

JSC MFI IntelExpress

**Financial Statements
for the Year Ended December 31, 2023**

and

Independent Auditor's Report

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STATEMENT OF MANAGEMENT's RESPONSIBILITY

Management of JSC MFI IntelExpress is responsible for the accompanying financial statements.

This responsibility includes:

- preparation of financial statements in accordance with International Financial Reporting Standards;
- selection of suitable accounting policies and their consistent application;
- making judgments and estimates which are reasonable and prudent;
- preparation of the financial statements on the going concern basis, unless circumstances make this inappropriate.

Management is also responsible for:

- creation, implementation and maintaining effective internal control system;
- keeping proper accounting records in compliance with local regulations;
- taking such steps as are reasonably open to them to safeguard the assets of the company;
- prevention and detection of fraud and other irregularities.

The financial statements for the year ended December 31, 2023 were approved by the management and signed on its behalf:

David Tavartkiladze

General Director

JSC MFI IntelExpress

Date: June 14, 2024

Nana Beradze

Chief Accountant

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David Tavartkiladze

General Director

JSC MFI IntelExpress

Date: June 14, 2024



Nana Beradze

Chief Accountant



INDEPENDENT AUDITORS' REPORT**JSC MFI IntelExpress*****Opinion***

We have audited the financial statements of JSC MFI IntelExpress (the "Company") which comprise the statement of financial position as at December 31, 2023 and the statement of comprehensive income, statement of cash flows and statement of changes in equity for the period then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects the financial position of the Company as at December 31, 2023, and of its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for our Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the standalone financial statements in Georgia, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our

Other information which is not a financial statement and the auditors' report

Management is responsible for Other Information. Other Information contains information that is included in the Management report, but does not imply financial statements and our opinion regarding them. Probably, Management report will be available for us after the issuance of our audit report.

Our opinion about financial statements does not include abovementioned Other Information and we do not express any kind of assurance regarding it.

Our responsibility regarding to the audit of the financial statements implies that we have to familiarize with abovementioned Other Information and discuss is this information substantionally unsuitable with financial statements or with information that we obtained during the audit or does it leave any kind of impression that it might be substantionally false.

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

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

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

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

INDEPENDENT AUDITORS' REPORT (continued)

Auditors' responsibility for the audit of the financial statements

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

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

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

Sopho Abaiadze / Certified Auditor / Partner

Audit firm registration number: SARAS-F-320544

Auditor's registration number: SARAS-A-417263

Date: June 17, 2024

Tbilisi, Georgia



STATEMENT OF FINANCIAL POSITION

	Note	31-Dec-23	31-Dec-22
ASSETS			
Cash and cash equivalents	6	31,951,752	25,381,312
Receivables from money transfer companies	7	14,358,401	12,394,268
Loans to customers	8	22,023,078	17,488,644
Advances paid		64,483	64,231
Tax assets	9	451,023	249,771
Right-of-use assets	10	673,286	1,087,972
Property and equipment	11	2,662,080	2,660,006
Intangibles	12	402,625	308,184
Investment in associates	13	717,541	-
Other assets	15	303,122	638,651
Total assets		73,607,391	60,273,039
LIABILITIES			
Loans and borrowings	16	14,056,540	9,622,161
Payables from money transfer companies	7	40,598,446	31,292,526
Tax payable	17	41,122	388,153
Lease liabilities	10	606,642	983,087
DTL	14	234,373	165,087
Other liabilities	18	353,031	572,497
Total liabilities		55,890,154	43,023,511
EQUITY			
Share capital	19	5,100,000	1,100,000
Retained earnings		12,617,237	16,149,528
Total equity		17,717,237	17,249,528
Total liabilities and equity		73,607,391	60,273,039

David Tavartkiladze

Nana Beradze

General Director
JSC MFI IntelExpress

Chief Accountant

Date: June 14, 2024

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David Tavartkiladze

General Director
JSC MFI IntelExpress

Date: June 14, 2024



Nana Beradze

Chief Accountant

STATEMENT OF COMPREHENSIVE INCOME

	Note	2023	2022
Interest income	20	4,113,042	3,387,852
Interest expense	21	(920,150)	(840,298)
Net interest income		3,192,892	2,547,554
Fee and commission income, NET	22	4,014,461	4,673,004
Profit on currency trade operations	23	6,090,340	6,940,348
Income from fines	24	315,193	295,965
Other income	25	166,858	327,197
Operating income		13,779,744	14,784,068
Operating and administrative expenses	26	(10,652,858)	(8,744,155)
Foreign exchange loss	27	235,754	368,888
Change in loan loss reserve		(208,734)	(194,963)
Impairment of investment in associates		(25,503)	-
Profit before income tax		3,128,403	6,213,838
Income tax	14	(705,195)	(1,010,945)
Net profit for the year		2,423,208	5,202,893

David Tavartkiladze

General Director
JSC MFI IntelExpress

Nana Beradze

Chief Accountant

Date: June 14, 2024

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David Tavartkiladze
General Director
JSC MFI IntelExpress

Date: June 14, 2024




Nana Beradze
Chief Accountant

JSC MFI IntelExpress
Financial Statements
For the year ended December 31, 2023
Amounts presented in GEL

STATEMENT OF CASH FLOWS

Description	2023	2022
Interest and penalties received	4,332,217	3,588,519
Loans recovered	44,625,273	45,217,633
Loans issued	(49,776,292)	(49,488,242)
Expenses paid	(2,806,406)	(3,686,313)
Salaries paid	(6,578,720)	(3,474,046)
Interest paid	(894,316)	(733,491)
Taxes paid	(2,968,743)	(2,060,974)
Difference between inflow and outflow from cash transfers and other	19,307,130	19,655,379
Cash Flow from operating Activities	5,240,145	9,018,465
Interest received on bank deposits	38,476	32,256
Acquisition of fixed assets	(372,541)	(345,891)
Purchase of ordinary shares	(532,094)	-
Disposal of fixed assets	-	761
Acquisition of intangible assets	(101,367)	(47,000)
Payment of the obligation Purchase of the right of demand	(78,925)	(85,895)
Cash flow from investing activities	(1,046,452)	(445,769)
Loans received	21,176,026	9,092,037
Loans covered	(16,804,570)	(9,257,556)
Principal repayments of leases	(413,794)	(457,684.00)
Dividends paid	(1,940,876)	(1,370,188)
Received bank guarantee	(26,433)	-
Bank guarantee received / (paid)	-	3,088
Cash Flow from financing Activities	1,990,353	(1,990,303)
Effects of ex. rate changes on cash and cash equivalents	386,394	(4,605,584)
Net increase / (decrease) in cash and cash equivalents	6,184,046	6,582,393
Cash and cash equivalents at the beginning	25,381,312	23,404,503
Cash and cash equivalents at the end of the reporting period	31,951,752	25,381,312

David Tavartkiladze
General Director
JSC MFI IntelExpress
Date: June 14, 2024

Nana Beradze
Chief Accountant

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David Tavartkiladze
General Director
JSC MFI IntelExpress
Date: June 14, 2024



Nana Beradze
Chief Accountant

JSC MFI IntelExpress
Financial Statements
For the year ended December 31, 2023
Amounts presented in GEL

STATEMENT OF CHANGES IN EQUITY

	Share capital	Retained earnings	Total Equity
Balance as at 31-Dec-2021	1,100,000	12,327,136	13,427,136
Net profit for the year 2022	-	5,202,893	5,202,893
Dividends declared	-	(1,380,501)	(1,380,501)
Balance as at 31-Dec-2022	1,100,000	16,149,528	17,249,528
Net profit for the year 2023	-	2,423,208	2,423,208
Dividends declared	-	(1,955,500)	(1,955,500)
Transfer of accumulated profits to share capital	4,000,000	(4,000,000)	-
Balance as at 31-Dec-2023	5,100,000	12,617,236	17,717,237

David Tavartkiladze

Nana Beradze

General Director
JSC MFI IntelExpress

Chief Accountant

Date: June 14, 2024

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Dividends declared	-	(1,380,501)	(1,380,501)
Balance as at 31-Dec-2022	1,100,000	16,149,528	17,249,528
Net profit for the year 2023	-	2,423,208	2,423,208
Dividends declared	-	(1,955,500)	(1,955,500)
Transfer of accumulated profits to share capital	4,000,000	(4,000,000)	-
Balance as at 31-Dec-2023	5,100,000	12,617,236	17,717,237

David Tavartkiladze

General Director
JSC MFI IntelExpress

Date: June 14, 2024



(Handwritten signature)

Nana Beradze

Chief Accountant

NOTE 1 The Company and its principal activities

These financial statements include financial information of JSC MFI IntelExpress (referred to as "the Company").

JSC MFI IntelExpress (202353176) was initially registered under the name of LLC Microfinance Organization Intel Express Georgia in 2006 in Tbilisi, Georgia. On February 12, 2018 the Organization was renamed and registered as JSC MFI IntelExpress.

Main activity of the Company is money transfer; INTEL EXPRESS is a worldwide money transfer system and its core business is Cash to Cash money transfers between individuals; Besides, INTEL EXPRESS product portfolio also includes Commercial Payments (loans repayments, utilities payments, etc.), Internet payments and other mobile money transfers.

