received | | 14 | 32 |
| **Net cash used in investing activities** | | **(106,043)** | **(108,596)** |
| **Cash flows from financing activities** | | | |
| Payment of principal portion of lease liabilities | 10 | (6,787) | (4,991) |
| Repayment of interest on lease liabilities | 10 | (3,974) | (2,970) |
| Proceeds from borrowings | 15 | 765,550 | 539,239 |
| Repayment of borrowings | 15 | (696,468) | (408,394) |
| Interest paid on borrowings | 15 | (51,739) | (48,504) |
| Dividends paid | 29 | (39,535) | (30,855) |
| Release of cash on restricted account | 14 | 36,783 | 34,749 |
| Placement of cash on restricted account | 14 | – | (6,292) |
| **Net cash from financing activities** | | **3,830** | **71,982** |
| Effect of exchange rate changes on cash and cash equivalents | | (2,399) | (1,902) |
| **Net increase in cash and cash equivalents** | | **7,187** | **19,998** |
| Cash and cash equivalents at the beginning of the year | 14 | 33,662 | 13,664 |
| **Cash and cash equivalents at the end of the year** | **14** | **40,849** | **33,662** |

Non–cash transactions are presented in Note 30

Approved for issue and signed on 15 May 2025

Ekaterine Kavtaradze
Chief Executive Officer

Maka Guruli
Chief Accountant

The accompanying notes on pages 10 to 41 are an integral part of these consolidated financial statement.

(Amounts in thousands of Georgian Lari)

## 1. Tegeta Motors Group

Tegeta Motors LLC (the "Company"), identification number 202177205, was incorporated on 26 April 2001 and is domiciled in Georgia. The Company has been set up as a limited liability company in accordance with the Georgian law. The Company's registered address is David Agmashenebeli Alley #129, 0131, Tbilisi, Georgia.

The shareholder structure of the Company is:

| Shareholders | 2024 | 2023 |
|---|---|---|
| TGM Group LLC | 98.78% | 98.78% |
| Temur Kokhodze, (citizen of Georgia) | 1.22% | 1.22% |

The ultimate controlling party of the Company as of 31 December 2024 and 2023 is Mr. Temur Kokhodze, citizen of Georgia (the "Ultimate Controlling Party").

The Group's principal business activity is trading with imported cars, specialized vehicles, auto tires, lubricants, batteries and other spare parts, as well as providing the automotive maintenance and repair services through servicing facilities located in different regions of Georgia and neighboring countries.

The Company is a parent company to the following entities (together referred to as the "Group"), that are included in the consolidated financial statements of the Group:

| | | Shareholding/voting (%) | |
|---|---|---|---|
| **Subsidiary** | **Activity** | **31 December 2024** | **31 December 2023** |
| Tegeta Truck and Bus LLC | Retail and service of transportation trucks, buses and trailers | 100% | 100% |
| Tegeta Construction Equipment LLC | Retail and service of heavy duty construction vehicles | 100% | 100% |
| Tegeta Premium Vehicles LLC | Retail and service of Porsche and Mazda brand vehicles | 100% | 100% |
| Toyota Centre Tegeta LLC | Retail and service of Toyota brand vehicles | 100% | 100% |
| Scandinavian Auto Tegeta LLC | Retail and service of Volvo brand vehicles | 100% | 100% |
| Tegeta Automotive Imports LLC | Importer of tires, lubes, LV spare parts, batteries, garage equipment, etc | 100% | 100% |
| Tegeta Prime Products LLC | Importer of tires and lubricants | 100% | 100% |
| Tegeta Distribution LLC | Wholesale of imported brands and products | 100% | 100% |
| Tegeta Industry LLC | Retail of construction equipment and spare parts | 100% | 100% |
| TBA Tegeta LLC | Retail and service of Toyota brand vehicles | 100% | 100% |
| Tegeta Retail LLC | Retailer of imported products | 100% | 100% |
| Tegeta Leasing LLC | Leasing of heavy duty construction vehicles | 100% | 100% |
| Tegeta Academy LLC | Automotive direction training center | 100% | 100% |
| Construction Machinery Georgia LLC | Retail and service of heavy duty construction vehicles | 100% | 100% |
| Tegeta Commercial Vehicles LLC | Retail and service of heavy duty construction vehicles | 100% | 100% |
| Tegeta Tire Imports LLC | Importer of tires | 100% | 100% |
| Auto gallery LLC | Retail and rent of light vehicles | 100% | 100% |
| Tegeta car rent (subsidiary of Auto gallery) | Rent of cars | 100% | 100% |
| IAA Tegeta LLC (subsidiary of Auto gallery) | Inactive | 51% | 51% |
| Segrex Auto Gallery LLC (subsidiary of Auto gallery) | Inactive | – | 50% |
| Tegeta International LLC | Retail and service of heavy-duty construction vehicles | 100% | 100% |
| Tegeta Rentals LLC (subsidiary of Tegeta International LLC) | Rent of construction equipment | 100% | 100% |
| Caucasus Automotive | Retail and service of Volvo, Geely brand vehicles | 100% | 100% |
| Tegeta Approved | Retail of used cars | 65% | 65% |
| Aztech Tegeta Motors LLC (Subsidiary of Tegeta Motors Baku LLC) | Retail of spare parts | 100% | 100% |
| Caucasus Machinery LLC | Retail and service of heavy-duty commercial vehicles | 100% | 100% |
| Tegeta Energy LLC | Inactive | 100% | 100% |
| Tegeta Motors Dushanbe LLC | Inactive | 100% | 100% |
| Tegeta Motors Bishkek LLC | Inactive | 100% | 100% |
| Tegeta Motors USA LLC | Inactive | 100% | 100% |
| Tegeta Real Estate LLC | Inactive | 100% | 100% |
| Tegeta Capital LLC | Inactive | 100% | 100% |
| Tegeta Logistics LLC | Logistic Services | 100% | 100% |
| Geoprotector LLC | Inactive | 60% | 60% |
| Tegeta Motors Central Asia LLC | Retail of spare parts | 100% | 100% |
| Tegeta Motors Baku LLC | Retail of spare parts and construction vehicles | 100% | 100% |
| Tegeta Motors Ukraine LLC | Inactive | 100% | 100% |
| Tegeta Motors Kazakhstan LLC | Inactive | 100% | 100% |
| Agroservice LLC (Subsidiary of Tegeta Truck and Bus LLC) | Inactive | 100% | 100% |





## 1. Tegeta Motors Group (continued)

All subsidiaries are incorporated and domiciled in Georgia, except Tegeta Motors Baku LLC, Aztech Tegeta Motors LLC, Tegeta Motors Central Asia LLC, Tegeta Motors Kazakhstan LLC, Tegeta Motors Ukraine LLC, Tegeta Motors Dushanbe LLC, Tegeta Motors Bishkek LLC and Tegeta Motors USA LLC, which are under Azerbaijan, Uzbekistan, Kazakhstan, Ukrainian, Tajikistan, Kyrgyzstan and US jurisdiction, respectively.

The subsidiaries are united under the two operating segments: Vehicles and related services and Automotive products and related services. The Company established new subsidiaries and allocated Group's principal activities between its subsidiaries.

The Group has two associates: Tegeta Motors Meskheti LLC (34% shares) and DSD Tegeta LLC (25% shares). All associates are incorporated and domiciled in Georgia.

## 2. Material accounting policy information

### (a) Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS Accounting Standards) as issued by the International Accounting Standards Board (IASB). The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, except for application of new and amended standards discussed in Note 4 below.

The financial statements have been prepared on a historical cost basis except for financial assets and financial liabilities that are measured at fair value at initial recognition. The financial statements are presented in Georgian Lari (GEL) and all values are rounded to the nearest thousands, except when otherwise indicated.

The Group's ability to continue as a going concern has been reviewed by the Management. In adopting the going concern basis for preparing the consolidated financial statements, the Management has considered the Group's business activities, strategy, principal risks and uncertainties in achieving its objectives, and performance. The Management have performed an assessment of the Group's financial forecasts and testing of key positions including financial plan and strategy implementation, profitability, capital and solvency, and liquidity. Based on this, the Management confirms that they have a reasonable expectation that the Group has adequate resources to continue in operational existence for the 12 months from the date the approval of these financial statements. The management is not aware of any material uncertainties related to events or conditions that may cast significant doubt upon the Group's ability to continue as a going concern. Thus, they continue to adopt the going concern basis of accounting in preparing the consolidated financial statements.

### (b) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 December 2024. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee;
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee;
- Rights arising from other contractual arrangements;
- The Group's voting rights and potential voting rights.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the equity holders of the parent of the Group and to the non–controlling interests, even if this results in the non–controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra–group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

**2. Material accounting policy information (continued)**

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non–controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

***(i) Business combination and goodwill***

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 *Financial Instruments*, is measured at fair value with the changes in fair value recognised in profit or loss in accordance with IFRS 9. Other contingent consideration that is not within the scope of IFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed).

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

**(c) Revenue from contracts with customers**

***Revenue from sale of goods and rendered services***

Revenue from sale of goods is recognised at the point in time when control of the goods is transferred to the customer, generally when the goods are handed over to the customers. The normal credit terms are 30 to 90 days upon transfer of the goods. Revenue is recorded at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods. The Group determines whether it is a principal or an agent in these transactions by evaluating the nature of its promise to the customer. The Group is a principal and records revenue on a gross basis if it controls the promised goods before transferring them to the customer. The Group has generally concluded that it is the principal in its revenue arrangements.

Revenue from rendered services is recognised over time, using an input method to measure progress towards complete satisfaction of the service, because the customer simultaneously receives and consumes the benefits provided by the Group.

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. (e.g. warranties, customer loyalty points, etc). In determining transaction price for the sale of goods and rendering services the Group considers effects of variable consideration.

***(ii) Rights of return***

Certain contracts provide a customer with a right to return the goods within a specified period. A refund liability is recognised for the goods that are expected to be returned (i.e., the amount not included in the transaction price). A right of return asset (and corresponding adjustment to cost of sales) is also recognised for the right to recover the goods from the customer included under inventories in the consolidated financial statements.

***(iii) Warranty obligations***

The Group typically provides warranties for general repairs of defects or replacement of defected item(s) that existed at the time of sale, to provide assurance that the sold products comply with agreed–upon quality. These assurance type warranties are accounted for as warranty provisions. Refer to the accounting policy on warranty provisions in section (p) Provisions.

The Group also provides a warranty beyond fixing defects that existed at the time of sale. These service–type warranties are sold either separately or bundled together with the sold goods. Contracts for bundled sales of products and service–type warranty comprise two performance obligations because the goods and service–type warranty are both sold on a stand–alone basis and are distinct within the context of the contract. Using the relative stand–alone selling price method, a portion of the transaction price is allocated to the service–





**2. Material accounting policy information (continued)**

type warranty and recognised as a contract liability. Revenue for service–type warranties is recognised over the period in which the service is provided based on the time elapsed.

***(iv) Bundle sale of spare parts and parts replacement services***

The Group provides services in replacing the spare parts bought at its own retail shops or repair services. These services are sometimes sold separately to customers or bundled together with the sale of spare parts.

Contracts for bundled sales of rendered services are comprised of two performance obligations because the promises to transfer sold goods and render services are capable of being distinct and separately identifiable. Accordingly, the Group allocates the transaction price based on the relative stand–alone selling prices of the goods and rendered services. The Group recognises revenue from rendering services and sale of goods at a point in time in accordance with respective standalone price.

