

**RELIEF AND RECOVERY FOR MICRO, SMALL
AND MEDIUM ENTERPRISES (MSMEs)**

**Special Purpose Project Financial Statements
together with Independent Auditor's Report
for the Year Ended 31 December 2025**

Loan No. 9239-GE

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RELIEF AND RECOVERY FOR MICRO, SMALL AND MEDIUM ENTERPRISES (MSMEs)

STATEMENT OF MANAGEMENT'S RESPONSIBILITIES FOR THE PREPARATION AND APPROVAL OF THE SPECIAL PURPOSE PROJECT FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

Managements of JSC GEORGIAN ECONOMIC DEVELOPMENT CORPORATION ("GEDC") and THE NATIONAL BANK OF GEORGIA ("NBG") (collectively referred to as "Management") are responsible for the preparation of the special purpose project financial statements of RELIEF AND RECOVERY FOR MICRO, SMALL AND MEDIUM ENTERPRISES (MSMEs) ("Project") for the year ended 31 December 2025 in accordance with *International Public Sector Accounting Standard: Financial Reporting Under the Cash Basis of Accounting* ("IPSAS-Cash Basis"). The Project has been financed by the Loan Agreement No. 9239-GE dated 17 May 2021 between Georgia and International Bank for Reconstruction and Development ("IBRD") (the "Loan Agreement") and has been implemented by GEDC and NBG.

In preparing the special purpose project 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 IPSAS-Cash Basis are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Project's financial position and its sources and uses of funds and movements in the designated account;

Management is also responsible for:

- Designing, implementing and maintaining an effective and sound system of internal controls related to the Project;
- Maintaining adequate accounting records that are sufficient to show and explain the Project's transactions and disclose with reasonable accuracy at any time the financial position of the Project, and which enable them to ensure that the special purpose project financial statements of the Project comply with IPSAS-Cash Basis;
- Maintaining accounting records in compliance with the Georgian legislation and IPSAS-Cash Basis;
- Taking such steps that are reasonably available to them to safeguard the assets of the Project; and
- Preventing and detecting fraud and other irregularities.

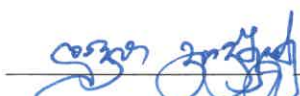
The special purpose project financial statements for the year ended 31 December 2025 were approved for issue on 24 June 2026 by the Management.



Irakli Gabriadze

Director

JSC Georgian
Economic
Development
Corporation



David Gogshelidze

Project Manager

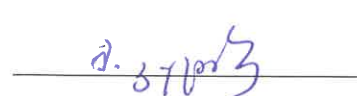
JSC Georgian
Economic
Development
Corporation



Beka Dotchviri

Executive Director

National Bank of
Georgia



Manana Kutibashvili

Deputy Head of Finance and
Accounting Department

National Bank of Georgia

INDEPENDENT AUDITOR'S REPORT

To the Managements of JSC GEORGIAN ECONOMIC DEVELOPMENT CORPORATION and THE NATIONAL BANK OF GEORGIA ("Management")

Opinion

We have audited the special purpose project financial statements of "RELIEF AND RECOVERY FOR MICRO, SMALL AND MEDIUM ENTERPRISES (MSMEs)" ("Project") financed by the Loan Agreement No. 9239-GE dated 17 May 2021 between Georgia and International Bank for Reconstruction and Development ("IBRD") (the "Loan Agreement") and implemented by JSC JSC GEORGIAN ECONOMIC DEVELOPMENT CORPORATION ("GEDC") and THE NATIONAL BANK OF GEORGIA ("NBG"), which comprise the statement of financial position as at 31 December 2025, and the statement of cash receipts and payments, and the statement of expenditures by component for the year then ended, and notes to the special purpose project financial statements, including material accounting policy information.

In our opinion, the accompanying special purpose project financial statements for the year ended 31 December 2025 are prepared, in all material respects, in accordance with *International Public Sector Accounting Standard: Financial Reporting Under the Cash Basis of Accounting* ("IPSAS-Cash Basis") as further detailed in Note 2.