Supplementary activity of the Company is issuance of micro loans to individuals and legal entities. The company operates 24 centers (2022: 23 centers) in Tbilisi and regions: Central (Aghmashenebli Ave), Marjanishvili, Tsereteli, Gldani, Delisi, Tamarashvili, Varketili, Isani, Tbilisi International Airport (2), Akhalkalaki, Gori, Rustavi, Zugdidi, Zestaponi, Batumi (2), Telavi, Kutaisi (4), Poti. The Company issues four types of loans: (1) Mortgage/Consumer Loans, which are secured by real estate and surety, or only by real estate (2) Pawn Loans, secured by precious metals/stones, or antiques, (3) Consumer Loans, which are in most cases secured by precious metals/stones, borrowing from borrowers (or third parties) or guarantee and (4) other loans (credit line) which are in most cases secured by precious metals/stones, borrowing or guarantee. There is a top ceiling for the loans set by regulations which equals GEL 100 thousand.

The shareholders of the JSC Microfinance Organization JSC MFI IntelExpress are:

Shareholder	31-Dec-23	31-Dec-22
Ketevan Kartvelishvili	15.00%	15.00%
Limited Liability Company UFG (UFG, LLC)	85.00%	85.00%
Total	100.00%	100.00%

UFG, JSC's 100% share owner is Ms. Lia Aslanidi - a citizen of Greece, who also is founder and 60% share owner of "Intel express Greece" (Company registered and operated in Greece).

NOTE 2 Operating environment of the Company

The Company operates in Georgia. In Georgia the microfinance organizations are under certain regulations of National Bank of Georgia. Current regulations are not very extensive and limiting. Regulations include minimum capital requirements (minimum GEL 1,000,000), requirement to publish financial statements prepared in accordance with IFRS. Microfinance organizations in Georgia currently are not allowed to receive loans from clients and to issue loans exceeding GEL 100 thousand (See note 30).

Emerging economies, such as the Georgian economy, are subject to rapid change and are vulnerable to market conditions and economic downturns elsewhere in the world. As a consequence, operations in Georgia may be exposed to certain risks that are not typically associated with those in developed markets. Nevertheless, over the last few years the Georgian government has changed number of civil, criminal, tax, administrative and commercial laws that have positively affected the overall investment climate of the country. Georgia has an international reputation as a country with a favorable investment environment. Georgia has been assigned a score of 53 (it shares 49-th places with Cyprus, Grenada and Rwanda within 180 countries) as demonstrated by Transparency International's 2023 Global Corruption Barometer. Georgia's score has declined insignificantly by 3 compared to previous year. (Year 2022, 56 Point)

NOTE 3 Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). The Company maintains its accounting records in accordance with Georgian accounting regulations. These financial statements have been prepared from those accounting records and adjusted as necessary in order to be in accordance with IFRS.

Assets and liabilities in the statements of financial position are presented broadly in order of liquidity rather than separated as current and non-current.

These financial statements have been measured in Georgian Lari ("GEL").

The preparation of the financial statements requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities as at the date of the financial statements, and the reported amounts of revenues and expenses during the reported period. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

NOTE 4 Significant accounting policies

4.1 New and revised standards and interpretations

Amendments to IAS 12 Deferred Tax Related to Assets and Liabilities arising from a Single Transaction

This amendment requires the company to recognise deferred tax assets and liabilities gross in relation to their leases which were previously these were recognised net. There is no impact on the amounts disclosed on the balance sheet as the amounts continue to be offset in accordance with the requirements of IAS 12, however in note 8 the amounts have been presented gross. The Prior period disclosures have also been amended consistent with the transitional provisions in the amendment

Amendments to IAS 12 International Tax Reform – Pillar Two Model Rules

This amendment permits the company to not recognise deferred tax assets and liabilities related to the Pillar Two tax reforms. Due to the uncertain nature of the tax reforms, the company cannot quantify the impact that this has had on the amount of Deferred tax assets and liabilities not recognised on the balance sheet in the current period. No amounts were recognised in the prior period in relation to the Pillar Two Model Rules to which this amendment would apply

4.2 Standards and interpretations that have been issued but are not yet effective for the year ended December 31, 2023

The following standards and amendments are not yet effective but may have an impact on the financial statements of the company in the future.

**Amendments to IAS 1 – Classification of Liabilities as Current or Non-current &
Amendments to IAS 1 – Non-current Liabilities with Covenants**

These amendments together impact the classification of liabilities with covenants and any convertible notes that the company issues with liability classified conversion features. It may impact the classification of some of the company's debts and will require additional disclosure about the effect of the covenants on the company.

The company is still currently assessing the impact of these amendments. They are effective for the 2024 Financial Statements.

Amendments to IAS 7 & IFRS 7 Supplier Financing Arrangements

This amendment will have no impact on the amounts recognised in the financial statements but will require additional disclosures to be provided around the company's use of supplier financing arrangements.

This amendment will be effective for the 2024 Financial Statements.

There are no other new standards or amendments that are expected to have a material impact on the company.

4.3 Financial instruments

Initial recognition and measurement

The Company recognises a financial asset or a financial liability in the statement of financial position when, and only when, it becomes a party to the contractual provisions of the instrument. On initial recognition, the Company recognises all financial assets and financial liabilities at fair value. The fair value of a financial asset / liability on initial recognition is normally represented by the transaction price. The transaction price for financial assets / liabilities other than those classified at fair value through profit or loss includes the transaction costs that are directly attributable to the acquisition / issue of the financial instrument.

Transaction costs incurred on acquisition of a financial asset and issue of a financial liability classified at fair value through profit or loss are expensed immediately.

The company recognizes the financial assets on the payment date, the asset is recognized on the day the company receives it and its recognition is terminated on the day the company sells it.

Subsequent measurement of financial assets

Subsequent measurement of financial assets depends on their classification on initial recognition.

Financial assets are measured at amortised cost if both of the following conditions are met: (a) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

NOTE 4 Significant accounting policies (continued)

4.3 Financial instruments (continued)

Financial assets are measured at fair value through other comprehensive income if both of the following conditions are met: (a) the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are classified and measured at fair value through profit or loss unless the Company makes an irrevocable election at initial recognition for investments in equity instruments to present subsequent profit or loss in the statement of other comprehensive income.

Impairment of financial assets

The measurement of the loss allowance depends upon the company's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets measured at fair value through other comprehensive income, the loss allowance is recognised within other comprehensive income. In all other cases, the loss allowance is recognised in profit or loss.

In addition, for loans issued that are assessed not to be impaired individually, the Company assesses them collectively for impairment, based on the Company's past experience of collecting payments, an increase in the delayed payments in the portfolio, observable changes in economic conditions that correlate with default on loans issued, etc (Note 5).

For financial assets measured at amortized cost, if the amount of the impairment loss decreases in a subsequent period and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed (either directly or by adjusting the allowance account for trade receivables) through profit or loss. However, the reversal must not result in a carrying amount that exceeds what the amortized cost of the financial asset would have been had the impairment not been recognised at the date the impairment is reversed.

Derecognition of financial assets

Irrespective of the legal form of the transactions, financial assets are derecognised when they pass the "substance over form" based derecognition test prescribed by IFRS 9. That test comprises two different types of evaluations which are applied strictly in sequence:

- Evaluation of the transfer of risks and rewards of ownership
- Evaluation of the transfer of control

Subsequent measurement of financial liabilities

Subsequent measurement of financial liabilities depends on how they have been categorised on initial recognition. The Company classifies financial liabilities in one of the following two categories:

Liabilities at fair value through profit or loss (FVTPL) Liabilities are classified in this category when they are held principally for the purpose of selling or repurchasing in the near term (trading liabilities) or are derivatives (except for a derivative that is a designated and effective hedging instrument) or meet the conditions for designation in this category. All changes in fair value relating to liabilities at fair value through profit or loss are charged to profit or loss as they arise.

Other financial liabilities - All liabilities which have not been classified in the previous category fall into this residual category. These liabilities are carried at amortized cost using the effective interest method.

Derecognition of financial liabilities

A financial liability is removed from the Company's statement of financial position only when the liability is discharged, cancelled or expired (i.e. extinguished). The difference between the carrying amount of the financial liability derecognised and the consideration paid is recognised in profit or loss.

NOTE 4 Significant accounting policies (continued)

4.4 Cash and cash equivalents

Cash and cash equivalents include: cash on hand and cash held in banks on current and deposit accounts.

4.5 Loans to customers

Loans to customers are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans to customers are initially recognized at the fair value (which is equal to the amount disbursed to customer), plus related transaction costs directly related to the issuance of the loan. Loans are subsequently carried at amortized cost using the effective interest method. Loans to customers are carried net of any allowance for impairment losses.

The amortized cost of a loan is the amount at which the loan is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount recognized and the maturity amount, minus any reduction for impairment. Premiums and discounts, including initial transaction costs, are included in the carrying amount of the related loan and amortized based on the effective interest rate.

Impairment allowances are determined based on the forward-looking ECL models. Note 5 provides information about inputs, assumptions and estimation techniques used in measuring ECL, including an explanation of how the Company incorporates forward-looking information in the ECL models.

4.6 Advances paid

Advances paid to suppliers of goods and services are initially recognized at the amount paid and are adjusted as necessary to reflect possible impairment of these advances. Advances are considered to be impaired when there is objective evidence that the Company will not be able to receive all goods or services according to the original terms of the agreements with counterparties.

Advances denominated in foreign currencies are presented at the exchange rates prevailing on the payment date and are not restated at the exchange rate of the balance sheet date.