***Contract balances***

*Trade receivables*

A receivable is recognized if an amount of consideration that is unconditional is due from the customer (i.e. only the passage of time is required before payment of the consideration is due).

*Contract liabilities*

A contract liability is recognised if a payment is received or the payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs obligations under the contract.

**(d) Finance income and costs**

The Group's finance income include:

- Interest income;
- The foreign currency gain on financial assets and financial liabilities;
- Income from financial guarantee unwinding;
- Other finance income.

The Group's finance costs include:

- Interest expense on borrowings;
- Interest expenses on lease liabilities;
- Interest expenses in other financial payables;
- The foreign currency loss on financial assets and financial liabilities;
- Other finance costs.

Interest income or expense is recognized using the effective interest rate method.

Foreign currency gains and losses are reported on a net basis as either finance income or finance costs depending on whether foreign currency movements are in a net gain or net loss position.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in profit or loss using the effective interest method.

**(e) Tax**

***Current income tax***

The annual profit earned by entities other than banks, insurance companies and microfinance organizations is not taxed in Georgia starting from 1 January 2017. Corporate income tax on distributed earnings is levied on profit distributed as dividends to the shareholders that are individuals or non–residents of Georgia at the rate of 15/85 of net distribution. The corporate income tax arising from the payment of dividends is accounted for as a liability and 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 certain circumstances, deductions from income tax charge payable are available that are accounted as reduction of income tax expense related to respective distribution. Due to the nature of the Georgian taxation system, no deferred tax assets and liabilities arise for the entities registered in Georgia. Withholding tax payable in respect of dividend distribution to the shareholders of the Group is recognized as deduction from equity in the consolidated statement of changes in equity.

**2. Material accounting policy information (continued)**

Georgian tax legislation also provides for charging corporate income tax on certain transactions that are considered as profit distributions (for example, transactions at non–market prices, non–business related expenses or supply of goods and services free of charge). Taxation of such transactions is accounted similar to operating taxes and is reported as Taxes, other than income tax within general and administrative expenses in profit and loss.

***Value added tax ("VAT")***

Revenues, expenses and assets are recognised net of the amount of sales tax, except:

- When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable;
- When receivables and payables are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of taxes payable, other than income tax or prepaid taxes, other than income tax, that are presented on net basis in the statement of financial position.

***Net presentation of tax assets and liabilities***

Starting from 1 January 2016 changes were introduced in Georgian legislation on the rules of tax settlement. Based on new rules, Revenue Service of Georgia monitors taxpayers' net indebtedness towards to the State by introducing a consolidated accounts of taxpayer. Therefore, the Group presents assets and liabilities related to all taxes payables or receivables by each entity on a net basis.

**(f) Current versus non–current classification**

The Group presents assets and liabilities in statement of financial position based on current/non–current classification. An asset as current when it is:

- Expected to be realised or intended to sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or bank balances unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non–current.

A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non–current.

**(g) Inventories**

Inventories are valued at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated selling expenses. The cost of spare parts and other inventories is determined on the weighted average cost basis and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. The cost of vehicles is determined on the specific identification basis.

**(h) Foreign currency**

The financial statements are presented in GEL, which is also the parent Company's functional currency. For each entity the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation and on disposal of a foreign currency operation, the gain or loss that is reclassified to profit or loss reflects the amount that arises from using direct method.

***Foreign currency transactions and balances***

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.





**2. Material accounting policy information (continued)**

Differences arising on settlement or translation of monetary items are recognized in profit or loss with the exception of monetary items that are designated that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognised in other comprehensive income until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

Non–monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non–monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item. Non–monetary items in a foreign currency that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

In determining the spot exchange rate to use on initial recognition of the related assets, expense or income (or part of it) on the derecognition of a non–monetary asset or non–monetary asset or non–monetary liability relating to advance consideration, the date of the transaction is the date on which the Group initially recognises the non–monetary asset or non–monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of advance consideration.

***Group companies***

On consolidation, the assets and liabilities of foreign operations are translated into GEL at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in the other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss. Where an exchange difference arises on an intragroup balance that, in substance, forms part of an entity's net investment in a foreign operation, then the exchange difference is not to be recognised in profit or loss in the consolidated financial statements, but is recognised in other comprehensive income and accumulated in a separate component of equity until the disposal of the foreign operation.

**(i) Property, plant and equipment**

***Recognition and measurement***

Property, plant and equipment stated at cost, net of accumulated depreciation and impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self–constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment. Construction in progress is stated at cost, net of accumulated impairment losses, if any.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment and depreciated separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the statement of profit and loss as incurred.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and is recognised net within other income/other expenses in profit or loss.

***Depreciation***

Items of property, plant and equipment are depreciated from the date that they are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and is ready for use. Depreciation is based on the cost of an asset less its estimated residual value.

Depreciation is generally recognised in profit or loss on a straight–line basis over the estimated useful lives of each part of an item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Land is not depreciated.

The estimated useful lives of significant items of property, plant and equipment for the current and comparative periods are as follows:

- Buildings 37–50 years;
- Machinery and equipment 1–10 years;
- Office fixtures, vehicles and others 1–10 years.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted, if appropriate.

**2. Material accounting policy information (continued)**

*Depreciation charge*

Depreciation charge of those property, plant and equipment which are directly involved in process are overheads and classified as cost of sales (if inventories and services were realized) or inventories (if produced inventories remained unrealized).

***Borrowing costs***

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

**(j) Intangible assets**

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in profit and loss in the period in which the expenditure is incurred.

The Group's intangible assets have finite useful lives.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

The amortisation expense on intangible assets with finite lives is recognised in the profit or loss as the expense category that is consistent with the function of the intangible assets. The intangible assets of the Group have useful lives from 6 to 15 years.

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss.

**(k) Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

***(i) Financial assets***

***Initial recognition and measurement***

Financial assets are classified at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss. The Group determines the classification of its financial assets at initial recognition.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15 *Revenue From Contracts With Customers*.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Financial assets classified and measured at amortized cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.





**2. Material accounting policy information (continued)**

***Subsequent measurement***

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments);
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments);
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments);
- Financial assets at fair value through profit or loss.

***Financial assets at amortised cost (debt instruments)***

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.
The Group's financial assets at amortised cost includes trade and other receivables and loans issued.

***Impairment of financial assets***

Further disclosures related to impairment of financial assets are also provided in the following notes:

- Significant accounting judgments, estimates and assumptions – Note 5;
- Trade receivables – Note 13;
- Loans issued – Note 12;

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12–months (a 12–month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward–looking factors specific to the debtors and the economic environment.

For funds held in credit institutions (cash and bank balances, bank deposits), the Group calculated ECLs based on the 12–month ECL. The 12–month ECL is the portion of lifetime ECLs that results from default events on a financial instruments that are possible within 12 month after the reporting date. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. The Group assessed that the ECL for funds held in credit institutions is negligible.

For loans and financial guarantees issued, the credit exposure is considered to experience significant increase in credit risk or to be in default following significant deterioration of the credit quality, which is determined as a deterioration of the counterparties credit rating by two positions from initial recognition, or establishment of the credit rating at a level of Ca or below. The Group's issued loans and guarantees are all to entities under common control, therefore their repayments may not always follow the agreed schedule and they may be subject to multiple contract prolongations and restructurings. Therefore the Group does not consider overdue days as a trigger for significant increase in credit risk or credit impairment . However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows. Subsequent recoveries of amounts previously written off decrease the charge for impairment of financial assets in the profit or loss.

***Derecognition***

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass–through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

**2. Material accounting policy information (continued)**

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass–through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

***(ii) Financial liabilities***

***Initial recognition and subsequent measurement***

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, accounts payable, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities as at 31 December 2024 and 2023 include trade and other payables, borrowings and lease liabilities.

***Subsequent measurement***

The measurement of financial liabilities depends on their classification, as described below:

*Loans and borrowings*

After initial recognition, borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as though the EIR amortized process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or cost that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss. This category generally applies to borrowings.

***Derecognition***

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the consolidated income statement.

***(iii) Offsetting of financial instruments***

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

**(l) Impairment of non–financial assets**

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash–generating unit's (CGU) fair value less costs to sell and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

The determination of CGUs is based on the Group's operational and management structure. The Group defined CGUs at the lowest level at which largely independent cash inflows are generated.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre–tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples and other available fair value indicators.





**2. Material accounting policy information (continued)**

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared the Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of four years. For longer periods, a long–term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the profit or loss in expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognized in the statement of comprehensive income.

**Goodwill impairment**

Goodwill is initially recognised and measured as set out above.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a CGU, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

**(m) Fair value measurement**

The Group measures financial instruments at fair value less cost to sell at initial recognition. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability;
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 – valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable;
- Level 3 – valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re–assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

**2. Material accounting policy information (continued)**

**(n) Charter capital**

The amount of the Company's charter capital is defined by the Company's charter. The changes in the Company's charter shall be made only based on the decision of the Company's owners. The charter capital is recognized by the Company to the extent that it was contributed by the owners to the Company.

**(o) Cash and bank balances**

Cash and short–term deposits in the statement of financial position comprise cash at banks and on hand and short–term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

Bank balances for which use by the Group is subject to third party contractual restrictions are included as part of cash unless the restrictions result in a bank balance no longer meeting the definition of cash. Contractual restrictions affecting use of bank balances are disclosed in Note 14. If the contractual restrictions to use the cash extend beyond 12 months after the end of the reporting period, the related amounts are classified as non-current in the statement of financial position.

For the purpose of the statement of cash flows, cash and bank balances consist of cash and bank balances as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

**(p) Provisions**

***General provisions***

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, indemnity clauses or suppliers' warranties, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre–tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

***Warranty provisions and related asset***

The Group provides warranties for general repairs and replacement of defective item(s) and for replacement of products with non–conformity with manufacturer's specifications. Provisions related to these assurance–type warranties are recognized when the product is sold or the service is provided to the customer. Initial recognition is based on historical experience. The initial estimate of warranty–related costs is revised annually.

The Group separately recognizes the warranty related asset to record its right for the warranty reimbursement from the manufacturer, when the reimbursement is virtually certain.

**(q) Leases**

***Determining whether an arrangement contains a lease***

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

***Group as a leesee***

The Group applies a single recognition and measurement approach for all leases, except for short–term leases and leases of low–value assets. The Group recognizes lease liabilities to make lease payments and right–of–use assets representing the right to use the underlying assets.

The group leases various offices, warehouses, land, retail stores, and vehicles. Rental contracts are typically made for fixed periods from 6 months to 20 years.

***(i) Right–of–use assets***

The Group recognizes right–of–use assets at the commencement date of the lease. The right–of–use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses, and adjusted for certain remeasurements of lease liabilities. The cost of right–of–use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right–of–use assets are depreciated on a straight–line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

- Land and buildings 1 to 20 years;
- Vehicles 3 to 5 years.





**2. Material accounting policy information (continued)**

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. Right of use assets are subject to impairment. Refer to the accounting policies in section (l) impairment of non–financial assets.

***(ii) Lease liabilities***

At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in–substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

Some property leases contain variable payment terms that are linked to sales generated from a store. Variable lease payments that do not depend on an index or a rate are recognized as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Both, the right–of–use assets as well as lease liabilities have been presented as a separate line items in the consolidated statement of financial position.

