

Tegeta Green Planet NPO

**Financial Statements and Independent Auditor's
Report**

As of December 31, 2022

April 2023
Tbilisi

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TEGETA GREEN PLANET NPO
INDEPENDENT AUDITOR'S REPORT

To the founders and management of Tegeta Green Planet NPO:

Financial Statements Audit Report

Qualified opinion

We conducted an audit of the financial statements of Tegeta Green Planet (hereinafter referred to as the Organization) consisting of financial statements prepared as of December 31, 2022, statements of comprehensive income, changes in equity and cash flows for the year ending on that date, as well as the explanatory notes attached to the financial statements, including a brief overview of all significant accounting policies.

In our opinion, in addition to the possible results due to the influence of the issues described in the basis of our conclusion - qualified opinion - the financial statements, taking into account all material aspects, fairly reflect the financial position of the Organization as at 31 December 2022, as well as its financial results and cash flows for the year ended on that date, in accordance with International Financial Reporting Standards for Small and Medium-Sized Entities (IFRS for SMEs).

Basis for qualified opinion

The organization has leased a liquid asset (office space, car, other fixed assets), which is not accounted for in accordance with the standards.

We conducted the audit in accordance with International Standards on Auditing (ISA). Our responsibilities set out in these standards are described in detail in the Section "The Auditor's Responsibility for Auditing Financial Statements" of our Report. We are independent of the Organization in accordance with the International Code of Ethics for Professional Accountants of the International Ethics Standards Board for Accountants (IESBA Code). We have complied with these standards and other ethical obligations under this Code. We believe that the audit evidences we have obtained are sufficient and appropriate to provide a basis for our unqualified opinion.

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

The management is responsible for preparing financial statements that accurately and fairly reflect the Organization's financial reporting in accordance with the international standards, as well as for internal control that it necessary to prepare financial statements that are free from material misstatements whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Organization'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 process of preparing and submitting the Organization's financial statements.

Auditor's responsibility for auditing financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of failing to detect material misstatement arising from fraud is higher than the risk of material misstatement resulting from error, as fraud may involve collusion, forgery, misinterpretation or breach/denial of internal control mechanisms.
- 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 Organization's ability to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We have also provided management with a statement that we meet the relevant ethical requirements regarding independence and provided information on all relations and issues that may be considered important in respect of our independence. Among other things, we have provided information on the planned scope and timing of the audit, as well as important issues raised during the audit process. No other issues were discussed with management.

The head of the audit, who has drawn up the present Independent Auditor's Report, is Zviad Akhvlediani.

Zviad Akhvlediani

On behalf of Russel Bedford AAC

April 21, 2023

Tbilisi, Georgia



TEGETA GREEN PLANET NPO

STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED DECEMBER 31, 2022 IN GEL

Assets	Note	31-Dec-2022
Current assets		
Cash and cash equivalents	4	269,457
Trade and other receivables	5	254,662
Commodity material stocks	6	729
Other receivables	7	99,560
Total assets		624,407
Liabilities		
Currents liabilities		
Trade and other payables	8	241,355
Total liabilities		241,355
Funds		
Current period profit/(loss)		383,052
Total funds		383,052
Total funds and liabilities		624,407

SIGNATORIES

Director:

April 21, 2023
Tbilisi, Georgia

Business Controller:

Notes on pages 8-15 form an integral part of these Financial Statements. The Independent Auditor's Report is given on pages 2-3.

TEGETA GREEN PLANET NPO
STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022 IN GEL

	Note	Year-2022
Operating revenue	9	597,651
Direct costs	10	1,677
Gross profit		595,974
Operating Costs		
General and administrative expenses	11	202,958
Total operating profit		393,015
Non-operating expenses	12	9,963
Profit / (loss) before taxation		383,052
Total Income / (Expense)		383,052

SIGNATORIES

Director:

April 21, 2023
Tbilisi, Georgia

Business Controller:

Notes on pages 8-15 form an integral part of these Financial Statements. The Independent Auditor's Report is given on pages 2-3.