4.7 Property, plant and equipment

Tangible items that are held for use in supply of services, for rental to others, or for administrative purposes and are expected to be used during more than one period are recognized in the balance sheet as property and equipment. Property and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The repairs and maintenance are charged to the income statement during the financial period in which they are incurred. Depreciation is calculated using the straight-line method over the estimated useful lives of the individual assets. Depreciation commences when assets are available for use. The estimated useful lives of the groups of PP&E are disclosed in the following table.

Asset group	Estimated useful life
Buildings	50 years
Computer and communication equipment	5 years
Vehicles	5 years
Office fitting and fixtures	5 years
Other assets	5 years

The useful lives, residual values and depreciation methods are reviewed annually to ensure that they are consistent with the expected pattern of economic benefits from those assets. An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement in the year the asset is derecognized.

NOTE 4 Significant accounting policies (continued)

4.8 Intangibles

An intangible asset is an identifiable non-monetary asset without physical substance. Intangible assets are recognized in the balance sheet if, and only if (a) it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and (b) the cost of the asset can be measured reliably. Following initial recognition, intangible assets with determinable useful life are carried at cost less any accumulated amortization and any accumulated impairment losses. Amortization is calculated using the straight-line method and over the useful life. Intangible assets with indefinite useful lives are not amortized. They are rather tested for impairment annually and impairment loss recognized in profit and loss immediately, when occurs. Intangible assets with indefinite useful lives are reviewed annually with the objective to assess whether their useful lives are still undetermined. If the analysis indicates that the useful life is determinable then such intangibles are amortized over identified useful lives.

The amortization rates of the groups of Intangibles are disclosed in the following table.

Asset group	Amortization rate
Licenses	10% - 15%
Software	15%

Licenses include software licenses and MasterCard License.

4.9 Investments in associates

Investments in associates are accounted for using the equity method. Associates are entities over which Company has significant influence, but not control or joint control. Significant influence is presumed to exist when Company holds 20% to 50% of the voting power of another entity.

Under the equity method, investments are initially recognized at cost and adjusted thereafter to recognize Company's share of the post-acquisition profits or losses and movements in other comprehensive income of the associate. Distributions received from an associate reduce the carrying amount of the investment.

At each reporting date, Company assesses whether there is any indication that an investment in an associate may be impaired. If there is such an indication, the entire carrying amount of the investment is tested for impairment by comparing its recoverable amount to its carrying amount. Any impairment loss is recognized in the income statement.

The carrying amount of investments in associates is disclosed in the financial statements, along with Company's share of the associate's profit or loss and other comprehensive income.

4.10 Income taxes

Income taxes have been provided for in the financial statements in accordance with the legislation enacted or substantively enacted by the end of reporting period in Georgia. The income tax charge/credit comprises current tax and deferred tax and is recognised in profit or loss except if it is recognised directly in other comprehensive income because it relates to transactions that are also recognised, in the same or a different period, directly in other comprehensive income.

Current tax is the amount expected to be paid to or recovered from the taxation authorities in respect of taxable profits or losses for the current and prior periods. Taxable profits or losses are based on estimates if financial statements are authorised prior to filing relevant tax returns. Taxes, other than on income, are recorded within administrative and other operating expenses.

Deferred income tax is provided using the balance sheet liability method for tax loss carry forwards and temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. In accordance with the initial recognition exemption, deferred taxes are not recorded for temporary differences on initial recognition of an asset or a liability in a transaction other than a business combination if the transaction, when initially recorded, affects neither accounting nor taxable profit. Deferred tax liabilities are not recorded for temporary differences on initial recognition of goodwill and subsequently for goodwill which is not deductible for tax purposes. Deferred tax balances are measured at tax rates enacted or substantively enacted at the end of reporting period which are expected to apply to the period when the temporary differences will reverse or the tax loss carry forwards will be utilised. Deferred tax assets for deductible temporary differences and tax loss carry forwards are recorded only to the extent that it is probable that future taxable profit will be available against which the deductions can be utilised.

On May 13, 2016, the Parliament of Georgia adopted a draft law on the corporate profit tax reform (the so-called Estonian model of profit tax), which primarily shifts the taxation moment from the receipt of taxable profit to the distribution of profit. The law came into force in 2016 and applies to tax periods starting from January 1, 2017. It concerns all enterprises except financial institutions (such as banks, insurance companies, microfinance organizations, and pawnshops), for which the law initially came into effect on January 1, 2020.

On January 1, 2023, significant amendments to the Tax Code of Georgia came into force. Specific changes were made to the taxation regime of banking institutions, credit unions, microfinance organizations, and lending enterprises, including the definition of standards for accounting for interest income and potential loss reserves. According to other significant amendments:

NOTE 4 Significant accounting policies (continued)

4.10 Income taxes (continued)

- * The subject of profit tax for commercial banks, credit unions, microfinance organizations and lending enterprises is the difference between the total income received during the calendar year and the deductions determined by the tax code.
- * Commercial banks, credit unions, and microfinance organizations recognize interest accrued on loans as income and deduct the loan loss reserves from the total income according to the standard.
- * The corporate profit tax rate for commercial banks, credit unions, microfinance organizations, and lending enterprises is 20%.
- * Dividends issued by commercial banks, credit unions, insurance organizations, microfinance organizations and lending enterprises from the profits of 2023 and subsequent periods are not taxed at the source of payment and should not be included in the gross income of the recipient of the dividends

4.11 Impairment of non financial assets

Non-financial assets, which in these financial statements of the Company include Property, plant and equipment, are assessed at each reporting date for any indications of impairment.

An impairment loss is recognized when the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount.

The recoverable amount of such non-financial assets is the greater of their fair value less costs to sell and value in use. 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. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

All impairment losses in respect of such non-financial assets are recognized in profit or loss and reversed only if there has been a change in the estimates used to determine the recoverable amount. Any impairment loss is only reversed to the extent that the asset's carrying amount does not exceeds the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

4.12 Loans and borrowings

Loans and borrowings are carried at amortized cost using the effective interest method. Borrowing costs are recognized as an expense in the profit and loss in the period when they are incurred.

4.13 Leases

Since January 1, 2019, the Company implemented IFRS 16 - "Leases", based on which the Company recognizes right-of-use asset and lease liabilities in relation to leases which had previously been classified as "operating leases" under the principles of IAS 17 Leases.

Right-of-use asset

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove any improvements made to branches or office premises. The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, with the depreciation presented within depreciation expense in statement of comprehensive income.

The recognised right-of-use assets relate to properties for own use, in particular branches and office buildings.

Lease liabilities

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Company's incremental borrowing rate. Lease liabilities are subsequently reduced by lease payments. Each lease payment is allocated between the liability and interest expense. Interest expense on the lease liability is presented within interest expense in the statement of comprehensive income.

Lease payments include fixed payments. When the lease contains an extension or termination option that the Company considers reasonably certain to be exercised, the expected rental payments or costs of termination are included within the lease payments used to generate the lease liability.

Lease liabilities generally include the net present value of the following lease payments:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate;
- amounts expected to be payable under a residual value guarantee;
- the exercise price under a purchase option that the Company is reasonably certain to exercise;
- payments of penalties for terminating the lease, if the lease term reflects the Company exercising that option.

NOTE 4 Significant accounting policies (continued)

4.13 Leases (continued)

The weighted average lessee's incremental borrowing rate applied to the lease liabilities in 2023 was 6.63% for USD denominated contracts and 13.06 % for GEL denominated contracts (2022: 7.1% and 13.10%, respectively).

After the lease commencement date, lease liabilities are increased by the accrued interest and decreased by the lease payments made. In addition, the Company reassesses lease liabilities if modification in the terms of the lease agreement occur.

Payments associated with short-term leases are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

4.14 Other liabilities

Other liabilities are recognized initially at fair value and subsequently measured at amortized cost.

4.15 Share capital

The amount of Company's share capital is defined by the Company's Charter. The changes in the Company's Charter (including changes in share capital, ownership, etc) shall be made only based on the decision of the Company's shareholders. The authorized capital is recognized as share capital in the equity of the Company to the extent that it was actually contributed by the shareholders to the Company.

Treasury shares

Where the Company purchases its own equity share capital, the consideration paid is deducted from equity attributable to the Company's equity holders until such shares are cancelled or reissued.

4.16 Interest income and expense recognition

Interest income and expense are recorded in the income statement for all debt instruments on an accrual basis using the effective interest method. This method defers, as part of interest income or expense, all fees paid or received between the parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

Fees integral to the effective interest rate include origination fees received or paid by the entity relating to the creation or acquisition of a financial asset or issuance of a financial liability, for example fees for evaluating creditworthiness, evaluating and recording guarantees or collateral, negotiating the terms of the instrument and for processing transaction documents.

4.17 Fees, commissions and other incomes and expenses

IFRS 15 Revenue from Contracts with Customers

IFRS 15 establishes the principles that an entity applies when reporting information about the nature, amount, timing and uncertainty of revenue and cash flows from a contract with a customer.

Applying IFRS 15, an entity recognises revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. To recognise revenue under IFRS 15, an entity applies the following five steps:

- Identify the contract with the customer;
- Identify the performance obligations in the contract;
- Determine the transaction price;
- Allocate the transaction price to the performance obligations in the contracts;
- Recognise revenue when (or as) the entity satisfies a performance obligation.

Under IFRS 15, an entity recognises revenue when or as a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer.