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

Other Matter

Information presented on pages 5 to 13 of the accompanying special purpose project financial statements that are labeled as "Unaudited" have not been audited.

Emphasis of Matter – Basis of Accounting and Restriction on Distribution and Use

We draw attention to Note 2 to the special purpose project financial statements, which describes the basis of accounting. The special purpose project financial statements are prepared to assist GEDC and NBG in complying with the financial reporting provisions of the Loan Agreement. As a result, the special purpose project financial statements may not be suitable for another purpose.

Our report is intended solely for use by GEDC and NBG for reporting to IBRD. This report is not intended for the benefit of any other third parties and we accept no responsibility or liability to any party other than those mentioned above in respect of the report. Should any third party take decisions based on the contents of the report, the responsibility for such decisions shall remain with those third parties. Our opinion is not modified in respect of this matter.

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Responsibilities of Management and Those Charged with Governance for the Special Purpose Project Financial Statements

Management is responsible for the preparation of the special purpose project financial statements in accordance with IPSAS-Cash Basis and for such internal control as management determines is necessary to enable the preparation of special purpose project financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the special purpose project financial statements, the managements of GEDC and NBG are responsible for assessing the ability of GEDC and NBG, respectively, to continue as going concerns, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless either management intends to liquidate GEDC/NBG or to cease operations, or have no realistic alternative but to do so.

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

Auditor's Responsibility for the Audit of the Special Purpose Project Financial Statements

Our objectives are to obtain reasonable assurance about whether the special purpose project 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 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 and 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 special purpose project financial statements.

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

- Identify and assess the risks of material misstatement of the special purpose project financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 GEDC's or NBG's ability to continue as going concerns. 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 special purpose project 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 GEDC or NBG to cease to continue as going concerns.
- Evaluate the overall presentation of the special purpose project financial statements.

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.



Report on Compliance with Requirements of the Loan Agreement

Management is responsible for the use of the Project funds in compliance with the requirements of the Loan Agreement.

Our responsibility is to express an opinion, based on our work and evidence obtained during our audit of the special purpose project financial statements, whether the Project funds have been used in compliance with the provisions of the Loan Agreement.

In our opinion, the Project funds have been used, in all material respects, in compliance with the provisions of the Loan Agreement.

A handwritten signature in blue ink, appearing to read "Shota Nanitashvili".

Shota Nanitashvili

On behalf of Deloitte & Touche LLC

The Deloitte & Touche logo, written in a stylized, cursive blue font.

Tbilisi, Georgia

24 June 2026

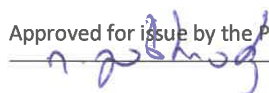
RELIEF AND RECOVERY FOR MICRO, SMALL AND MEDIUM ENTERPRISES (MSMEs)
 LOAN NO. 9239-GE
 STATEMENT OF CASH RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 31 DECEMBER 2025
 (Amounts are presented in EUR)

	Note	Actual <i>For the year ended 31 December 2025</i>	Actual <i>For the year ended 31 December 2024</i>	Actual <i>Cumulative as of 31 December 2025</i>	Actual <i>Cumulative as of 31 December 2024</i>	Budget (Unaudited)* <i>Cumulative as of 31 December 2025</i>	Variance <i>Cumulative as of 31 December 2025</i>
TOTAL OPENING CASH	5	818,007	1,793,980	-	-		
Sources of Funds							
Loan Number 9239-GE		15,146,214	12,500,000	58,599,621	43,453,407		
TOTAL FUNDS	3,7	15,000,000	12,500,000	58,599,621	43,453,407		
Project Expenditures							
Component 1 - Financial relief and recovery for MSMEs		14,789,706	12,546,384	55,509,523	40,719,817	56,505,970	996,447
Component 2 – Digital payments and financial infrastructure upgrading (GEDC)		96,459	132,195	276,446	179,987	482,597	206,151
Component 2 – Digital payments and financial infrastructure upgrading (NBG)**		146,214	-	187,121	40,907	187,121	-
Component 3 – Project management and monitoring		844,281	798,609	2,345,001	1,500,720	2,950,733	605,732
Front-end Fee		-	-	212,500	212,500	212,500	-
TOTAL EXPENDITURES	6	15,876,660	13,477,188	58,530,591	42,653,931	60,338,921	1,808,330
Foreign exchange gain/(loss)		19,942	1,215	38,473	18,531		
TOTAL ENDING CASH	5	107,503	818,007	107,503	818,007		