TEGETA GREEN PLANET NPO

STATEMENT OF CHANGES IN THE FUNDS FOR THE YEAR ENDED 31 DECEMBER 2022 IN GEL

	Accumulated (loss) / profit	Total
As of December 31, 2021	-	-
Period results	383,052	383,052
As of December 31, 2022	383,052	383,052

SIGNATORIES:

Director:

April 21, 2023
Tbilisi, Georgia

Business Controller:

TEGETA GREEN PLANET NPO

STATEMENT OF CASH FLOW

FOR THE YEAR ENDED 31 DECEMBER 2022 IN GEL

	Year-2022
Profit before taxes	393,015
Adjustment:	
Non-operating expenses	(9,963)
	383,052
Cash from operations	
(Increase)/decrease in Commodity material stocks	(729)
(Increase)/decrease in trade receivables	(254,662)
(Increase)/decrease in other receivables	(99,560)
(Increase)/decrease in Trade and other payables	139,825
(Increase)/decrease in Tax liabilities	101,530
Cash from operations	269,457
Net increase/(decrease) of cash and cash equivalents	269,457
<i>Cash and cash equivalents at the beginning of the period</i>	-
Cash and cash equivalents at the end of the period	269,457

SIGNATORIES:

Director:

Business Controller:

April 21, 2023
Tbilisi, Georgia

1. INTRODUCTION

Organization and Its Business

Tegeta Green Planet NPO (hereinafter referred to as the Organization) was established on April 7, 2022 and is located in Georgia.

The Organization was established as a Non-Entrepreneurial (Non-Commercial) Legal Entity in accordance with the Georgian regulations of entrepreneurial activity.

The registered legal and factual address of the Organization is: Georgia, Tbilisi, Saburtalo district, Davit Agmashenebeli alley, N129. The identification code of the Organization is: 405523161.

As of December 31, 2022, the management board consists of:

Member: Limited Liability Company Caucasus Premium Lubricants LLC, 400261328

Member: Limited Liability Company Tegeta Automotive Imports LLC, 405390553

Member: Limited Liability Company Tegeta Tire Imports, 405505500

Member: Limited Liability Company Tegeta Prime Products LLC, 405391437

Member: Limited Liability Company Transcaucasian Distribution Company LTD, 401949674

The Organization CEO with representative powers:

Director - Shalva Akhvlediani, 01024023706

The organization was established in 2022 and operates within the framework of the Extended Producer Obligation Program stipulated by the "Waste Management Code", in particular it collects unusable tires, car accumulators, lubricating oils and donates them to recycling enterprises.

Reporting currency

The operating currency of the Organization is the national currency of Georgia - Georgian Lari (GEL). Foreign currency transactions are initially recorded in the operating currency at the exchange rate specified by the National Bank of Georgia on the date of the transaction. Cash assets in foreign currency for the reporting period are converted into the operating currency at the exchange rate established by the National Bank of Georgia at the end of the year. All exchange differences arising during payments are reflected in profit or loss.

The exchange rates used to convert foreign currency monetary balances are as follows:

	Currency	31-Dec-2022	31-Dec-2021
1 USD/GEL		2.7020	3.0976
1 EUR/GEL		2.8844	3.5040

2. OPERATING ENVIRONMENT OF THE ORGANIZATION

Georgia has specific characteristics typical for an emerging market, including relatively high inflation rates and interest rates. Georgian legal, tax and regulatory legislation is evolving and subject to frequent changes and inconsistent interpretations. The operating environment has a significant impact on the Organization's operations and financial position. Georgia's future economic progress depends significantly on the effectiveness of economic, financial and monetary decisions made by the government, as well as on tax, legislative, regulatory and political development.

Management cannot accurately predict all possible developments that may affect the Georgian economy and, consequently, the financial position of the Organization. Management believes that it will take all necessary measures to support the sustainability and development of the Organization.