The adoption of IFRS 15 did not have any impact on the timing or amount of fee and commission income from contracts with customers and the related assets and liabilities recognised by the Company.

All other fees, commissions and other income and expense items are generally recorded on an accrual basis by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided.

NOTE 4 Significant accounting policies (continued)

4.19 Foreign currency translation

Transactions denominated in foreign currency are recorded at the exchange rate ruling on the transaction date. Exchange differences resulting from the settlement of transactions denominated in foreign currency are included in the statement of comprehensive income using the exchange rate ruling on that date.

Monetary assets and liabilities denominated in foreign currency are translated into Georgian Lari at the official exchange rate of the National Bank of Georgia (NBG) at the balance sheet date. As at December 31, 2021 the principal rates of exchange used for translating foreign currency balances were:

	31-Dec-23	31-Dec-22
US Dollar (USD)	2.6894	2.7020
EURO (EUR)	2.9753	2.8844
United Kingdom Pound (GBP)	3.4228	3.2581
Azerbaijani Manat (AZN)	1.5806	1.5924
Russian Ruble (RUR)	0.0299	0.0368
Swiss Franc (CHF)	3.2085	2.9322
Canadian Dollar (CAD)	2.0285	1.9959
Turkish Lira (TRY)	0.0910	0.1443
Bangladeshi Taka (BDT)	0.0245	0.0262
Armenian Dram (AMD)	0.0067	0.0069
Chinese Yuan (CNY)	0.3782	0.3906
United Arab Emirates Dirham (AED)	0.7323	0.7357
Swedish Krona (SEK)	0.2687	0.2592
Polish Zloty (PLN)	0.6845	0.6154
Indonesian Rupiah (IDR)	0.0002	0.0002
Philippine Peso (PHP)	0.0485	0.0484
Japanese Yen (JPY)	0.0190	0.0205
Israeli Shekel (ILS)	0.7442	0.7691
Moldova Lei (MDL)	0.1543	0.1410
Bahraini Dinar (BHD)	7.1290	7.1580
Jordanian Dinar (JOD)	3.7906	3.8062
Kuwaiti Dinar (KWD)	8.7489	8.8301
Qataeri Riyal (QAR)	0.7385	0.7363
Saudi Arabian Riyal (SAR)	0.7167	0.7180
Ukrainian Hryvnia (UAH)	0.0707	0.0735
Brazilian Real (BRL)	0.5537	0.5119
Kazakhstani Tenge (KZT)	0.0059	0.0058
Sri Lankan Rupee (SLR)	0.0083	0.0073
Nepali Rupee (NPR)	0.0202	0.0204
Pakistani Rupee (PKR)	0.0095	0.0120
Bulgarian Lev (BGN)	1.5212	1.4747
Indian Rupee (INR)	0.0323	0.0327
Romanian Leu (RON)	0.5981	0.5830

4.20 Offsetting

Financial assets (loans and receivables) and financial liabilities (borrowings and accounts payable) are offset and the net amount reported in the statement of financial position only when there is a legally enforceable right to set off the recognised amounts and the Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Incomes and liabilities are not offset unless required or permitted by IFRS and as specifically disclosed in the accounting policies of the Company.

NOTE 5 Critical accounting judgments

In the application of the Company's accounting policies, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources.

The estimates and assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects both current and future periods.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

a) Useful lives of property and equipment

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

b) Determining the lease term as lessee

When determining the lease term, the Company's management considers all circumstances that create an incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the Company is reasonably certain to extend the lease (or not to terminate). The assessment is reviewed if any significant change in circumstances occurs affecting this assessment and that is within the control of the lessee.

c) Estimating the incremental borrowing rate

When the Company cannot readily determine the interest rate implicit in the lease, it uses its incremental borrowing rate (IBR) to measure its lease liabilities. The IBR is the rate of interest that the Company 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 IBR therefore requires estimation when no observable rates are available to the Company or when they need to be adjusted to reflect the terms and conditions of the lease.

The Company estimates the IBR using observable inputs (such as interest rates on own borrowings and/or commercial bank's interest rates on similar loans) when available and market interest rates when no other observable inputs are available. The Company uses same discount rate to a portfolio of leases with similar characteristics. Lease agreements were divided according to the type of agreement, currency and lease terms: 1-2 years, 2-5 years, over 5 years.

d) Expected credit loss

From January 2019, the Company adopted a new provisioning methodology which is in line with IFRS 9 requirements. The updated methodology makes it possible to assess loan loss provisions and allowances accurately with the incorporation of forward-looking information.

The company divides the loans in the loan portfolio into segments according to their common characteristics and similar credit risk profiles. The following types of loans are used for the reporting period:

- Pawn loans (loans secured by precious stones and metals);
- Credit lines (secured and guaranteed);
- Mortgage / consumer loans (real estate loans);
- Consumer loans (secured by collateral or real estate).

Both collective and individual approaches were used for measurement of each segment.

When determining the ECL, the accounting model considers the historical and current data of the loan, as well as future macroeconomic forecasts, for which the macroeconomic scenarios of the NBS are used.

The accounting model uses credit risk modeling established by the Company in the calculation of ECL and consists of the following components:

Expected Loan Loss (ECL) = Default Rate Position (EAD) * Default Probability (PD) * Loss Default Loss (LGD), where:

- Exposure at default ("EAD") is defined as the balance of the principal amount of the loan for the reporting period;
- Probability of default ("PD") is defined as the probability of loan default for the reporting period;
- Loss given default ("LGD") is defined as the loss of the principal amount of the loan for the reporting period in the case of its default.

NOTE 5 Critical accounting judgments (continued)

d) Expected credit loss (continued)

The positions of the PD and LGD are evaluated according to macroeconomic scenarios, which include GDP growth ("GDP") and Consumer Price Index ("CPI") inflation over the next 1 year from the reporting period. GDP and CPI indicators are based on baseline, optimistic and pessimistic forecast scenarios, which are based on 50%, 25% and 25% probabilities, respectively.

The Company uses a "three-stage" model for impairment of loans to customers based on changes in credit quality since initial recognition summarized below:

- The loan is classified in "stage 1" at the time of issuance or at initial recognition, when PD is equal to or less than 50%. The loan classified in "stage 1" has a 12-month ECL and has its credit risk continuously monitored by the Company.
- The loan is classified in "stage 2":
 - a) At the time of issuance or at initial recognition during the reporting period, when the PD is greater than 50%;
 - b) When there is a significant increase in its credit risk;
 - c) With the permanent type of ECL, its PD is no longer reduced and its status is not restored to first stage ECL in the future reporting periods.
- If the financial instrument classified in "stage 2" is considered credit-impaired or inactive, it is then moved to "stage 3".

Financial instrument on stage 1 have expected credit loss measured at an amount equal to the portion of lifetime expected credit loss that result from default events possible within next 12 months. Instruments on stages 2 and 3 have their expected credit loss measured based on expected credit losses on a lifetime basis.

Definition of default - The borrower is classified as defaulted if at least one of the following occurred:

- In case of Pawn Loans - when PD> 50%, the loan is considered as defaulted.
- In case of Credit Lines - default on a loan is defined as a loan overdue for more than 119 days. An approach is used to assess the accuracy of the algorithm, when PD> 50%, the loan is considered as defaulted.
- In case of Mortgage/Consumer Loans - default on a loan is defined as a loan overdue for more than 149 days.
- In case of Consumer Loans - default on a loan is defined as a loan overdue for more than 119 days.

e) Taxation

The Company is primarily subject to taxation in Georgia. Georgian tax, currency and customs legislation is subject to varying interpretations. The management of the Company recognizes liabilities for anticipated additional tax assessments as a result of tax audits based on estimates of whether it is probable that additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the tax provisions in the period in which such determinations are made.

JSC MFI IntelExpress
Notes to the Financial Statements
For the year ended December 31, 2023
Amounts presented in GEL

NOTE 6 Cash and cash equivalents

	Note	31-Dec-23	31-Dec-22
Cash on hand	6.1	9,965,313	9,180,822
Restricted cash in bank	6.1	233,039	390,367
Cash in bank	6.1	21,753,400	15,810,123
Total		31,951,752	25,381,312

For the year ended December 31, 2023 balance of cash in bank includes: restricted cash in the amount of GEL 233.039. For the year ended December 31, 2022 restricted cash amounted GEL 390,367

6.1 Breakdown of cash and cash equivalents by currency

	31-Dec-23	31-Dec-22
Georgian Lari (GEL)	3,627,017	3,580,323
US Dollar (USD)	10,067,688	9,479,548
EURO (EUR)	14,056,432	8,978,366
United Kingdom Pound (GBP)	3,172,539	2,563,505
Azerbaijani Manat (AZN)	2,113	2,922
Russian Ruble (RUR)	203,724	180,064
Swiss Franc (CHF)	111,907	45,231
Canadian Dollar (CAD)	1,045	40
Turkish Lira (TRY)	18,102	16,619
Bangladeshi Taka (BDT)	96,573	91,205
Armenian Dram (AMD)	39,848	7,116
Chinese Yuan (CNY)	1,528	89
United Arab Emirates Dirham (AED)	73,868	45,084
Swedish Krona (SEK)	2,523	3,222
Polish Zloty (PLN)	6,995	12,388
Philippine Peso (PHP)	253,281	181,943
Japanese Yen (JPY)	-	-
Moldovan Leu (MDL)	2,651	5,594
Israel Shekel (ILS)	15,866	8,268
Ukraine Hryvnia (UAH)	415	292
Indonesian Rupiah (IDR)	32,440	73,183
Bahrainian Dinar(BHN)	1,091	7,659
Kuwait Dinar (KWT)	3,876	1,174
Qatari Rial (QAR)	3,898	4,108
Saudi arabian Riyal (SAR)	37,087	6,060
Jordan Dinar (JOD)	-	316
Brazilian Real (BRL)	-	-
Kazakhstani Tenge (KZT)	121	1,975
Sri Lankan Rupee (SLR)	47,508	27,019
Pakistani Rupee (PKR)	71,616	51,552
Nepalian Rupiah (NPR)	-	6,447
Total	31,951,752	25,381,312

The majority of the Company's cash in banks is with banks rated by Fitch as B (short-term rating), BB- (long-term rating).