*The budget figures are updated several times during the year. Planned figures as of 31 December 2025 have not been audited.

**The National Bank of Georgia is responsible for carrying out p.2.1 of the Component 2, while the JSC Georgian Economic Development Corporation is responsible for carrying out Component 1, Component 3 and subcomponents p.2.2 and p.2.3 of the Component 2.

Approved for issue by the Project Management on 24 June 2026 and signed on its behalf by:



Irakli Gabriadze
Director

JSC Georgian Economic
Development Corporation



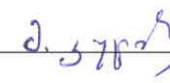
David Gogshelidze
Project Manager

JSC Georgian Economic
Development Corporation



Beka Dotchviri
Executive Director

National Bank of Georgia



Manana Kutibashvili
Deputy Head of Finance and Accounting
Department
National Bank of Georgia

The notes on pages 8-14 form an integral part of these special purpose project financial statements.

RELIEF AND RECOVERY FOR MICRO, SMALL AND MEDIUM ENTERPRISES (MSMEs)
 LOAN NO. 9239-GE
 STATEMENT OF EXPENDITURE BY COMPONENT FOR THE YEAR ENDED 31 DECEMBER 2025
 (Amounts are presented in EUR)

	<i>Actual</i>	<i>Actual</i>	<i>Actual</i>	<i>Actual</i>	<i>Budget (Unaudited)*</i>	<i>Variance</i>
	<i>For the year ended 31 December 2025</i>	<i>For the year ended 31 December 2024</i>	<i>Cumulative as of 31 December 2025</i>	<i>Cumulative as of 31 December 2024</i>	<i>Cumulative as of 31 December 2025</i>	<i>Cumulative as of 31 December 2025</i>
Component 1 - Financial relief and recovery for MSMEs (GEDC)	14,789,706	12,546,385	55,509,523	40,719,817	56,505,970	996,447
1.1 - Grants for micro and small firms (GEDC)	(2,130)	46,430	17,616,817	17,618,947	18,279,754	662,936
1.2 - Co-financing of interest payments (GEDC)	3,624,798	2,850,807	7,584,931	3,960,133	8,192,172	607,242
1.3 - Partial credit guarantees (GEDC)	9,582,424	9,193,004	28,241,937	18,659,513	28,266,054	24,117
1.4 - Support for COVID-proofing and digitization (GEDC)	1,584,614	456,144	2,065,838	481,224	1,767,990	(297,848)
Component 2 - Digital payments and financial infrastructure upgrading	242,673	132,195	463,567	220,894	669,718	206,151
2.1 - Upgrading payments infrastructure (NBG)	146,214	-	187,121	40,907	187,121	-
2.2 - e-KYC and Know-Your-Customer registry (GEDC)	96,459	101,582	198,041	101,582	255,799	57,758
2.3 - Secured transactions reform (GEDC)	-	30,613	78,405	78,405	226,798	148,393
Component 3 - Project management and monitoring (GEDC)	844,281	798,609	2,345,001	1,500,720	2,950,733	605,732
Front-end Fee	-	-	212,500	212,500	212,500	-
Total Project Expenditure	15,876,660	13,477,188	58,530,591	42,653,931	60,338,921	1,808,330

* The budget figures are updated several times during the year. Planned figures as of 31 December 2025 have not been audited.