***(iii) Short–term leases and leases of low–value assets***

The Group applies the short–term lease recognition exemption to its short–term leases of buildings, office fixtures and vehicles (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low–value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short–term leases and leases of low value assets are recognised as expense on a straight–line basis over the lease term.

***Group as a lessor***

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight–line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

**(r) Operating Segments**

An operating segment is a component of a Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses related to transactions with other components of the same Group); whose operating results are regularly reviewed by the chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

(Amounts in thousands of Georgian Lari)

## 3. Changes in accounting policies and disclosures

### (a) New and amended standards and interpretations

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The following new or amended standards and interpretations became effective on 1 January 2024, but did not have significant impact on the Group's financial statements:

- Amendments to IFRS 16 Leases—Lease Liability in a Sale and Leaseback.
- Amendments to IAS 1: *Classification of Liabilities as Current or Non–current; Non-current Liabilities with Covenants.*
- Amendments to IAS 7 and IFRS 7: *Supplier Finance Arrangements.*

## 4. New and revised IFRS Accounting Standards in issue but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective. These amendments are not expected to have a significant impact on the Group's consolidated financial statements.

- *Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates titled Lack of Exchangeability*
- *IFRS 18 Presentation and Disclosures in Financial Statements*
- *IFRS 19 Subsidiaries without Public Accountability: Disclosures*

## 5. Critical accounting estimates and assumptions

The preparation of the Group's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

**Estimates and assumptions**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

**Goodwill impairment**

The Group tests goodwill for impairment at least annually. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates as further detailed in Note 6.

The determination of CGUs is based on the Group's operational and management structure. Following the acquisition of the companies during 2022 the Group defined CGUs at the lowest level at which largely independent cash inflows are generated. Specifically, the following entities were determined to constitute individual CGUs: Auto Gallery LLC, Tegeta Car Rent LLC, Caucasus Automotive LLC, Tegeta International LLC, Tegeta Rentals LLC and Aztech & Tegeta Motors LLC. These entities were designated as separate CGUs as they operate independently, have distinct revenue streams, and are managed separately.

Following the assessment of the recoverable amount of cash-generating units, recoverable amount of goodwill is allocated respectively. Budgets are considered in the assessment, which include forecasts of revenues and costs based on current and anticipated market conditions.

Since the projections are inherently uncertain due to their nature, the Group continually evaluates the estimates and judgments, which are based on historical experience and other factors, including expectations on future events that are believed to be reasonable under the circumstances.

**Provision for expected credit losses of financial assets**

**Trade and other receivables**

The Group has two approaches to calculate ECLs for trade receivables and contract assets: individual assessment and collective approach. Individual assessment is only used for significant counteragents, related parties and state organizations.





## 5. Critical accounting estimates and assumptions (continued)

For the collective approach the Group uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward–looking information. At every reporting date, the historical observed default rates are updated and changes in the forward–looking estimates are analyzed.

The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade receivables and contract assets is disclosed in Note 13.

**Determining the lease term of contracts with renewal and termination options – Group as lessee**

The Group determines the lease term as the non–cancellable term of the lease, together with any periods covered by an option to extend the lease if the lessee is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has the option, under some of its leases to lease the assets for additional terms of one to four years. The Group applies judgment in evaluating in whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Group reassessed the lease term if there is a significant event or change in circumstances that is within its control and affects its liability to exercise (or not to exercise) the option of renewal. The Group included the renewal period as part of the lease term for leases of land and buildings, machinery and equipment.

The Group has also several lease contracts that include termination options. The Group applies judgment in evaluation whether it is reasonably certain to exercise the option of termination. The Group doesn't intend to use the termination option for its lease contracts.

**Estimating the incremental borrowing rate used for the calculation of lease liability**

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right–of–use asset in a similar economic environment. The Group estimates the IBR using observable inputs (such as market interest rates published by the National Bank of Georgia) when available and is required to make certain entity–specific estimates.

**Litigation with tax authorities**

The Group exercised judgment in assessing the tax inspection results (see Note 26) and their effect on the consolidated financial statements, concluding that no accrual is necessary at the time of issuing the consolidated statements and that the relevant contingent liability is appropriately disclosed in accordance with IAS 37 - Provisions, Contingent Liabilities and Contingent Assets.

## 6. Goodwill and business combination

*Goodwill*

As a result of the business combinations, goodwill recognized for each CGU at the end of the reporting periods is as follows:

| | 31 December 2024 | 31 December 2023 |
|---|---|---|
| Caucasus Automotive LLC | 38,803 | 38,803 |
| Auto Gallery LLC | 6,926 | 6,926 |
| Car Rent LLC | 21,600 | 21,600 |
| Tegeta Rentals LLC | 11,104 | 11,104 |
| Aztech Tegeta Motors LLC | 4,160 | 4,160 |
| **Total goodwill** | **82,593** | **82,593** |

The Group carried out the impairment test of goodwill as at 31 December 2024 and 2023 of each CGU. The determination of CGUs is based on the Group's operational and management structure. The Group defined CGUs at the lowest level at which largely independent cash inflows are generated. For every company, their recoverable amount and carrying amount were compared to each other to determine whether goodwill impairment had occurred. The recoverable amount of CGU was determined based on value-in-use calculations. These calculations use cash flow projections based on financial forecasts prepared by management covering a five-year period. As a result, there was no goodwill impairment.

(Amounts in thousands of Georgian Lari)

### 6. Goodwill and Business combinations (continued)

Assumptions used for value-in-use calculations were:

| | Caucasus Automotive LLC | Auto Gallery LLC | Car Rent LLC | Tegeta Rentals LLC | Aztech Tegeta Motors LLC |
|---|---|---|---|---|---|
| Average annual sales growth | 18% | 9% | 9% | 11% | 25% |
| Growth rate beyond five years | 5% | 5% | 5% | 5% | 5% |
| Discount rate | 15.8% | 15.8% | 15.8% | 15.8% | 15.4% |

**Acquisition of additional interest in Auto Gallery LLC**

On 13 January 2023, The Group acquired an additional 10% interest of Auto Gallery LLC. Cash consideration of 3,400 GEL was paid to the non-controlling shareholder. Following is a schedule of additional interest acquired:

| | |
|---|---|
| Cash consideration paid to non-controlling shareholder | 3,400 |
| Carrying value of the additional interest | (386) |
| **Differences recognised in other components of equity** | **3,014** |

**Acquisition of additional interest in Aztech Tegeta Motors LLC**

On 5 August 2023, The Group acquired an additional 25% interest of Aztech Tegeta Motors LLC. Cash consideration of 2,526 GEL was paid to the non-controlling shareholder. Following is a schedule of additional interest acquired:

| | |
|---|---|
| Cash consideration paid to non-controlling shareholder | 2,526 |
| Carrying value of the additional interest | (472) |
| **Differences recognised in other components of equity** | **2,054** |





### 7. Segment information

For management purposes, the Group identified two operating segments: Vehicles and related services and Automotive products and related services.

The majority of the Group's revenue is generated in Georgia, therefore information regarding geographical areas is not provided.

Intersegment revenues are eliminated upon consolidation and are reflected in the 'adjustments and eliminations' column.

All corporate expenses and income not directly attributable to an identified segment are allocated to Automotive products and related services segment.

Information related to each reportable segment is set out below as at 31 December 2024:

| | **Vehicles and related services** | **Automotive products and related services** | **Total segments** | **Adjustments and eliminations** | **Consolidated** |
|---|---|---|---|---|---|
| Revenue from contract with customers | 1,534,560 | 690,965 | 2,225,525 | (589,841) | 1,635,684 |
| Cost of sales | (1,303,149) | (603,286) | (1,906,435) | 598,174 | (1,308,261) |
| **Gross profit** | **231,411** | **87,679** | **319,090** | **8,333** | **327,423** |
| General and administrative expenses | (39,869) | (130,446) | (170,315) | 30,394 | (139,921) |
| Selling and distribution expenses | (25,331) | (30,427) | (55,758) | 15,830 | (39,928) |
| Other operating income | 6,936 | 185,358 | 192,294 | (180,993) | 11,301 |
| Other operating expenses | (11,922) | (6,875) | (18,797) | 915 | (17,882) |
| Finance income | 8,380 | 8,222 | 16,602 | (13,259) | 3,343 |
| Finance costs | (18,273) | (51,709) | (69,982) | 13,413 | (56,569) |
| Share of results of associates | – | – | – | 61 | 61 |
| **Reportable segment profit 2024** | **151,332** | **61,802** | **213,134** | **(125,306)** | **87,828** |
| **Total assets** | **743,857** | **876,578** | **1,620,435** | **(440,005)** | **1,180,430** |
| **Total liabilities** | **594,117** | **724,219** | **1,318,336** | **(410,108)** | **908,228** |

Information related to each reportable segment is set out below as at 31 December 2023:

| | **Vehicles and related services** | **Automotive products and related services** | **Total segments** | **Adjustments and eliminations** | **Consolidated** |
|---|---|---|---|---|---|
| Revenue from contract with customers | 1,196,213 | 643,975 | 1,840,188 | (462,029) | 1,378,159 |
| Cost of sales | (992,630) | (564,146) | (1,556,776) | 475,197 | (1,081,579) |
| **Gross profit** | **203,583** | **79,829** | **283,412** | **13,168** | **296,580** |
| General and administrative expenses | (37,393) | (126,624) | (164,017) | 38,461 | (125,556) |
| Selling and distribution expenses | (18,571) | (35,865) | (54,436) | 20,568 | (33,868) |
| Other operating income | 6,480 | 172,763 | 179,243 | (169,228) | 10,015 |
| Other operating expenses | (5,303) | (6,368) | (11,671) | 3,401 | (8,270) |
| Finance income | 7,619 | 11,626 | 19,245 | (8,645) | 10,600 |
| Finance costs | (23,117) | (54,032) | (77,149) | 8,707 | (68,442) |
| Share of results of associates | – | – | – | 69 | 69 |
| **Reportable segment profit 2023** | **133,298** | **41,329** | **174,627** | **(93,499)** | **81,128** |
| **Total assets** | **601,614** | **703,573** | **1,305,187** | **(346,342)** | **958,845** |
| **Total liabilities** | **469,428** | **586,465** | **1,055,893** | **(321,925)** | **733,968** |

(Amounts in thousands of Georgian Lari)

## 8. Property, plant and equipment

Movements in the carrying amount of Group's property, plant and equipment were as follows:

| | Land and buildings* | Machinery and equipment | Office fixtures and vehicles | Others | Construction in progress * | Total |
|---|---|---|---|---|---|---|
| Cost | 124,480 | 28,509 | 40,655 | 19,250 | 11,524 | 224,418 |
| Accumulated depreciation | (13,249) | (16,017) | (13,366) | (8,528) | – | (51,160) |
| **Carrying amount at 1 January 2023** | **111,231** | **12,492** | **27,289** | **10,722** | **11,524** | **173,258** |
| Additions | 12,678 | 6,337 | 24,012 | 17,457 | 39,214 | 99,698 |
| Disposals | (312) | (1,080) | (7,151) | (9,531) | (716) | (18,790) |
| Depreciation charge | (2,190) | (3,297) | (7,350) | (1,814) | – | (14,651) |
| Accumulated depreciation for disposals | 106 | 797 | 1,760 | 1,333 | – | 3,996 |
| **Carrying amount at 31 December 2023** | **121,513** | **15,249** | **38,560** | **18,167** | **50,022** | **243,511** |
| Cost | 136,846 | 33,766 | 57,516 | 27,176 | 50,022 | 305,326 |
| Accumulated depreciation | (15,333) | (18,517) | (18,956) | (9,009) | – | (61,815) |
| **Carrying amount at 31 December 2023** | **121,513** | **15,249** | **38,560** | **18,167** | **50,022** | **243,511** |
| Additions | 4,291 | 6,794 | 14,497 | 28,899 | 45,694 | 100,175 |
| Transfer | 55,247 | 3,251 | 2,428 | (12,860) | (48,066) | – |
| Disposals | (515) | (2,474) | (13,738) | (2,303) | (49) | (19,079) |
| Depreciation charge | (2,490) | (4,007) | (8,402) | (3,261) | – | (18,160) |
| Transfers - Accumulated depreciation | (543) | 14 | (19) | 548 | – | – |
| Accumulated depreciation for disposals | 1 | 1,412 | 2,637 | 1,405 | – | 5,455 |
| **Carrying amount at 31 December 2024** | **177,504** | **20,239** | **35,963** | **30,595** | **47,601** | **311,902** |
| Cost | 195,869 | 41,337 | 60,703 | 40,912 | 47,601 | 386,422 |
| Accumulated depreciation | (18,365) | (21,098) | (24,740) | (10,317) | – | (74,520) |
| **Carrying amount at 31 December 2024** | **177,504** | **20,239** | **35,963** | **30,595** | **47,601** | **311,902** |

* Most of the additions during 2024 and 2023 relate to the expansion and improvement of existing branches and also, construction of a new branch in Tbilisi.