NOTE 7 Receivables from / payables to money transfer companies

The Company provides cash to cash transfers between individuals as part of its main operational activities, resulting in receivables from and payables to the partner money transfer companies. Since November 1, 2019 the rule of payment with the general partner was changed. As a result of the amendment, the Company records receivables from the general partner immediately before the payment is made. At the same time, the Company records the amounts sent by the general partner as contingent liabilities on transit account as soon as these amounts are sent before the payment is made. As at December 31, 2023 receivables from and payables to money transfer companies amounts to GEL 14,358,401 and GEL 40,598,446 respectively (2022: GEL 12,394,268 and GEL 31,292,526 respectively).

NOTE 8 Loans to customers

The Company issues loans mainly to individuals for any purposes. Loans are issued in GEL from 1 month up to 10 years. Loans to customers bear an interest in the range 24% to 48% per annum. The loans are divided by repayment schedule in 2 categories: loans with principal repayment at maturity and loans with annuity repayment schedule. In all cases loans to customers are secured by real estate, surety, precious metals/stones, antiques, cars, borrowings received from borrowers (or third parties) or guarantee, although some loans are non-collateralized.

	Note	31-Dec-23	31-Dec-22
Pawn loans		13,315,745	10,316,195
Mortgage / consumer loans		6,398,311	4,874,006
Credit line		1,967,764	1,952,295
Consumer loans		463,582	351,142
Interest accrued		289,454	229,819
Gross loans to customers	8.1; 8.2	22,434,856	17,723,457
<i>Less: Allowance for impairment</i>	8.4	(411,778)	(234,813)
Net loans to customers		22,023,078	17,488,644

8.1 Gross loan portfolio by principal and accrued interest

	Note	31-Dec-23	31-Dec-22
Loan principal	8.2; 8.3; 8.4; 8.5	22,145,402	17,493,638
Interest accrued		289,454	229,819
Total gross portfolio		22,434,856	17,723,457

8.2 Breakdown of gross loan portfolio by loan term

	31-Dec-23	31-Dec-22
Up to 1 Year	14,130,084	9,936,790
1 to 3 Years	2,776,749	1,963,095
3 to 5 Years	2,031,936	1,451,248
More than 5 Years	3,206,633	4,142,505
Gross loans to customers	22,145,402	17,493,638

8.3 Collateral analysis

Every loan that the Company possesses is mainly collateralized with real estate (lands, building), cars, borrowing from borrowers (or third parties), guarantees, precious metals/stones or antiques.

The following table provides analysis of loan balances (without deduction of loan loss provision) against estimated fair values (less costs to sell: FVLCS) of respective collaterals:

	As at 31-Dec-23		As at 31-Dec-22	
	Loan carrying value	FVLCS of collateral	Loan carrying value	FVLCS of collateral
Pawn loans	13,315,745	24,354,767	4,874,006	15,131,456
Mortgage/Consumer loans	6,398,311	19,128,806	10,316,194	10,037,773
Credit Line	1,967,764	222,322	351,142	278,285
Consumer Loan	463,582	282,770	1,952,295	624,525
Total	22,145,402	43,988,665	17,493,638	26,072,039

* FVLCS - Fair Value of Collateral Less Costs to Sell

NOTE 8 Loans to customers (Continued)

8.4 Loan loss reserve

Loan loss reserve as of December 31, 2023 are presented below:

	Stage 1	Stage 2	Stage 3	
	12-months ECL	lifetime ECL for SICR	lifetime ECL for credit impaired	Total
Credit Loss allowance as of January 1, 2023 per IFRS 9	65,410	127,055	42,348	234,813
New issue of loans to customers	42,712	7,441	67,603	117,756
Transfer to stage 1	-	-	-	-
Transfer to stage 2	(5,715)	88,257	-	82,542
Transfer to stage 3	-	(93,123)	92,495	(628)
Covered loans to customers	(14,406)	(32,482)	(5,909)	(52,797)
Amounts written off during the period	(948)	(127)	-	(1,075)
Recovery of previously written-off loans	-	-	-	-
Effect of change in credit risk	21,939	(380)	9,608	31,167
Credit Loss allowance as of December 31, 2023	108,992	96,641	206,145	411,778

Gross book value of loans to customers as of December 31, 2023 are presented below:

	Stage 1	Stage 2	Stage 3	
	12-months ECL	lifetime ECL for SICR	lifetime ECL for credit impaired	Total
Loans to customers as of January 1, 2022 per IFRS 9	17,035,097	398,534	60,006	17,493,638
New issue of loans to customers	11,233,200	18,364	223,479	11,475,043
Transfer to stage 1	-	-	-	-
Transfer to stage 2	(182,737)	143,250	-	(39,487)
Transfer to stage 3	-	(257,956)	231,765	(26,191)
Covered loans to customers	(5,541,391)	(108,412)	(8,774)	(5,658,577)
Amounts written off during the period	(375,255)	(2,727)	-	(377,982)
Recovery of previously written-off loans	-	-	-	-
Effect of change in credit risk	(843,686)	(661)	982	(843,365)
Loans to customers as of December 31, 2022	21,325,228	190,392	507,458	22,023,079

Loan loss reserve as of December 31, 2022 are presented below:

	Stage 1	Stage 2	Stage 3	
	12-months ECL	lifetime ECL for SICR	lifetime ECL for credit impaired	Total
Credit Loss allowance as of January 1, 2022 per IFRS 9	54,547	45,294	43,937	143,778
New issue of loans to customers	24,574	70,415	-	94,989
Transfer to stage 1	-	-	-	-
Transfer to stage 2	(2,048)	47,371	-	45,323
Transfer to stage 3	-	(8,480)	8,500	20
Covered loans to customers	(11,210)	26,123	(2,320)	12,592
Amounts written off during the period	(554)	(8)	-	(562)
Recovery of previously written-off loans	-	-	-	-
Effect of change in credit risk	102	(53,660)	(7,769)	(61,326)
Credit Loss allowance as of December 31, 2022	65,410	127,055	42,348	234,813

NOTE 8 Loans to customers (Continued)

8.4 Loan loss reserve (continued)

Gross book value of loans to customers as of December 31, 2022 are presented below:

	Stage 1 12-months ECL	Stage 2 lifetime ECL for SICR	Stage 3 lifetime ECL for credit impaired	Total
Loans to customers as of January 1, 2022 per IFRS 9	13,782,979	135,150	59,036	13,977,166
New issue of loans to customers	9,367,285	235,874	-	9,603,159
Transfer to stage 1	-	-	-	-
Transfer to stage 2	(127,320)	112,431	-	(14,889)
Transfer to stage 3	-	(12,746)	12,147	(599)
Covered loans to customers	(4,904,341)	(80,267)	(3,115)	(4,987,722)
Amounts written off during the period	(267,647)	(157)	-	(267,804)
Recovery of previously written-off loans	-	-	-	-
Effect of change in credit risk	(815,859)	8,249	(8,062)	(815,673)
Loans to customers as of December 31, 2022	17,035,097	398,534	60,006	17,493,638

8.5 Loan issued by Principal

Year 2023	Mortgage/ Consumer loans	Pawn loans	Consumer Loan	Credit Line	Total
As at 31-Dec-2022	4,874,006	10,316,194	351,142	1,952,295	17,493,638
Reclassification					
Additions	4,106,232	14,163,714	2,058,274	29,448,072	49,776,292
Principal paid	(2,581,926)	(10,638,558)	(1,946,090)	(29,458,699)	(44,625,273)
Written off Principal	-	(621,578)	-	-	(621,578)
As at 31-Dec-2023	6,398,312	13,219,772	463,326	1,941,668	22,023,078
Year 2022	Mortgage/ Consumer loans	Pawn loans	Consumer Loan	Other (Credit Line)	Total
As at 31-Dec-2021	3,347,966	8,190,492	323,648	2,115,060	13,977,165
Reclassification					
Additions	-	-	-	-	-
Principal paid	3,590,886	12,073,478	3,285,881	30,537,997	49,488,242
Written off Principal	(2,064,846)	(9,369,965)	(3,258,373)	(30,524,450)	(45,217,633)
FX difference	-	(548,412)	-	-	(548,412)
	-	(29,412)	-	(176,312)	(205,724)
As at 31-Dec-2022	4,874,006	10,316,194	351,142	1,952,295	17,493,638

NOTE 9 Tax assets

	31-Dec-23	31-Dec-22
Income tax paid	320,458	42,931
VAT paid	70,185	157,686
Other tax asset	60,380	49,155
Total	451,023	249,771

NOTE 10 Right-of-use assets and lease liabilities

The Company leases property for its own use, in particular offices and branches. Rental contracts are typically made for fixed periods of 1 to 7 years.