Approved for issue by the Project Management on 24 June 2026 and signed on its behalf by:



Irakli Gabriadze
Director

JSC Georgian Economic
Development Corporation



David Gogshelidze
Project Manager

JSC Georgian Economic
Development Corporation



Beka Dotchviri
Executive Director

National Bank of Georgia



Manana Kutibashvili
Deputy Head of Finance and Accounting
Department
National Bank of Georgia

The notes on pages 8-14 form an integral part of these special purpose project financial statements.

RELIEF AND RECOVERY FOR MICRO, SMALL AND MEDIUM ENTERPRISES (MSMEs)

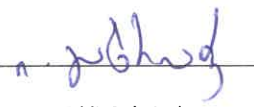
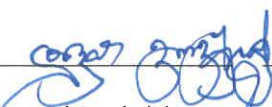
LOAN NO. 9239-GE

STATEMENT OF FINANCIAL POSITION AS OF 31 DECEMBER 2025

(Amounts are presented in EUR)

	Note	31 December 2025	31 December 2024
ASSETS			
Cash Balances	5	107,503	818,007
TOTAL ASSETS		107,503	818,007
CUMMULATIVE FUNDS RECEIVED LESS PROJECT EXPENDITURES			
Funds received	7	58,599,621	43,453,407
Project expenditures	6	(58,530,591)	(42,653,931)
Foreign exchange gains/(losses)		38,473	18,531
TOTAL FUNDS RECEIVED LESS PROJECT EXPENDITURES		107,503	818,007

Approved for issue by the Project Management on 24 June 2026 and signed on its behalf by:

			
Irakli Gabriadze Director	David Gogshelidze Project Manager	Beka Dotchviri Executive Director	Manana Kutibashvili Deputy Head of Finance and Accounting Department
JSC Georgian Economic Development Corporation	JSC Georgian Economic Development Corporation	National Bank of Georgia	National Bank of Georgia

The notes on pages 8-14 form an integral part of these special purpose project financial statements.

RELIEF AND RECOVERY FOR MICRO, SMALL AND MEDIUM ENTERPRISES (MSMEs)

LOAN NO. 9239-GE

NOTES TO THE SPECIAL PURPOSE PROJECT FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

(Amounts are presented in EUR)

1. GENERAL INFORMATION

1.1. The Project

The Loan Agreement No. 9239-GE (the "Loan Agreement" or the "Loan") was signed on 17 May 2021 between Georgia and the International Bank for Reconstruction and Development ("IBRD"), according to which IBRD agreed to lend to Georgia the amount of 85,000,000 Euros. The Loan Agreement became effective on 21 May 2021.

The financing was provided for the implementation of "RELIEF AND RECOVERY FOR MICRO, SMALL AND MEDIUM ENTERPRISES (MSMEs)" ("Project"). The payment currency of the Loan Agreement is Euro ("EUR").

The Closing date of the Loan Agreement was set on 30 June 2026, but on 5 March 2025 the World Bank has approved Georgia's request to extend the loan closing date to June 30, 2027, reallocate loan proceeds and update the Results Framework for the project under Loan Agreement No. 9239-GE.

The Project data as of 31 December 2025 and 2024 are as follows:

Original Loan Amount	EUR 85.0 million
Total Disbursements as of 31 December 2025	EUR 58.45 million
Total Disbursements as of 31 December 2024	EUR 43.45 million
Project Effectiveness Date	August 17, 2021
Closing date	June 30, 2027

1.2. The Project objectives

The objective of the Project is to provide relief to micro, small, and medium-sized enterprises and support their recovery, including by strengthening the enabling environment for access to finance.