The following are the amounts of depreciation recognized in profit or loss of the Group:

| | 31 December 2024 | 31 December 2023 |
|---|---|---|
| Included in cost of sales | 7,774 | 6,656 |
| Included in general and administrative expenses | 10,386 | 7,995 |
| **Total depreciation expense** | **18,160** | **14,651** |

At 31 December 2024 the Group's land, buildings, machinery and equipment with carrying value of GEL 197,743 (2023: GEL 136,762) have been pledged to third parties as collateral for borrowings (refer to Notes 15 and 26).

The gross carrying amount of fully depreciated property and equipment that is still in use in the Group amounted to GEL 28,896 as at 31 December 2024 (2023: GEL 23,977).

The amount of borrowing costs capitalized during the year ended 31 December 2024 and 2023 was GEL 2,320 and GEL 2,225, respectively.





## 9. Intangible assets

| | Software and licenses | Others | Total |
|---|---|---|---|
| Cost | 12,857 | 1,558 | 14,415 |
| Accumulated amortization | (4,964) | (842) | (5,806) |
| **Carrying amount at 1 January 2023** | **7,893** | **716** | **8,609** |
| Additions | 1,396 | 20 | 1,416 |
| Amortization charge | (1,342) | (46) | (1,388) |
| **Carrying amount at 31 December 2023** | **7,947** | **690** | **8,637** |
| Cost | 14,253 | 1,578 | 15,831 |
| Accumulated amortization | (6,306) | (888) | (7,194) |
| **Carrying amount at 31 December 2023** | **7,947** | **690** | **8,637** |
| Additions | 3,740 | 119 | 3,859 |
| Write-off | (177) | (23) | (200) |
| Amortization charge | (1,401) | (59) | (1,460) |
| **Carrying amount at 31 December 2024** | **10,109** | **727** | **10,836** |
| Cost | 16,776 | 1,572 | 18,348 |
| Accumulated amortization | (6,667) | (845) | (7,512) |
| **Carrying amount at 31 December 2024** | **10,109** | **727** | **10,836** |

In 2024 and 2023, the Company established and enhanced its existing software applications and websites. The remuneration of employees engaged in these projects was capitalized as part of intangible assets and amounted GEL 2,423 and GEL 720, respectively.

(Amounts in thousands of Georgian Lari)

## 10. Right–of–use assets and lease liabilities

Set out below are the carrying amounts of the Group's right–of–use assets recognised and the movements during the period:

| | Land and buildings | Vehicles | Total |
|---|---|---|---|
| Cost | 39,029 | 4,271 | 43,300 |
| Accumulated depreciation | (17,047) | (444) | (17,491) |
| **Carrying amount at 1 January 2023** | **21,982** | **3,827** | **25,809** |
| Additions | 22,933 | – | **22,933** |
| Disposals | (362) | – | **(362)** |
| Modification | 609 | – | **609** |
| Depreciation charge | (5,818) | (255) | **(6,073)** |
| Accumulated depreciation for disposals | 31 | – | **31** |
| **Carrying amount at 31 December 2023** | **39,375** | **3,572** | **42,947** |
| Cost | 62,209 | 4,271 | **66,480** |
| Accumulated depreciation | (22,834) | (699) | **(23,533)** |
| **Carrying amount at 31 December 2023** | **39,375** | **3,572** | **42,947** |
| Additions | 874 | 2,118 | 2,992 |
| Disposals | (2,585) | – | (2,585) |
| Modification | 14,286 | – | 14,286 |
| Depreciation charge | (6,479) | (711) | (7,190) |
| Accumulated depreciation for disposals | 1,064 | – | 1,064 |
| Modification - Accumulated depreciation | 211 | – | 211 |
| **Carrying amount at 31 December 2024** | **46,746** | **4,979** | **51,725** |
| Cost | 74,784 | 6,389 | 81,173 |
| Accumulated depreciation | (28,038) | (1,410) | (29,448) |
| **Carrying amount at 31 December 2024** | **46,746** | **4,979** | **51,725** |

Set out below are the carrying amounts of lease liabilities and the movements during the period:

| | 2024 | 2023 |
|---|---|---|
| **As at 1 January** | **43,184** | **24,666** |
| Additions | 2,645 | 22,933 |
| Accretion of interest | 3,974 | 2,970 |
| Termination | (1,624) | (289) |
| Modification | 14,507 | 609 |
| Payments | (10,761) | (7,961) |
| The effect of changes in foreign exchange rates | 1,608 | 256 |
| **As at 31 December** | **53,533** | **43,184** |
| Current | **6,465** | **6,182** |
| Non–current | **47,068** | **37,002** |

The maturity analysis of lease liabilities is disclosed in Note 27.





## 10. Right–of–use assets and lease liabilities (continued)

Following are the amounts recognized in profit or loss:

| | 2024 | 2023 |
|---|---|---|
| Depreciation expense of right–of–use assets, included in general and administrative expenses and in cost of sales | 7,190 | 6,073 |
| Interest expense on lease liabilities (Note 23) | 3,974 | 2,970 |
| The effect of changes in foreign exchange rates | 1,608 | 256 |
| Expenses related to the short-term lease and leases of low value assets | 2,434 | 1,863 |
| Income from termination of lease agreement | 103 | 42 |
| **Total amount recognized in profit or loss** | **15,309** | **11,204** |

The Group had total cash outflows for leases of GEL 13,195, in 2024 (GEL 9,824 in 2023).

## 11. Inventories

| | 31 December 2024 | 31 December 2023 |
|---|---|---|
| Goods for resale (at lower of cost and net realizable value) | 222,631 | 219,383 |
| Goods in transit (at lower of cost and net realizable value) | 165,698 | 134,854 |
| Other (at cost) | 17,347 | 10,195 |
| **Total inventories** | **405,676** | **364,432** |

The Group's inventories were written down to their net realizable values and expensed in other operating expenses in amounts of GEL 10,954 (2023: GEL 3,515) (refer to Note 22).

At 31 December 2024 and 2023 all of the Group's inventories have been pledged to third parties as collateral for borrowings (refer to Note 26).

## 12. Loans issued

| | 31 December 2024 | 31 December 2023 |
|---|---|---|
| Loan issued to entities under common control | 15,991 | 6,961 |
| Loan issued to parent company | 12,917 | 7,364 |
| Provision for expected credit losses | (769) | (172) |
| **Total loans issued** | **28,139** | **14,153** |

Movements in issued loans were as follows:

| | 2024 | 2023 |
|---|---|---|
| **At 1 January** | **14,153** | **40,033** |
| Loans issued | 22,034 | 22,764 |
| Repayment of loans issued | (9,478) | (29,401) |
| Interest received | (391) | (3,462) |
| Interest income | 2,562 | 4,657 |
| Netting with liabilities | – | (21,159) |
| (Provision) / Recovery for expected credit losses | (597) | 705 |
| Foreign exchange (loss) / Gain | (144) | 16 |
| **At 31 December** | **28,139** | **14,153** |

(Amounts in thousands of Georgian Lari)

## 13. Trade and other receivables

| | 31 December 2024 | 31 December 2023 |
|---|---|---|
| Trade receivables | 198,884 | 68,241 |
| Less provision for expected credit losses | (7,889) | (8,165) |
| **Total trade receivables** | **190,995** | **60,076** |
| Dividends receivable | – | 14 |
| Other receivables | 3,868 | 5,013 |
| **Total trade and other receivables** | **194,863** | **65,103** |

Analysis by credit quality of financial assets within trade and other receivables for the Group as at 31 December 2024 is as follows:

| | Current | <31 days | 31–93 days | 93–186 days | 186–341 days | >341 days | Total |
|---|---|---|---|---|---|---|---|
| Estimated total gross carrying amount at default | 41,337 | 126,719 | 11,223 | 10,509 | 4,468 | 8,496 | **202,752** |
| Expected credit loss | 480 | 194 | 603 | 853 | 1,530 | 4,229 | **7,889** |
| Expected loss rate | 1.16% | 0.15% | 5.37% | 8.12% | 34.24% | 49.78% | **3.89%** |

Analysis by credit quality of financial assets within trade and other receivables for the Group as at 31 December 2023 is as follows:

| | Current | <31 days | 31–93 days | 93–186 days | 186–341 days | >341 days | Total |
|---|---|---|---|---|---|---|---|
| Estimated total gross carrying amount at default | 17,047 | 20,672 | 13,271 | 5,247 | 7,794 | 9,237 | **73,268** |
| Expected credit loss | 273 | 287 | 923 | 686 | 1,769 | 4,227 | **8,165** |
| Expected loss rate | 1.6% | 1.39% | 6.96% | 13.07% | 22.70% | 45.76% | **11.14%** |

Movements in the provision for expected credit losses are as follows:

| | 2024 | 2023 |
|---|---|---|
| **Provision for expected credit losses at 1 January** | 8,165 | 7,462 |
| (Recovery) / Charge for the year, net | (276) | 703 |
| **Provision for expected credit losses at 31 December** | 7,889 | 8,165 |

## 14. Cash and bank balances

| | 31 December 2024 | 31 December 2023 |
|---|---|---|
| Current accounts with banks | 39,078 | 32,098 |
| Cash in transit | 1,166 | 63 |
| Cash on hand | 605 | 1,501 |
| Restricted cash | – | 36,783 |
| **Total cash and bank balances** | **40,849** | **70,445** |
| Restricted amounts | – | (36,783) |
| **Total cash and cash equivalents in the consolidated statement of cash flows** | **40,849** | **33,662** |

Major cash and bank balances are held by the Group with Georgian commercial bank, having Standard and Poor's and Fitch rating of BB.

As at 31 December 2023, substantial amount of the restricted cash balance primarily comprises advance payments received from clients. These funds additionally serve as collateral for banking products that are issued in conjunction with above-mentioned clients.

In 2024, interest income on cash and bank balances amounted to GEL 781 for the Group (2023: GEL 1,456).