3. BASIS OF PREPARATION AND MAIN PRINCIPLES OF ACCOUNTING POLICY

Basis of Preparation

Principle of Conformity

The presented financial statements have been prepared using the principle of going concern and in accordance with the standards and interpretations of the International Financial Reporting Standards for Small and Medium-sized Entities (IFRS for SMEs) in force as of December 31, 2021 issued by the International Accounting Standards Board (IASB).

The financial statements include Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flow and Explanatory Notes.

As the standards and interpretations in force as of December 31, 2021 may be changed by the International Financial Reporting Interpretation Committee (IFRIC), management does not rule out the possibility that financial statements may need to be adjusted as a result of these changes.

Evaluation Basis

The historical cost method is used as the basis for the evaluation, unless otherwise specified by the accounting policies below.

Principle of Going Concern

Management has prepared these financial statements on the principle of going concern. To make this decision, management took into account the Organization's financial position, ongoing plans, positive cash flow, profitability of the Organization's operations and, if necessary, access to local financial resources for at least 12 months after the reporting period.

Cash and Cash Equivalents

Cash and cash equivalents include cash and cash funds with banks and carry a small risk of change in value. Cash and cash equivalents are reported at amortized cost using the effective interest method. Limited balances are excluded from cash and cash equivalents for the purposes of reporting cash flows. Limited balances that may not be used to cover liabilities within 12 months or used in other exchange transactions are recognized in the balance sheet as other non-current events.

Revenue recognition

The Organization recognizes revenue received from the transfer of goods or services to a customer in the amount that it expects to receive from the transfer of the said goods or services to the customer.

Trade and other liabilities

Trade liabilities are liabilities for goods or services that the Organization has purchased from its suppliers through ordinary business operations. Trade receivables are classified as current liabilities if the payment obligation is for a period of up to one year and if not, - as non-current liabilities. The Organization's total trade liabilities are currently expected to be covered within one year from the reporting date and are classified as current liabilities.

Trade liabilities are initially recognized at fair value and subsequently carried at amortized cost using the effective interest method.

Taxes

In May 2016, the Government of Georgia adopted an amendment regarding the profit taxation, which came into force for all companies except financial institutions on January 1, 2017. Under the new model,

retained earnings are not taxed, while distributed profits are taxed at a 15% profit tax rate, instead of previous periods when 15% profit tax was charged on accumulated profits regardless of the distribution. As a result of the change, there are no temporary differences between the carrying and tax amounts of assets and liabilities, which may result in the recognition of deferred tax assets or liabilities. Accordingly, the Organization no longer recognizes current and deferred income tax, and the tax expense related to the distribution of profit is recognized in the Statement of Comprehensive Income for the current period in accordance with the relevant decision date.

Taxes, other than income tax, are recognized in the reporting period in which the liability event arises. A binding event is an action or fact that determines the payment of a tax under the Tax Code of Georgia. Prepaid taxes that are expected to yield future economic benefits are recognized as assets.

Share capital

Share capital investment is recognized at face value and is classified as authorized capital. Dividends are recorded as a liability for the period in which it is declared.

Loans

Loans are carried at amortized cost using the effective interest method.

Payment to employees and related contributions

Salaries, contributions to the Georgian pension and insurance system, annual leave and sickness benefits, bonuses and non-cash benefits are recorded in the year in which the relevant service is received by employees. The Organization has both full-time and part-time employees, though their salary costs and contributions to the pension and insurance system do not differ from the requirements of the Tax Code of Georgia.

Significant accounting judgments, assumptions and estimates

The preparation of the Organization's financial statements requires the management to make certain estimates and assumptions that affect the value of profit or loss, expenses, assets and liabilities, their respective notes and contingent liabilities. Inaccuracies in these estimates and assumptions may result in material adjustments to the carrying amount of the asset or affect liabilities in the future.

Operations between related parties

In the ordinary course of business, the Organization enters into transactions with related parties. International Financial Reporting Standards require the initial recognition of financial instruments at their fair value. A decision is used to determine whether a transaction is valued at market or non-market prices when there is no active market for such a transaction. The basis of the decision is the valuation of similar types of transactions with unrelated parties.