The Project consists of the following parts:

Part A: Financial relief and recovery for MSMEs (Component 1)

Provision of assistance to MSMEs to address the economic shock following the COVID-19 pandemic, through:

1. Strengthening of the Micro and Small Entrepreneurship Support Program under the Produce in Georgia initiative, through the provision of financial support to Eligible Firms, through inter alia: (a) non-consulting services, consulting services, and Training, (b) level-1 Sub-Grants, (c) level-2 Sub-Grants, (d) level-3 Sub-Grants, and (e) level-4 Sub-Grants; From 2024 no calls were held for Grants.
2. Strengthening of JSC Georgian Economic Development Corporation's program for co-financing of interest payments under the Produce in Georgia initiative, through the provision of financial support to MSME Beneficiaries, in collaboration with Selected PFIs, through inter alia: (a) level-1 Interest Co-Payments, (b) level-2 Interest Co-Payments, (c) level-3 Interest Co-Payments, and (d) level-4 Interest Co-Payments;
3. Strengthening of JSC Georgian Economic Development Corporation's Credit Guarantee Scheme for the provision of partial credit guarantees to Selected PFIs for Selected MSME Loans through inter alia: (a) level-1 Partial Credit Guarantees, (b) level-2 Partial Credit Guarantees, (c) level-3 Partial Credit Guarantees, and (d) level-4 Partial Credit Guarantees; and
4. Technical assistance by JSC Georgian Economic Development Corporation to MSMEs, in order to assist MSMEs to develop business infrastructure, including Growth Hubs to provide defined services: Consulting, business skills development and Information services.

Part B: Digital payments and financial infrastructure upgrading (Component 2)

Strengthening Georgia's financial infrastructure and increasing the usage of digital financial services, through:

1. Establishing an instant payment system, including technical assistance for its development and operations and development of any related infrastructure.
2. Establishing an electronic know-your-customer ("e-KYC") infrastructure and know-your-customer ("KYC") registry to facilitate identity verification allowing for increased participation of individuals and MSMEs in the financial sector; and
3. Improving Georgia's secured transactions framework, including through enhancements in the legal and regulatory framework for secured transactions, upgrading of collateral registry, and capacity building measures for intended users.

RELIEF AND RECOVERY FOR MICRO, SMALL AND MEDIUM ENTERPRISES (MSMEs)**LOAN NO. 9239-GE****NOTES TO THE SPECIAL PURPOSE PROJECT FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025***(Amounts are presented in EUR)***1. GENERAL INFORMATION (CONTINUED)****Part C: Project management and monitoring (Component 3)**

Support Project implementation, management, and monitoring, including activities related to financial management, procurement, environmental and social aspects, evaluation, reporting, Incremental Operating Costs, communication, and outreach.

Part D: Contingent Emergency Response Component (Component 4)

Provision of assistance in response to an Eligible Crisis or Emergency.

1.3. The Project Budget

The Project is wholly financed by the Loan Agreement inclusive of all taxes.

Category	Amount of the loan allocated, EUR	Percentage of expenditures to be financed (inclusive of taxes)
(1) Sub-Grants under Part A.1 (b) of the Project, Interest Co-Payments under Part A.2 (a) of the Project; Partial Credit Guarantees under Part A.3 (a) of the Project	34,000,000	100%
(2) Sub-Grants under:		
(2.1) Part A.1 (c) of the Project	5,600,000	100%
(2.2) Part A.1 (d) of the Project	-	100%
(2.3) Part A.1 (e) of the Project	2,800,000	100%
(3) Interest Co-Payments under:		
(3.1) Part A.2 (b) of the Project	2,600,000	100%
(3.2) Part A.2 (c) of the Project	1,500,000	100%
(3.3) Part A.2 (d) of the Project	1,500,000	100%
(4) Partial Credit Guarantees under:		
(4.1) Part A.3 (b) of the Project	3,400,000	100%
(4.2) Part A.3 (c) of the Project	6,500,000	100%
(4.3) Part A.3 (d) of the Project	4,100,000	100%
(5) Goods, non-consulting services, consulting services, and Training for Part A of the Project	6,000,000	100%
(6) Goods, non-consulting services, consulting services, and Training for Part B.1 of the Project	6,000,000	100%
(7) Goods, non-consulting services, consulting services for Parts B.2 and B.3 of the Project	6,000,000	100%
(8) Non-consulting services, consulting services, and Incremental Operating Costs for Part C of the Project	4,787,500	100%
(9) Emergency Expenditures under Part D of the Project	-	100%
(10) Front-end Fee	212,500	The Front-end Fee is one quarter of one percent (0.25%) of the Loan amount.
Total	85,000,000	