## 15. Borrowings

| | 31 December 2024 | 31 December 2023 |
|---|---|---|
| Loans received – non–current portion | 116,167 | 301,608 |
| Loans received – current portion | 375,751 | 118,144 |
| **Total borrowings** | **491,918** | **419,752** |

In 2022, the Company issued bonds in the amount of GEL 150,000 (ISIN: GE2700604236) maturing in 2025, with variable interest rate of 3.5% + TIBR 3M determined by the National Bank of Georgia. The bonds were used to refinance existing loans from the Georgian commercial banks.

In April 2023, the Company successfully issued bonds, with a total value of USD 20,000 (ISIN: GE 2700604335) and EUR 5,000 (ISIN: GE 2700604327), with interest rates of 8.5% and 7%, respectively. This marked the Company's first foreign-currency listing accessible to individual investors. The proceeds from this listing were entirely allocated to refinancing of the existing debt obligations of the Group.

On 29 June 2023, the Company introduced bonds valued at GEL 20,000 (ISIN: GE 2700604376), with variable interest rate of 3.5% + TIBR 6M issued by the National Bank of Georgia. This transaction represents the first GEL-denominated green bond issuance and the largest green bond transaction on the local stock exchange at the time. The Asian Development Bank fully subscribed to these bonds, marking the first foreign direct investment for the Group. The funds raised through these bonds will be entirely dedicated to green initiatives, emphasizing the long-term commitment to sustainable development of the Group.

In 2023, the Company also successfully issued bonds, with a total value of GEL 20,000 (ISIN: GE 2700604590), EUR 4,000 (ISIN: GE 2700604566) and EUR 7,000 (ISIN: GE 2700604616), with interest rates of 14.5%, 7% and 6.75%, respectively. The bonds were used to refinance existing loans from the Georgian commercial banks.

In 2024, the Company successfully issued bonds in local currency, with a total value of GEL 10,000 (ISIN: GE 2700604756), GEL 15,000 (ISIN: GE2700604830) with interest rates of 13.5%.

In 2024, the Company also successfully issued bonds, with a total value of EUR 10,000 (ISIN: GE 2700604699), USD 5,000 (ISIN: GE 2700604707), USD 3,300 (ISIN: GE 2700604715), USD 5,000 (ISIN: GE 2700604780), USD 5,000 (ISIN: GE 2700604996) with interest rates of 6.75%, 8.5%, 8.5%, 8.5% and 8.25%, respectively. The bonds were used to refinance existing loans from the Georgian commercial banks.

The table below summarizes outstanding loans received as at 31 December 2024:

| Original currency | Agreement date | Maturity date | Lender | Amount |
|---|---|---|---|---|
| GEL | 2022 | 2025 | Bonds | 150,240 |
| USD | 2023 | 2025 | Bonds | 56,899 |
| USD | 2024 | 2026 | Bonds | 51,578 |
| EUR | 2023 | 2025 | Bonds | 46,835 |
| GEL | 2023 | 2025 | Bonds | 39,926 |
| GEL | 2024 | 2026 | Bonds | 25,632 |
| EUR | 2024 | 2026 | Bonds | 22,035 |
| JPZ | 2024 | 2025 | Georgian commercial bank | 21,390 |
| GEL | 2024 | 2025 | Georgian commercial bank | 20,082 |
| EUR | 2024 | 2025 | Georgian commercial bank | 17,136 |
| USD | 2023 | 2025 | Azerbaijanian commercial bank | 12,717 |
| GEL | 2024 | 2034 | Georgian commercial bank | 8,728 |
| RUB | 2021 | 2025 | Georgian commercial bank | 4,608 |
| EUR | 2023 | 2028 | Georgian commercial bank | 4,104 |
| GEL | 2021 | 2026 | Georgian commercial bank | 3,859 |
| GEL | 2024 | 2029 | Georgian commercial bank | 3,370 |
| EUR | 2024 | 2029 | Georgian commercial bank | 1,152 |
| USD | 2024 | 2029 | Georgian commercial bank | 1,002 |
| GEL | 2020 | 2025 | Georgian commercial bank | 478 |
| GEL | 2022 | 2025 | Georgian commercial bank | 65 |
| GEL | 2022 | 2026 | Georgian commercial bank | 35 |
| USD | 2024 | 2025 | Georgian commercial bank | 21 |
| GBP | 2024 | 2025 | Georgian commercial bank | 21 |
| GEL | 2022 | 2025 | Physical person | 4 |
| GEL | 2023 | 2025 | Georgian commercial bank | 1 |
| | | | | **491,918** |

(Amounts in thousands of Georgian Lari)

### 15. Borrowings (continued)

The table below summarizes outstanding loans received as at 31 December 2023:

| Original currency | Agreement date | Maturity date | Lender | Amount |
|---|---|---|---|---|
| GEL | 2022 | 2025 | Bonds | 149,749 |
| GEL | 2022 | 2024 | Georgian commercial bank | 38,481 |
| GEL | 2023 | 2024 | Georgian commercial bank | 39,240 |
| USD | 2023 | 2025 | Bonds | 54,285 |
| EUR | 2023 | 2025 | Bonds | 46,763 |
| GEL | 2023 | 2025 | Bonds | 39,531 |
| JPZ | 2023 | 2024 | Georgian commercial bank | 11,720 |
| USD | 2023 | 2024 | Azerbaijanian commercial bank | 11,327 |
| GEL | 2019 | 2025 | Georgian commercial bank | 7,366 |
| GEL | 2021 | 2026 | Georgian commercial bank | 5,599 |
| RUB | 2021 | 2024 | Georgian commercial bank | 5,428 |
| EUR | 2023 | 2028 | Georgian commercial bank | 4,192 |
| GEL | 2023 | 2033 | Georgian commercial bank | 2,713 |
| EUR | 2023 | 2024 | Legal Entity | 1,045 |
| GEL | 2020 | 2025 | Georgian commercial bank | 940 |
| USD | 2023 | 2024 | Georgian commercial bank | 716 |
| GEL | 2022 | 2025 | Georgian commercial bank | 153 |
| GEL | 2022 | 2024 | Legal Entity | 151 |
| EUR | 2023 | 2024 | Georgian commercial bank | 116 |
| GEL | 2022 | 2024 | Physical person | 90 |
| GEL | 2019 | 2024 | Georgian commercial bank | 71 |
| GEL | 2022 | 2026 | Georgian commercial bank | 53 |
| GBP | 2023 | 2024 | Georgian commercial bank | 21 |
| USD | 2023 | 2024 | Legal Entity | 2 |
| | | | | **419,752** |

For details of assets pledged for bank loans as collateral and discussion of compliance with covenants refer to Note 26.

Movements in borrowings were as follows:

| | 2024 | 2023 |
|---|---|---|
| **At 1 January** | **419,752** | **285,202** |
| Proceeds from borrowings | 765,550 | 539,239 |
| Interest expense (Note 23) | 51,007 | 47,615 |
| Capitalized interest | 2,320 | 2,225 |
| Interest payments | (51,739) | (48,504) |
| Principal payments | (696,468) | (408,394) |
| Foreign exchange gain, net | 1,496 | 2,439 |
| Netting with trade receivable | – | (70) |
| **At 31 December** | **491,918** | **419,752** |

### 16. Trade and other payables

| | 31 December 2024 | 31 December 2023 |
|---|---|---|
| Trade payables | 230,169 | 157,053 |
| Payables for non–current assets | 4,498 | 9,586 |
| Dividends payable | 1,212 | 747 |
| Payables to associates | 76 | 12 |
| **Total financial liabilities within trade and other payables** | **235,955** | **167,398** |
| Accrued employee benefit costs | 12,793 | 15,415 |
| Other | 1, 761 | 1,683 |
| **Total trade and other payables** | **250,509** | **184,496** |





### 17. Revenue from contract with customers

| | 2024 | 2023 |
|---|---|---|
| Revenue from goods sold | 1,550,115 | 1,320,383 |
| Revenue from rendered services | 85,569 | 57,776 |
| **Total revenues** | **1,635,684** | **1,378,159** |

Goods were transferred at a point in time, while rendered service was transferred over time during 2024 and 2023.

The Group has recognized the following revenue–related trade receivables and contract liabilities:

| | 31 December 2024 | 31 December 2023 |
|---|---|---|
| Trade receivables (Note 13) | 190,995 | 60,076 |
| Contract liabilities – current portion | 77,131 | 66,377 |
| Contract liabilities – non–current portion | 6,032 | 3,422 |

Accounts receivable are recognized when the right to consideration becomes unconditional. Contract liabilities are received consideration from the customers and represent the Group's obligation to transfer goods or services to these customers.

Contract liabilities of the Group in the amount of GEL 77,131 is expected to be recognized as revenue in 2025 related to performance obligations that are unsatisfied at the reporting date. In 2024, the Group recognized revenue for nearly all outstanding contract liabilities, that were included under current portion at the beginning of the reporting period.

Non–current portion of contract liabilities are fully attributable to the service–type warranties provided for the buses sold by the Group.

### 18. Cost of sales

| | 2024 | 2023 |
|---|---|---|
| Cost of goods sold at a point in time | (1,227,119) | (1,011,976) |
| Cost of services rendered over time: | | |
| Staff costs | (33,850) | (31,085) |
| Purchased services | (26,986) | (20,745) |
| Depreciation and amortization | (7,811) | (6,677) |
| Consumable materials used | (2,158) | (1,902) |
| Expenses related to the short–term lease and leases of low value assets | – | (1,243) |
| Depreciation expense of right-of-use assets | (217) | (237) |
| Other costs | (10,120) | (7,714) |
| **Total cost of sales** | **(1,308,261)** | **(1,081,579)** |

### 19. General and administrative expenses

| | 2024 | 2023 |
|---|---|---|
| Staff costs | (75,852) | (73,710) |
| Depreciation and amortization | (11,809) | (9,362) |
| Professional services | (9,783) | (9,004) |
| Taxes other than on income | (8,956) | (5,131) |
| Office expense | (7,131) | (5,408) |
| Depreciation expense of right-of-use assets | (6,956) | (5,836) |
| Utility | (3,421) | (3,061) |
| Business trip expense | (2,976) | (3,339) |
| Expenses related to the short–term lease and leases of low value assets | (2,109) | (344) |
| Bank Charges | (1,514) | (1,441) |
| Fuel expense | (1,461) | (1,203) |
| Security | (1,428) | (1,043) |
| Repair and maintenance | (1,259) | (1,588) |
| Communication expense | (1,240) | (1,306) |
| Audit fee | (741) | (673) |
| Other expenses | (3,285) | (3,107) |
| **Total general and administrative expenses** | **(139,921)** | **(125,556)** |

(Amounts in thousands of Georgian Lari)

## 20. Selling and distribution expenses

| | 2024 | 2023 |
|---|---|---|
| Staff costs | (17,774) | (12,983) |
| Advertising expenses | (11,055) | (11,740) |
| Distribution costs | (4,938) | (5,096) |
| Transportation expenses | (1,304) | (1,004) |
| Fuel expense | (839) | (982) |
| Expenses related to the short–term lease and leases of low value assets | (325) | (276) |
| Repair and maintenance | (114) | (150) |
| Depreciation expense of right-of-use assets | (17) | – |
| Other expenses | (3,562) | (1,637) |
| **Total Selling and distribution expenses** | **(39,928)** | **(33,868)** |