The right of use assets by class of underlying items during 2023 and 2022 is analysed as follows:

Year 2023	Buildings	Total
Cost		
As at 31-Dec-2022	3,023,582	3,023,582
Additions	167,144	167,144
Lease Modification	(94,738)	(94,738)
As at 31-Dec-2023	3,095,987	3,095,987
Accumulated Depreciation		
As at 31-Dec-2022	(1,935,610)	(1,935,610)
Depreciation charge for the year	(487,092)	(487,092)
As at 31-Dec-2023	(2,422,701)	(2,422,701)
Net carrying amount		
As at 31-Dec-2022	1,087,972	1,087,972
As at 31-Dec-2023	673,286	673,286

Year 2022	Buildings	Total
Cost		
As at 31-Dec-2021	2,715,741	2,715,741
Additions	307,841	307,841
As at 31-Dec-2022	3,023,582	3,023,582
Accumulated Depreciation		
As at 31-Dec-2021	(1,477,930)	(1,477,930)
Depreciation charge for the year	(457,680)	(457,680)
As at 31-Dec-2022	(1,935,610)	(1,935,610)
Net carrying amount		
As at 31-Dec-2021	1,237,811	1,237,811
As at 31-Dec-2022	1,087,972	1,087,972

As at December 31, 2023, the balances of right of the use asset and the lease liability are GEL 673 286 and GEL 606 642, respectively (December 31, 2022: GEL 1,087,972 and GEL 983,087., respectively). The interest charge on lease liabilities presented within interest expense in the statement of comprehensive income amounted GEL 65 193 (2022: GEL 89,513).

Rent expense relating to short-term leases that are included in operating and administrative expenses amounted to GEL 272,130 (2022: GEL 245,138)

Total cash outflow for leases in 2023 was GEL 413,794 (2022: GEL 457,684)

NOTE 11 Property plant and equipment

Year 2023	Land and Buildings	Computer and communication equipment	Vehicles	Office fitting and fixtures	Other fix assets	Total
Historical Cost						
As at 31-Dec-2022	2,604,096	428,131	159,400	180,939	943,080	4,315,646
Additions	119,541	38,944	1,767	25,270	118,626	304,148
Disposals	-	(1,936)	-	-	(40,359)	(42,294)
As at 31-Dec-2023	2,723,637	465,139	161,167	206,209	1,021,347	4,577,500
Accumulated Depreciation						
As at 31-Dec-2022	(502,271)	(332,008)	(144,315)	(120,035)	(557,011)	(1,655,640)
Charge for the year	(56,760)	(37,197)	(4,761)	(23,276)	(165,562)	(287,555)
Acc. depreciation of disposals	-	485	-	-	27,290	27,775
As at 31-Dec-2023	(559,031)	(368,720)	(149,076)	(143,311)	(695,282)	(1,915,420)
Net Book Value						
As at 31-Dec-2022	2,101,825	96,123	15,085	60,904	386,069	2,660,006
As at 31-Dec-2023	2,164,606	96,419	12,091	62,898	326,065	2,662,080

Year 2022	Land and Buildings	Computer and communication equipment	Vehicles	Office fitting and fixtures	Other fix assets	Total
Historical Cost						
As at 31-Dec-2021	2,485,961	487,056	150,207	163,266	904,571	4,191,061
Additions	118,135	37,800	9,193	45,087	155,122	365,337
Disposals	-	(96,725)	-	(27,414)	(116,613)	(240,752)
As at 31-Dec-2022	2,604,096	428,131	159,400	180,939	943,080	4,315,646
Accumulated Depreciation						
As at 31-Dec-2021	(449,729)	(388,753)	(138,383)	(124,159)	(475,385)	(1,576,409)
Charge for the year	(53,348)	(35,849)	(5,935)	(20,388)	(149,438)	(264,958)
Acc. depreciation of disposals	806	92,594	3	24,512	67,812	185,727
As at 31-Dec-2022	(502,271)	(332,008)	(144,315)	(120,035)	(557,011)	(1,655,640)
Net Book Value						
As at 31-Dec-2021	2,036,232	98,303	11,824	39,107	429,186	2,614,652
As at 31-Dec-2022	2,101,825	96,123	15,085	60,904	386,069	2,660,006

For the year ended December 31, 2023, PP&E in the amount of GEL 1,466,613 (55% of the Company's total PP&E) is collateralized to cover liabilities against Loans taken from Banks.

NOTE 12 Intangibles

Year 2023	Licenses	Software	Total
Historical Cost			
As at 31-Dec-2022	629,845	267,234	897,079
Additions	-	155,603	155,603
Disposals	-	(2,442)	(2,442)
As at 31-Dec-2023	629,845	420,395	1,050,240
Accumulated Amortization			
As at 31-Dec-2022	(357,354)	(231,541)	(588,895)
Charge for the year	-	(58,796)	(58,796)
Accumulated Amortization of Disposals	-	76	76
As at 31-Dec-2023	(357,354)	(290,262)	(647,616)
Net Book Value			
As at 31-Dec-2022	272,491	35,693	308,184
As at 31-Dec-2023	272,491	130,134	402,625

Year 2022	Licenses	Software	Total
Historical Cost			
As at 31-Dec-2021	629,845	220,234	850,079
Additions	-	47,000	47,000
As at 31-Dec-2022	629,845	267,234	897,079
Accumulated Amortization			
As at 31-Dec-2021	(357,354)	(170,963)	(528,317)
Charge for the year	-	(60,578)	(60,578)
As at 31-Dec-2022	(357,354)	(231,541)	(588,895)
Net Book Value			
As at 31-Dec-2021	272,491	49,271	321,762
As at 31-Dec-2022	272,491	35,693	308,184

Note 13 Investment in associates

The investments of associate companies may be presented as follow:

	2023		2022	
	JSC Balavari (24,06%)	Total	JSC Balavari (0%)	Total
January 1	-	-	-	-
Share purchase	743,044	743,044	-	-
Impairment	(25,503)	(25,503)	-	-
December 31	717,541	717,541	-	-

The financial information of associate companies as of December 31, 2023, may be presented as follows:

	JSC Balavari
Assets	1,922,393
Liabilities	(734,955)
Total Net Assets	1,187,438
Entity's % in net assets	24.06%
Income	922
Expenses	(106,902)
Profit / (Loss)	(105,980)

NOTE 14 Deferred and current income taxes

Components of deferred tax: asset / (liability)	31-Dec-23	31-Dec-22
Property, plant and equipment	(153,699)	(143,173)
Intangibles	5,049	(6,103)
Right-of-use assets	(100,993)	(161,608)
Loans and borrowings	40	(2,131)
Payables from money transfer companies	1,638	2,370
Lease liabilities	90,996	144,920
Other liabilities	(18,811)	636
The effect of tax rate changes	(58,593)	-
Net deferred income tax asset (liability)	(234,373)	(165,087)

From January 1, 2023, a change was introduced in the tax legislation, specifically: the income tax rate increased from 15% to 20%.

The reasons which give raise to deferred taxes are briefly described below:

Receivables from money transfer companies - Receivables from money transfer companies are stated net of doubtful and bad debts which are not recognized for tax purposes until certain administrative and legal procedures are followed and completed. Until that time bad debts recognized in balance sheet but not recognized for tax purposes give raise to deferred tax.

PP&E and intangibles - There are certain differences in assets recognition criteria, depreciation /amortization methods and useful life estimations between IFRS and Georgian tax Code which cause differences between IFRS-determined carrying value of PP&E/Intangibles and the tax base of those assets. This difference gives raise to deferred tax. Also, some write-offs of PP&E recognized in IFRS financial statements in one period can only be deducted for tax purposes in later periods, when certain administrative procedures are completed.

Right-of-use assets and lease liabilities - There are certain differences in assets recognition criteria between IFRS and Georgian tax Code. In particular, under IFRS leases are recognised as expense in form of depreciation and interest expense, while under Georgian tax Code only the contract value of lease is recognised as expense.

Loans and borrowings - Interest expenses on loans payable to physical persons and non-resident entities are deductible for tax purposes on a cash basis. i.e. when paid, while in financial statements they are recognized in accordance with accruals method.

Payables from money transfer companies - commission fees payable to non-resident entities are deductible for tax purposes on a cash basis. i.e. when paid, while in financial statements they are recognized in accordance with accruals method.

Other liabilities - Other liabilities payable to physical persons and non-resident entities are deductible for tax purposes on a cash basis. i.e. when paid, while in financial statements they are recognized in accordance with accruals method.