RELIEF AND RECOVERY FOR MICRO, SMALL AND MEDIUM ENTERPRISES (MSMEs)

LOAN NO. 9239-GE

NOTES TO THE SPECIAL PURPOSE PROJECT FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

(Amounts are presented in EUR)

1. GENERAL INFORMATION (CONTINUED)

1.4. Project implementation

The Project is implemented by JSC GEORGIAN ECONOMIC DEVELOPMENT CORPORATION ("GEDC") and the NATIONAL BANK OF GEORGIA ("NBG") has been added as a co-implementer of the Project.

JSC Georgian Economic Development Corporation shall: (i) carry out Parts A and C of the Project; and (ii) carry out procurement and financial management functions to assist and enable Minister of Economy and Sustainable Development of Georgia in carrying out Parts B.2 and B.3 of the Project. GEDC's address is: 5/16-18 Marjanishvili Str. (18 Uznadze Str.), 0102, Tbilisi, Georgia

The National Bank of Georgia shall carry out Part B.1 of the Project. The address of NBG's is: 1, Zviad Gamsakhurdia Embankment, 0114, Tbilisi, Georgia.

In accordance with Decrees N156 of the Government of Georgia dated April 8, 2026, and N220 dated May 21, 2026 the reorganization of the LEPL "Enterprise Georgia" (Agency) was carried out, and it was established as a joint-stock company "Georgia Economic Development Corporation" (Corporation). Under the same Decrees, the Corporation is recognized as the legal successor of the Agency.

2. SUMMARY OF ACCOUNTING POLICIES

2.1. Statement of compliance

The special purpose project financial statements are prepared in accordance with the International Public Sector Accounting Standard: Financial Reporting Under the Cash Basis of Accounting ("IPSAS-Cash Basis"), issued by the International Public Sector Accounting Standards Board (IPSASB). The purpose of these special purpose project financial statements is to provide information to IBRD to assist in evaluating the Project implementation.

The principal accounting policies applied in the preparation of these special purpose project financial statements are set out below. These policies have been consistently applied to all the periods presented.

2.2. Cash basis of accounting

Project financing is recognized as Sources of Funds when cash is received. Use of project funds are recognised as Project Expenditures when payments are made.

2.3. Designated account

Designated account is a designated disbursement account of the Project that is maintained in EUR to ensure the payment of eligible expenditure within defined limits, which do not require individual authorization in accordance with Loan Agreement.

2.4. Reporting currency

The reporting currency of these special purpose project financial statements is Euro (EUR).

The expenditures made in local currency, Georgian Lari (GEL), are translated into EUR based at the exchange rate prevailing at the date of the transaction as published by the National Bank of Georgia (NBG).

The exchange rates defined by NBG as of 31 December 2025 and 2024 are as follows:

	EUR/GEL
Exchange rate as of 31 December 2025	3.1737
Exchange rate as of 31 December 2024	2.9306

2.5. Methods of withdrawals

The methods of withdrawal used from the inception of the Loan during reporting period were as follows:

Designated account

It is allowed to withdraw the eligible amounts from the Designated account and prepare and send replenishment requests to the IBRD with authorized signatures. The replenishment requests and respective documentation are reviewed by the IBRD, and an approved amount is transferred to the Designated account.

RELIEF AND RECOVERY FOR MICRO, SMALL AND MEDIUM ENTERPRISES (MSMEs)**LOAN NO. 9239-GE****NOTES TO THE SPECIAL PURPOSE PROJECT FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025***(Amounts are presented in EUR)***2. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)****Reimbursement**

IBRD reimburses amounts for expenditures eligible for financing pursuant to the Loan Agreement. It is the standard procedure for a borrower to apply to withdraw funds from an IBRD Loan Account to reimburse funds already paid.