4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents	31-Dec-2022
National currency in the resident bank	269,457
Total cash and cash equivalents	269,457

Cash balances on bank accounts may be classified as non-risky, given the fact that the banks where the Organization has current accounts are trusted and well-known credit institutions.

5. TRADE AND OTHER RECEIVABLES

Trade and other receivables	31-Dec-2022
Receivables from delivery and service	254,662
Total trade and other receivables	254,662

The major part of the receivable are the receivables arising from the work carried out within the framework of the Extended Producer Obligation Program

6. MATERIAL STOCKS

Commodity material stocks	31-Dec-2022
Commodity material stocks	729
Total commodity material stocks	729

7. OTHER RECEIVABLES

Other receivables	31-Dec-2022
Overdraft fees	99,560
Total other receivables	99,560

The major part of Other receivables is prepaid taxes.

8. TRADE AND OTHER LIABILITIES

Trade and other payables	31-Dec-2022
Income tax payable	11,364
Obligations arising from the company and its customers	97,400
Obligations to related institutions	14,000
Obligations to the personnel of the enterprise	111
Social tax	21
VAT to be paid	90,146
Wages payable	28,314
Total trade and other payables	241,355

The major part of the trade and other liabilities are liabilities arising from the purchase of services.
There is no difference between the fair value and the carrying amount of trade and other liabilities.

9. REVENUE

Operating revenue	Year-2022
Income from sale	597,651
Total operating revenue	597,651

The main source of revenue of the Organization was the revenue received from the works carried out within the framework of the Extended Producer Obligation Program

10. DIRECT COSTS

Direct costs	Year-2022
Other shipping costs	168
Shipping services	1,509
Total direct costs	1,677

11. GENERAL & ADMINISTRATIVE EXPENSES

General and administrative expenses	Year-2022
Advertising costs	11,045
Autotech services	282
bank expense	224
Business trip expenses	2,728
Consulting expense	22,844
economic cost	143
Fuel expenses	2,806
insurance	984
office equipment	1,561
rent	22,555
salary	89,697
social charges	1,253
Space lease	46,838
Total general and administrative expenses	202,958

12. NON-OPERATING EXPENSES

Non-operating expenses	Year-2022
Other non-operating expenses	9,963
Total Non-operating expenses	9,963

13. CONTINGENCIES, COMMITMENTS AND OPERATIONAL RISKS**Litigations**

Based on their own assessment and professional experience, the management of the Organization does not expect any material losses due to claims, therefore it does not consider it appropriate to recognize a provision in the financial statements and publish notes.

Tax legislation

Georgian tax and customs legislation is often subject to various interpretations and changes. Interpretation of the law by management, according to which the Organization operates and manages transactions, may become the subject of challenge by tax authorities. Georgian tax authorities may have taken a more specific and complex approach in interpreting legislation and tax calculation; it is also possible that transactions and operations that have not been challenged by the tax authorities in the past may become the subject of dispute in the future, which may result in significant additional taxes, fines and interest.

Management believes that their interpretation of the relevant legislation is correct and that the Organization tax, currency position and customs position will be maintained accordingly.

14. FINANCIAL RISK MANAGEMENT

The Organization's risk management functions are performed according to financial, operational and legal risks. Financial risk includes market risk as well as credit risk and liquidity risk. The primary task of financial risk management is to establish acceptable risk limits and then to ensure that existing risks remain within those limits. Operational and legal risk management functions are developed to prevent operational and legal risks through proper implementation of internal policies and procedures.

Market risk

The Organization is subject to market risks, market risks arise in non-working condition a) in respect to foreign currencies, b) in respect to interest-bearing assets and liabilities, c) in respect to securities, all of which are vulnerable to general and specific market volatility. Management sets acceptable risk assessment limits for them, risk monitoring is done on a daily basis, however, this approach will not prevent losses when the risk exceeds these defined limits during significant market volatility.

Sensitivity to the impact of market risks named below is separated by calculating only one factor change while other factors remain constant. In practice, however, such developments are unlikely, with changes in some ratios correlating with each other, for example, changes in interest rates may correlate with changes in exchange rates.