Movement in the deferred tax during the year	Year 2023	Year 2022
At the beginning of the year - asset (liability)	(225,314)	(112,035)
Movement for the year – benefit / (expense)	(9,059)	(53,052)
At the end of the year	(234,373)	(165,087)

Income tax expense for the year	Year 2023	Year 2022
Statutory tax expense	(696,136)	(957,893)
Effect of deferred taxation	(9,059)	(53,052)
Total income tax (expense)/benefit for the year	(705,195)	(1,010,945)

NOTE 15 Other assets

	31-Dec-23	31-Dec-22
Inventory	52,394	43,145
Reposessed collateral	144,183	175,678
Trade receivables	38,653	372,059
Bank Guarantee Paid	53,788	27,020
Other assets	14,104	20,749
Total	303,122	638,651

JSC MFI IntelExpress
Notes to the Financial Statements
For the year ended December 31, 2023
Amounts presented in GEL

NOTE 16 Loans and borrowings		31-Dec-23	31-Dec-22
Loans from other related parties		478,910	220,378
Loans from others		13,451,762	9,263,646
Interest payable		125,868	138,137
Total		14,056,540	9,622,161
The Company takes loans from other related parties and from other physical and legal persons. Loans are taken in US Dollars mainly at 6%-14% annual interest, but in rare cases loans may bear 2% or 15% annual. According to loan agreements interest rates are fixed and are not tied to market interest rate changes. Contractual terms of all loans varies from 1 to 2 year, although it's possible to lengthen agreement duration based on negotiation between parties.			
Breakdown of Loans and Borrowings by term		31-Dec-23	31-Dec-22
Up to 1 Year		9,620,874	8,222,290
1 to 3 Years		4,309,798	1,261,734
Loans and Borrowings		13,930,672	9,484,024
The next tables show change in loans and borrowings principal during the period:			
Year 2023	Companies	Individuals	Total
As at 31-Dec-2022	2,270,666	7,213,358	9,484,024
Additions	15,396,927	5,779,099	21,176,026
Principal paid	(12,334,224)	(4,470,346)	(16,804,570)
FX difference	30,006	45,186	75,192
As at 31-Dec-2023	5,363,375	8,567,297	13,930,672
Year 2022	Companies	Individuals	Total
As at 31-Dec-2021	2,404,058	8,268,456	10,672,514
Additions	3,652,942	5,439,095	9,092,037
Principal paid	(3,599,240)	(5,658,316)	(9,257,556)
FX difference	(187,094)	(835,877)	(1,022,971)
As at 31-Dec-2022	2,270,666	7,213,358	9,484,024
NOTE 17 Tax payable		31-Dec-23	31-Dec-22
Income tax payable		-	320,807
VAT payable		12,353	38,717
Property tax payable		28,769	28,630
Total		41,122	388,154
NOTE 18 Other Liabilities		31-Dec-23	31-Dec-22
Salary payables		156,385	269,527
Expired borrowings contracts		-	47,085
Trade payables		107,593	107,695
Rent payables		25,696	24,254
Other liabilities		63,358	123,936
Total		353,031	572,497

NOTE 19 Share capital

JSC MFI IntelExpress's share capital is set in GEL according to the company charter. Total authorised share capital of JSC MFI IntelExpress as at December 31, 2023 is 50,000 ordinary shares and 200 preferred shares, with nominal value of each share of GEL 100 and GEL 1,000, respectively. Holders of the Common shares are entitled to receive dividends in proportion to the number of their respective shares, out of funds legally available under Georgian law. The Common shares bear have voting rights at the general meetings contrasting preferred shares.

The Company's share capital as at December 31, 2023 consists of :

<i>Autorised share capital</i>	31-Dec-23		31-Dec-22	
	Number of shares	Autorised share capital	Number of shares	Autorised share capital
Ordinary shares	50,000	5,000,000	20,000	2,000,000
Preferred shares	200	200,000	200	200,000
Total autorised share capital	50,200	5,200,000	20,200	2,200,000

The authorized capital is recognized as share capital in the equity of the Company to the extent that it was actually contributed by the shareholders to the Company. The Company's share capital at December 31, 2023 consists of :

<i>Share capital</i>	31-Dec-23		31-Dec-22	
	Number of shares	Share capital	Number of shares	Share capital
Ordinary shares fully paid	50,000	5,000,000	10,000	1,000,000
Preferred shares fully paid	200	200,000	200	200,000
Treasury shares (preferred shares)	(100)	(100,000)	(100)	(100,000)
Total share capital	50,100	5,100,000	10,100	1,100,000

Dividends

During 2023, the company declared an aggregate dividend of GEL 1,955,501 (2022: GEL 1,380,501), representing GEL 39 per ordinary share and GEL 55 per preferred share (2022: GEL 138 per ordinary share and GEL 55 per preferred share), which was fully paid to shareholders of ordinary and preferred shares.

NOTE 20 Interest income

	Year 2023	Year 2022
Interest income from loans to customers	4,073,932	3,361,749
Interest received from bank deposits	39,110	26,103
Total interest income	4,113,042	3,387,852

NOTE 21 Interest expense

	Year 2023	Year 2022
Interest expense on borrowings	843,789	738,393
Interest expense on bank guarantees	11,168	12,392
Interest expense on lease liabilities	65,193	89,513
Total interest expense	920,150	840,298

NOTE 22 Fee and commission income, NET

	Year 2023	Year 2022
Fee and commission income	12,418,218	12,487,189
Fee and commission expense	(8,403,757)	(7,814,185)
Total fee and commission income, NET	4,014,461	4,673,004

Fee and commission income and expenses include commission amounts accrued on transactions with money transfer companies.

NOTE 23 Profit on currency trade operations

	Year 2023	Year 2022
Profit from currency trade operations	8,692,337	11,663,893
Loss from currency trade operations	(2,601,997)	(4,723,545)
Total profit on currency trade operations	6,090,340	6,940,348

NOTE 24 Income from fines

Income from fines consist of penalties accrued and received for overdue loans, as well as the amounts accrued for prepayments of loan principal. The total amount of income from fines in 2023 is GEL 315,193 (2022: GEL 295,965).

NOTE 25 Other income

	Year 2023	Year 2022
Income from previously written-off loans	51,069	109,221
Rent income	40,049	43,932
Other income	75,740	174,044
Total other income	166,858	327,197

NOTE 26 Operating and administrative expenses

	Year 2023	Year 2022
Personnel expenses	6,341,601	4,820,195
Depreciation and amortization	827,742	778,904
Office expenses (rent, supplies etc.)	586,462	570,059
Communication expenses	552,580	526,921
Operating tax expenses	532,529	362,469
MasterCard expenses	379,193	419,946
Bank fees	327,994	314,299
Business trips and representation expenses	277,023	138,205
Pawn service fee	195,768	159,088
Storage cost of precious metals	158,643	-
Advertisement	112,095	119,682
Legal and consulting expenses	83,475	60,607
Vehicle rent and running expenses	82,518	95,461
Security service fees	63,531	58,697
Cost of database usage	23,032	32,824
Other general expenses	108,672	286,798
Total	10,652,858	8,744,155

NOTE 27 Foreign exchange loss

	Year 2023	Year 2022
Foreign exchange gain	2,591,828	3,910,780
Foreign exchange loss	(2,356,074)	(3,541,892)
Total foreign exchange loss	235,754	368,888

NOTE 28 Financial risks management

28.1 Foreign exchange risk

Foreign currency risk is the risk that fluctuations in currency exchange rates will negatively affect the Company's financial position and its profitability. Foreign currency risk arises from assets and liabilities denominated in foreign currencies.

The Company has significant foreign currency denominated financial assets and liabilities. Therefore the effect of foreign currency rate changes may be significant for the Company.

The management controls the exchange risk by matching the currencies of the Company's financial assets and financial liabilities.

Included in the next tables are the Company's financial assets and financial liabilities at carrying amounts, categorised by currency (presented in GEL equivalents). Investments in non-monetary assets are not considered to give rise to any currency risks.

As at December 31, 2023	GEL	USD	EUR	Other Currencies	TOTAL
Financial assets					
Cash and cash equivalents	3,627,017	10,067,688	14,056,432	4,200,615	31,951,752
Receivables from money transfer companies	302,893	3,066,049	6,863,619	4,125,840	14,358,401
Loans to customers	21,229,904	137,779	655,395	-	22,023,078
Other assets (Except non-financial assets)	50,591	2,164	-	-	52,755
Total	25,210,405	13,273,680	21,575,446	8,326,455	68,385,986
Financial liabilities					
Loans and borrowings	3,034,502	7,413,328	3,608,710	-	14,056,540
Payables from money transfer companies	2,376,399	16,110,254	18,591,426	3,520,367	40,598,446
Lease liabilities	99,347	507,294	-	-	606,642
Other liabilities (Except non-financial liabilities)	289,206	41,378	21,799	648	353,031
Total	5,799,454	24,072,254	22,221,935	3,521,015	55,614,659
Net Currency Position	19,410,950	(10,798,575)	(646,489)	4,805,440	
As at December 31, 2022	GEL	USD	EUR	Other Currencies	TOTAL
Financial assets					
Cash and cash equivalents	3,580,323	9,479,548	8,978,366	3,343,075	25,381,312
Receivables from money transfer companies	186,606	1,823,348	7,433,617	2,950,697	12,394,268
Loans to customers	16,581,214	163,192	744,238	-	17,488,644
Other assets (Except non-financial assets)	180,234	239,595	-	-	419,829
Total	20,528,377	11,705,683	17,156,221	6,293,772	55,684,053
Financial liabilities					
Loans and borrowings	2,343,635	6,750,910	527,617	-	9,622,161
Payables from money transfer companies	1,836,111	11,313,105	16,077,923	2,065,386	31,292,526
Lease liabilities	414,227	554,098	14,763	-	983,087
Other liabilities (Except non-financial liabilities)	161,449	145,703	15,660	-	322,812
Total	4,755,422	18,763,815	16,635,963	2,065,386	42,220,586
Net Currency Position	15,772,955	(7,058,132)	520,258	4,228,386	

NOTE 28 Financial risks management (continued)

28.1 Foreign exchange risk (continued)

The table below presents analysis of the effect on the Company's income statement of a reasonably possible movement of the currency exchange rate against the GEL, with all other variables held constant. A negative amount in the table reflects a potential net reduction in income statement or equity, while a positive amount reflects a net potential increase. The base currency is assumed to be the GEL.