2.6. Taxes

According to the Georgian Tax Legislation, GEDC and NBG pay all the taxes to unified treasury code applicable for all taxes. Taxes are paid in accordance with the tax regulation of Georgia.

2.7. Budget

Expenditure budget is created based on actual accumulated expenditures for the last period plus the updated procurement plans for the reporting period.

3. SUMMARY OF SOURCE OF FUNDS

Funds requested and received during the year ended 31 December 2025 are presented below:

WB/ Trans No	Application Reference	Date of application	Date of received payments	Sum
22	Advance 18 (GEDC)	19/02/2025	26/02/2025	3,000,000
23	Advance 19 (GEDC)	30/04/2025	08/05/2025	4,000,000
24	Advance 20 (GEDC)	20/06/2025	26/06/2025	4,000,000
25	Advance 21 (GEDC)	05/08/2025	12/08/2025	4,000,000
2	Reimbursement (NBG)	19/12/2025	29/12/2025	146,214
Total Amount Received				15,146,214

Funds requested and received during the year ended 31 December 2024 are presented below:

WB/ Trans No	Application Reference	Date of application	Date of received payments	Sum
17	Advance 13 (GEDC)	20/03/2024	26/03/2024	2,000,000
18	Advance 14 (GEDC)	22/05/2024	31/05/2024	2,000,000
19	Advance 15 (GEDC)	16/07/2024	24/07/2024	2,500,000
20	Advance 16 (GEDC)	25/09/2024	03/10/2024	2,500,000
21	Advance 17 (GEDC)	20/11/2024	27/11/2024	3,500,000
Total Amount Received				12,500,000

RELIEF AND RECOVERY FOR MICRO, SMALL AND MEDIUM ENTERPRISES (MSMEs)**LOAN NO. 9239-GE****NOTES TO THE SPECIAL PURPOSE PROJECT FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025***(Amounts are presented in EUR)***4. STATEMENT OF DESIGNATED ACCOUNTS**

Information about the account used during the year as a designated account is presented below:

Financing Agreement	Loan Agreement No. 9239-GE
Beneficiary Name	JSC Georgian Economic Development Corporation
Bank account number	GE65NB0331100001150207
Bank	National Bank of Georgia
Bank location	1, Zviad Gamsakhurdia Embankment, 0114, Tbilisi, Georgia
Account Currency	EUR

Statement of Designated Account as of 31 December 2025 and 31 December 2024 is presented as follows:

Number	Description	For the year ended 31 December 2025	For the year ended 31 December 2024	Cumulative as of 31 December 2025	Cumulative as of 31 December 2024
1	DA Opening balance (GEDC)	818,007	1,793,980	-	-
2	Add: opening discrepancy (GEDC)	-	-	-	-
3	IBRD advance/replenishment (GEDC)	15,000,000	12,500,000	58,200,000	43,200,000
4	Less: Refund to IBRD from Designated Account (GEDC)	-	-	-	-
5	Present outstanding amount advanced to DA (GEDC)	15,818,007	14,293,980	58,200,000	43,200,000
6	DA closing balance as at end of the period (GEDC)	107,503	818,007	107,503	818,007
7	Add: Amount for eligible expenditures (GEDC)	15,730,446	13,477,188	58,130,970	42,400,524
8	Service charges (if debited into DA) (GEDC)	(19,942)	(1,215)	(38,473)	(18,531)
9	Less: Interest earned (if credited into DA) (GEDC)	-	-	-	-
10	Total advance accounted for (GEDC)	15,818,007	14,293,980	58,200,000	43,200,000
11	Discrepancy (5)-(10) to be explained /II (GEDC)	-	-	-	-

NBG has not used the designated account method for the disbursements during the years ended 31 December 2025 and 2024.