## 21. Other operating income

| | 2024 | 2023 |
|---|---|---|
| Insurance claim reimbursement | 2,174 | 1,416 |
| Professional services | 1,671 | 1,786 |
| Operating lease income | 1,414 | 1,068 |
| Storage services | 399 | 343 |
| Derecognition of trade payables | 36 | 243 |
| Reversal of expected credit losses on loans issued | – | 705 |
| Other | 5,607 | 4,454 |
| **Total other operating income** | **11,301** | **10,015** |

## 22. Other operating expenses

| | 2024 | 2023 |
|---|---|---|
| Write–down of inventories to net realizable value (Note 11) | (10,954) | (3,515) |
| Fines, penalties and tax related expenses | (966) | (307) |
| Provision for expected credit losses for issued loans (Note 12) | (597) | – |
| Charge for expected credit losses for trade and other receivables and write-off of doubtful trade and other receivables | (452) | (921) |
| Other | (4,913) | (3,527) |
| **Total other operating expenses** | **(17, 882)** | **(8,270)** |

## 23. Finance costs

| | 2024 | 2023 |
|---|---|---|
| Interest expenses on borrowings (Note 15) | (51,007) | (47,615) |
| Interest expenses on lease liabilities (Note 10) | (3,974) | (2,970) |
| Foreign exchange losses, net | (378) | (8,538) |
| Interest expenses on other financial liabilities (Note 26) | – | (2,939) |
| Other | (1,210) | (6,380) |
| **Total finance costs** | **(56,569)** | **(68,442)** |





## 24. Income tax expenses

The current income tax represents tax on dividends declared to the shareholders of the Company.

| | 2024 | 2023 |
|---|---|---|
| **Total dividends declared** | **(40,000)** | **(48,336)** |
| *Out of which:* | | |
| Non–taxable dividends | (39,512) | (47,747) |
| Taxable dividends | (488) | (589) |
| Tax rate used (%) | 15/85 | 15/85 |
| **Theoretical income tax expense at the statutory rate** | **(86)** | **(104)** |
| Non–deductible expenses and other permanent differences | – | – |
| **Income tax expense** | **(86)** | **(104)** |

Dividends in the amount of GEL 39,512 declared to the TGM Group LLC are non–taxable as they occur between Georgian legal entities (2023: GEL 47,747).

## 25. Equity

### 25.1 Dividends declared

The Company declared dividends to its existing shareholders in the amount of GEL 40,000 in 2024 (2023: GEL 48,336). Movements in dividends payable were as follows:

| | 2024 | 2023 |
|---|---|---|
| **At 1 January** | 747 | 2,752 |
| Dividends declared | 40,000 | 48,336 |
| Dividends paid | (39,535) | (30,855) |
| Netting with issued loans (Note 12) | – | (19,486) |
| **At 31 December** | **1,212** | **747** |

### 25.2 Financial guarantees to the Shareholder

Financial guaranties to the Shareholder relate to recognition of financial guarantee contracts and other financial liabilities in line with the Group's accounting policies. In December 2023 the financial guarantee was closed, and termination effect resulting in increase of equity amounting to GEL 28,351.

## 26. Contingencies and commitments

### Tax legislation

The taxation system in Georgia is relatively new and is characterized by frequent changes in legislation, official pronouncements and court decisions, which are often unclear, contradictory and subject to varying interpretations 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.

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 the financial statements, if the authorities were successful in enforcing their own interpretations, could be significant.

In January 2024, the Revenue Service initiated a review of share purchase transactions involving a related party and concluded that the transactions may lack economic substance, potentially giving rise to an income tax liability for the Company. As a result, the Revenue Service assessed a total charge of GEL 39,390, comprising income tax, penalties, and fines.

Tegeta Motors LLC disagrees with the assessment, asserting that the transactions were executed for a legitimate business purpose and reflect arm's length terms consistent with prevailing market conditions. The transaction value was determined based on a fair value assessment conducted by an independent and reputable forensic firm.

The Company has formally contested the assessment on procedural and substantive grounds, filing appeals with the relevant tax authorities. To support its position, Tegeta Motors LLC engaged a leading Georgian consulting firm to represent its interests.

(Amounts in thousands of Georgian Lari)

**26. Contingencies and commitments (continued)**

Both the Revenue Service Dispute Department and the Council of Tax Appeals (the tax dispute resolution body under the Ministry of Finance of Georgia) ruled against the Company. Subsequently, the Company appealed to the Tbilisi City Court, which also rejected the Company's claim in its decision dated 11 April 2025.

Under Georgian law, the judiciary system consists of three tiers: the Court of First Instance, the Court of Appeals, and the Supreme Court. Accordingly, on 13 May 2025, Tegeta Motors LLC appealed the decision of the Tbilisi City Court to the Tbilisi Court of Appeals.

Management remains confident in the strength of the Company's legal position and continues to expect a favorable outcome.

**Assets pledged**

The following assets were pledged as collateral towards the borrowings from banks (Note 15):

| | 31 December 2024 | 31 December 2023 |
|---|---|---|
| Land and buildings (Notes 8, 15) | 177,504 | 121,513 |
| Machinery and equipment (Notes 8, 15) | 20,239 | 15,249 |
| Inventories (Notes 11, 15) | 405,676 | 364,432 |

**Financial guarantee contracts and other financial liabilities**

As at 31 December 2021 the Company has entered into 'blanket' guarantee contract with the Georgian commercial bank. Under this Guarantee the Company guarantees performance of entities under common control (including its parent entity) related to their loans towards the bank. In December 2023 this guarantee was terminated and Company has no more financial liabilities at the end of the reporting period.

Movements in the financial guarantee issued is as follows:

| | 2024 | 2023 |
|---|---|---|
| **Financial guarantees at 1 January** | – | **29,980** |
| Interest expenses | – | 2,939 |
| Gain from remeasurement | – | (4,484) |
| Foreign exchange gain net | – | (84) |
| Guarantees closed during the year | – | (28,351) |
| **Financial guarantees at 31 December** | – | – |

**Compliance with contractual covenants**

The Group is subject to certain covenants related primarily to its bank loans and bonds (Note 15). Non–compliance with such covenants may result in negative consequences for the Group. As at 31 December 2024, the Group was in compliance with all the contractual covenants.

**Contractual commitments – the Group as a lessor**

The Group's future minimum rentals receivable under non–cancellable operating leases as at 31 December 2024 are as follows:

| | Demand and less than 1 month | From 1 to 3 months | From 3 to 12 months | From 1 to 5 years | Over 5 years | Total |
|---|---|---|---|---|---|---|
| Rent income | 85 | 161 | 592 | 1,712 | 157 | 2,707 |
| **Total future payments** | **85** | **161** | **592** | **1,712** | **157** | **2,707** |

The Group's future minimum rentals receivable under non–cancellable operating leases as at 31 December 2023 are as follows:

| | Demand and less than 1 month | From 1 to 3 months | From 3 to 12 months | From 1 to 5 years | Over 5 years | Total |
|---|---|---|---|---|---|---|
| Rent income | 124 | 249 | 1,008 | 2,157 | – | 3,538 |
| **Total future payments** | **124** | **249** | **1,008** | **2,157** | – | **3,538** |





**27. Financial risk management**

The Group's principal financial liabilities comprise borrowings, lease liabilities, financial guarantee contracts, trade and other payables and other financial liabilities. The main purpose of these financial liabilities is to raise finances for the Group's operations and investing activities. The Group has trade and other receivables, amounts due from the financial institutions and cash and bank balances and loans issued that arrive directly from its operations. The Group is exposed to credit risk, foreign currency risk, liquidity risk and interest rate risk.

**Credit risk**

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables), investing activities (primarily loan issued) and from its financing activities, including deposits with banks.

The Group's maximum exposure to credit risk by class of assets is reflected in the carrying amounts of financial assets in the statement of financial position.

| | 31 December 2024 | 31 December 2023 |
|---|---|---|
| Trade and other receivables (Note 13) | 194,863 | 65,103 |
| Loans issued (Note 12) | 28,139 | 14,153 |
| Cash and bank balances (Note 14) | 40,849 | 70,445 |
| **Total maximum exposure to credit risk** | **263,851** | **149,701** |

***Trade receivables***

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns. The calculation reflects the probability–weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events and current conditions. Generally, trade receivables are written–off if past due for more than one year and are not subject to enforcement activity.

The Group's management review ageing analysis of outstanding trade receivables and follows up on past due balances. Management therefore considers it appropriate to provide ageing and other information about credit risk as disclosed in Note 13.

The Group has no significant concentrations of credit risk since the customers portfolio is diversified among a large number of customers, both private individuals and companies. Although collection of receivables could be influenced by economic factors, management believes that there is no significant risk of loss to beyond the provisions already recorded in the consolidated financial statement. Also, status of major customers and respective receivables are monitored on daily bases.

***Cash on current account and short–term deposits***

The Group manages the credit risk by depositing the majority of available cash with well–known banks in Georgia. Management of the Group continually monitors the status of the banks where deposits are maintained.

***Loans issued***

Loans are issued to entities under common control and the Ultimate Controlling Party as part of a finance management function for a wider group of companies under common control. ECL estimation on the loans issued is described in Note 5. Management believes that there is no significant risk of loss to beyond the provisions already recorded in the consolidated financial statement.

**Market risk**

Market risks arise from open positions in (a) foreign currencies and (b) interest bearing liabilities all of which are exposed to general and specific market movements. Management sets limits on the value of risk that may be accepted, which is monitored on a daily basis. However, the use of this approach does not prevent losses outside of these limits in the event of more significant market movements.

Sensitivities to market risks included below are based on a change in a factor while holding all other factors constant. In practice this is unlikely to occur and changes in some of the factors may be correlated – for example, changes in interest rate and changes in foreign currency rates.

(Amounts in thousands of Georgian Lari)

### 27. Financial risk management (continued)

**Currency risk**

The Group is exposed to currency risk to the extent that there is a mismatch between currencies in which sales, purchases and borrowings are denominated and the respective functional currencies of Group entities. The functional currencies of Group companies are primarily the Georgian Lari (GEL). The currencies in which these transactions primarily are denominated are USD, EUR, Pound Sterling and Japanese Yen of which transactions in USD and EUR are most significant.

The table below summarizes the Group's exposure to foreign currency exchange rate risk at the end of the reporting period:

| | 31 December 2024 | | | 31 December 2023 | | |
|---|---|---|---|---|---|---|
| | Monetary financial assets | Monetary financial liabilities | Net position | Monetary financial assets | Monetary financial liabilities | Net position |
| US Dollars | 40,523 | (255,248) | **(214,725)** | 55,716 | (159,394) | **(103,678)** |
| Euros | 145,007 | (216,833) | **(71,826)** | 23,357 | (139,909) | **(116,552)** |

The following table presents sensitivities of profit and loss and equity to reasonably possible changes in exchange rates applied at the end of the reporting period relative to the functional currency of the Group with all other variables held constant:

| | 2024<br>Impact on profit or loss | 2023<br>Impact on profit or loss |
|---|---|---|
| US Dollar strengthening by 10% | (21,473) | (10,368) |
| US Dollar weakening by 10% | 21,473 | 10,368 |
| Euro strengthening by 10% | (7,183) | (11,655) |
| Euro weakening by 10% | 7,183 | 11,655 |

**Interest rate risk**

The Group takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. The table below summarizes the Group's exposure to interest rate risks.

| | 31 December 2024 | 31 December 2023 |
|---|---|---|
| Borrowings | 208,504 | 263,322 |

A reasonably possible change of 100 basis points in interest rates at the reporting date would have affected profit or loss of the Group by GEL 2,085 (2023: GEL 2,633). This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

**Liquidity risk**

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group ensures that it has sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

The table below shows liabilities by their remaining contractual maturity. When the amount payable is not fixed, the amount disclosed is determined by reference to the conditions existing at the end of the reporting period. Foreign currency payments are translated using the spot exchange rate at the end of the reporting period.