Currency	Change in exchange rate	Year 2023		Year 2022	
		Impact on profit before tax *	Impact on equity**	Impact on profit before tax *	Impact on equity**
USD	-10%	(1,079,857)	(917,879)	(705,813)	(599,941)
	-5%	(539,929)	(458,939)	(352,907)	(299,971)
	5%	539,929	458,939	352,907	299,971
	10%	1,079,857	917,879	705,813	599,941

28.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet its commitments on time. Liquidity risk exists when the maturities of assets and liabilities do not match.

The management controls these types of risks by means of maturity analysis, determining the Company's strategy for the next financial period. In order to manage liquidity risk, the Company performs regular monitoring of future expected cash flows, which is a part of assets/liabilities management process.

The following table presents a maturity analysis for non-derivative financial assets and liabilities of the Company with the remaining contractual maturities. The presentation below is based upon the information provided internally to key management personnel of the Company.

	Up to one year	1 to 3 years	3 to 5 years	More than 5 years	Total
December 31, 2023					
Financial assets					
Cash and cash equivalents	31,951,752	-	-	-	31,951,752
Receivables from money transfer companies	14,358,401	-	-	-	14,358,401
Loans to customers	14,247,853	2,685,475	1,948,413	3,141,337	22,023,078
Other assets (Except non-financial assets)	52,755	-	-	-	52,755
Total	60,610,761	2,685,475	1,948,413	3,141,337	68,385,986
Financial liabilities					
Loans and borrowings	9,746,741	4,309,799	-	-	14,056,540
Payables from money transfer companies	40,598,446	-	-	-	40,598,446
Lease liabilities	345,646	198,230	36,833	25,933	606,642
Other liabilities (Except non-financial liabilities)	353,031	-	-	-	353,031
Total	51,043,865	4,508,029	36,833	25,933	55,614,660
Liquidity gap	9,566,896	(1,822,554)	1,911,580	3,115,404	12,771,326
Cumulative liquidity gap	9,566,896	7,744,342	9,655,922	12,771,326	

NOTE 28 Financial risks management (continued)

28.2 Liquidity risk (continued)

	Up to one year	1 to 3 years	3 to 5 years	More than 5 years	Total
December 31, 2022					
Financial assets					
Cash and cash equivalents	25,381,312	-	-	-	25,381,312
Receivables from money transfer companies	12,394,268	-	-	-	12,394,268
Loans to customers	9,933,952	1,962,535	1,450,834	4,141,323	17,488,644
Other assets (Except non-financial assets)	419,829	-	-	-	419,829
Total	48,129,361	1,962,535	1,450,834	4,141,323	55,684,053
Financial liabilities					
Loans and borrowings	8,360,428	1,261,733	-	-	9,622,161
Payables from money transfer companies	31,292,526	-	-	-	31,292,526
Lease liabilities	74,456	908,630	-	-	983,087
Other liabilities (Except non-financial liabilities)	572,497	-	-	-	572,497
Total	40,299,907	2,170,363	-	-	42,470,270
Liquidity gap	7,829,454	(207,828)	1,450,834	4,141,323	13,213,783
Cumulative liquidity gap	7,829,454	7,621,626	9,072,459	13,213,783	

28.3 Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. The Company's operational income and cash flows substantially do not depend on the market interest rate changes, because though the Company has significant interest-bearing assets and liabilities all those instruments have fixed interest rates with no linkage to market interest rate fluctuations.

28.4 Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Credit risk arises from cash and cash equivalents, loans and receivables. The Company's maximum exposure to credit risk at the reporting date was:

	31-Dec-23	31-Dec-22
Cash and cash equivalents (Cash in bank)	21,986,439	16,200,490
Receivables from money transfer companies	14,358,401	12,394,268
Loans to customers	22,023,078	17,488,644
Total	58,367,918	46,083,402

The Company's cash is placed with highly reliable financial institutions and the management is convinced there is no credit risk related to its cash and cash equivalent balances.

Loans to customers is actually the only item giving rise to the credit risk for the Company. The Company manages this risk by obtaining collaterals for all loans issued and keeping the loan to collateral ratio sufficiently high to cover all possible risk of losses.

Receivables from money transfer companies are settled shortly after the reporting date. Hence, due to short-term nature of these receivables no ECL allowance is recognised as at December 31, 2023 and 2022.

NOTE 28 Financial risks management (continued)

28.4 Credit risk (continued)

The Company has policies and procedures for the management of credit exposures, including the establishment of a Credit Committees for analysing the information in the loan applications, assessing and reducing the credit risks. The credit policy is reviewed and approved by the Supervisory Board.

In addition, the Company creates an impairment allowance for its loans issued and hence, the maximum exposure to credit risk is reflected in the carrying amounts of loans issued in the statement of financial position. The Company uses a "three-stage" model for impairment based on changes in credit quality since initial recognition. The following diagram summarises the impairment approach of the Company:

Stage 1	Stage 2	Stage 3
(Initial recognition)	(Significant increase in credit risk since initial recognition)	(Credit-impaired assets)
Expected credit loss for 12 month	Lifetime expected credit losses	Lifetime expected credit losses

Additional information about credit risk and impairment of loans issued is disclosed in Note 5.

NOTE 29 Financial assets and liabilities

29.1 Accounting classifications and fair values

The estimates of fair value are intended to approximate 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. However given the uncertainties and the use of subjective judgment, the fair value should not be interpreted as being realisable in an immediate sale of the assets or transfer of liabilities.

The estimated fair values of all financial instruments approximate their carrying values. The estimated fair values of all financial assets and liabilities are calculated using discounted cash flow techniques based on estimated future cash flows and discount rates for similar instruments at the reporting date. The Company uses widely recognised valuation models for determining the fair value of common and more simple financial instruments, like interest rate and currency swaps that use only observable market data and require little management judgment and estimation.

29.2 Fair value hierarchy

The Company measures fair values using the following fair value hierarchy:

Level 1 Quoted market price (unadjusted) in an active market for an identical instrument.

Level 2 Inputs other than quotes prices included within Level 1 that are observable either directly (i.e, as prices) or indirectly (i.e, derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3 Inputs that are unobservable. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

NOTE 30 Capital adequacy

The National Bank of Georgia sets capital adequacy requirements for micro financial organizations. As required by the NBG, minimum amount of share capital for micro financial organization must be GEL 1,000,000 fully paid in cash. As at December 31, 2023 paid in capital of JSC MFI IntelExpress is GEL 5,100,000; so the Company satisfies the minimum capital requirement.

NOTE 31 Related parties

Parties are generally considered to be related if one party has the ability to control the other party or can exercise significant influence 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.

The details of the related party balances as at the reporting date and of transactions with them are provided in the next tables:

Balances with related parties as at 31-Dec-2023	Salary Payable	Loans and Borrowings	Lease liabilities	Loans issued	Other assets	Other Liabilities
Shareholders	-	-	-	-	-	-
Key management personnel	-	-	-	221,793	-	-
Other related parties	-	714,479	179,500	92,117	42,906	39,518
Total for the year	-	714,479	179,500	313,910	42,906	39,518

Transactions with related parties during the year 2023	Interest Expense	Borrowings paid	Interest paid	Interest revenue	Salary expenses	Other Expenses	Pawn services fees
Shareholders	-	-	-	-	36,797	-	-
Key management personnel	247	179,155	-	33,603	195,000	-	-
Other related parties	22,702	4,660,705	-	23,790	240,306	-	577,237
Total for the year	22,949	4,839,860	-	57,393	472,103	-	577,237

Balances with related parties as at 31-Dec-2022	Salary Payable	Loans and Borrowings	Lease liabilities	Loans issued	Other assets	Other Liabilities
Shareholders	-	100,846	-	-	-	-
Key management personnel	-	-	-	216,395	-	-
Other related parties	-	327,903	79,622	209,807	6,322	24,893
Total for the year	-	428,749	79,622	426,203	6,322	24,893

Transactions with related parties during the year 2022	Interest Expense	Borrowings paid	Interest paid	Interest revenue	Salary expenses	Other Expenses	Pawn services fees
Shareholders	14,700	14,700	-	-	39,889	-	-
Key management personnel	1,092	203,825	8,553	31,364	203,499	-	-
Other related parties	18,253	3,650,447	117,748	33,931	355,435	43,932	500,642
Total for the year	34,046	3,868,972	126,301	65,295	598,823	43,932	500,642

NOTE 32 Contingencies

32.1 Legal proceedings

In the normal course of business the Company is sometimes involved in the legal proceedings with clients who have violated terms of the loan agreement. At the balance sheet date Company management is not aware of any active, suspended legal proceeding having the risk of dispute in the court against the Company that could materially affect the Company's financial position as at reporting date.

NOTE 33 Going concern considerations

At the end of reporting period, management of the Company considers the Company's ability to continue as a going concern, in order to ensure that presentation of financial statements based on a going concern assumption is relevant in the circumstances. The management is convinced that the Company's functionality as going concern is not threatened and they don't have any plans for company liquidation or significant restriction of its activity.

NOTE 34 Events after the reporting period

After the balance sheet period, the company declared dividends in amount of GEL 215,000.

There have been no other events after the reporting period which require additional disclosures or adjustments to these financial statements.