5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents as of 31 December 2025 and 31 December 2024 can be presented as follows:

IBRD Loan 9239-GE	Underlying Currency	31 December 2025	31 December 2024
Designated Account (GEDC)	EUR	107,503	818,007
Designated Account (NBG)	EUR	-	-
		107,503	818,007

RELIEF AND RECOVERY FOR MICRO, SMALL AND MEDIUM ENTERPRISES (MSMEs)

LOAN NO. 9239-GE

NOTES TO THE SPECIAL PURPOSE PROJECT FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

(Amounts are presented in EUR)

6. PROJECT EXPENDITURES IMPLEMENTATION PROGRESS

Project Implementation as of 31 December 2025 and 31 December 2024 are presented below:

Project Activities	Cumulative as of 31 December 2025	Cumulative as of 31 December 2024	Budget (Unaudited)	Utilized as of 31 December 2025	Utilized as of 31 December 2024
Component 1 – Financial relief and recovery for MSMEs (GEDC)	55,509,523	40,719,817	68,000,000	81.6%	59.9%
1.1 – Grants for micro and small firms (GEDC)	17,616,818	17,618,947	17,700,000	99.5%	99.5%
1.2 – Co-financing of interest payments (GEDC)	7,584,930	3,960,133	12,800,000	59.3%	30.9%
1.3 – Partial credit guarantees (GEDC)	28,241,937	18,659,513	31,500,000	89.7%	59.2%
1.4 – Support for COVID-proofing and digitization (GEDC)	2,065,838	481,224	6,000,000	34.4%	8.0%
Component 2 – Digital payments and financial infrastructure upgrading (GEDC and NBG)	463,567	220,894	12,000,000	3.9%	1.8%
2.1 – Upgrading payments infrastructure (NBG)	187,121	40,907	6,000,000	3.1%	0.7%
2.2 – e-KYC and Know-Your-Customer registry (GEDC)	198,041	101,582	4,900,000	4.0%	2.1%
2.3 – Secured transactions reform (GEDC)	78,405	78,405	1,100,000	7.1%	7.1%
Component 3 – Project management and monitoring (GEDC)	2,345,001	1,500,720	4,787,500	49.0%	31.3%
Front-end fee	212,500	212,500	212,500	100.0%	100.0%
Total Project Expenditure	58,530,591	42,653,931	85,000,000	68.9%	50.2%

7. FINANCING UNDER THE LOAN AGREEMENT

Financing provided as of 31 December 2025 and 31 December 2024 are presented below:

	As of 31 December 2025	As of 31 December 2024
Designated Account	107,503	818,007
SOE	58,318,091	42,441,431
Front-end fee	212,500	212,500
Foreign exchange differences	(38,473)	(18,531)
Total Source of Funds	58,599,621	43,453,407
Total financing budget	85,000,000	85,000,000
Percentage of finance provided	68.9%	51.1%

RELIEF AND RECOVERY FOR MICRO, SMALL AND MEDIUM ENTERPRISES (MSMEs)

LOAN NO. 9239-GE

NOTES TO THE SPECIAL PURPOSE PROJECT FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

(Amounts are presented in EUR)

8. GEORGIAN OPERATING ENVIRONMENT

GEDC and NBG are located in Georgia and exposed to the economic and financial markets of Georgia, which display characteristics of an emerging market. The legal, tax and regulatory frameworks continue development, but are subject to varying interpretations and frequent changes which together with other legal and fiscal impediments contribute to the challenges faced by entities operating in Georgia. The special purpose project financial statements reflect management's assessment of the impact of the Georgian operating environment on the operations. The future operating environment may differ from management's assessment.

9. COMMITMENTS AND CONTINGENCIES

There were no material legal cases during the years ended 31 December 2025 and 2024 and up to the date of issuance of these special purpose project financial statements. Management is not aware of any commitments and contingencies which would have a material impact on these special purpose project financial statements for the year ended 31 December 2025.

10. EVENTS AFTER THE REPORTING PERIOD

Subsequent to the end of the reporting period, funds in the amount of EUR 10,277,827 have been received (EUR 9,000,000 to GEDC and EUR 1,277,827 to NBG).