The Organization's market risk is negligible because it does not have significant assets or liabilities on which future cash flows fluctuate due to changes in market prices. The Organization does not own any financial instruments of floating rate. Apart from the concentration of foreign currency, the Organization faces no significant market risk concentration.

Credit risk

Credit risk is the risk that the Organization may incur a loss if its clients or counterparties fail to meet their contractual obligations and thus incur a financial loss for the Organization. As of December 31, 2021, the Organization has no other significant financial assets with credit risk other than the following:

- Cash and cash equivalents;
- Trade receivables described in Note 5

Currency risk

Currency risk is the risk where changes in exchange rates may adversely affect the Organization's financial statements. The Organization has certain transactions in foreign currency. The Organization does not use derivatives to manage foreign exchange risk, while the Organization's management seeks to mitigate risks by managing its foreign currency cash and liabilities at the Organization level.

Liquidity risk

Liquidity risk is the risk where the Organization is not able to meet its financial obligations. Management monitors the Organization's monthly budget of the cash flow statement and forecasts it.

Capital management

The capital is managed by the owners of the Organization depending on what requirements they have regarding the optimal capital structure. The Organization manages its capital structure and makes adjustments subject to changes in economic conditions. In order to maintain or correct the capital structure, the Organization may adjust the dividend paid to the founders or return the capital to the founder.

15. BALANCES AND TRANSACTIONS WITH RELATED PARTIES

Parties or transactions between two parties as defined in paragraphs 33.2-33.4 of the IFRS for SMEs standard are considered related if one party has the ability to control the other party or to have a

significant influence on the financial and operational decisions of the other party. When discussing each possible relationship, attention is paid to the content of the relationship and not just the legal form.

Related parties may enter into transactions that were not entered into by unrelated parties and transactions between related parties may not be concluded under the same terms and amounts as transactions entered into between unrelated parties. All related party transactions, as discussed below, were conducted on the arm's length principle.

- (a) Parties, which directly or indirectly, through one or more intermediaries: control or are controlled, or under jointly control of which is the subordinated Organization (including parents, subsidiaries and associates); owns a stake in an Organization enabling the significant influence and that has joint control over the Organization;
- (b) A partner enterprise - enterprises in which the Organization has significant influence and which is neither a subsidiary nor a joint venture.
- (c) Joint ventures where the Organization is an enterprise;
- (d) The management staff of the Organization or its parent.
- (e) Close family members referred to in (a) or (d);
- (f) A party that is controlled, jointly controlled or exerts a significant influence, or over which it has a significant vote, directly or indirectly, to the individuals referred to in (d) or (e).
- (g) A system of post-employment benefits for employees or a party affiliated with the Organization.

Transactions with related parties	2022 Year
Revenues	301,141
Expenses	-
Total transactions with related parties	(301,141)
Balances with related parties	31-Dec-22
Receivables	139,348
Total Liabilities	(14,000)
Total balances with related parties	(125,349)

Related parties of the organization are its board member:

Caucasus premium lubricants LLC
 Tegeta automotive Import LLC
 Tegeta praim products LLC
 Tegeta Tier import LLC
 Transcaucasian Distribution Company LLC

The organization has both requirements and certain obligations with them

16. GOING CONCERN

The financial statements have been prepared on the basis of going concern enterprise, which involves the preparation of financial statements assuming that the entity is a going concern enterprise and will normally continue to operate in the foreseeable future.

The Organization's current assets exceed current liabilities by 624,407 GEL, which is one of the indicators that the Organization is not facing liquidity risk, will sell its assets and meet its liabilities under normal operating conditions in the near forecast.

In view of the above, the Organization meets the requirements of the Going Concern Enterprise Principle for a period of 12 months after the reporting period.

17. EVENTS SUBSEQUENT TO THE REPORTING DATE

These financial statements were approved for release by the Group's management on December 20, 2022. No other significant events that would have affected the Organization's financial statements were recorded after the reporting date prior to the release of the Report.