The following are the remaining contractual maturities of financial liabilities at the 31 December 2024. The amounts are gross and undiscounted and include estimated interest payments.

| | Demand and less than 1 month | From 1 to 3 months | From 3 to 12 months | From 1 to 5 years | Over 5 years | Total | Total carrying amount |
|---|---|---|---|---|---|---|---|
| Borrowings | 8,057 | 12,673 | 390,313 | 123,963 | 6,799 | **541,805** | **491,918** |
| Lease liabilities | 904 | 1,924 | 7,755 | 33,193 | 35,045 | **78,821** | **53,533** |
| Trade and other payables | 250,509 | – | – | – | – | **250,509** | **250,509** |
| **Total future payments** | **259,470** | **14,597** | **398,068** | **157,156** | **41,844** | **871,135** | **795,960** |





### 27. Financial risk management (continued)

The following are the remaining contractual maturities of financial liabilities at the 31 December 2023. The amounts are gross and undiscounted, and include estimated interest payments and exclude the impact of netting agreements.

| | Demand and less than 1 month | From 1 to 3 months | From 3 to 12 months | From 1 to 5 years | Over 5 years | Total | Total carrying amount |
|---|---|---|---|---|---|---|---|
| Borrowings | 10,095 | 13,172 | 134,468 | 337,502 | – | **495,237** | **419,752** |
| Lease liabilities | 748 | 1,593 | 7,556 | 29,347 | 23,128 | **62,372** | **43,184** |
| Trade and other payables | 184,496 | – | – | – | – | **184,496** | **184,496** |
| **Total future payments** | **195,339** | **14,765** | **142,024** | **366,849** | **23,128** | **742,105** | **647,432** |

The Group does not have formal objectives set in respect of management of capital.

### 28. Fair value of financial instruments

Fair value of financial assets and financial liabilities approximates carrying value.

For financial assets and financial liabilities that are liquid or having a short-term maturity (less than twelve months), and for the financial liabilities with floating interest rates, it is assumed that the carrying amounts approximate to their fair value. The fair value of borrowings with fixed interest rates is estimated by discounting future cash flows using rates currently available for loans on similar terms, credit risk and remaining maturities.

All of the financial assets and financial liabilities for which fair values are disclosed are measured at level 3 of fair value hierarchy, except for cash and bank balances, which is measured at level 1 and except bonds, which is measured at level 2.

### 29. Balances and transactions with related parties

Parties are generally considered to be related if the parties are under common control or if one party has the ability to control the other party or can exercise significant influence or joint control over the other party in making financial and operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form.

Transactions with other related parties are mainly purchase and sale of vehicles and automotive products.

At 31 December 2024, the outstanding balances with related parties were as follows:

| | Owners | Key management | Associates | Other related parties | Total |
|---|---|---|---|---|---|
| Trade receivables | 103 | 542 | – | 5,884 | 6,529 |
| Less: provision for ECL | (84) | (240) | – | (861) | (1,185) |
| Prepayments | – | 6 | – | 12,487 | 12,493 |
| Loans issued | 12,917 | – | – | 13,991 | 26,908 |
| Less: provision for ECL | (62) | – | – | (707) | (769) |
| Lease liabilities | (24,777) | – | (311) | – | (25,088) |
| Trade and other payables | (332) | (31) | (76) | (7,353) | (7,792) |
| Advances received | | (15) | – | (53) | (68) |
| Dividends payable | (1,198) | – | – | – | (1,198) |
| Accrued employee benefit costs | (576) | (3,123) | – | – | (3,699) |

(Amounts in thousands of Georgian Lari)

## 29. Balances and transactions with related parties (continued)

At 31 December 2023, the outstanding balances with related parties were as follows:

| | Owners | Key management | Associates | Other related parties | Total |
|---|---|---|---|---|---|
| Trade and other receivables | 134 | 661 | – | 4,055 | **4,850** |
| Less: provision for ECL | (68) | (35) | – | (1,974) | **(2,077)** |
| Prepayments | 12 | 6 | – | 9,079 | **9,097** |
| Loans issued | 7,364 | – | – | 6,635 | **13,999** |
| Less: provision for ECL | (36) | – | – | (136) | **(172)** |
| Borrowings | – | (44) | – | (1,197) | **(1,241)** |
| Lease liabilities | (9,982) | – | (89) | – | **(10,071)** |
| Trade and other payables | (2) | (11) | (29) | (18,416) | **(18,458)** |
| Advances received | – | (1) | – | (17) | **(18)** |
| Dividends receivable | – | – | 14 | – | **14** |
| Dividends payable | (735) | – | – | (12) | **(747)** |
| Accrued employee benefit costs | – | (5,881) | – | – | **(5,881)** |

Other related parties mainly represent entities and/or individuals related to the ultimate controlling party of the Company.

The transaction amounts with related parties for the year ended 31 December 2024 were as follows:

| | Owners | Key management | Associates | Other related parties | Total |
|---|---|---|---|---|---|
| Sale of goods | 14 | 336 | – | 2,103 | **2,453** |
| Revenue from services rendered | 22 | 119 | – | 3,735 | **3,876** |
| Rental income | – | – | – | 1,254 | **1,254** |
| Purchases of goods for resale | – | (212) | – | (31,896) | **(32,108)** |
| Purchases of property and services | – | (67) | – | (15,917) | **(15,984)** |
| Rent expense | – | (9) | – | – | **(9)** |
| Professional service expenses | – | (113) | – | (6,959) | **(7,072)** |
| Staff costs | (1,086) | (9,569) | – | (240) | **(10,895)** |
| Interest income | 1,528 | – | – | 819 | **2,347** |
| Interest expense | – | (1) | – | (32) | **(33)** |
| Interest expense on lease liability | (1,036) | – | (44) | – | **(1,080)** |
| Share of results | – | – | 61 | – | **61** |
| Dividends paid | (39,535) | – | – | – | **(39,535)** |
| Others | (61) | (358) | (22) | (381) | **(822)** |

The transaction amounts with related parties for the year ended 31 December 2023 were as follows:

| | Owners | Key management | Associates | Other related parties | Total |
|---|---|---|---|---|---|
| Sale of goods | 27 | 869 | – | 16,591 | **17,487** |
| Revenue from services rendered | 3 | 103 | – | 1,476 | **1,582** |
| Rental income | – | – | – | 973 | **973** |
| Purchases of goods for resale | – | (262) | – | (33,217) | **(33,479)** |
| Purchases of property and services | – | (67) | – | (36,561) | **(36,628)** |
| Rent expense | – | (21) | – | – | **(21)** |
| Professional service expenses | – | (3) | – | (4,505) | **(4,508)** |
| Staff costs | – | (13,132) | – | (43) | **(13,175)** |
| Interest income | 2,877 | – | – | 1,637 | **4,514** |
| Interest expense | – | (24) | – | (348) | **(372)** |
| Interest expense on lease liabilities | (729) | – | (21) | – | **(750)** |
| Share of results | – | – | 69 | – | **69** |
| Dividend income | – | – | 93 | – | **93** |
| Dividends paid | (28,261) | (128) | – | (2,437) | **(30,826)** |
| Other interest expenses | (2,297) | – | – | (5,479) | **(7,776)** |
| Gain of remeasurement of financial guarantee | 4,484 | – | – | – | **4,484** |
| Others | (80) | (470) | (23) | (1,252) | **(1,825)** |





## 30. Non–cash transactions

The Group aggregated tax liabilities and current income tax prepaid with the amount of GEL 1,158 during 2024 (2023: GEL 1,195).

In 2024, The Group also had non–cash additions to right–of–use assets and lease liabilities of GEL 2,992 and GEL 2,645, respectively (2023: GEL 22,933).

## 31. Subsequent events

In 2025, the Group declared dividends to its existing shareholders in the amount of GEL 18,900.

On 8 April 2025, the Company successfully issued bonds valued at USD 10,000 (ISIN: GE 2700605043), with interest rate of 8.00%. The proceeds from this listing were entirely allocated to refinancing of the existing debt obligations of the Group.

On 28 April 2025, the Company successfully issued bonds valued at USD 10,000 (ISIN: GE 2700605068), with interest rate of 8.00%. The proceeds from this listing were entirely allocated to refinancing of the existing debt obligations of the Grou

# 19 GLOSSARY AND ABBREVIATIONS

# GLOSSARY AND ABBREVIATIONS

## A

1. ADB - The Asian Development Bank
2. AI - Artificial Intelligence
3. Ammann - Ammann Group Holding AG

## B

1. B2B - Business-to-Business
2. B2C-Business-to-Consumer
3. BARTA - Best Annual Report and Transparency Award
4. Bentley - Bentley Motors Ltd
5. Big Four - The Big Four are the four largest professional services networks in the world: Deloitte, EY, KPMG, and PwC
6. BMC - BMC Automotive Industry and Trade
7. BMC - The Brihanmumbai Municipal Corporation
8. BoBCAT – Bobcat Company
9. BOMAG – Bopparder Maschinenbau-Gesellschaft mbH
10. BOSCH - Robert Bosch GmbH
11. Bridgestone – Bridgestone Tire Co., Ltd.
12. BRT – Bus Rapid Transit

## C

1. CAPEX - Capital Expenditures
2. Cenntro - Cenntro Electric Group Limited
3. CEO - Chief Executive Officer
4. Chery - Chery Automobile Co. Ltd.
5. CNG - Compressed Natural Gas
6. COO – Chief Operating Officer
7. CRM – Customer Relationship Management
8. CSO – Chief Strategy Officer
9. CSR – Corporate Social Responsibility

## D

1. DE&I – Diversity, Equity, and Inclusion

## E

1. EBITDA - Earnings Before Interest, Taxes, Depreciation, and Amortization
2. EBITDA Margin - The percentage of revenue that remains after excluding interest, taxes, depreciation, and amortization.
3. EBRD - European Bank for Reconstruction and Development
4. EBRD/E5P - Eastern Europe Energy Efficiency and Environmental Partnership (E5P)
5. EFTA – European Free Trade Association
6. ERP - Enterprise Resource Planning
7. ESG - Environmental, Social, and Governance
8. EU - European Union
9. EURO 5 Standard - European Emission Standard 5
10. Europcar - Europcar Mobility Group
11. EV - Electric Vehicle

## G

1. GDP - Gross domestic product
2. Geely - Zhejiang Geely Holding Group Co., Ltd. (ZGH), commonly known as Geely Holding
3. Goldcar – GOLDCAR RENTAL UK LTD
4. GPS – Global Positioning System
5. GRI – Global Reporting Initiative
6. GWP – Georgian Water and Power LLC

## H

1. Heli – Anhui Forklift Group Corporation Ltd.
2. HR – Human Resources
3. HRM – Human Resources Management
4. Hyundai – Hyundai Motor Company

## I

1. IFC - International Finance Corporation
2. IFI - International Financial Institution
3. ILO - International Labor Organization
4. Indian Motorcycles - Indian Motocycle Co.
5. ISO - International Organization for Standardization
6. IT - Information Technology

## J

1. JCB - Joseph Cyril Bamford Excavators Ltd.

## K

1. KPI - Key Performance Indicator
2. KTW - Kakhetian Traditional Winemaking LLC

## L

1. Lamborghini - Automobili Lamborghini S.p.A.
2. Liebherr - Liebherr-Aerospace Lindenberg GmbH

## M

1. Mazda - Mazda Motor Corporation
2. MBA - Master of Business Administration
3. Michelin - Compagnie Générale des Établissements Michelin SCA
4. Mobil - Mobil Oil Corporation
5. Motul - Motul S.A.

## N

1. Net Profit – The amount of money a company earns after all expenses have been deducted from total revenue
2. NIU – Niu Technologies
3. NPS - Net Promoter Score
4. Nusbaum – S.L. Nusbaum Realty Co

## O

1. OEM Original Equipment Manufacturer

## P

1. PMO - Project Management Office
2. Polaris - Polaris Industries Inc.

## R

1. RMC - Repair and Maintenance Contract
2. ROI - Return on Investment

## S

1. SAP - Systems applications and products, an enterprise resource planning (ERP) software
2. Scope - Scope Ratings
3. SDG - Sustainable Development Goals
4. Shell - Royal Dutch Shell plc
5. SLA - Service Level Agreement
6. SME - Small and Medium Enterprise
7. SOP - Standard Operating Procedure
8. SUV - Sports Utility Vehicle

## T

1. Tegeta, Tegeta Holding, The Group- Tegeta Motors LLC and its subsidiary companies as a whole
2. Teco - TECO Electric & Machinery Co.
3. Temsa - Thermo-mechanics Industry and Trade Incorporated
4. TRACECA - Transport Corridor Europe-Caucasus-Asia

## GLOSSARY AND ABBREVIATIONS

### U

1. UEFA - Union of European Football Associations
2. UNGC - The United Nations Global Compact
3. UNGC - United Nations Global Compact
4. USA - United States of America
5. USAID - U.S. Agency for International Development

### V

1. Valtra - Valtra Inc.
2. Volvo - The Volvo Group, legally Aktiebolaget Volvo
3. VPS - Volvo Personal Service, Volvo's standard for fast, personalized vehicle servicing

### W

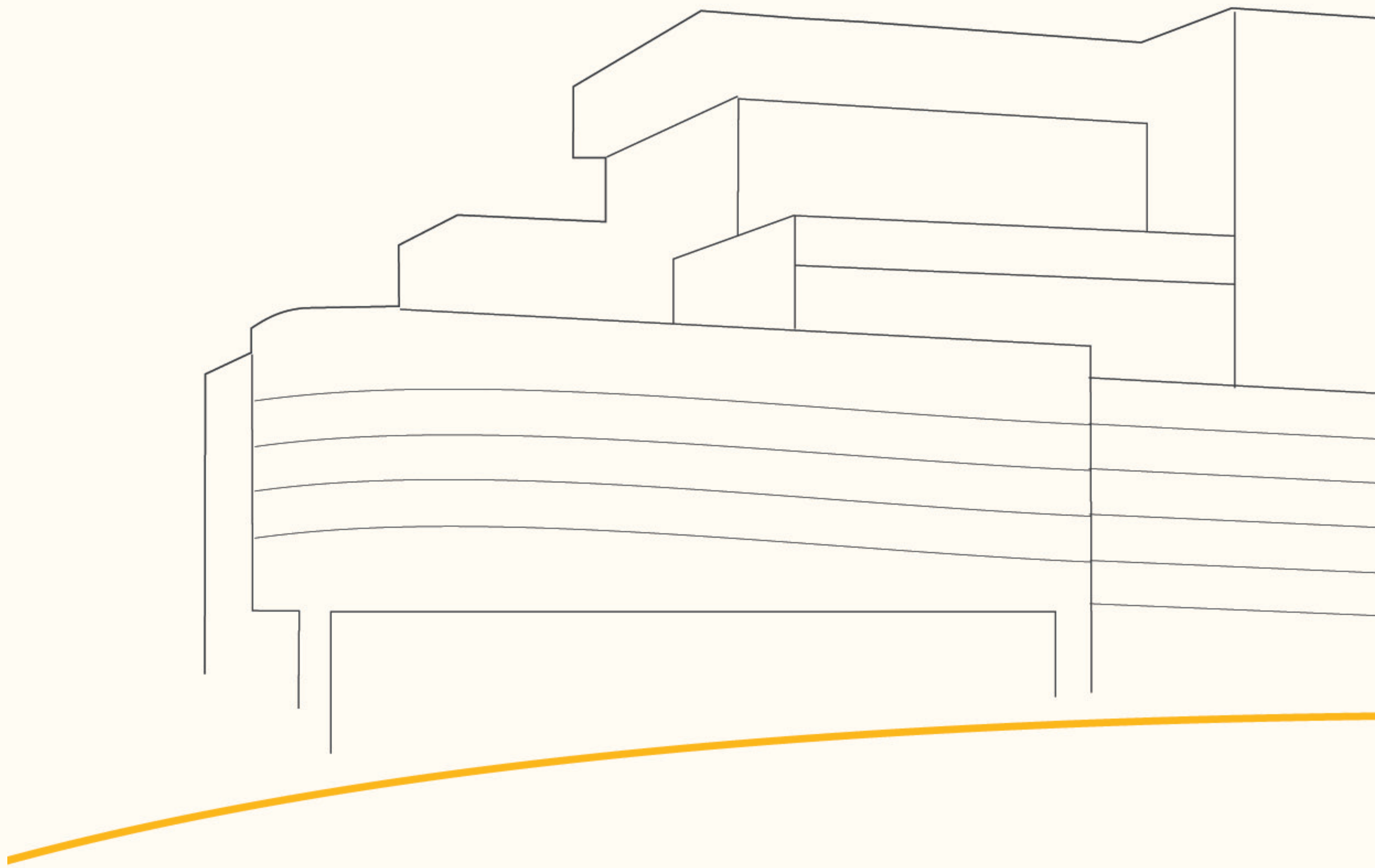
1. We/our/us - References to 'we', 'our' or 'us' are primarily references to the Tegeta Holding throughout this Report
2. WAC - Wholesale Applications Community
3. WEP - Women's Empowerment Principles

### X

1. XCMG - Xuzhou Construction Machinery Group

### Z

1. ZEEKR - Zeekr Intelligent Technology Holding Limited
2. Zetor - Zetor Tractors a.s.
3. ZF - ZF Friedrichshafen AG, German automotive systems supplier



# 20 DISCLOSURE

## DISCLOSURE

### Disclosure and Responsibility Statement

This Annual Report has been prepared by Tegeta Motors LLC in alignment with our ongoing commitment to transparency, stakeholder engagement and best practices in corporate reporting. The information contained herein reflects the Company's performance for the year ended 31 December 2024, and outlines strategic priorities, operational highlights and financial results across all key divisions.

All data, performance indicators and forward-looking statements are based on reliable sources and verified internal records. While certain statements relate to projections or strategic objectives, they are grounded in management's current views and assumptions.

To the best of our knowledge, this report provides a true and fair view of the Company's activities, financial condition and prospects, and does not omit any material information that would alter the integrity of the presented results.

As we turn the page on 2024 and enter our 30th year, one thing is clear: We're just getting started!

Powered by a high-performance engine of people, systems, and values, Tegeta is accelerating into its next decade-primed for growth, and impact. We remain committed to setting new standards in mobility, delivering experiences that go the distance, and driving forward-smarter, faster, and with purpose.

For further information, inquiries, or investor updates, please contact us at
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Visit our Investor Relations page at
tegeta.ge/en/investor-relations

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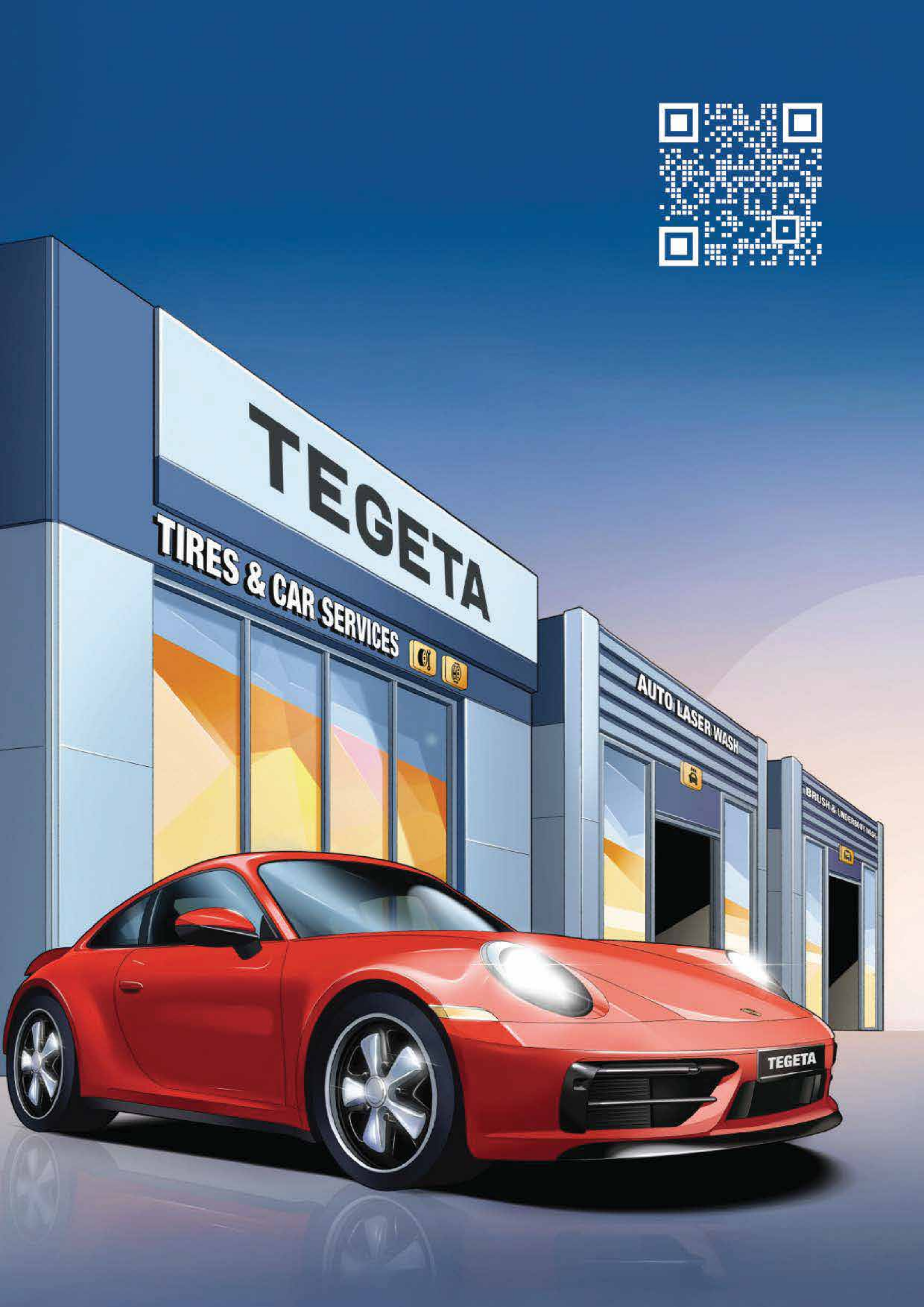
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